# 7th Annual Report

## 2017-18

SIMBHAOLI SUGARS

# Simbhaoli Sugars Limited

*Name changed from M/s Simbhaoli Spirits Limited to M/s Simbhaoli Sugars Limited in pursuance to Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Judicature at Allahabad

# Corporate Information

## BOARD OF DIRECTORS

- Gurmit Singh Mann, Chairperson
- Gursimran Kaur Mann (Ms), Managing Director
- Gurpal Singh
- Sanjay Tapriya
- S.N. Misra, Chief Operating Officer

### Independent Directors

- B.K. Goswami
- S.K. Ganguli
- Justice (Retd) C.K. Mahajan
- Lt. Gen D S Sidhu (Retd)

### Registered Office

- Simbhaoli, District Hapur,
  Uttar Pradesh - 245 207

### Administration Office

- A-112, Sector 63
  Noida-201 307

### Chief Financial Officer

- Dayal Chand Popli

### Company Secretary

- Kamal Samtani

### Statutory Auditors

- M/s Mittal Gupta & Co.

### Bankers

- State Bank of India
- Punjab National Bank
- Oriental Bank of Commerce
- Bank of Baroda
- ICICI Bank
- EXIM Bank
- UP Co-Operative Bank
- District Co-Operative Bank, Ghaziabad
- Industrial Development Bank of India
- Bank of India
- UCO Bank
- Union Bank of India

## MANUFACTURING UNITS

### Sugar Mills / Co-generation Plants

- Simbhaoli Sugar Division, Simbhaoli
  District Hapur, Uttar Pradesh – 245207
- Chilwaria Sugar Division, Chilwaria
  District Bahraich, Uttar Pradesh – 271 801
- Brijnathpur Sugar Division, Brijnathpur
  District Hapur, Uttar Pradesh – 245 101
- Village Versamedi, Tehsil-Anjar
  Gandhidham, Gujarat – 370 100

### Distillery / Ethanol Plants

- Simbhaoli Distillery Division, Simbhaoli
  District Hapur, Uttar Pradesh – 245207
- Chilwaria Ethanol Division, Chilwaria
  District Bahraich, Uttar Pradesh - 271 801
- Brijnathpur Ethanol Division, Brijnathpur
  District Hapur, Uttar Pradesh - 245 101

### Subsidiaries / Associate Companies

- Simbhaoli Power Private Limited
- Integrated Casetech Consultants Private Limited
- Uniworld Sugars Private Limited
- Simbhaoli Global Commodities DMCC, Dubai
- Simbhaoli Speciality Sugars Private Limited

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# SIMBHAOLI SUGARS LIMITED*

**(Registered Office: Simbhaoli - 245 207, District Hapur, Uttar Pradesh)**

**(CIN: L15122UP2011PLC044210)**

Email: kamal@simbhaolisugars.com;

Website: www.simbhaolisugars.com; Phone: 0120-4806666, Fax: 0120-2427166

**Name changed from M/s Simbhaoli Spirits Limited to M/s Simbhaoli Sugars Limited in pursuance to Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Judicature at Allahabad*

## NOTICE

Notice is hereby given that the 7th Annual General Meeting (AGM) of the members of Simbhaoli Sugars Limited will be held at 10:00 am on Thursday, September 27, 2018, at the registered office of the Company at the officers' Club, Sugar Mill Complex Simbhaoli–245 207, District Hapur, Uttar Pradesh, to transact the following businesses:

**ORDINARY BUSINESSES**

1. **To receive, consider and adopt (a) the audited financial statements of the Company comprising of the balance sheet as on March 31, 2018 and the statement of profit and loss along with cash flow statement for the financial year ended on March 31, 2018 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended on March 31, 2018 and the report of the Auditors thereon and, to consider and pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

   "Resolved that, the audited financial statements of the Company comprising of the balance sheet as on March 31, 2018 and the statement of profit and loss along with cash flow statement for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon laid before the 7th Annual General Meeting of the members of the Company, be and are hereby received, considered and adopted."

   "Resolved further that, the audited consolidated financial statements of the Company comprising of the balance sheet as on March 31, 2018 and the statement of profit and loss along with cash flow statement for the financial year ended on March 31, 2018 and the report of Auditors thereon laid before the 7th Annual General Meeting of the members of the Company, be and are hereby received, considered and adopted."

   "Resolved further that, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be deemed necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

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

   "Resolved that, Mr. Gurmit Singh Mann (DIN- 00642094) who retires by rotation under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as 'the Act') and the Rules made thereunder read with the Articles of Association of the Company,at the conclusion of 7th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."

   "Resolved further that, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be deemed necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

**SPECIAL BUSINESS**

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

   "Resolved that, pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under including any statutory modification(s) or re-enactment thereof for the time being in force, the consent of the members of the Company, be and is hereby accorded for the payment of remuneration of ₹300,000 plus other out of pocket expenses to be incurred on the concerned assignment for the financial year 2018-19, as may be considered appropriate and approved by the Board, to Mr. Satnam Singh Saggu, Cost Accountant (Membership Number 10555),who has been re-appointed as the Cost Auditors for audit of the cost accounting records of the Company."

   "Resolved further that, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting (AGM) of the members of the Company is annexed hereto.
2. Route map of the venue of the meeting is given below forming part of this Notice.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIMSELF/ HERSELF. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than forty-eight hours before the commencement of the meeting. A person shall not act as a Proxy for more than 50 members and hold in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person. Form No. MGT 11 is annexed herewith.
4. Every member entitled to vote at the AGM of the Company can inspect the proxies lodged at the Company at any time during the business hours within a period beginning twenty-four hours before the time fixed for the commencement of the AGM and ending at the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intention to inspect the proxies lodged shall be provided to the Company.
5. Members are requested to hand over the signed Attendance Slip for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
6. Proxies submitted on behalf of Corporate, Societies, etc. must be supported by an appropriate resolution/authorisation, as applicable, to attend and vote at the AGM.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 21, 2018 to Thursday, September 27, 2018 (both days inclusive).
8. Members holding shares in electronic form are, therefore requested to submit the Permanent Account Number to their Depository Participants with whom they are maintaining their demat accounts.
9. The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed as the Statutory Auditors of the Company for the five financial years 2015-16 to 2019-20, therefore they shall continue to hold office from the conclusion of this Annual General Meeting until the conclusion of the 9th Annual General Meeting of the members of the Company.
10. Electronic copy of the Annual Report along-with the process of e-voting and the Attendance slip and Proxy form is being sent to the members, whose e-mail addresses as registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for hard copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent in the permitted mode.
11. Relevant documents referred to in this Notice are available for inspection at the Registered Office of the Company during business hours from 10:00 am to 5:30 pm on any working day up to one day prior to the date of the AGM and will also be available at the meeting venue on the date of meeting.
12. Members holding shares in electronic mode are requested to keep their e-mail addresses updated and intimate immediately any change in their address, bank mandates to their Depository Participants. Members holding shares in physical mode are also requested to update their e-mail addresses, advise any change in their address, bank mandates by writing to RTA, M/s Mas Services Limited. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or RTA for assistance in this regard. Shareholders are requested to convert the physical shares into dematerialized category as any request for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide notification No. SEBI/LAD-NRO/GN/2018/24, dated June 8, 2018 read with Circular SEBI/HO/MIRSD/DOS3/ CIR/P/2018/115 dated July 16, 2018.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN/copies of PAN card to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent, M/s Mas Services Limited.Individual letters have been sent to the shareholders, who are holding shares in physical mode to give their permanent account number and bank account details to the Share Transfer Agent/ the Company.
14. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to fill up the prescribed form and send the same to the Company.
15. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations. Further, the Company has initiated the process for transfer of undelivered physical share certificate into the suspense account in dematerialized mode.
16. The e-voting shall remain open from 10:00 am on Sunday, September 23, 2018 upto 5:00 pm on Wednesday, September 26, 2018.The instructions for members for voting electronically are as under:

    **I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered withCompany/Depositories):**

    a. Open e-mail and open PDF file viz.” Simbhaoli Sugars Ltd.-remote e-Voting.pdf” with your client ID or Folio No. aspassword. The said file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
    b. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/.
    c. Click on Shareholder-Login.

d. Put user ID and password as initial password noted in step (a) above. Click Login.

e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

g. Select "EVSN" of "Simbhaoli Sugars Ltd.".

h. Now you are ready for remote e-voting as Cast Vote page opens.

i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

j. Upon confirmation, the message "Vote cast successfully" will be displayed.

k. Once you have voted on the resolution, you will not be allowed to modify your vote.

l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy(PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to acssandeepjoshi@gmail.com with a copy marked to evoting@nsdl.co.in.



**II. In case of Members receiving Physical copy of Notice of the Meeting (for members whose email addresses are not registered with the Company/Depository Participants(s) or requesting physical copy)**

a. Initial password is provided in the box.

b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

IV. If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password/PIN forcasting your vote.

V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VI. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of September 20, 2018.

VII. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 20, 2018, will be provided the notice through mail or by post after the cut-off date. Such members may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, MAS Services Limited. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

VIII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

X. The Company has appointed Mr. Sandeep Joshi, (Practicing Company Secretary No. 20884) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XII. The Scrutinizer shall, after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 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 a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.simbhaolisugars.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing.

**By Order of the Board of Directors**
**of Simbhaoli Sugars Limited**

**Kamal Samtani**
**Company Secretary**
**Membership No. FCS-5140**

Date : August 14, 2018
Place : Noida

**STATEMENT OF MATERIAL FACTS ANNEXED TO THE NOTICE AS REQUIRED UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013 ('THE ACT')**

**EXPLANATORY STATEMENT**

**(Pursuant to Section 102 of the Companies Act, 2013)**

The Board of Directors, had approved the appointment of Mr. Satnam Singh Saggu, Cost Auditor (Membership No.10555), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2019, at a remuneration of ₹300,000 (Rupees Three Lacs only) excluding service tax plus reimbursement of out of pocket expenses at actuals, if any, in connection with the audit.

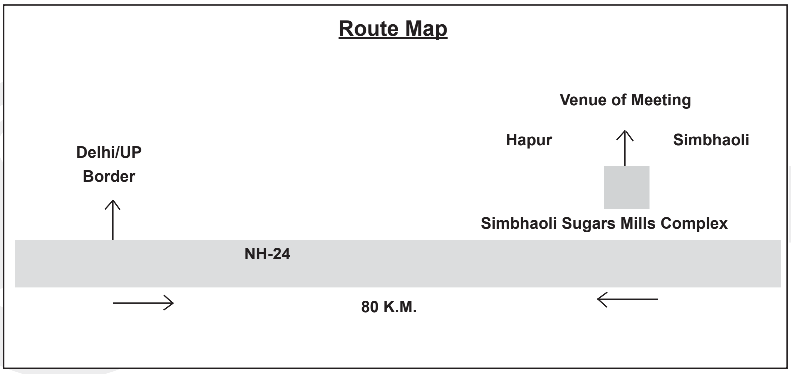
In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by the members of the Company.

Therefore, consent of the members is being sought for approving and ratification of appointment and the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

Accordingly, resolution set out under item number 3 is recommended for approval of the members of the Company as an Ordinary Resolution.

None of the Promoters, Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in passing of the resolution.

**Route Map of the venue of the 7th Annual General Meeting of the members of the Company scheduled to be held on Thursday, September 27, 2018 at 10:00 AM at Registered Office of the Company at Officers Club, Sugar Mill Complex, Simbhaoli-245 207, District Hapur, Uttar Pradesh**



# CHAIRMAN'S MESSAGE

**Dear Stakeholders,**

The financial year 2017-18 can be described as one of the most challenging years for the Indian sugar industry with its highest ever sugar production of 32.5 MMT exceeding consumption by 7.5 MMT.

Sugar prices remained below cost of production for a majority of the year with a large domestic carryover stock of four months consumption compounded by a glut of sugar in the International market that discouraged exports. As a result, prices fell more than 25% in FY 2017-18 from ₹3700/qtl to ₹2800/qtl.

The year also tested the capabilities of sugar units especially in UP to crush cane for more than 200 days. Your Company achieved its highest ever sugarcane crushing and sugar production in Simbhaoli & Brijnathpur Units since inception.

The Simbhaoli sugar unit achieved 11.05% sugar recovery which is the highest in the last 25 years. The benefit is not only visible in the unprecedented bulk sugar production, but also in the growth in the volume of branded sugars.The year ended with a total consolidated revenue of ₹942 Crore.

Your Company, in its continuous endeavor to conserve energy and reduce water; took many steps like waste water management, rain water harvesting, encouraging drip irrigation etc. in all its sugar and distillery units. This year also saw the active participation of the Central Government which took many measures to try and mitigate the violent vicissitudes of the sugar cycle. The most significant and encouraging steps in this regard are for Ethanol such as, measures include allowing ethanol production from B-Heavy molasses and directly from sugarcane juice. Further, to encourage the production of Ethanol, there has been an upward revision in Ethanol prices and reduction in indirect taxes. This will enable the industry to have more flexibility in its production choices in the long term and therefore reduce sugar cyclicality.

Sugarcane is currently the most favoured cash crop for Indian farmers. With our efforts in the adaptation of improved agronomic practices and sugarcane varieties; farmers in UP have surpassed Maharashtra in terms of return on per hectare of land.



Recently, Central Government has approved the Fair and Remunerative Price (FRP) of sugarcane for sugar season 2018-19 at ₹275 per quintal for a basic recovery rate of 10% which is ₹20 per quintal more than the last year. In short term, this may seem to be pro-farmer, but with crashing sugar prices (which has no linkage with sugarcane price), the liquidity position of the sugar mills has been adversely affected leading to accumulation of cane price dues which has already reached to an alarming level of more than ₹22,000 Crore in May 2018 pan India, out of which ₹12,500 Crore are from Uttar Pradesh alone. In our view, the Government's early implementation of the Rangarajan Committee's recommendations for linking sugarcane and sugar prices still remains critical for the long-term sustainability of this industry.

Initial estimates place next year's crop as larger than the present year's. In such circumstances, managing the surplus stock will be a much bigger challenge and Industry will require substantial support from the Central and State Governments.

I would like to sincerely thank all our stakeholders including our team of employees, farmers, lenders, and many others who have enabled your Company to achieve its highest sugar production since its inception in 1933.

With Best Wishes

Gurmit Singh Mann
Chairperson
(DIN - 00066653)

Place: Noida
Date: August 27, 2018

# BOARDS' REPORT

**To the members of**
**Simbhaoli Sugars Limited**

Your directors have pleasure in placing the Seventh Board's Report together with management discussion and analysis report for the financial year ended on March 31, 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

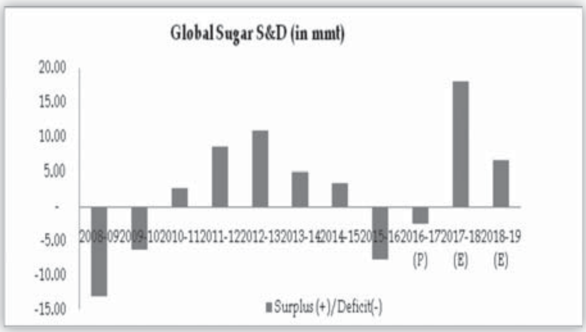
### International Sugar Industry

Global sugar balance is expected to swing from a balanced year of only 2.5 million metric tons (mmt) deficit in 2016-17 to the surplus of nearly 18 mmt in 2017-18. Record production in Brazil, India and Thailand due to favourable weather, the end of production quotas in the European Union (EU), and area expansion in China have been the contributing factors.

Brazilian sugar production reached to 40 mmt in 2017-18, up 14% from 2016-17 due to favourable weather, improved crop management and lower use of cane for ethanol. Thailand's production expanded by 1.2 million tons to 11.2 million, recovering from 2 years of drought, as favourable weather conditions improved yields. China's sugar production also increased in 2017-18 and is expected to reach 10.5 mmt with expanded sugar beet and sugarcane area.

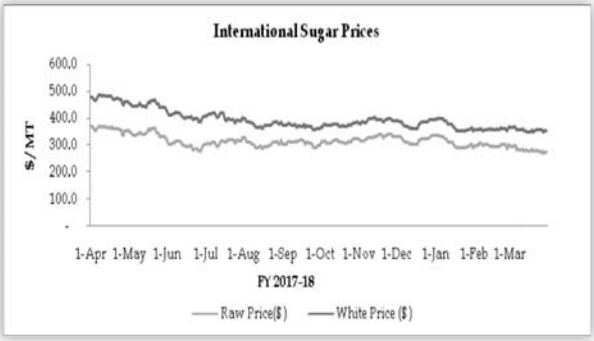
India accounts majority of the global surplus by expected record production of 32.0 mmt during sugar year 2017-18. This is due to higher area and yields of sugarcane in Maharashtra, Uttar Pradesh, and northern Karnataka. Stocks are expected to be more than sufficient to meet India's 4-month consumption requirement prior to the start of the next season's harvest.

Sugar year 2018-19 will again see record production in both India and Thailand. However, Global production is expected to be lower than 2017-18 to 188 mmt due to lower production in Brazil, Pakistan and the European Union which may offset record crops in India and Thailand. India and Thailand are expected to produce 35 mmt and 14 mmt of sugar respectively in 2018-19, while the European Union's sugar production is forecast to fall to 20 mmt. Dryer spell in Brazil and on the expectation that more sugarcane will be diverted towards ethanol production due to weak sugar prices; Brazil sugar production is expected to fall by around 4 mmt in 2018-19.




*Source: Green Pool Commodity*

The global sugar price is on a downward trend due to a surplus from major producing countries. July 2018 New York raw sugar future contract, which set the global trend, are moving in the range of 10-12 cents per lb. which is equivalent to $ 220 to $ 265 per MT.




### Domestic Sugar Industry Scenario

Sugar production in India has surpassed the previous high production level in sugar season 2017-18 with the timely monsoon which helped boost yields. The expected sugar production in sugar season 2017-18 is 32.0 mmt, which is 58 per cent higher than the last year's production of 20.3 mmt.

(fig. in mmt)

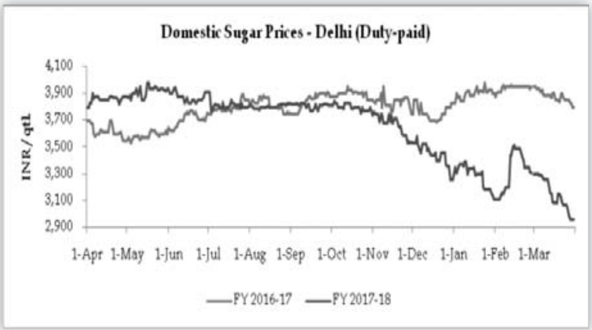
| S.no | Particulars | 2016-17 | 2017-18 (E) | Change % |
|---|---|---|---|---|
| **a** | **Opening stock as on 1st Oct.** | **7.7** | **3.8** | **-50.65%** |
| b | Production during the season | 20.3 | 32.0 | 57.64% |
| c | Imports | 0.4 | 0.2 | Neg |
| **d** | **Total Availability** | **28.5** | **36.0** | **26.32%** |
| e | Off-take | | - | |
| | i) Internal Consumption | 24.6 | 25.0 | 1.63% |
| | ii) Exports | 0.0 | 0.5 | |
| | **Total Off-take** | **24.6** | **25.5** | **3.66%** |
| **f** | **Closing Stock as on 30th Sept.** | **3.8** | **10.5** | **176.32%** |
| g | Stock as % of Off-take | 15.45% | 41.18% | |
| *Source – ISMA and trade estimates* | | | | |

An opening stock of 3.8 mmt and production of 32 mmt will result in the overall sugar availability of 36 mmt. This is set to exceed the country's total demand of 25 mmt (24.6 mmt in previous year) by 11 mmt. The government is pushing to reduce inventory by mandatory export and with likely export of 0.5 mmt, there will be closing stock of around 11.0 mmt at the end of sugar year 2017-18, which is sufficient for four months' consumption.

Maharashtra recorded the highest ever production of sugar at 10.7mmt in the state in sugar season 2017-18.This production increase from 4.2 mmt in 2016-17 has been mainly on account of increase in per acre productivity and the conducive pattern of rainfall, which occurred at desired time intervals till October. Karnataka in 2017-18 recovered to its near normal and produced 3.63 mmt of sugar (previous season 2.25 mmt). Uttar Pradesh has continued to be front runner as India's leading sugar producer in the season with sugar output of 12 mmt.Together these three states contribute 83% of country's production.

### Price Trend

Sugar prices have witnessed a regular decline since the beginning of the current crushing season in October 2017. In current season, the benchmark variety 'M' has lost more than 20 per cent of its median value on expectations of a bumper supply for crushing seasons 2017-18 and 2018-19 and prevailing at ₹3000 per quintal at the end of May 2018. At current price level sugar industry is losing ₹7 – 8 per kg.



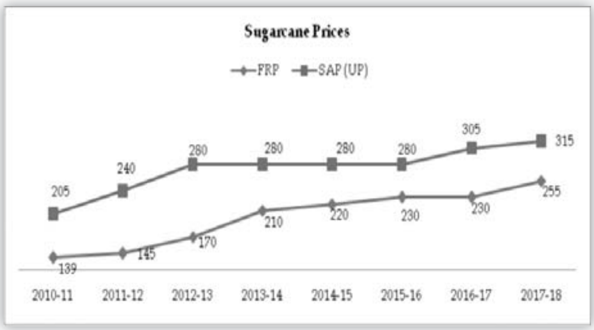

Government measures like increase in import duty, putting reverse stock holding limits on mills, introducing mill-wise Minimum Indicative Export Quotas (MIEQ) of 2 mmt, reintroducing the release mechanism and creation of buffer stocks of 3 mmt, have not helped much in addressing plummeting sugar prices. With glut of sugar in International market and expected another big crop in the next season, prices are expected to remain under pressure.

**Sugarcane**

The fair and remunerative price (FRP) of sugarcane for sugar season 2017-18 was increased by ₹25 per quintal to ₹255 per quintal. The FRP is linked to a basic recovery rate of 9.5 per cent, subject to a premium of ₹2.68 per quintal for every 0.1 per cent point increase in recovery rate. For the sugar season 2018-19, the Central Government has proposed ₹ 275 per quintal FRP for sugarcane at 10 % recovery with an increase of ₹ 2.75 per quintal for every 0.1% increase in recovery rate.

Major sugarcane producing states like Uttar Pradesh, Punjab and Haryana fix their own sugarcane price called ‘state advised prices’ (SAP), which is usually higher than the Centre’s FRP. Uttar Pradesh has increased the SAP for sugarcane by ₹10 per quintal for the season 2017-18. SAP has been fixed at ₹ 325 per quintal for early variety of sugarcane and at ₹ 315 per quintal for general variety of sugarcane. Higher SAP has made the cost of production of sugar in UP uncompetitive.

Due to lower realization from domestic sugar sales and depressed global sugar market, sugar mills are unable to generate sufficient funds to pay cane prices. As a result, total arrears swelled to nearly ₹17,000 crores as of May 2018 end with Uttar Pradesh alone contributing nearly ₹7300 crores, the highest in the country.




Based on the 2nd advance estimates of production of major crops for 2017-18 released by the Department of Agriculture, Cooperation and Farmers Welfare, total production of sugarcane in the country during 2017-18 is estimated at 353.23 million tonnes. This is significantly larger by 47.16 million tonnes over 2016-17. Sugar cane production is further expected to increase by 5% in 2018-19 season.

**Domestic Ethanol Industry**

The Central Government introduced a modified Ethanol Blending Program (EBP) to achieve up to 10% blending levels with fuel alcohol. It has approved the revision in the ex-factory price of ethanol under EBP for supply to the Oil Marketing Companies (OMCs) to ₹ 40.85 per litre for the sugar season 2017-18.

The program faced low lifting in season 2016-17 due to withdrawal of the excise duty exemption and burden of transportation cost, which was also to be borne by the supplier making ethanol supply unviable at its current price. However, with increase in sugarcane availability giving higher molasses production and improved ethanol procurement price for 2017-18; the Country is expected to achieve record blending litres in the current year.

To achieve the target of 10 per cent blend in 2017-18, OMCs issued the tenders, for supply of 313 Crore litres of ethanol, against which OMCs have finalised 159 crores litres.The Government has been considering additional measures to provide further increased Ethanol prices to 43.70 per litre for 2018-19 supplies and introduced premium of ₹3.79 per litre for selling ethanol produced from B heavy molasses.

Considering the recent global crude oil price recovery, current policies of the Government and administration thereof for encouraging EBP shall help in improving the sustainability of sugar sector and conserve the national resources.

**Government Policies**

Policy related decisions taken during the year under review are:

**April 2017:** Central Government allowed import of a restricted quantity of 5 lakh MT of raw sugar at zero duty through open general license by June 30, 2017, in order to ensure timely availability of sugar in the country and to maintain domestic price at reasonable level.

**November 2017:** The Cabinet Committee on Economic Affairs (CCEA) has approved the revision in the price of ethanol under EBP for supply to the OMCs at ₹ 40.85 per litre for sugar season 2017-18.

**December 2017:** Government withdrew stock holding limit and turnover limits on dealers of sugar.

**February 2018:**

a. Imposed reverse stock holding limits on producers of sugar for the months of February and March 2018 to stabilise sugar price.

b. Increased customs duty on import of sugar from 50% to 100%.

**March 2018:**

a. In order to promote exports with the objective of disposing surplus stocks, the Government has decided to remove customs duty on export of sugar from 20% to zero percent.

b. MIEQ totalling 20 Lakh MT is fixed for sugar season 2017-18, prorated amongst sugar factories on the basis of their average production of sugar achieved during the last two operational sugar seasons and the current season.

c. Further, to facilitate and incentivize export of surplus sugar by sugar mills, allowed Duty Free Import Authorization (DFIA) Scheme in respect of sugar.

**May 2018:** The CCEA has approved to provide financial assistance at the rate of ₹ 5.50 per quintal of cane crushed in sugar season 2017-18 to sugar mills to offset the cost of cane, in order to help sugar mills to clear cane dues of farmers.

**Business Description: Operating Capacities**

Simbhaoli group was started as a partnership firm in 1933 by Sardar Raghbir Singh Sandhanwalia, in 1936, it was incorporated as a private limited company. In 1989, it went public and has been listed on Indian Stock Exchange for the past 30 years. In 1992, it acquired a distillery (owned by the family as an independent company) and thereby converted the Simbhaoli sugar plant into an integrated sugar complex. At present, Simbhaoli is part-owned by the third and fourth generations of this family, represented by Mr Gurmit Singh Mann, Chairman of the Company.

The group has three sugar complexes located at Simbhaoli (Western Uttar Pradesh), Chilwaria (Eastern Uttar Pradesh) and Brijnathpur (Western Uttar Pradesh), having an aggregate sugarcane crushing capacity of 19,500 tons crushed per day (TCD) including a sugar refining capacity of 2,000 tons per day (TPD) for raw sugar processing, interchangeable with cane crushing capacities while the sugarcane is not available during off-season.

| Facilities | Cane Sugar (tcd) | Alcohol/ ethanol (kld) | Power (mwh) | Bio-manure (mmt/day) |
|---|---|---|---|---|
| Simbhaoli (Western UP) | 9,500 | 90 | 38$ | 17 |
| Brijnathpur (Western UP) | 4,000 | 60 | 8 | 9 |
| Chilwaria (Eastern UP) | 6,000 | 60 | 62$ | 9 |
| **Total** | **19,500** | **210** | **108** | **35** |

*$Simbhaoli Power Private Limited, subsidiary company*

The sugar business is integrated with alcohol distillation and power generation. The power co-generation units of its subsidiary, Simbhaoli Power Private Limited located within the Simbhaoli and Chilwaria complexes are capable to generate bio-mass based power aggregating 100 mwh for supplying the power for the captive consumption of the sugar plants and sale of surplus power to the UP-State grid under the power purchase agreements.

**Joint Venture Companies**

The Company has a joint venture arrangement with Sindicatum Captive Energy Singapore, in respect of its subsidiary Simbhaoli Power Private Limited engaged in the cogeneration of power from bagasse and other bio fuels.

It also has a joint venture with ED&F Man Holdings BV, Volcafe Pte Ltd (together ED&F Man), in respect of Uniworld Sugars Private Limited (USPL), having a 1000 TPD (300,000 mt per annum) capacity sugar refinery near Kandla Port, Gujarat. During the year, due to continuous losses, the operations of refinery business discontinued,and the Company entered into an agreement with the ED&F Man for financial and business restructuring and has been exploring alternatives for sale of the refinery business.

Recently, on the application of one of the vendors of USPL, Corporate Insolvency Resolution Process (CIRP) has been initiated against USPL by the Hon'ble National Company Law Tribunal (NCLT), Allahabad Bench vide order dated May 29, 2018 in the CP (IB) No. 120/ALD of 2017.

**Impact of the industry scenario on the Business of the Company**

The Indian sugar industry has been facing difficulties on account of highest ever sugar production in the country in the sugar year 2017-18 resulting in steep fall in sugar prices and complete value erosion in the market price of molasses. This, along with increase in sugarcane prices and closure of distilleries of the Company as well as many other distilleries across the state by environmental agencies, has caused under recovery of cost of production. These factors have adversely affected the financial position of the sugar industry. Therefore, your Company on account of these factors, has incurred huge cash losses during the year resulting in increase in cane arrears and default in payment of interest and principal dues of the lenders.

The Central and State Governments have recognised the issues being faced by the sugar industry and initiated various favourable steps to revive the sugar industry including specific support for liquidation of cane arrears, fixing obligation for export to reduce the sugar inventory, increase in the realization of ethanol price, linking of sugarcane price with sugar realization etc. All these measures are expected to turnaround the operations of the industry on sustainable basis. The Company has also initiated various steps for further de-risking its business and, after meeting all compliance, distillery operations have been fully resumed in the last quarter of the financial year.

In addition to the aforesaid, the Company is also confident of receiving a significant amount being the benefit from State Government under the Erstwhile Sugar Incentive Policy, which had been earlier withheld by the State Government by scrapping the scheme. Recently Hon'ble Supreme Court has directed the State Government to pay these benefits under the announced scheme to the eligible entities.

In view of the aforesaid internal and external measures, the Company along with its management is confident that it shall continue to operate all the manufacturing facilities at optimum levels and will earn sufficient cash flows from its business operations to serve its proposed structured debt and other obligations. Accordingly, these financial statements have been prepared on a going concern basis which contemplates realization of assets and settlement of liabilities in the normal course of business, and impairment, if any, in the value of assets have been considered of temporary nature.

**Outstanding dues of the financial institutions**

The Company has been under discussions with its lenders to restructure its dues under the JLF guidelines of RBI. RBI, however, vide its Notification No. RBI/2017-18/131 dated February 12, 2018, has withdrawn all existing schemes of resolution of stressed assets like SDR/ CDR/ JLF and S4A etc. Accordingly, in the last meeting of the lenders of the Company, the lenders opined that the existing restructuring approach being pursued in the accounts cannot be pursued further. The Company is in discussion with the lenders to consider other alternatives, including revised restructuring based upon a sustainable EBIDTA and considering the recent trends in the sugar prices, ethanol producing capacities and realisation from other by-products. The options regarding sale of loan assets to asset reconstruction companies and other alternatives are being considered by the lenders. Your directors are confident that post resolution of the debt with lenders the EBIDTA of business of the Company shall be sustainable again.

ICICI Bank and Oriental Bank of Commerce (OBC), the lenders to the Company have resorted to file recovery suits at Debt Recovery Tribunal on individual basis, for which replies are being submitted in consultation with the legal experts. District Commercial Bank has also taken steps for recovery by obtaining recovery certificate, which is also being attended accordingly. The Company, under discussions with its lenders, has identified and taking all measures to satisfy the lenders and to work out a common resolution plan.

**Legal proceedings of investigation in the matter related to complaint filed by OBC**

Certain banks had facilitated Agri loans to sugarcane farmers through the Erstwhile Simbhaoli Sugars Limited (ESSL) with its corporate guarantee as a security. These loans were to be repaid by the Company but due to the overall downturn in the sugar industry, the Company could not repay these loans on the due date and approached the Corporate Debt Restructuring – Empowered Group (CDR-EG) for restructuring of all its debt in financial year 2014-15 and submitted a financial restructuring plan to its lenders including OBC in FY 2014-15.

During the restructuring process, OBC classified its outstanding loan under the category of purported “Suspected Fraud” in March 2015, despite no fraud having been committed. Subsequent to that, after following due process, including but not limited to obtaining specific permission from the Reserve Bank of India (RBI), and in consultation with all other Consortium Lenders, OBC sanctioned and disbursed a loan of ₹110 Crore in February 2016 for liquidating the outstanding obligation under the said Agri loans. Simultaneously, the Company and Bank agreed to settle a case filed by OBC at the Debt Recovery Tribunal, for closure of the matter. Based on this, the CDR-EG sanctioned the financial restructuring of the Company in February 2016.

Recently, without the consent of the other Lenders and without giving any opportunity to the Company, OBC arbitrarily initiated further recovery actions the Company in respect of restructured term loan and also filed a criminal complaint arbitrarily and wrongfully against the original loan facilities. The Company and its management have denied the charges on its part, provided adequate documents for the same while fully cooperating with the investigation. It has reiterated its commitment for repayment to all the lenders basis future cash flows.

Steps initiated by OBC have delayed the ongoing resolution process of the Company and adversely affected its business. The Company has sought legal advice in this matter and on the basis of various gross omissions and commissions at the bank’s end, the Company should take appropriate actions at the relevant forums and at the required time including but not limited to seeking appropriate claims/counter claims.

**Distillery Operations**

During the year, the distillery operations of the Company remained suspended for major part of the year, basis restrictions imposed by environmental agencies. The Company has complied with the directions and received clearance in January 2018 to restart the operations.Simbhaoli and Brijnathpur units have operated at under capacity during the initial period. Further capital expenditures required for this purpose, are being taken up in phased manner to improve the capacity utilization.

**Branding and speciality Sugar segment**

The Company has been consistent in developing its sugar brand, ‘Trust’. The sales and marketing infrastructure development exercises for distribution through modern retail and wholesale trade channels have been further strengthened during the year. Trust branded sugar sachets have created vast acceptability and leadership in the hospitality industry. Due to the intervention of the State administration and Central government in selling and dispatch of the sugar, there have been disruptions in the supply commitments to the specialty sugar customers also.Your Company has emerged as one of the largest sellers of Specialty Sugar, which includes sachets, consumer packets, Pharma sugar etc and it commands substantial premium over and above the bulk sugar prices.

The Company has launched ‘Trust Jaggery’, during the year and it has started generating sales volume in Delhi, NCR, Uttar Pradesh, Punjab, Himachal Pradesh, Haryana, Hyderabad area. Next Year, the Company is targeting extension of the business and planning to introduce the same to other states also. The Company has continued increase in its presence in supplying the specialty sugar products in modern formats i.e. Metro Cash & Carry, Big Bazaar, Wal-Mart, Spencer’s etc.

During the year, the Company has entered into a bottling agreement with M/s Allied Blenders and Distillers Pvt Ltd, of Mumbai for packing its popular brands under the premium potable alcohol segment.

**International Trading**

During the year, the international trade was limited due to weak international prices vis-à-vis domestic market and applicable 20% export duty on sugar. However, the Company has continued trade with selected market like Canada. The Company also resumed its export business of Indian Made Foreign Liquor (IMFL) to various African destinations. During the year, the Company has exported 383.60 MT of sugar under Open General License Scheme and 10,448 cases of IMFL.

**Human resources**

The Company follows the fundamental principles of human and workplace rights in all its businesses, which has led to managing a committed and motivated work force. A number of employees’ participation and welfare programs have been carried out during the year. Keeping the philosophy of continuous training and job improvements, the Company has imparted 540 man-days (previous year 615 man-days) of training apart from the regular on the job trainings to its employees. The relation between the management and employees continued to remain cordial at all the locations.

The Company has always been vigil against the sexual harassment at workplace and a system is in place under which, the employees can make their complaints in this regard. No such complaint has been received during the year.

**SWOT**

The areas of operations of the Company are well diversified, with multi products and services spanning over a number of geographical locations. Each of the business segments has its own strengths and weaknesses and at the same time is subject to a variety of opportunities and threats. The management is consistently strategizing and implementing the re-structuring exercises and cost optimisation for the business sustainability. The group has the following SWOT attributes:

**Strengths**

1. Sugar units are located in the sugarcane-rich state of Uttar

Pradesh, North India

2. Well irrigated sugarcane area, which is not much dependant on weather pattern
3. Integrated facilities to produce white sugar using sugarcane as well as refining of raw sugar
4. Premium range of quality products, attracting a mark-up in domestic and global markets
5. Producing all varieties of sugars including pharmaceutical-grade and specialty sugars
6. Presence in branded and packaged segment which has further growth potential
7. Power generation capacity under the subsidiary company Simbhaoli Power Private Limited upto 100 mwh, under joint venture arrangement with Sindicatum Captive Energy Pte. Ltd, Singapore.

**Weaknesses**

1. Highly leveraged with high finance costs
2. Cyclical nature of the industry,which is subject to climate and economic cycles
3. Low capacity utilisation in distillation segments
4. Lack of parity between cost of production and sale values of sugar resulting in un-paid sugarcane price position
5. Existing and anticipated litigation arising out of weak financial position of the Company
6. Delay in financial restructuring pending over past two years resulting in financial limitations

**Opportunities**

1. To produce and gain out of non-sugar base revenues including ethanol, being the focus area for the Company and also being encouraged by government policies
2. To be flexible in the refining of raw sugar for improving capacity utilisation throughout the year
3. To be a regular trader in the commodities with quality, brands and product mix whenever there is a viability
4. Presence in branded and packaged segment which has further growth potential

**Threats**

1. The vendors and creditors related uncertainties on account of payment defaults
2. Significant higher production of sugar in the country may lead to downward trends in sugar prices
3. Volatile commodity markets have a bearing on international and domestic operations
4. Regulated environment may pose adversities for business decisions
5. Un-hedged positions in sugar and currency markets
6. Coercive actions by the State administration particularly for cane payment

**Quality management system**

The sugar units of the Company are compliant with internationally recognized quality, environment and food safety standards and are ISO 9001, ISO 14001 and FSSC 22000 certified. Management systems are applied to develop a systematic work culture that emphasizes process ownership across all levels of the organization.

**Risk assessment and mitigation policy**

The sugar industry faces challenges from the evolving marketplace continuously that impacts important issues in risk management and threatens profit margins. The business is exposed to several kinds of risks from time to time, which include the following:

1. **Strategic Risks:** These risks are relating to the flux and movement of money and capital in the Company. This will include cash flow management, investment evaluation and credit default. These risks emanate out of the decisions, the Company takes in the markets, resources and delivery of services.
2. **Operational Risks:** Most common, and often combatable in all situations, these risks related to business operations such as those relating to determination, identification and procurement of vendors, services delivery to vendors, security and surveillance, labour issues, blocking of funds and business activity disruptions.
3. **Resource Risks:** The Company may at times, become susceptible to various risks associated with the procurement of talent, capital and infrastructure, as may be specific to the industry.
4. **Technological Risk:** The business of the Company, particularly potable alcohol and speciality sugar, is subject to frequent and revolutionary technology changes as new products are being developed in this segment. This also leads to risk of obsolescence of machinery as well as inventory.
5. **Industry and Competition Risks:** The risks relating to the sugar and alcohol industry, including competition in the industry, technical landscape, risks arising out of volatilities of the manufacturing lines, and those relating to brands of the Company.
6. **Risk of Clash and Breakage:** The risk of clash and breakage is mainly referred to the risks associated with the manufacturing output caused due to quiver, bump, squeezing, lacquer desquamation, nick and so on, in transit. Fragmentation is mainly referred to fragile substances and includes loss including breaching and smash in transit due to careless loading and unloading and bumping of conveyance and may also occur during warehousing.
7. **Risk of Theft, Pilferage and Non-Delivery:** The risks relating to theft or pilferage, when the goods manufactured are failed to be delivered to the buyer the risk of non-delivery concerns a situation where the whole cargo is not delivered to the consignee.
8. **Currency Risks:** The Company, on account of international trading activities, deals in various foreign currencies and is exposed to fluctuations in the currency markets from time to time.
9. **Risks relating to regulatory and compliance framework:** The risks due to inadequate compliance of regulations, contractual obligations and intellectual property violations leading to litigations and related costs and effect on brand value and image.

The key objective of the risks analysis is to ensure sustainable business operations, and to promote an approach in risk management process by eliminating risks. In order to achieve this key objective, the Company has formulated a policy, which provides a pro-active approach to manage various types of risks associated with day to day affairs of the Company and minimise adverse impact on its business objectives.

**Environmental Compliances**

With reference to the operations of the Company, the mechanism to control the effluent treatment at zero discharge levels is in place under the prevailing policies as per industry norms. The pollution control board had restricted the operations of distillery operations during the previous year and issued directions to fulfil certain conditions for running of plants.With the implementation of these conditions, approval to restart operations of the distilleries has been obtained in January 2018.

**Internal control system - Implementation of Internal Financial Controls and Internal Audit processes**

The Company has been following–up the systems and control to safeguard the assets and interest of stakeholders against loss from any unwarranted action. All business transactions are authorized, recorded and reported accordingly. The Company has also formulated and implemented a formal system of internal financial controls under the Companies Act, 2013 read with relevant Indian Accounting Standards (AS) etc. Under the system, certain Standard Operating Procedures/Policies with reference to the delegation of authorities, material procurement and management, accounting processes and systems, payment authorization, capex monitoring, insurance, and employee welfare etc. have been adopted. Review systems have been established and implemented to ensure the adequacy of control systems and their monitoring.



These policies, procedures and controls adopted by the Company are ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The internal financial controls over financial reporting are adequate and operating effectively. An independent internal audit process has been established with reference to the business operations of the Company. The internal audit reports along-with management comments are regularly being placed before the audit committee of the Board.

During the year, the Company has complied with the Secretarial Standard -1 for the meetings of Board of Directors and their Committees thereof and Secretarial Standard -2 for the general meetings of the Company.

The legal matters with the former director/senior executive employees due to irregularities/misappropriation of inventory of the Company are going on before the appropriate authorities. The management is confident that these cases shall be concluded without material financial implications on the Company.

**Materiality of Related Party Transactions**

Related party transactions entered during the financial year have been on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its approval. The particulars of contracts entered during the year are enclosed herewith as Annexure 2 as per prescribed Form AOC-2.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Companies Act 2013, the rules made there under and the listing regulations.

**Corporate social responsibility (CSR)**

The Company is not covered by any of the criteria prescribed under the provisions of Section 135 of the Act to conduct the activities under corporate social responsibility (CSR) framework. However, Company has its own CSR policy indicating the guidelines for social welfare activities to be undertaken and implementing programs in the fields of education, healthcare, clean water, social welfare, village infrastructure development in reserved areas of its sugar mills. The Company has been accepting its social responsibility obligations and encouraging cleaner surroundings, improving village level infrastructure, unclogged drains and spreading the awareness and providing necessary training and learning process for the value of good hygiene and sanitation. A Charitable trust named Simbhaoli India Foundation (SIF), has also been working to ensure social obligations of the Company. The employees are also important stakeholders and have been contributing to the foundation on their own.

The Company has been disseminating information on its CSR policies, activities and progress to all their stakeholders and the public at large through its website and annual reports. It has constituted a committee of directors to review the activities under its CSR policy.

**Information Technology**

The information technology system of the Company is operating on SAP based enterprise resource planning (ERP) environment, optimizing the performance of its businesses as well as the business network.

**Operations of Subsidiary/Associate Companies**

1. **Simbhaoli Power Private Limited (SPPL)**

   SPPL is a 51% subsidiary, with a joint venture with Sindicatum Captive Energy Singapore Pte Limited. SPPL is generating the power using the sugar mill bagasse and third party biomass at the Simbhaoli and Chilwaria Sugar complexes of the Company and selling the surplus power to State utilities under the long term power purchase agreements. During the year SPPL has generated 2.98 lacs MWh of power (Previous year 2.42 lacs MWh) and exported 2.09 lacs MWh (Previous year 1.65 lacs MWh). The gross revenues earned by the Company during the financial year 2017-18 have been ₹129.80 Crore (Previous year ₹110.43 Crore).

2. **Uniworld Sugars Private Limited (USPL)**

   USPL is a joint venture company between Simbhaoli Sugars Limited and ED&F Man Sugar Ltd, UK, having a 1000 TPD (300,000 mt per annum) capacity sugar refinery near Kandla Port, Gujarat. The gross revenues earned by the Company during the year have been ₹271.99 Crore (Previous year ₹447.95 Crore) with a pre-tax loss of ₹11.15 Crore (Previous year loss of ₹45.09 Crore). The operations of the refinery were discontinued in June 2017 and discussion on the business restructuring is going on between the shareholders and lender.

A petition for Corporate Insolvency Resolution Proceedings has been admitted against Uniworld Sugars Private Limited, vide order passed by the Hon'ble National Company Law Tribunal, Allahabad bench on May 29, 2018 in the CP No. (IB)NO.120/ALD of 2017.

In the consolidated financial statements of the Company, Simbhaoli Sugars Limited (SSL), the unaudited financial results of USPL have been included.

3. **Integrated Casetech Consultants Private Limited**

   Integrated Casetech Consultants Private Limited (ICCPL) is an 85% subsidiary and the technology vertical of SSL. It has successfully executed various domestic and international operation and maintenance assignments and working for improvement in the performance of the Company. ICCPL has earned gross revenues of ₹1317.50 lacs (Previous year ₹1216.91lacs) with a pre-tax profitof ₹45.21lacs (Previous year loss of ₹149.96 lacs) for the year 2017-18.

4. **Simbhaoli Global Commodities DMCC**

   Simbhaoli Global Commodities DMCC, Dubai, is the wholly owned subsidiary of Simbhaoli Sugars Limited. No major business activities have been carried out by this Company during the year.

5. **Simbhaoli Speciality Sugars Private Limited**

   No major business activities have been carried out by this Company during the year.

**OPERATIONS**

A summary of the standalone financial results of the Company for the year ended March 31, 2018 is stated as under:

(₹ in lacs)

| Particulars | Year ended Mar 31, 2018 | Year ended Mar 31, 2017 |
|---|---|---|
| Net Sales/Income from operations | 90,467.67 | 89,893.68 |
| Other Income | 2,561.40 | 3,270.11 |
| Profit/(Loss) before Interest, depreciation and exceptional items | (7,854.41) | 13,183.90 |
| Interest expense | 4,606.28 | 12,268.82 |
| Depreciation | 4,628.38 | 4,651.12 |
| (Loss) before tax & exceptional items | (17,089.07) | (3,736.04) |
| Exceptional (Gains)/Loss | 970.79 | (427.05) |
| Tax expense | - | - |
| Net (Loss) after Tax before Other Comprehensive Income | (18,059.86) | (3,308.99) |
| Other Comprehensive Income/(Loss) | 20.67 | (2,482.54) |
| Net (Loss) | (18,039.19) | (5,791.53) |

During the year, the business of the Company has been affected adversely on account of the lower realization from sugar sales, closure of distillery operations, high finance cost, and other industry related issues. The Company has been facing liquidity constraints, and accordingly, it is advised that no dividend will be recommended for the financial year 2017-18.

**Unpaid Dividend:** Since there was no unpaid/unclaimed dividend declared and paid in the previous years, the provisions of Section 125 of the Companies Act, 2013 do not apply.

The following is the summary of financial review for the performance during year:

**Share Capital:** 3,92,79,020 equity shares of ₹10 each (Previous year 3,74,79,020 equity shares). During the year, the Company allotted 50,00,000 warrants to specified promoters, under the provisions of the Companies Act, 2013 read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issues. Out of these 50,00,000 warrants, the warrant holders have opted for conversion of 18,00,000 warrants on March 29, 2018 and the Company has allotted 18,00,000 equity shares of ₹10 each as fully paid-up at an exercise price of ₹ 32.10 (including premium of ₹ 22.10) per equity share.

**Reserves and Surplus:** Following movement have taken place during the year:

(i) Molasses Storage Fund: Addition during the year, ₹4.62 lacs (previous year ₹3.41 lacs)..

**Long term borrowings:** Long term borrowings are at ₹32,319.44 lacs (previous year ₹23,060.25 lacs).

**Short term borrowings:** Short-term borrowings are at ₹47,067.75 lacs against the previous year of ₹61,831.12 lacs.

**Fixed assets:** Addition to the fixed assets aggregating to ₹2,039.34 lacs (previous year ₹320.05lacs) includes the following:

i) ₹1405 lacs for ME Plant at Brijnathpur Division

ii) ₹208 lacs for Bottling Plant in IMFL Division

The deduction of ₹65.34 lacs (previous year ₹40.17 lacs) from the value of the fixed assets.

**Investments:** The Company has the following investments as on March 31, 2018:

(₹ in Lacs)

| S. No. | Particulars | Opening balance as on April 1, 2017 | Additions/ (Deductions) during the year | Balance as on March 31, 2018 |
|---|---|---|---|---|
| (i) | 2,00,800 equity shares of ₹ 10 each in Integrated Casetech Consultants Private Limited | 383.73 | - | 383.73 |
| (ii) | 2,90,11,770 Equity shares of ₹ 10 each in Uniworld Sugars Pvt. Ltd | 2,397.29 | (75) | 2,322.29 |
| (iii) | 300 Equity Shares of AED 1000 each in Simbhaoli Global Commodities DMCC | 39.94 | - | 39.94 |
| (iv) | 55,38,734 Equity shares of ₹ 10 each in Simbhaoli Power Pvt Ltd | 5,493.59 | - | 5,493.59 |
| (v) | 48,92,941 debentures of ₹ 100 each of Simbhaoli Powers Pvt. Ltd. | 7,441.71 | (378.72) | 7,062.99 |
| (vi) | 19,000 equity shares of ₹ 10 each of Simbhaoli Speciality Sugar Private Limited | 190 | - | 190 |
| (vii) | Others | 46.61 | 1 | 47.61 |
| | **Investments at the end of the year** | **15,992.87** | **(452.72)** | **15,540.15** |

**Status of shares under pledge:** Out of the promoters' shareholding, 33.14% in the total share capital is pledged with the financial institutions as security against various credit facilities availed by the Company. Out of the 29,011,770 shares held by the Company in Uniworld Sugars Private Limited, 1,12,04,708 shares have been invoked by the IDBI Bank Limited.

**Inventories:** Inventory amounting to ₹33,503.70 lacs (previous year ₹39,735.60 lacs) include finished goods, raw material, process stocks, and store items. The sugar stock at the end of the year is valued at net realizable value of ₹2,785 perqtl (previous year ₹3,649 per qtl).

**Sundry debtors:** Sundry debtors (net) amounting to ₹3,673.50 lacs (previous year ₹4,007.38 lacs), are considered good and realisable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realization, industry trend and management's perception. Debtors are at 4.06% of gross revenues, representing an outstanding of 16 days.

**Cash and Cash Equivalents:** Cash and Cash Equivalents are at ₹803.43 lacs (previous year ₹1,164.00 lacs).

**Bank Balances other than cash & Cash equivalents:** Bank balance of ₹955.89 lacs (previous year ₹6,514.63 lacs includes fixed deposits of ₹5,932.19 lacs out of which fixed deposits for on amount of ₹5,623.46 lacs are pledged under the order of Hon'ble High court) Further, fixed deposits for an amount of ₹138.82lacs (previous year ₹ 905.14) are pledged with banks for securing certain loans, letters of credit, guarantees and other short term facilities.

**Other Financial Assets:** Other financial assets of ₹3,584.28 lacs (previous year ₹4,729.25 lacs) comprises interest accrued ₹3,056.91 lacs (previous year ₹2,619.81 lacs) and lease finance ₹94.22 lacs (previous year ₹282.66 lacs) against finance lease and royalty ₹274.98 lacs (previous year ₹324.98 lacs) receivable from Simbhaoli Power Private Limited.

**Other Current Assets:** Other current assets of ₹843.59 lacs (previous year ₹1,751.70 lacs) comprise a receivable of ₹342.54 lacs (previous year ₹400.90 lacs) are considered good and realisable. Provisions are generally made for all receivables outstanding for over 360 days subject to their scope of realization, industry trend and management's perception. Balance with authorities ₹269.75 lacs (previous year ₹1,122.77 lacs) and prepaid expenses ₹135.92 lacs (previous year ₹128.61 lacs)



**Trade payables, other current liabilities, and provisions:** a) Trade payables at ₹56,368.01 lacs (previous year ₹57,632.10 lacs). b) The other current liabilities of ₹47,015.64lacs (previous year ₹42,615.44lacs) reflect amount payable against finance charges and other miscellaneous liabilities. c) The liability includes amount payable against sugarcane supply, other raw materials, stores and services.

**Sales and other income:** Sales and other income is ₹93,029.07 lacs (previous year ₹93,163.79 lacs). The segment wise allocation of revenues for the year 2017-18 and for proceeding two accounting years is as under:

(₹ in lacs)

| Years/ Segment | Sugar | | Alcohol | |
|---|---|---|---|---|
| | Turnover | %age | Turnover | %age |
| 2015-16 | 74,326 | 88.93 | 9242 | 11.07 |
| 2016-17 | 84795 | 90.68 | 8819 | 9.32 |
| 2017-18 | 86,504 | 95.07 | 4,483 | 4.83 |

**Other income** of ₹2,561.40 lacs (previous year ₹3,270.11 lacs) comprises interest and rent, from subsidiary companies, liabilities/ provisions which are no longer required and written back and miscellaneous earnings.

**Raw Material Consumption:** ₹81,733.42 lacs (previous year ₹67,022.48 lacs) include sugarcane, molasses and raw sugar as the principal raw materials purchased by the Company.

**Employees cost:** The employee cost at ₹4,986.03 lacs (previous year ₹5,511.54 lacs).

**Finance cost:** Finance costs decreased to ₹4,606.28 lacs (previous year ₹12,268.82 lacs) on account of non-provisioning of interest cost of ₹11,971.59 lacs for the current year.

**Other Expenses:** Other expenses increased to ₹10,408.37 lacs (previous year ₹8,109.72 lacs).

**Accounting policies**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant accounting principles generally accepted in India. The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). Previous year numbers in the financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in the Notes to accounts

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 01, 2016. the Notes to accounts forming part of Annual reports for the details of first-time adoption (Ind AS 101) exemptions availed by the Company and an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows. Post the applicability of Goods and Service Tax Act, 2017 (GST) with effect from July 01, 2017, revenues from operations are disclosed net of GST. Accordingly, the revenue from operations and excise duty expenses for the year ended March 31, 2018 are not comparable with previous periods presented in the financial statements.

The Board of Directors of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgments used in preparation of these statements. The estimates and/or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair view of the state of the affairs of the Company.

**Loans, Guarantees, and investments under Section 186**

The particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013 and rules made there under are furnished in Note 30 in the Notes to accounts forming part of the Annual Report.

**Particulars of contracts or arrangements made with related parties**

The particulars of contracts or arrangements made with related parties made pursuant to Section 188 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Accounting Standards 18 issued by the Institute of Chartered Accountants of India are furnished in Note 11 in the Notes to accounts forming part of the Annual Report.

**Debt servicing and public deposits**

During the year, the Company has not been able to meet its obligations towards the lenders for principal and interest, in terms with the respective letters of sanction/approvals. As there are delays in repayment of the loans, and the cane price arrears have mounted high, the Company's credit rating has been downgraded. The loans availed by the Company have been classified as non-performing assets (NPA) by the lenders and interest on the said loan accounts is not being charged to the loan accounts by them as per the relevant circulars of Reserve Bank of India. Further, the Company has approached its lenders to carry out a financial restructuring and debt resolution plan of its outstanding debts in accordance with its available future cash flows, which is under consideration by the lenders. The restructuring proposal under consideration, inter alia also includes waiver of un-paid Interest on these loan accounts till implementation of the proposed restructuring. In view of the submitted restructuring plan and discussions held with the lenders in this regard, the Company is hopeful that un-paid interest on certain loan accounts will be waived to carve out sustainable portion of debts. Accordingly, interest expense on these loan accounts for the current year amounting to ₹ 11,972 Lac has not been recognized in the books of accounts. This has resulted in reversal of interest recognized on these loans in the financial results up to the period ended December 31, 2017 in the quarter ended March 31, 2018. The extent of exact amount of un-paid interest is under reconciliation with banks and will be determined at the time of approval of debt resolution plan. Un-paid interest, recognized in the books of accounts up to the end of March 31, 2017, will be reversed at the time of implementation of debt resolution plan.

The Company has not accepted any public deposits and no deposits are unpaid in any previous year.

**Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Secretarial Auditors in their reports**

The Comments/Remarks in the Secretarial Audit Report are self-explanatory and explained at the appropriate section of the Annual Report.

**Material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of report**

The Company has faced legal actions on account of defaults in repayments of loans and delay in approval of financial restructuring from banks towards the end of the financial year. The detail has been reported elsewhere in this report. The Company has also faced certain enquiries and investigations arising out of the above which are still persisting.

**Application for reclassification of promoters of the Company**

The special resolution for reclassification of promoters' category was passed at 6th Annual General Meeting of the members of the Company. Thereafter, an application seeking reclassification of Mr. Gurpal Singh, Mr. Govind Singh Sandhu, Ms. Jai Inder Kaur, Mr. Angad Singh and M/s Pritam Singh Sandhu Associates Private Limited (Collectively referred to as 'Sandhu Group/ Exiting Promoter'), from existing promoter group to the public category shareholders, in terms of provisions of regulation 31A (7) of SEBI (LODR) Regulations, 2015, was filed with SEBI/Stock Exchanges.

The Company has submitted the documents in support of the application as per the requirement, and discussions are going on with SEBI/Stock Exchanges through Merchant Bankers, appointed for this purpose and approval is awaited.

**AUDITORS' REPORT**

The comments on the statement of accounts referred to in the report of the auditors are self-explanatory, and explained in the appropriate notes to accounts, the details of which are mentioned elsewhere in this report.

**DIRECTORS**

At the ensuing Annual General Meeting of the members of the Company, Mr. Gurmit Singh Mann is retiring by rotation on completion of term under the provisions of Section 152 of the Companies Act, 2013 and has offered himself for re-appointment. The Board considered and approved the re-appointment subject to the approval by the members.

During the year, Mr. B K Goswami, Mr. S K Ganguli, Justice (Retd) C K Mahajan, and Lieutenant General (Retd) D S Sidhu remained the independent directors under Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 during the year and they shall hold office for a period of 5 (five) consecutive years from the respective dates of their appointments.

During the year, Mr. S.C. Kumar an Independent Director, Mr. Sangeet Shukla, nominee director of State Bank of India and Mr. Jag Mohan Seth an Independent Director have submitted their resignations from the directorship and ceased to be directors of the Company on account of the other pre-occupations. During their tenure, they have guided the Company through their immense knowledge and experience. Directors place on record the appreciation and noted the valuable contribution of the outgoing directors during their association with the Company.

**Declaration of Independent Directors**

The Independent Directors have submitted their disclosures to the Board that they comply with all the requirements as stipulated under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

**Company's policy relating to director's appointment, payment of remuneration and discharge of their duties**

The Company's policies relating to appointment of directors, payment of managerial remuneration, directors' qualifications, positive attributes, independence of directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 has been disseminated at the Company's website at the link-http://www.simbhaolisugars.com/ company_policies.asp.

The Board has approved the appointment and remuneration of Ms. Gursimran Kaur Mann as Managing director and Mr. Sachchida Nand Misra as chief operating officer/whole time director in the Company for a period of three years, and the consent on terms of appointment has been accorded at 6th Annual General Meeting of the members of the Company held on September 18, 2017. On applications of the Company, the Ministry of Corporate Affairs (MCA) has sought certain information/documents/ clarifications and the reply of which have been submitted and the approval is awaited.

**Number of board meetings conducted during the year under review**

Details of Board Meetings held during the year are furnished in the Report on the Corporate Governance forming part of this Annual Report.

**Board Evaluation**

The Company has devised the principles for review of the performance of the non-independent and also the independent directors, based on certain criterion as considered appropriate by the independent directors of the Company. Every year, the independent directors review the performance of the non-independent directors based on the criterion such as job profile and market perception, self-declaration on the jobs handled/ taken up, opinion from peer and sub-ordinates, their performance evaluations, reporting and participation in the Company meetings and they have found their performance to be satisfactory. The independent directors find the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties to be satisfactory.

All the independent directors possess the requisite qualifications and experience in the respective areas. They have been discharging their duties diligently as defined in schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are contributing towards improvement in the governance standards of the Board of directors of the Company.

**Secretarial Audit**

M/s Amit Gupta & Associates, Company Secretaries, have been engaged as the Secretarial Auditors of the Company under the provisions of the Companies Act, 2013 for the financial year 2018-19. The Secretarial Audit Report for the FY 2017-18 is given as **Annexure-1** to this report.

**Cost Auditors**

M/s Satnam Singh Saggu, Cost Accountants, have been engaged as the Cost Auditors of the Company under the provisions of the Companies Act, 2013 for the financial year 2018-19.

## ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 are furnished in **Annexure-3** and attached to this Report.



## SUBSIDIARY, JOINT VENTURE, AND ASSOCIATE COMPANIES

The Company has four subsidiary Companies, viz. Simbhaoli Power Private Limited (SPPL), Integrated Casetech Consultants Private Limited (ICCPL), Simbhaoli Speciality Sugars Private Limited (SISPL) and Simbhaoli Global Commodities DMCC, Dubai (SGC). Uniworld Sugars Private Limited (USPL) is a joint venture company. The Consolidated financial statements have been prepared by incorporating audited financial results of subsidiary companies namely ICCPL, SISPL and SGC. However:

a. The financial statements of USPL have been included on the basis of unaudited financial statements as certified by their management. The Indian GAAP Compliant consolidated financial statement for the year ended March 31, 2017 was also prepared based on the unaudited financial statements of USPL, which was subject to disclaimer by the auditors. The Ind AS compliant figures for the year ended March 31, 2017 of the consolidated financial statement have been presented based on the restated Indian GAAP audited financial statements of USPL.

b. Financial statements of SPPL have not been incorporated as its accounts are still under compilation in accordance with Ind AS. Further, the outstanding balance of SPPL as well as the transactions entered into by the Company with SPPL as reported in the standalone financial statements are subject to reconciliation.

## EMPLOYEE STOCK OPTION SCHEME

No stock options have been introduced during the year.

## CORPORATE GOVERNANCE

The Report on Corporate Governance from the Practicing Company Secretary and certificate from Chief Operating Officer and Chief Financial Officer form part of this Annual Report.

## VIGIL MECHANISM

The Company has established a vigil mechanism, which overseas through the Audit Committee, the genuine concerns expressed by the employees and other directors. The Company has provided adequate safeguards against victimization of employees or Directors, who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company.

The policy on the vigil mechanism comprising of the whistle blower policy, has been disseminated at the Company's website at link-http://www.simbhaolisugars.com/company_policies.asp

During the year, no such complaint has been received by the Company.

## LISTING OF SECURITIES

The equity shares of the Company are listed with the BSE Limited and National Stock Exchange of India Limited. The annual Listing fee for the financial year 2018-19 has been paid to both the stock exchanges.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION INITIATIVES, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology initiatives, Research and Development, Foreign exchange Earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure-4.**

## PARTICULARS OF EMPLOYEES

The disclosure under the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1)of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure -5.**

There was no employee of the Company, who has been paid remuneration under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## AUDITORS

The Auditors, M/s Mittal Gupta & Company, Chartered Accountants, (the statutory auditors), had been appointed for a term of 5 years viz. 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20.They are being eligible have offered themselves and your directors have recommended their continuation of appointment for the financial years 2018-19 and 2019-20.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, read with the Rules made there under, with respect to the Directors' responsibility statement, it is hereby confirmed:

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

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 ended on March 31, 2018 and of the profit and loss of the Company for that period;

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

d. the directors had prepared the annual accounts on a going concern basis;

e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively, and

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

**CAUTIONARY STATEMENT**

Certain statements in this report may be forward looking and represent intention of the management. Actual results may differ materially due to a number of risks or uncertainties associated with the business. Investors/stakeholders, therefore, are advised to make their own judgments before taking any investment, business decisions. business decisions.

**ACKNOWLEDGEMENT**

The Board of Directors acknowledge the continued assistance and guidance provided by the Government of India, State Government of Uttar Pradesh, lender banks and institutions and the co-operation and assistance received from all executives, staff and workmen of the Company.

The Directors also express special thanks to the joint venture partners for their association in running the affairs of the business of the respective subsidiary/associate companies, being part of the future growth of the Company.

The Directors also wish to emphatically state their gratitude to the Indian Sugar Mills Association, farmers, suppliers and all other concerned persons who have continued their valuable support to your Company.

**For and on behalf of the Board of Directors**
**Simbhaoli Sugars Limited**

**Gurmit Singh Mann**
**Chairperson**
**(DIN - 00066653)**

Place : New Delhi
Date : May 30, 2018

**Annexure-1**

**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 Personnel) Rules, 2014]**

To,

The Members,

**SIMBHAOLI SUGARS LIMITED,**

**(Formerly known as Simbhaoli Spirits Limited)**

**(CIN - L15122UP2011PLC044210)**

**Simbhaoli-245207, District Hapur Uttar Pradesh**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s SIMBHAOLI SUGARS LIMITED (CIN - L15122UP2011PLC044210) (formerly known as Simbhaoli Spirits Limited) (hereinafter referred as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion

i. 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

ii. 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 according to the provisions of:

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

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

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **- Not applicable as the Company has not made any such transaction during the financial year under review;**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;*

   b. *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & The SEBI (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15.05.2015);*

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

   d. *The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*

   e. *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities and Exchange*

*Board of India (Share Based Employee Benefits) Regulations, 2014 -* ***Not applicable as the Company has not granted any options during the financial year under review***

f. *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -* ***Not applicable as the Company has not issued any listed debt securities during the period under review;***

g. *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies and dealing with client;*

h. *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009–* ***Not applicable as the Company has not delisted/proposed to delist its equity shares from any stock exchange during the financial year under review;***

i. *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 -* ***Not applicable as the Company has not bought back/proposed to buyback any of its securities during the financial year under review.***

vi. The following other laws on account of the nature of industry are specifically applicable to the Company:

*(a)* Sugar Cess Act, 1982

*(b)* Levy Sugar Price Equalisation Fund Act, 1976

*(c)* Food Safety and Standards Act, 2006

*(d)* Essential Commodities Act,1955

*(e)* Sugar Development Fund Act, 1982

*(f)* Agricultural and Processed Food Products Export Act, 1986

*(g)* The Boilers Act, 1923

*(h)* The Legal Metrology Act, 2009

*(i)* The Environment Protection Act, 1986

*(j)* The Water (Prevention and Control Pollution) Act, 1974

*(k)* The Air (Prevention and Control Pollution) Act, 1981

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

*(i)* Secretarial Standards issued by the Institute of Company Secretaries of India; and

*(ii)* Listing Agreements entered into by the Company with BSE Limited & The National Stock Exchange of India Limited, Mumbai.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

*(i) Whereas in terms of the provisions of Section 149(6) of the Companies Act, 2013 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board is required to maintain the mix of 50% Independent Directors. The composition of Board consists of 11 (eleven) directors; out of which 5 (five) belong to the non-independent category, 5 (five) are independent directors and 1(one) has been Nominee of the Bank. However w.e.f. May 11, 2018, the bank has withdrawn its nominee. Also, one of the independent directors has resigned from the directorship with effect from March 1, 2018. Accordingly, as on March 31, 2018, the Board of the Company comprises of mix of 50% independent directors.*

*(ii) The Company has filed with delay few forms/returns/ documents etc. with the Registrar of Companies, Ministry of Corporate Affairs, Kanpur,on payment of additional fee under the provisions of the Companies Act, 2013.*

*(iii) The remuneration paid to whole time director is within limits specified under the provision of Schedule V to the Companies Act, 2013, and necessary approval from central government, as required in view of defaults exceeding 30 days to the lenders,after approval in the Annual General Meeting of the members of the Company is pending with central government.*

*(iv) During this year, the Pollution Control Boards have issued notices for closure of the Brijnathpur, Chilwaria and Simbhaoli Distilleries on account of discharge of un-treated effluents from the respective plants. As per the explanations given by the Management, the Company has taken requisite steps for compliance of the zero liquid discharge and actions as per the directions of the Central Pollution Control Authorities and Uttar Pradesh Pollution Control Board. As a result of the same, the Company has obtained the clearance to operate the distilleries with effect from January 2018.*

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors.The Company, being a listed entity need to maintain the 50% mix of Independent Directors on its Board. The composition of Board consists of 11 (eleven) directors; out of which 5 (five) belong to the non-independent category, 5 (five) are independent directors and 1(one) has been Nominee of the Bank. However w.e.f. March 1, 2018, one of the independent directors has resigned from the directorship of the Company and with effect from March 17, 2018, the nominee director has resigned from the directorship. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to convene the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.
- Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** the systems and processes in the Company require further strengthening and improvements, considering the size and operations of the Company to enable better monitoring and ensuring of timely compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period:

(i) Pursuant to the approval of the members of the Company in their 6th annual general meeting held on September 18, 2017 regarding the issue of 50,00,000 warrants under the provisions of the Companies Act, 2013 read with

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issues, the Company has allotted 50,00,000 warrants, to specified promoters On December 22, 2017. Each warrant is convertible into equivalent number of equity share in the share capital of the Company at a price of Rs. 32.10 (including premium of Rs. 22.10) per equity share within a period of 18 months from the date of allotment at the option of the warrant holder. Out of these 50,00,000 warrants, the warrant holders have opted for conversion of 18,00,000 warrants on March 29, 2018 and the Company has allotted 18,00,000 equity shares of Rs. 10 each as fully paid-up at an exercise price of Rs. 32.10 (including premium of Rs. 22.10) per equity share.

(ii) The Special Resolution for reclassification of promoters' category was passed at 6th Annual General Meeting of the members of the Company. Thereafter, an application seeking reclassification of Mr. Gurpal Singh, Mr. Govind Singh Sandhu, Ms. Jai Inder Kaur, Mr. Angad Singh and M/s Pritam Singh Sandhu Associates Private Limited (Collectively referred to as 'Sandhu Group/ Exiting Promoter'), from existing promoter group to the public category shareholders, in terms of provisions of regulation 31A (7) of SEBI (LODR) Regulations, 2015, was filed with SEBI/Stock Exchanges. The approval from SEBI/Stock Exchanges is awaited.

(iii) Pursuant to the approval of the members of the Company in their 6th annual general meeting held on September 18, 2017 for issue of equity shares against the conversion of the outstanding facilities, on such terms and conditions as may be deemed appropriate by the Bank(s) and the Company at mutually accepted share pricing formula under the SEBI ICDR Regulations and/ or other provisions of law as applicable to the Company, in the event of any default by the Company as defined in the lending covenants in respect of the financial assistance provided by the banks under Corporate Debt Restructuring (CDR) package and/or Joint Lender Forum (JLF), as may approved by the lenders of the Company mechanism of the Reserve Bank of India; the lenders, at their option exercisable in the manner as described under the said covenants. However consequent to the scrapping of all existing restructuring schemes by the Reserve Bank of India (RBI) vide their Notification No. 531 dated 12.02.2018, the debt realignment proposal of the Company to realign the debts in accordance with the available future cash flow of the company, that was under considerations of the lenders has been aborted by the Lenders under Joint Lender Forum, the possibilities of issue of any equity shares pursuant to aforesaid conversion have also aborted.

(iv) Certain banks had facilitated loans to sugarcane farmers through the Erstwhile Simbhaoli Sugars Limited (ESSL) with its Corporate Guarantee as security. These loans were to be repaid by the Company but due to the overall downturn in the sugar industry, the Company could not repay these loans on the due date. It submitted a financial restructuring plan to its lenders in FY 2014-15. During the restructuring process, Oriental Bank of Commerce (OBC), one such Bank, classified its outstanding loan as "Suspected Fraud" in March 2015. Subsequently, after following due process, including but not limited to obtaining specific permission from the Reserve Bank of India (RBI), and in consultation with all other Consortium Lenders, it sanctioned and disbursed a term loan in February 2016 for liquidating the agri loans. In addition, in an application filed by OBC at the Debt Recovery Tribunal, OBC confirmed a simultaneous closure of the matter.

Recently, OBC has initiated recovery actions against the Company for the restructured term loan and also filed a criminal complaint with the investigating agency, again declaring the facilities as "Purported Suspected Fraud". The Company has denied any fraud on its part, provided adequate documentation for the same, while reiterating its commitment for repayment to all the lenders basis future cash flows.

The Company has sought legal advice in this matter and the legal advisors have opined that there have been various omissions and commissions at the banks' end including but not limited to OBC and that the Company should take appropriate action at the relevant forums at the required time.

(v) The members of the Company in their 6th annual general meeting held on September 18, 2017 had accorded approval by way of passing of the special resolution for authorising the Board of directors of the Company the borrowings upto an amount of ₹1600 crore under the provisions of Section 180(1)(c) of the Companies Act, 2013.

(vi) The members of the Company in their 6th annual general meeting held on September 18, 2017 had accorded approval by way of passing of the special resolution to authorise the Board of Directors of the Company (i) give any loans to any person or other body corporate, or (ii) give any guarantees or to provide security in connection with a loan to any other body corporate or person, or (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, provided that the total loans or investments made, guarantee given, and securities provided shall not at any time exceed ₹500 crore ((Rupees Five Hundred Crore only), over and above the paid up share capital of the Company and its free reserves, notwithstanding that the aggregate of the investments so far made together with the investments to be made will exceed the limits as prescribed under the provisions of section 186 of the Act as applicable to the Company."

**For Amit Gupta & Associates**
**Company Secretaries**

**Amit Gupta**
**Proprietor**
Membership No. : F5478
C.P. No. 4682

Date : May 30, 2018
Place : Lucknow

To,

**The Members,**

**SIMBHAOLI SUGARS LIMITED,**

**Simbhaoli-245207, District Hapur Uttar Pradesh**

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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 processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Amit Gupta & Associates**
**Company Secretaries**

**Amit Gupta**
**Proprietor**
Membership No. : F5478
C.P. No. 4682

Date: May 30, 2018
Place: Lucknow



**Annexure-2**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis.

| S. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | NA |
| b) | Nature of contracts/arrangements/transaction | NA |
| c) | Duration of the contracts/arrangements/transaction | NA |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| e) | Date of approval by the Board | NA |
| f) | Amount paid as advances, if any | NA |

2. Details of materials contracts or arrangements or transactions at arm's length basis.

| S. No. | Particulars Details | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Simbhaoli Power Private Limited - Subsidiary |
| b) | Nature of contracts/arrangements/ transaction | A. Sale of finished goods<br>B. Expenses paid<br>C. Expenses Recovered<br>D. Management Service Agreement |
| c) | Duration of the contracts/arrangements/ transaction | Long Term |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | A. ₹ 583.79 Lakhs<br>B. ₹ 744.39 Lakhs<br>C. ₹ 134.76 Lakhs<br>D. ₹ 286.47 Lakhs |
| e) | Date of approval by the Board | A. January 14, 2013<br>B. January 14, 2013<br>C. January 14, 2013<br>D. January 14, 2013 |
| f) | Amount paid as advances, if any | - |

**Annexure-3**

**FORM NO. MGT 9**

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

**I. REGISTRATION & OTHER DETAILS:**

| | | |
|---|---|---|
| 1. | CIN | L15122UP2011PLC044210 |
| 2. | Registration Date | 04/04/2011 |
| 3. | Name of the Company | Simbhaoli Sugars Limited |
| 4. | Category/Sub-category of the Company | Indian<br>Non-Government Company |
| 5. | Address of the Registered office & contact details | Simbhaoli, District- Hapur, Uttar Pradesh-245207 |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

| S. No. | Name and Description of main products/ services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Sugar | 1072 | 95 |
| 2 | Alcohol | 1101 | 5 |

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

| S. No. | Name & Address of the Company | CIN/GLN | Holding/subsidiary/ associate | % of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Simbhaoli Speciality Sugars Pvt. Ltd | U21015DL1995PTC069925 | Wholly Owned Subsidiary | 100% | 2(87) ii |
| 2 | Integrated Casetech Consultants Pvt Ltd | U74140DL2008PTC092701 | Subsidiary | 85.16% | 2(87) i & ii |
| 3 | Simbhaoli Power Pvt Ltd | U40300UP2011PTC045360 | Subsidiary | 51% | 2(87) ii |
| 4 | Simbhaoli Global Commodities DMCC | N.A | Wholly Owned Subsidiary | 100% | 2(87) ii |
| 5 | Uniworld Sugars Pvt Ltd | U15422UP2009PTC038540 | Associate | 43.74% | 2(6) |

### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2017] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % Change during the year* |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total Shares | % of Total Shares | Demat | Physical | Total Shares | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 8675941 | - | 8675941 | 23.15 | 10475941 | - | 10475941 | 26.67 | 3.52 |
| b) Central Govt. or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | 9539849 | - | 9539849 | 25.45 | 9539849 | - | 9539849 | 24.29 | (1.17) |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL:(A) (1)** | **18215790** | **-** | **18215790** | **48.60** | **20015790** | **-** | **20015790** | **50.96** | 2.36 |
| **(2) Foreign** | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any other… | - | - | - | - | - | - | - | - | - |
| **Sub Total (A) (2)** | - | - | - | - | - | - | - | - | - |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | **18215790** | **-** | **18215790** | **48.60** | **20015790** | **-** | **20015790** | **50.96** | **2.36** |
| **B. Public Shareholding** | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | |
| a) Mutual Funds | - | 1755 | 1755 | 0.00 | - | 1755 | 1755 | 0.00 | - |
| b) Banks/FI | 9388 | - | 9388 | 0.03 | 5357 | - | 5357 | 0.01 | (0.011) |
| c) Central govt | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIS/FPI | 1 | - | 1 | 0.00 | 1 | - | 1 | 0.00 | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL (B)(1):** | **9389** | **1755** | **11144** | **0.03** | **5358** | **1755** | **7113** | **0.01** | - |
| **(2) Non Institutions** | | | | | | | | | |
| a) Bodies corporates | 7579137 | 6726 | 7585863 | 20.24 | 8049726 | 7077 | 8056803 | 20.51 | 0.27 |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs | 8192618 | 597533 | 8790151 | 23.45 | 7565010 | 578991 | 8144001 | 20.73 | (2.72) |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs | 2153564 | - | 2153564 | 5.75 | 2574715 | 54 | 2574715 | 6.55 | 0.81 |
| Non-resident Indian | 214814 | - | 214814 | 0.57 | 264198 | - | 264198 | 0.67 | 0.13 |
| Clearing Member | 506467 | - | 506467 | 1.35 | 216049 | - | 216049 | 0.55 | (0.80) |
| Trust | 1227 | - | 1227 | 0.00 | 351 | 2 | 351 | 0.00 | - |
| **Sub Total (B)(2):** | **18647827** | **604259** | **19252086** | **51.36** | **18670049** | **586068** | **19256117** | **49.02** | **(2.32)** |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **18657216** | **606014** | **19263230** | **51.40** | **18675407** | **587823** | **19263230** | **49.04** | **(2.36)** |
| **C. Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | **36873006** | **606014** | **37479020** | **100.00** | **38691197** | **587823** | **39279020** | **100** | **-** |

(ii) Shareholding of Promoters

| S.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding 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. | Mr. Gurmit Singh Mann | 3726154 | 9.94 | 0 | 4226154 | 10.76 | 0 | 0.82 |
| 2. | Mr. Gurpal Singh | 2402770 | 6.41 | 0 | 2402770 | 6.12 | 0 | (0.29) |
| 3. | Ms. Gursimran Kaur Mann | 1386672 | 3.70 | 0 | 2686672 | 6.84 | 0 | 3.14 |
| 4. | Mr. Govind Singh Sandhu | 733139 | 1.96 | 0 | 733139 | 1.87 | 0 | (0.09) |
| 5. | Ms.Jai Inder Kaur | 417356 | 1.11 | 90.53 | 417356 | 1.06 | 90.53 | 0.05 |
| 6. | Mr. Angad Singh | 9850 | 0.03 | 0 | 9850 | 0.03 | 0 | (0.001) |
| 7. | M/s Dholadhar Investments Pvt Ltd | 7462114 | 19.91 | 75.16 | 7462114 | 19.00 | 75.16 | (0.91) |
| 8. | M/s Pritam Singh Sandhu Associates Private Limited | 2077735 | 5.54 | 31.08 | 2077735 | 5.29 | 31.08 | (0.25) |
| | **Total** | **18215790** | **48.60** | **36.41** | **20015790** | **50.97** | **36.41** | **2.36** |

(iii) Change in Promoters' Shareholding

| S. No | Particulars | 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 |
| **A.** | **Mr. Gurmit Singh Mann** | | | | |
| 1 | At the beginning of the year | 3726154 | 9.94 | 3726154 | 9.94 |
| 2 | Increase/Decrease in Shareholding through Allotment | 500000 | 0.82 | 500000 | 0.82 |
| 3 | At the end of the year | 4226154 | 10.76 | 4226154 | 10.76 |
| **B.** | **Mr. Gurpal Singh** | | | | |
| 1 | At the beginning of the year | 2402770 | 6.41 | 2402770 | 6.41 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 2402770 | 6.12 | 2402770 | 6.12 |
| **C.** | **Ms. Gursimran Kaur Mann** | | | | |
| 1 | At the beginning of the year | 1386672 | 3.70 | 1386672 | 3.70 |
| 2 | Increase/Decrease in Shareholding through Allotment | 1300000 | 3.14 | 1300000 | 3.14 |
| 3 | At the end of the year | 2686672 | 6.84 | 2686672 | 6.84 |
| **D.** | **Mr. Govind Singh Sandhu** | | | | |
| 1 | At the beginning of the year | 733139 | 1.96 | 733139 | 1.96 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 733139 | 1.87 | 733139 | 1.87 |
| **E.** | **Ms. Jai Inder Kaur** | | | | |
| 1 | At the beginning of the year | 417356 | 1.11 | 417356 | 1.11 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 417356 | 1.06 | 417356 | 1.06 |
| **F.** | **Mr. Angad Singh** | | | | |
| 1 | At the beginning of the year | 9850 | 0.026 | 9850 | 0.026 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 9850 | 0.025 | 9850 | 0.025 |
| **G.** | **M/s Dholadhar Investments Private Limited** | | | | |
| 1 | At the beginning of the year | 7462114 | 19.91 | 7462114 | 19.91 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 7462114 | 19.00 | 7462114 | 19.00 |
| **H.** | **M/s Pritam Singh Sandhu Associates Private Limited** | | | | |
| 1 | At the beginning of the year | 2077735 | 5.54 | 2077735 | 5.54 |
| 2 | Increase/Decrease in Shareholding through Allotment | - | - | - | - |
| 3 | At the end of the year | 2077735 | 5.29 | 2077735 | 5.29 |

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

| S. No | For Each of the Top 10 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.** | **M/s Pearl Innovative Marketing Private Limited** | | | | |
| 1 | At the beginning of the year | 2320623 | 6.19 | 2320623 | 6.19 |
| 2 | Increase/Decrease in Shareholding | (50000) | (0.132) | (50000) | (0.132) |
| 3 | At the end of the year | 2270623 | 6.058 | 2270623 | 6.058 |
| **2.** | **M/s Shri Vatsala Traders Pvt. Ltd** | | | | |
| 1 | At the beginning of the year | 1915434 | 5.11 | 1915434 | 5.11 |
| 2 | Increase/Decrease in Shareholding | (50000) | (0.132) | (50000) | (0.132) |
| 3 | At the end of the year | 1865434 | 4.977 | 1865434 | 4.977 |
| **3.** | **M/s Wang Investment and Finance Pvt Ltd** | | | | |
| 1 | At the beginning of the year | 628605 | 1.68 | 628605 | 1.68 |
| 2 | Increase/Decrease in Shareholding | 145554 | 0.38 | 145554 | 0.38 |
| 3 | At the end of the year | 774159 | 2.066 | 774159 | 2.066 |
| **4.** | **M/s U K Paints India Private Limited** | | | | |
| 1 | At the beginning of the year | 302643 | 0.81 | 302643 | 0.81 |
| 2 | Increase/Decrease in Shareholding | 341569 | 0.90 | 341569 | 0.90 |
| 3 | At the end of the year | 644212 | 1.719 | 644212 | 1.719 |
| **5.** | **M/s Citland Commercial Credits Limited** | | | | |
| 1 | At the beginning of the year | 355147 | 0.95 | 355147 | 0.95 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 355147 | 0.95 | 355147 | 0.95 |
| **6.** | **M/s Monica Realators & Investments Private Limited** | | | | |
| 1 | At the beginning of the year | 407730 | 1.09 | 407730 | 1.09 |
| 2 | Increase/Decrease in Shareholding | (54247) | (0.14) | 54247 | (0.14) |
| 3 | At the end of the year | 353483 | 0.943 | 353483 | 0.943 |
| **7.** | **M/s JM Financial Services Limited** | | | | |
| 1 | At the beginning of the year | - | - | - | - |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 187300 | 0.5 | 187300 | 0.5 |
| **8.** | **M/s Phillip Capital (India) Private Limited** | | | | |
| 1 | At the beginning of the year | 54823 | 0.15 | 54823 | 0.15 |
| 2 | Increase/Decrease in Shareholding | 96177 | 0.34 | 96177 | 0.34 |
| 3 | At the end of the year | 186000 | 0.496 | 186000 | 0.496 |
| **9.** | **Mr. Manu Gopaldas Chhabria** | | | | |
| 1 | At the beginning of the year | 145364 | 0.39 | 145364 | 0.39 |
| 2 | Increase/Decrease in Shareholding | 37600 | 0.09 | 37600 | 0.09 |
| 3 | At the end of the year | 182964 | 0.488 | 182964 | 0.488 |
| **10.** | **Mr. Hiral Shah** | | | | |
| 1 | At the beginning of the year | - | - | - | - |
| 2 | Increase/Decrease in Shareholding | 162000 | 0.432 | 162000 | 0.432 |
| 3 | At the end of the year | 162000 | 0.432 | 162000 | 0.432 |

(v) Shareholding of Directors & Key Managerial Personnel

| S. No | For Each of the Directors & 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.** | **Mr. Gurmit Singh Mann** | | | | |
| 1 | At the beginning of the year | 3726154 | 9.94 | 3726154 | 9.94 |
| 2 | Increase/Decrease in Shareholding | 500000 | 0.82 | 500000 | 0.82 |
| 3 | At the end of the year | 4226154 | 10.76 | 4226154 | 10.76 |
| **2.** | **Mr. Gurpal Singh** | | | | |
| 1 | At the beginning of the year | 2402770 | 6.41 | 2402770 | 6.41 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 2402770 | 6.12 | 2402770 | 6.12 |

| | | | | | |
|---|---|---|---|---|---|
| **3.** | **Ms. Gursimran Kaur Mann** | | | | |
| 1 | At the beginning of the year | 1386672 | 3.70 | 1386672 | 3.70 |
| 2 | Increase/Decrease in Shareholding | 1300000 | 3.14 | 1300000 | 3.14 |
| 3 | At the end of the year | 2686672 | 6.84 | 2686672 | 6.84 |
| **4.** | **Mr. Sanjay Tapriya** | | | | |
| 1 | At the beginning of the year | 422 | 0.00 | 422 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 422 | 0.00 | 422 | 0.00 |
| **5.** | **Mr. S N Misra** | | | | |
| 1 | At the beginning of the year | 1521 | 0.00 | 1521 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 1521 | 0.00 | 1521 | 0.00 |
| **6.** | **Mr. S K Ganguli** | | | | |
| 1 | At the beginning of the year | 585 | 0.00 | 585 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 585 | 0.00 | 585 | 0.00 |
| **7.** | **Mr. B K Goswami** | | | | |
| 1 | At the beginning of the year | - | - | - | - |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | - | - | - | - |
| **8.** | **Justice C K Mahajan (Retd)** | | | | |
| 1 | At the beginning of the year | 422 | 0.00 | 422 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 422 | 0.00 | 422 | 0.00 |
| **9.** | **Mr. S C Kumar** | | | | |
| 1 | At the beginning of the year | - | - | - | - |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | - | - | - | - |
| **10.** | **Lt. Gen. Dalbir Singh Sidhu (Retd.)** | | | | |
| 1 | At the beginning of the year | 963 | 0.00 | 963 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 963 | 0.00 | 963 | 0.00 |
| **11.** | **Mr. D C Popli** | | | | |
| 1 | At the beginning of the year | 1800 | 0.00 | 1800 | 0.00 |
| 2 | Increase/Decrease in Shareholding | - | - | - | - |
| 3 | At the end of the year | 1800 | 0.00 | 1800 | 0.00 |
| **12.** | **Mr. Kamal Samtani** | | | | |
| 1 | At the beginning of the year | 1403 | 0.00 | 1403 | 0.00 |
| 2 | Increase/Decrease in Shareholding | 1500 | 0.00 | 1500 | 0.00 |
| 3 | At the end of the year | 2903 | 0.00 | 2903 | 0.00 |

## V) INDEBTEDNESS-Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

| S. No | Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| | **Indebtedness at the beginning of the financial year** | | | | |
| i) | Principal Amount | 66,654.84 | 34,648.79 | - | 101,303.63 |
| ii) | Interest due but not paid | 8,662.59 | 10,510.8 | - | 19,173.39 |
| iii) | Interest accrued but not due | 0.06 | - | - | 0.06 |
| | **Total (i+ii+iii)** | **75,317.39** | **45,159.59** | **-** | **120,477.10** |
| | **Change in Indebtedness during the financial year** | | | | |
| | * Addition | 24,482.87 | - | - | 24,482.87 |
| | * Reduction | - | 22,427.11 | - | 22,427.11 |
| | **Net Change** | **24,482.87** | **22,427.11** | **-** | **2,055.76** |
| | **Indebtedness at the end of the financial year** | | | | |
| i) | Principal Amount | 90,173.42 | 16,578.88 | - | 106,752.30 |
| ii) | Interest due but not paid | 9626.79 | 6,153.60 | - | 15,780.39 |
| iii) | Interest accrued but not due | 0.05 | - | - | 0.05 |
| | **Total (i+ii+iii)** | **99,800.26** | **22,732.48** | **-** | **122,532.74** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

| S. No | Particulars of Remuneration | Name of MD/WTD/ Manager | | |
|---|---|---|---|---|
| | | Mr. S N Misra (COO) $ | Mr. Karan Singh # | Total Amount |
| 1 | Gross salary | 67.70 | 29.34 | 97.04 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 63.74 | 27.70 | 91.44 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 3.96 | 1.64 | 5.60 |
| | (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 | - | - | - |
| 5 | Others, Contribution to PF & Gratuity | - | - | - |
| | **Total (A)** | **67.70** | **29.34** | **97.04** |
| | Ceiling as per the Act | | | |

* Standalone figure from the company
$Appointed on August 2, 2017
#Appointed on September 18, 2017

### B. Remuneration to other directors:

(₹ in Lacs)

| S. No | Particulars of Remuneration | Fee for attending Board/ Committee meetings (Per meeting) | Total Amount |
|---|---|---|---|
| **1** | **Independent Director** | | |
| | Mr. S K Ganguli | 0.25 | 2.75 |
| | Mr. S C Kumar | 0.25 | 0.75 |
| | Mr. B K Goswami | 0.25 | 3.00 |
| | Justice (Retd) C K Mahajan | 0.25 | 0.75 |
| | Lt Gen D S Sidhu | 0.25 | 1.25 |
| | Mr. J M Seth | 0.25 | 0.75 |
| | **Total (1)** | **-** | **9.25** |
| **2** | **Other Non-Executive Directors** | | |
| | Mr. Sangeet Shukla (Nominee Director) | 0.25 | 2.50 |
| | **Total (2)** | **-** | **2.50** |
| | **Total Remuneration** | **-** | **11.75** |

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

(₹ in Lacs)

| S. No | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---|---|---|---|---|
| | | CFO | CS | |
| 1 | Gross salary | 51.12 | 20.48 | 71.60 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 48.39 | 18.56 | 66.95 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 2.73 | 1.92 | 4.65 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, Contribution provident fund & gratuity. | - | - | - |
| | **Total** | **51.12** | **20.48** | **71.60** |

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

During the financial year under report the Company has not received any penalties/punishments/ Compounding of offences under the Companies Act, 2013.

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### Annexure-4

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Energy conservation measures taken

1. Up-gradation of centrifugal machine drives to reduce breakdown and maintenance cost.
2. Improvement in condensate extraction system and evaporator bleeding system to reduce steam consumption.
3. Installation of variable frequency device (VFD) at CSD and SSD to reduce power consumption.
4. Various measures taken to Recycle Reuse and Reduce hot/cold water used in the process.
5. Installation of hot and cold water flow meters at different

stations to optimize the water consumption and reduction of bore-well water.

6. Installation of Primary Clarifier to remove the unwanted solids before feeding to aeration tanks.
7. Enhancement and modification in ETP with improvement like installation of diffuser system, arrangement of equalizing tank, modification of carbon filters, installation of oil skimmer etc.

(b) Additional investments and proposals for reduction of consumption of energy

i. Activities are regularly being pursued on continuous basis for reducing the steam and power consumption in all three sugar and alcohol plants.

ii. Further, Steam saving is planned at all the distillery units with the replacement of high pressure steam / incineration boiler.

(c) Impact of above measures

The above measures have reduced the steam and power consumption at all the sugar units and have increased bagasse saving in all the units. The saved bagasse at SSD and CSD are being supplied to Simbhaoli Power Pvt Ltd for conversion into power. Bagasse saved at BSD is utilized for off season consumption in distillery division.

Quality of water discharged from ETP has improved significantly and there have been reduction in effluent generation in all units. Fresh water consumption has been reduced and water as a resource is being used judiciously.



**TECHNOLOGY ABSORPTION, ADAPTATION AND RESEARCH AND DEVELOPMENT**

**1. Efforts made**

Efforts made and steps taken in the previous years towards technology absorption, adaptation and innovations were continued during the year.

**2. Benefits**

The benefits derived in the form of cost reduction and the improvement in the quality of the product continued to be available to the Company.

**3. Particulars of technologies imported during the last five years**

Not applicable

Disclosure of particulars with respect to technology absorption for the year ended March 31, 2018.

**I. Specific areas in which research and development carried out by the Company**

1) Increase in capacity of juice tanks to stop spillage and wastage of juice during sudden power failure.
2) Efficiency of pumps is improved by installation of VFDs which minimised the running load.
3) Automation has been done in various areas like auto-control valves in juice heating, auto-weighing system in pharma-section and smart weighment for sugarcane etc.
4) Recycling of cold and hot water to reduce effluent and consumption of bore-well water.

**II Benefit derived**

(i) Power consumption reduced significantly.

(ii) The saved bagasse will be helpful for Simbhaoli Power Private Limited to run the plant in off season.

**III. Future plan of action**

Efforts will be made to enlarge these activities/capacities in future.

Form of Disclosure of particulars with respect to conservation of energy for the year ended March 31, 2018

**A. Power and fuel consumption**

| S.No | Particulars | Unit | Year ending March 31, 2018 | Year ending March 31, 2017 |
|---|---|---|---|---|
| 1 | **Electricity** | | | |
| | Purchased | | | |
| | Units | Kwh ('000) | 1432 | 2021 |
| | Total Amount | Rs Lakhs | 79.73 | 129.01 |
| | Rate/Unit | Rs/Kwh | 5.57 | 6.38 |
| | **Own Generation** | | | |
| | **(i) Through diesel generator** | | | |
| | Units | Kwh ('000) | 466 | 284 |
| | Unit per ltr. of diesel oil | Kwh | 2.78 | 2.77 |
| | Total Amount | Rs Lakhs | 96.78 | 56.71 |
| | Cost/Unit | Rs/Kwh | 20.78 | 20.00 |
| | **(ii) Through steam turbine** | | | |
| | Units | Kwh ('000) | 81877 | 72472 |
| | Units per ltr. of fuel/gas | Kwh | N.A. | N.A. |
| | Total Amount | Rs in lakhs | 969.00 | 1342.22 |
| | Cost/Unit | Rs/Kwh | 1.18 | 1.85 |
| 2 | **Coal/Coke** | | | |
| | Quantity | Tonnes | Nil | Nil |
| | Total Cost | RsLakhs | Nil | Nil |
| | Average Rate | Rs/MT | N.A. | N.A. |
| 3 | **FurnaceOil/L.D.O** | | | |
| | Quantity | Kilo Ltrs. | Nil | Nil |
| | Total Cost | Rs Lakhs | Nil | Nil |
| | Average Rate | Rs/K Ltrs | N.A. | N.A. |
| 4 | **Others** | | | |
| | Fire Wood | | | |
| | Quantity | Tonnes | Nil | Nil |
| | Total Cost | Rs in Lakhs | Nil | Nil |
| | Average Rate | Rs/MT | N.A. | N.A |
| | **Bagasse/Husk** (Purchased) | | | |
| | Quantity | Tonnes | 10975 | 8368 |
| | Total Cost | Rs. Lakhs | 205.88 | 240.33 |
| | Average Rate | Rs./MT | 1878 | 2872 |

**B. Consumption per MT of Sugar Production**

| S.No | Particulars | Unit | Year ending March 31, 2018 | Year ending March 31, 2017 |
|---|---|---|---|---|
| 1 | Electricity | Kwh | 337 | 344 |
| 2 | Coal/Coke | Tonnes | 0.000 | 0.000 |
| 3 | Fire Wood | Tonnes | 0.000 | 0.000 |
| 4 | Bagasse (Purchased) | Tonnes | 0.000 | 0.000 |

**C. Consumption per K. Ltr. of Alcohol Production**

| S.No | Particulars | Unit | Year ending March 31, 2018 | Year ending March 31, 2017 |
|---|---|---|---|---|
| 1 | Electricity | Kwh | 424 | 302 |
| 2 | F.O./L.D.O | K.Ltrs. | 0.000 | 0.000 |
| 3 | Bagasse/Husk (Purchased) | Tonnes | 1.022 | 0.864 |

**NOTES:**

- For electricity generated through diesel generator, cost of the diesel has been considered.
- Since various types of fuel used are alternative to each other, no standard can be fixed for their consumption.
- Due to change in mix of fuel used, no comparison can be made with the earlier years.
- Cost of electricity generated through steam turbine has been arrived at after giving credit for the exhaust steam subsequently used in the manufacturing process.

- Costs have been given based on the records maintained as per Companies (Cost Records and Audit) Amendment Rules 2017, applicable to Sugar and Alcohol industry.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; exports and import plans are mentioned in the Directors Report.

During the year, Foreign Exchange aggregating to ₹153.07 lacs was earned by the Company against export of Company's product and ₹14.65 lacs was spent on travelling.

The Foreign currency exposures not hedged by derivative instruments or otherwise are given in Note 24 (iii) (C) of the Financial Statements.

**Annexure - 5**

**Information pursuant to Section 197(12) of the Companies Act 2013 read with Rule 5(1)and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The manufacturing units of the Company comprise of about 85% of the employees at the workers level. The Company has total1452 permanent employees inclusive of workers on rolls as on March 31, 2018. The median remuneration as on March 31, 2018 is ₹20462 per month which is increased by 3.59%from ₹19753 per month during the financial year 2017-18.

**Ratio of the Remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year.**

| | |
|---|---|
| Median remuneration of all the employees* of the Company for the Financial year 2017-18 | ₹20,462 Per Month |
| The percentage increase in the median remuneration of employees in the Financial year 2017-18 | 3.59 |
| The number of permanent employees on the rolls of Company as on 31 March 2018 | 1,452 |

**inclusive of the workers at the manufacturing units*

As the sugar industry is running into losses, there has been no substantial increase in the remuneration of the Directors/KMPs for the financial year 2017-18. Mr. Gurmit Singh Mann, Ms. Gursimran Kaur Mann and Mr. Gurpal Singh are the non executive directors of the Company and were not paid any remuneration or sitting fees during this year. The details of the remuneration paid to other directors and Key Managerial Personnel is given below:

| Name of Director/KMP | Remuner-ation (₹ Lacs) | Ratio of remuneration to median remuneration of all employees | % increase in remuneration in the Financial Year 2017-18 |
|---|---|---|---|
| Mr. S N Misra, Chief Operating Officer* | 30.60 | 12.46 | - |
| Mr. Dayal Chand Popli, Chief Financial Officer | 53.10 | 21.63 | 0.09 |
| Mr. Kamal Samtani, Company Secretary | 21.49 | 8.75 | 0.80 |

**Mr. S N Misra was appointed as whole-time director w.e.f September 18, 2017 and figures are not comparable.*

Notes:

1. The ratio of remuneration median remuneration is based on remuneration paid during the period April 1, 2017 to March 31, 2018.
2. The independent directors are being paid only the sitting fees and the relevant disclosures are made in the Corporate Governance report forming part of this Annual Report.

**The explanation on the relationship between average increase in remuneration and company performance;**

Revenue from operations for the year 2017-18 is ₹90,467.67lacs. Although, there is no direct relationship between remuneration and company performance as the remuneration is paid at par with the industrial norms for retention of employees with the Company.

**Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

There is no direct relationship between remuneration of KMPs and company-performance as the remuneration is paid within industry norms for retention of KMPs with the Company.

**Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies**

Market capitalization of the Company as on March 31, 2018 was as follows:

**(Fig in ₹ Crore)**

| Stock Exchange | 2017 | 2018 |
|---|---|---|
| NSE | 121.43 | 57.94 |
| BSE | 123.87 | 58.72 |

**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;**

There was no substantial increase on the remuneration of the employees during the year.

**Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;**

As aforementioned, the Company has been facing financial difficulties on account of mismatch in the sugar viz sugarcane pricing, as per the norms fixed by the State Government. With erosion of substantial part of the net-worth and increased dependency on the Government policy change,the Company has been suffering from the losses. In addition, the Company has been paying for retention of KMPs within the permissible limits and as far as possible to run the affairs if the Company.

**The key parameters for any variable component of remuneration availed by the directors;**

As per terms of employment, commission on net profit is the only variable component of remuneration to Whole Time Directors.On account of the continued losses there was no commission paid to any of the Directors.

**The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

None of the employees has been paid remuneration in excess of the highest paid Director during the year.

**Affirmation that the remuneration is as per the remuneration policy of the company.**

The remuneration is being paid as per the remuneration policy of the Company.

**Annexure - 6**

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

## Part "A" : Subsidiaries

**(Amount ₹ in Lacs)**

| S. No | Particulars | Details | | | |
|---|---|---|---|---|---|
| 1. | Name of the subsidiary | Integrated Casetech Consultants Pvt Ltd | Simbhaoli Global Commodities, DMCC | Simbhaoli Power Private Limited* | Simbhaoli Speciality Sugars Private Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Year ended 31.03.2018 | Year ended 31.03.2018 | Year ended 31.03.2018 | Year ended 31.03.2018 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | N.A. | USD and Exchange Rate is taken as INR 64.4932 for Statement of Profit & Loss items, INR 65.0441 for Balance Sheet items and Share Capital at INR 48.8647 Per US$ | N.A. | N.A. |
| 4. | Share capital | 23.58 | 39.94 | N.A. | 1.90 |
| 5. | Reserves & surplus | 389.73 | (72.19) | N.A. | 131.87 |
| 6. | Total assets | 897.59 | 112.75 | N.A. | 136.35 |
| 7. | Total Liabilities | 897.59 | 112.75 | N.A. | 136.35 |
| 8. | Investments | 58.98 | 0 | N.A. | 0 |
| 9. | Turnover | 1304.95 | 0 | N.A. | 0 |
| 10. | Profit/Loss before taxation | 45.26 | (9.77) | N.A. | 15.95 |
| 11. | Provision for taxation | (42.63) | 0 | N.A. | 3.91 |
| 12. | Profit/Loss after taxation | 2.62 | (9.77) | N.A. | 12.04 |
| 13. | Proposed Dividend | 0 | 0 | N.A. | 0 |
| 14. | % of shareholding | 85.16 | 100 | N.A. | 100 |

** Figures not incorporated for the reasons as mentioned in the Board Report.*

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| S. No | Name of Associates/Joint Ventures | Uniworld Sugars Private Limited* |
|---|---|---|
| 1. | Latest audited Balance Sheet Date | 31.03.2018 |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end Number | 29,011,770 |
| 3. | Amount of Investment in Associates/Joint Venture (in ₹ Lacs) | 2,322.29 |
| 4. | Extend of Holding % | 43.74% |
| **5.** | **Description of how there is significant influence** | Company along with its affiliates holds 50% shares |
| **6.** | **Reason why the associate/joint venture is not consolidated** | N.A. |
| **7.** | **Net worth attributable to shareholding as per latest audited Balance Sheet (in ₹ lacs)** | Nil |
| **8.** | **Profit/Loss for the year (in ₹ lacs)** | 989.28 |

**Refer Note No. 3.3 in the Notes to consolidated financial accounts forming part of the Annual Report.*

# CORPORATE GOVERNANCE REPORT

**[Pursuant to Schedule V part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Directors present the Company's Report on Corporate Governance for the financial year ended on March 31, 2018 (hereinafter referred as 'the year'). The Company has been following the principles of corporate governance, which protect the long-term interests of stakeholders, strengthens the perception of the Board and management accountability and thereby helps building public confidence in the Company. The Company selects and supervises the senior management, who are responsible for conducting the business of the Company, in a manner, which promotes the basic governing principles of the organization.

The Board of Directors has established corporate governance guidelines through various policies, which provide a framework for the effective improved governance system of the Company as developed over a period of time. The policies lay down the principles so that the interest of all the stakeholders is taken care with adequate disclosure. The Board regularly reviews the compliance with corporate governance standards.

Over the years, the Company is formally upgrading itself to a higher level of corporate governance standards. It has redesigned its strategies for sustainable business growth with internal and external expertise. As a business philosophy, corporate governance practices are being pursued in all the spheres of operations, to protect the interests of all the stakeholders of the Company and the society.

**BOARD OF DIRECTORS**

**Composition and category**

As on March 31, 2018, the Board of directors of the Company ('Board') consists of 9 (nine) directors; out of which 5 (five) belong to the non-independent category and 4 (four) are independent directors. The Chairperson belongs to the promoters' category. The composition of the Board of Directors is governed under the provisions of the Companies Act, 2013 (hereinafter referred to as the 'the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'). The composition of the Board and the number of other directorship(s) and committee membership/ chairmanship(s) held by the directors are as follows:

| S. No | Name of Director & Category | Shares held in the Company | No. of other Directorships* in other companies | No. of committee** position held in other companies | |
|---|---|---|---|---|---|
| | | | | Member | Chairman |
| | **Directors** | | | | |
| 1 | Mr. Gurmit Singh Mann<br>Chairperson<br>DIN: 00066653 | 42,26,154 | 2 | - | - |
| 2 | Ms. Gursimran Kaur Mann<br>DIN: 00642094 | 26,86,672 | 2 | - | - |
| 3 | Mr. Gurpal Singh<br>DIN: 00064807 | 24,02,770 | 2 | 1 | - |
| 4 | Mr. Sanjay Tapriya<br>DIN: 00064703 | 422 | 1 | - | - |
| 5 | Mr. S.N. Misra<br>DIN: 06714324 | 1,521 | - | - | - |
| | **Independent Directors** | | | | |
| 6 | Mr. B K Goswami<br>DIN: 00003782 | Nil | 6 | 6 | - |
| 7 | Mr. S K Ganguli<br>DIN: 00058198 | 585 | 1 | - | - |
| 8 | Justice (Retd) C K Mahajan<br>DIN: 00039060 | 422 | 1 | 2 | - |
| 9 | Lt Gen D S Sidhu<br>(PVSM, AVSM, VSM (Retd)<br>DIN: 07358619 | 963 | - | - | - |

*Other directorships exclude foreign companies, private limited companies and alternate directorships.

**Only membership in Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committees has been reckoned for committee memberships in other companies.

**The Broad profile of the key functional directors/Key Managerial Personnel's and Senior Grade Employees**

The Company has the following key functional directors and key managerial personnel:

1. *Mr. Gurmit Singh Mann, has been the Chairperson of the Company for past several decades. Mr. Mann has vast industry experience of over 51 years. He became the Managing Director of the Company in 1972 and CMD in the year of 1989. In year 2013, he became the Executive Chairman with the change in the management structure of the Erstwhile Simbhaoli Sugars Limited. He has exemplary knowledge on the sugar and alcohol products and has immense communication skills. He has been widely travelling in India as well as abroad and possesses good knowledge about the sugarcane rich geographical area.*

2. *Ms. Gursimran Kaur Mann, Managing Director of the Company is a graduate in Economics and Political science from USA and has an MBA from London Business School. She has previously interned at Nestle India, Cargill Geneva, and ED&F Man Brazil. She has been discharging the key role as head of Simbhaoli's commercial, marketing, trading, legal, operations, domestic and international sales and trading business and all other operations along with the Company's joint venture businesses.*

3. *Mr. Gurpal Singh, Director of the Company is a graduate in economics and has around 30 years of experience in the management of the various functional areas of the Company.*

4. *Mr. Sanjay Tapriya, Director of the Company is a commerce graduate and the fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries*

*of India. He joined as the Company Secretary in 1986 and thereafter inducted on the Board of the Company as functional Director-Finance (CFO) in 2003. During his association, a number of developments have taken place and their successful implementation has been the key factor for the growth of the Company. He has been upgraded to the position of Chief Executive Officer of Uniworld Sugars Private Limited, a joint venture Company with ED&F Man Sugar Ltd, UK and the Company in the year 2013.*

5. *Mr. S.N. Misra, Whole Time Director and Chief Operating Officer of the Company is a Science Graduate from Gorakhpur University, A.N.S.I. from National Sugar Institute, Kanpur. He has worked in Simbhaoli Sugars Limited (SSL) for about 22 years. He is designated as the Whole Time Director and Chief Operative Officer (COO) and responsible for the operations of the business units, technical supervision, sugarcane management, implementation and achieving business plan and operational policies, meeting statutory compliances at all the manufacturing units of the Company.*

6. *Mr. Dayal Chand Popli, Chief Financial Officer (CFO) of the Company is a commerce graduate and the fellow member of the Institute of Cost Accountants of India. He holds a good track record in the fields of accountancy, taxation, costing and other professional services. He has over 30 years of experience in various accounts related areas. Previously, he has also worked in the Companies like Hero group, Nestle India, DCM Shriram Industries, Mawana Sugars, in accounts, costing and finance department.*

7. *Mr. Kamal Samtani, Company Secretary (CS) of the Company is a Science graduate and fellow member of the Institute of Company Secretaries of India. He is also an associate member of the Insurance Institute of India in general insurance branch. He started his career as management trainee in LML Limited and then joined Lloyd group. He joined Simbhaoli Sugars in January 2005. During the association with Company, he has undertaken various capital raising issues including Rights Issue, FCCBs, Convertible Warrants, Esops, Joint Venture, Hive-Off/Amalgamation and Corporate Legal Functions etc.*



**Pecuniary relationship and transactions with non-independent directors**

During the year, there has not been any material pecuniary relationship and transaction of the non-independent directors with the Company.

**Appointment of Independent Directors**

All independent directors have specialized qualifications and possess the expert knowledge. The Independent directors are not liable to retire by rotation. None of the directors are members of more than ten committees or chairperson of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and interests and have been taken on record by the Board.

Pursuant to Section 149 read with Schedule IV and other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. B K Goswami (DIN- 00003782), Mr. S K Ganguli (DIN- 00058198), Justice (Retd) C K Mahajan (DIN- 00039060) and Lt. Gen D S Sidhu (DIN- 07358619), were appointed as the Independent Directors on the Board of the Company to hold office for a period of 5 (five) consecutive years.

**Familiarization Programme for Independent Directors**

The Independent Directors inducted on the Board are provided with an orientation through a formal familiarization programme. The familiarization programme includes presentations on the business structure and performance of the Company, the nature of industry and its dynamism, products, group structure and subsidiaries, the roles, responsibilities and liabilities of Independent Directors etc. Further, business updates, legal updates and major risks related to industry and risk management strategies are made available to the Independent Directors, especially to the audit committee members on an ongoing basis, by the Company officials, statutory and internal auditors, on a quarterly basis.

The detail of the Company's Familiarization Programme is disclosed at the Company's weblink:

http://www.simbhaolisugars.com/pdfs/familiarization_programme_for_independent_directors.pdf

Brief profile of the Independent directors, nature of their expertise in specific functional areas shareholding are given below:

| Name of Directors | Mr. B K Goswami | Mr. S K Ganguli | Justice (Retd) C K Mahajan | Lt Gen D S Sidhu (Retd) |
|---|---|---|---|---|
| Date of Birth | Jan 29, 1935 | Dec 21,1938 | May 31, 1943 | Oct 26, 1952 |
| Date of Appointment | Nov 09, 2015 | Aug 11, 2015 | Nov 09, 2015 | Dec 03, 2015 |
| Qualificaton | IAS, M.A.(English | FCA | M.A.LL.B | MSC, M.Phil |
| Expertise | Mr. Goswami is a Senior Retired IAS Officer. He joined Indian Administrative Services in 1960. Mr. Goswami has held prestigious positions in various Government Departments | Mr. Ganguli is a commerce graduate and qualified chartered accountant, who has been in the accounting and audit profession for last 44 years. | Justice Mahajan is a retired Judge of the Delhi High Court and has vast experience in law and justice. He has also been appointed as Chairperson/ President of various Committees and act as Arbitrator in several matters. | Lt Gen Sidhu retired from Indian Army and has been presently serving as an administrative member of Chandigarh regional bench of Armed Forces Tribunal. |
| Shareholding of Directors in the Company | Nil | 585 | 422 | 963 |

**BOARD PROCEDURES**

**Board Meetings and Attendance**

There have been 6 Board meetings of the Company during the year, details of which are provided hereunder:

| Dates of Board Meeting | Board Strength | Directors Present |
|---|---|---|
| April 19, 2017 | 11 | 9 |
| May 29, 2017 | 11 | 9 |
| August 2, 2017 | 10 | 7 |
| September 12, 2017 | 10 | 7 |
| December 12, 2017 | 11 | 11 |
| February 8, 2018 | 11 | 10 |

The attendance of the directors at these meetings and at the last annual general meeting was as follows:

| Name of the Directors | No. of Board Meetings Attended | Attendance at the last AGM held on Sept 18, 2017 |
|---|---|---|
| Mr. Gurmit Singh Mann | 6 | Yes |
| Ms. Gursimran Kaur Mann | 6 | Yes |
| Mr. Gurpal Singh | 5 | Yes |
| Mr. Sanjay Tapriya | 5 | No |
| Mr. S N Misra@ | 2 | No |
| Mr. S K Ganguli | 6 | No |
| Mr. S C Kumar* | 2 | No |
| Mr. B K Goswami | 6 | Yes |
| Justice (Retd) C K Mahajan | 2 | No |
| Lt. Gen D S Sidhu | 4 | No |
| Mr. Karan Singh* | 1 | Yes |
| Mr. J.M. Seth# | 2 | No |
| Mr. Sangeet Shukla* | 6 | No |

**Ceased to be director w.e.f. September 18, 2017, August 2, 2017 and March 17, 2018 respectively*
*# Was appointed on September 27, 2017 and resigned on March 1, 2018*
*@ Was appointed on September 18, 2017*

**Information to Board**

The important matters related to the operations of the Company, its business plans, financial affairs and results, indebtness issues, legal and corporate governance issues, growth strategies, restructuring plans, senior personnel appointments periodical financial and operational results, capital expenditure, sale and acquisition of assets, capital budget, business plans, mortgages, guarantees and loans, analysis of operations, major litigations, feedback reports, minutes of committee meetings, minutes/ transactions of subsidiary companies, staff related matters, labour relationship, accidents/mishaps, information technology, strategies, insider trading compliances, and general notices of interest of directors and KMPs etc. are being placed before the Board and Board is authorized to approve them, and take decision in this regard. The COO, CFO and CS have been making full disclosure to the Board regarding these matters in the manner as may be applicable to the Company by law, or otherwise, from time to time.

**BOARD COMMITTEES**

Board of directors has constituted the following committees and each committee has specific terms of reference. The Company Secretary acts as the Secretary to all the committees. The Board has five committees:

i) Audit Committee,
ii) Nomination and Remuneration Committee,
iii) Stakeholders Relationship Committee,
iv) Securities Allotment Committee, and
v) Corporate Social Responsibility Committee

**I. Audit Committee**

The Audit Committee of the Board of Directors of the Company is constituted in line with the provisions of the Act read with the Listing Regulations. The Audit Committee comprises of four non-executive independent directors. Mr. B K Goswami acts as the Chairperson of the Committee. The other directors and the statutory and internal auditors of the Company are the regular invitees to the meetings of the Audit Committee. The Committee also reviews the observations of the Internal and Statutory Auditors, along with the comments and action taken thereon by the Management. The details of committee meetings during the financial year are as follows:

| Name of Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Basant Kumar Goswami | 4 | 4 |
| Mr. Samir Kumar Ganguli | 4 | 4 |
| Mr. Samir Chandra Kumar* | 4 | 1 |
| Mr. J.M. Seth# | 4 | 1 |
| Mr. Sangeet Shukla (SBI Nominee)* | 4 | 4 |

**Ceased to be director w.e.f. August 2, 2017 and March 17, 2018 respectively*
*# Was appointed on September 27, 2017 and resigned on March 1, 2018*

All the members of the Committee have sound knowledge in the fields of finance and accounts. The role and terms of reference of audit committee covers all the areas as prescribed under Section 177 of the Act read with provisions of Regulation 18 and Part C of Schedule II of the Listing Regulations.

Further, the terms of reference are as follows:

i. Oversight of the Company's financial reporting process and the disclosure of its financial information;
ii. Recommendation for appointment, remuneration and terms of appointment of auditors;
iii. Reviewing, with the management, the annual financial statements and auditor's report thereon;
iv. Matters included in the director's responsibility statement;
v. Reviewing, with the management, the quarterly financial results;
vi. Reviewing the transactions with related parties;
vii. Review of inter-corporate loans and investments;
viii. Compliance with listing and other legal requirements concerning financial statements/results;
ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
x. Evaluation of internal financial controls and risk management systems along with verification of the adequacy of internal control systems;
xi. Reviewing, with the management, the completion of the audit along with the duties discharged by the statutory and internal auditors;
xii. Review the functioning of the whistle blower mechanism;
xiii. Carrying out any other functions as prescribed by the Board from time to time.

**II. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) is constituted under the provisions of Section 178 of the Act and rules made thereunder read with Regulation 19 and Part D of Schedule II of the Listing Regulations. It comprises of four directors; out of which three are independent directors. Mr. B K Goswami acts as the Chairperson of the Committee. The objective of this Committee is to lay down a framework in relation to remuneration to the Directors and Key Managerial Personnel. The Committee recommends to the Board the terms and conditions of their respective appointment comprising of the formulation of the criteria for determining qualifications, positive attributes and independence, policies relating to the remuneration, role, responsibilities and other terms; continuing evaluation process and the grievances, if any, raised by such persons and take steps as considered necessary; seek such reports and compliances and also consider their removal, if required in the interest of the Company. The performance evaluation was carried out by the Committee as per the criteria framed by it. The criteria framed by Nomination and remuneration committee was also duly adopted by the Board. The details of committee meetings held during the financial year and attended by the members are as follows:

| Name of the Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Basant Kumar Goswami | 1 | 1 |
| Mr. Samir Kumar Ganguli | 1 | 1 |
| Mr. Gurmit Singh Mann | 1 | 1 |

### III. Stakeholders Relationship Committee

The Board has constituted Stakeholders Relationship Committee under the provisions of Section 178 of the Act and rules made thereunder read with Regulation 20 and Part D of Schedule II of the Listing Regulations. It comprises of three non-executive independent directors. Mr. S K Ganguli acts as the Chairperson of the Committee. The Committee deals with redressal of the shareholder's grievances relating but not limiting to transfer of shares, non-receipt of annual reports, change of addresses, non-receipt of dividend etc. The details of committee meetings during the financial year are as follows:

| Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Samir Kumar Ganguli | 4 | 4 |
| Mr. Basant Kumar Goswami | 4 | 4 |
| Mr. Sanjay Tapriya | 4 | 4 |

During the year, one investor complaint was received and same was duly redressed. There was no pending complaint as on March 31, 2018.

### IV. Securities Allotment Committee



The Board has constituted Securities Allotment Committee comprising of three non-executive independent directors. Mr. B K Goswami acts as the Chairperson of the Committee. The Committee is constituted for the allotment and post-allotment activities related to the Company's securities. During the year, two meetings of this Committee were held for implementing the procedure of issue of the warrants convertible into equity shares in the share capital of the Company and filing of applications with the stock exchanges for the listing of equity shares.

| Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Basant Kumar Goswami | 2 | 2 |
| Mr. Samir Kumar Ganguli | 2 | 2 |
| Mr. Sanjay Tapriya | 2 | 2 |

### V. Corporate Social Responsibility Committee

The Company does not fall under any of the criteria prescribed under Section 135 of the Act. However, The Board has constituted Corporate Social Responsibility (CSR) Committee under the provisions of Section 135 of the Act and the Rules framed there under, comprising of three directors. Ms. Gursimran Kaur Mann acts as the Chairperson of the Committee. The terms of reference of this Committee include the formulation and recommendation to the Board, the plans for CSR activities, amount of expenditure to be incurred; and monitor the implementation of the CSR Policy of the Company.

Since, the Company has been incurring losses, no meeting of this Committee was held during the year. However, the Company has initiated various measures to implement its CSR Policy. The constitution of the Committee is as follows:

| Member | Designation in the Committee |
|---|---|
| Ms. Gursimran Kaur Mann | Chairperson |
| Mr. Sanjay Tapriya | Members |
| Mr. S. N. Misra | Members |
| Mr. Dayal Chand Popli | Members |

### Meeting of Independent Directors

During the year, one meeting of the Independent Directors of the Company was held on March 26, 2018 to consider and review the items as listed under the provisions of Schedule IV to the Act read with Guidance Note on Board Evaluation issued by SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017. The details of the evaluation have been mentioned elsewhere in the Board's report.

### Remuneration policy as applicable to the directors

The remuneration policy as adopted by the Company and applicable to the directors provides for the following:

The directors in employment are paid remuneration as per their respective terms as approved by the Board of Directors and the members of the Company in accordance with the provisions of the Act. No sitting fee is payable to them. Details of remuneration paid to them for the financial year 2017-18 is as follows:

(₹ in lacs)

| Name of Director | Salary | Benefits | Total |
|---|---|---|---|
| Ms. Gursimran Kaur Mann | 63.74 | 3.96 | 67.7 |
| Mr. Sachchida Nand Misra[1] | 27.7 | 1.64 | 29.34 |

*1 Was appointed w.e.f. September 18, 2017*

No remuneration is being paid to the independent/nominee directors. However, the Company has been paying the sitting fees of ₹25,000 plus reimbursement of the travelling expenses incurred by the Independent Directors and Nominee Director for attending the meetings of the Board and Committees thereof. The sitting fees as accrued to Independent Directors during the financial year 2017-18 is as follows:

(Amount in ₹)

| Name of Director | Sitting Fees |
|---|---|
| Mr. S K Ganguli | 275,000 |
| Mr. S C Kumar* | 75,000 |
| Mr. B K Goswami | 300,000 |
| Justice (Retd) C K Mahajan | 75,000 |
| Lt Gen D S Sidhu, (Retd.) | 125,000 |
| Mr. Sangeet Shukla* | 250000 |
| Mr. J M Seth# | 75,000 |

**Ceased to be director w.e.f. August 2, 2017 and March 17, 2018 respectively*
*# Was appointed on September 27, 2017 and resigned on March 1, 2018*

During the year, no equity shares and/or convertible securities were issued to the executive/non-executive directors.

### Disclosure of payment of remuneration to whole time directors under Part II of section II (B) of Schedule V to the Companies Act, 2013

In the Company, Mr. Gurmit Singh Mann, Chairperson and Mr. Gurpal Singh, Director are non-executive promoter directors of the Company.

Ms. Gursimran Kaur Mann, Managing Director and Mr. S N Misra, Whole time director and COO of the Company are looking after the affairs of the business operations.

During the year, the aggregate remuneration paid to these directors was within the limits of Schedule V to the Act. The remuneration comprises of fixed components and there is no performance linked incentives criterion. No severance fee is payable to them. During the year, no stock option has been granted by the Company to the directors. The appointment is liable to be terminated on a notice of two/three months or payment of salary in lieu thereof.

Applications are filed with the Central Government for appointment and payment of remuneration to Ms. Gursimran Kaur Mann, Managing Director, Mr. S.N. Misra, Chief Operating Officer and Mr. Karan Singh, Chief General Manager of the Company. The lenders have accorded their consent in the Joint Lenders meetings for such appointment. The concerned applications have been submitted with Ministry of Corporate Affairs (MCA) and the approval is awaited.

**Compliance officer**

Mr. Kamal Samtani, the Company Secretary is also acting as the compliance officer of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis report is made a part of report of directors, forming part of the corporate governance report.

**GENERAL MEETINGS**

**Annual General Meeting**

The date of annual general meeting for the year 2017-18, will be fixed and book closure will be announced accordingly. The last three AGMs were held as follows:

| AGM | Day and Date | |
|---|---|---|
| 4th | Wednesday, 30-09-2015 | Venue : Officers' Club, Sugar Mills Complex, at Simbhaoli - 245 207, Distt. Hapur, Uttar Pradesh |
| 5th | Monday, 26-09-2016 | |
| 6th | Monday, 18-09-2017 | |

**E-Voting/Poll: (Details of E-voting/Poll carried out at AGM/ EGM)**

In pursuance to the provisions of Section 108 of the Act read with Rules made there under, the Company offered E-voting facility to its members to cast their vote electronically on all resolutions set forth in the Notice of 7th AGM.

**Special resolutions passed at the last three annual general meetings**

| AGM | Date | Subject matter of special resolution |
|---|---|---|
| 4th | 30-09-2015 | 1) Payment of remuneration to the Chief General Manager under the provisions of Sections 196, 197, 198, read with schedule V to the Companies Act, 2013 including any statutory modifications or enactments thereof for the time being in force.<br>2) Authorization to the Board of Directors of the Company to borrow monies, from time to time, upto the total amount of monies borrowed at any time, ₹ 1600 crore under the provisions of Section 180(1)(c) of the Companies Act, 2013. |
| 5th | 26-09-2016 | 1) Approval of material related party contracts/ transactions/arrangements entered into by the Company |
| 6th | 18-09-2017 | 1) Approval of the appointment of Ms. Gursimran Kaur Mann as the Managing Director<br>2) Approval of the Appointment of Mr. Sachchida Nand Misra as the Chief Operating Officer and Whole Time Director<br>3) Approval of the appointment of Mr. Karan Singh as Chief General Manager & the Whole Time Director<br>4) Approval of the re-classification of certain specified promoters from promoters category to public category<br>5) Approval of the conversion of loan into share capital under the provisions of 62 of the Companies Act, 2013<br>6) Approval for the empowering the Board for conversion of unsecured loan into share capital<br>7) Approval of the mortgage and or charge upto an amount of ₹1600 crore under section 180(1)(a) of the Companies Act, 2013<br>8) Approval of the empowering the Board for the borrowings powers upto ₹1600 Crore under section 180(1)(c) of the Companies Act, 2013<br>9) Approval of the limits for investments upto ₹500 crore under section 186 of the Companies Act, 2013 |

**Postal Ballot**

The Company had not conducted any Postal Ballot during the year and none of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

**Information on appointment of directors**

The details of appointment of directors are given elsewhere in the Board's report.

**SUBSIDIARY COMPANIES**

The financials of the subsidiary companies have regularly been reviewed by the audit committee and the Board of the Simbhaoli Sugars Limited, the holding company. The minutes of the meetings of the Board of the unlisted subsidiary companies are placed before the Board Meeting of the holding company and taken on record by it. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

The Company has not disposed off/reduced its shareholding in subsidiary companies during the year. It has entered into an agreement with its joint venture partner for sale of business of Uniworld Sugars Private Limited. The Company has also formulated a policy for determining the Material Subsidiary, which is disclosed on Company's website on the weblink:

http://www.simbhaolisugars.com/pdfs/Policy-for-determining-material-subsidiaries.pdf.

**WHISTLE BLOWER POLICY**

The Board has formulated a Whistle Blower Policy to provide a framework for promoting the responsible and secure vigil mechanism within the organization. It provides guidance and a procedural framework to directors, employees, customers, vendors and/or third party intermediaries, who may raise a concern about irregularities and/or frauds and any other wrongful conduct, act or any omission or misrepresentation of facts, within the Company without fear of reprisal, discrimination or adverse employment consequences.

This Policy is also intended to enable the Company to address such disclosures or complaints by taking appropriate action, including, but not limited to disciplinary action that could include terminating the employment and/or services of those responsible including undertaking legal actions. During the financial year 2017-18, no such complaint was received.

## DISCLOSURES

### Related party transactions and their basis

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc., which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. The particulars of contract and arrangement with related parties referred to in section 188(1) and applicable rule of the Companies Act, 2013 in form AOC-2 is provided as Annexure-2 of Board's report. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards as mandated under the provisions of the Act.

All Related Party Transactions are presented to the Audit Committee and the Board. The Company has been in process to obtain omnibus approval for the transactions, which are foreseen and repetitive in nature w.e.f this financial year 2018-19. However, a statement of all related party transactions has been approved by the Audit Committee on regular basis.

A policy has been formulated on Related Party Transactions which is disclosed on Company's website on weblink as provided:

http://www.simbhaolisugars.com/pdfs/related-party-transaction-policy.pdf



### Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention system in accordance with the mandatory accounting standards prescribed under the relevant presentational requirements of the Act.

### Reconciliation of Share Capital Audit

M/s Pragati Gupta, Practicing Company Secretary has carried out the Reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital with the Stock Exchanges.

### Internal Control Compliances

With the changing environment and growth in the business, the Company is in process of review and strengthening its internal control procedures and compliance standards. The Company has designed a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. The Company has been following the Internal Financial Control mechanism and documentation is regularly maintained for the purpose of audit. The Internal Financial Controls are adequate and effective, which implies orderly and efficient conduct of business, and prevention and detection of frauds and errors.

### Code of Conduct

**For the Board of Directors and the Senior Management:** Pursuant to Regulation 17(5) of the Listing Regulations, the Board of Directors has laid down a 'Code of Conduct' for all the Board and Senior Management members. The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the Company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances.

The Company has issued code of conduct for its Board and senior management in compliance with Listing Regulations, with the stock exchanges, advising and cautioning management staff and other business associates on the procedure to be followed, while dealing in equity shares of the Company and have complied with the disclosure requirements. The Code of Conduct is available at the weblink: http://simbhaolisugars.com/company_policies.asp

### Code of conduct for prevention of Insider Trading Practices

In compliance with the Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has formulated, adopted and implemented "Code of Conduct to regulate, monitor and reporting trading by Insiders" in the securities of the Company.

### Details of non-compliance

There were no instances of non-compliance of any matter related to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets.

### Communication

The quarterly financial results of the Company are being sent to the stock exchanges immediately after their approval from the Board and also published in reputed national and regional newspapers mainly in Business Standard. The Company provides comprehensive details of the operations of the Company, the financial results and other information on the Company's website and all the policies of the Company are available at the link http://www.simbhaolisugars.com/company_policies.asp

### Compliance Certificate of the Auditors

Certificate from the Company's Secretarial Auditors, M/s. Amit Gupta and Associates, confirming the compliance with conditions of corporate governance as stipulated under the Listing Regulations, is attached to this Report.

## ISSUE PROCEEDS

Not Applicable, as during the year, the Company has not raised any funds towards the share capital from the public.

## SHAREHOLDERS' INFORMATION

**Financial Year:** 12-month period starting April to the month of March of the subsequent year. The Company shall publish the quarterly/yearly results in accordance with the Listing Regulations.

### Listing of Equity Shares

| | |
|---|---|
| **Bombay Stock Exchange Limited,**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.<br>Tel: 91-22-22721233/34,<br>Fax: 91-22-22721919<br>Website: www.bseindia.com<br>Scrip Code: 539742 | **National Stock Exchange of India Limited,**<br>Exchange Plaza, Bandra Kurla Complex, Mumbai<br>Tel : 91-22-26598100<br>Fax : 91-22-265988120<br>Website: www.nseindia.com<br>Scrip code :SIMBHALS |

The annual Listing fee for the financial year 2018-19 has been paid to both the stock exchanges.

### Depositories

| | |
|---|---|
| National Securities Depository Limited,<br>Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013<br>Tel: 91-22-24994200<br>Fax: 91-22-24972993/2497<br>Email info@nsdl.co.in<br>Website : www.nsdl.co.in | Central Depository Services (India) Limited,<br>Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai-400 023<br>Tel: 91-22-2272333<br>Fax: 91-22-22723199<br>Email: investors@cdslindia.com<br>Website: www.cdslindia.com |

ISIN: SSL-INE748T01016 and WARRANTS ISIN-INE748T13011

### Stock Market Data

The details of high and low price of equity shares of the Company in comparison to broad based indices are as follows:

| Month | BSE | | | | NSE | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Price (₹) | | Sensex S&P | | Share Price (₹) | | Nifty 50 | |
| | High | Low | High | Low | High | Low | High | Low |
| Apr-17 | 36.65 | 30.85 | 30133.35 | 29319.10 | 36.65 | 30.70 | 9351.85 | 9103.50 |
| May-17 | 34.00 | 29.30 | 31159.40 | 29858.80 | 34.20 | 29.15 | 9624.55 | 9285.30 |
| June-17 | 32.45 | 29.25 | 31311.57 | 30834.32 | 32.30 | 29.45 | 9675.10 | 9491.25 |
| July-17 | 34.65 | 29.30 | 32514.94 | 31209.79 | 34.70 | 29.45 | 10077.10 | 9613.30 |
| Aug-17 | 35.75 | 29.75 | 32575.17 | 31213.59 | 35.75 | 29.75 | 10114.65 | 9710.80 |
| Sep-17 | 34.70 | 28.45 | 32423.76 | 31159.81 | 34.85 | 28.35 | 10153.10 | 9735.75 |
| Oct-17 | 33.25 | 27.85 | 33266.16 | 31497.38 | 33.25 | 27.75 | 10363.65 | 9859.50 |
| Nov-17 | 30.25 | 25.75 | 33731.19 | 32760.44 | 30.15 | 25.80 | 10452.50 | 10118.05 |
| Dec-17 | 26.60 | 23.55 | 34056.83 | 32597.18 | 26.45 | 23.55 | 10531.50 | 10044.10 |
| Jan-18 | 27.10 | 22.10 | 36283.25 | 33793.38 | 26.65 | 22.15 | 11130.40 | 10435.55 |
| Feb-18 | 22.00 | 14.20 | 35906.66 | 33703.59 | 21.70 | 14.25 | 11016.90 | 10360.40 |
| Mar-18 | 15.19 | 12.60 | 34046.94 | 32596.54 | 15.3 | 12.70 | 10458.35 | 9998.05 |

### Distribution of share holding as at March 31, 2018:

| Category | No. of Shareholders | % of no. of shareholders | No. of shares | % of capital |
|---|---|---|---|---|
| 1 to 5000 | 12171 | 78.533 | 1954210 | 4.98 |
| 5001 to 10000 | 1553 | 10.021 | 1145701 | 2.92 |
| 10001 to 20000 | 858 | 5.536 | 1244221 | 3.12 |
| 20001 to 30000 | 293 | 1.891 | 737435 | 1.87 |
| 30001 to 40000 | 130 | 0.839 | 457050 | 1.16 |
| 40001 to 50000 | 94 | 0.607 | 428446 | 1.09 |
| 50001 to 100000 | 216 | 1.394 | 1521341 | 3.87 |
| 100001 and above | 183 | 1.181 | 31790616 | 80.99 |
| Total | 15498 | 100 | 39279020 | 100 |

As on March 31, 2018, 3,68,91,197 Equity Shares of the Company constituting 98.50% of total equity capital were under demat categories with NSDL and CDSL.

### Shareholding Pattern as on March 31, 2018

### Equity Shares:

| Category | No. of Shares held | % age |
|---|---|---|
| A: Indian Promoters | 20015790 | 50.96 |
| **Sub-Total (A)** | 20015790 | 50.96 |
| **B: Non – Promoters Holding:** | | |
| Mutual Funds | 1755 | 0.001 |
| Foreign Institutional Investors (FII) | 1 | 0.00 |
| Financial Institutions and Banks | 5357 | 0.01 |
| Private Corporate Bodies | 8056803 | 20.51 |
| Indian Public (individuals) | 10718716 | 27.28 |
| NRIs/ OCBs | 264198 | |
| Any other (Clearing Members and Trust) | 216400 | 0.55 |
| **Sub-Total (B)** | **19256117** | **49.04** |
| **Grand Total (A+B)** | **39279020** | **100** |

### Share warrants/ESOP/Convertible Securities

During the year, the Company has issued and allotted 50,00,000 fully convertible share warrants to specified promoter directors on preferential allotment basis. Out of these 18,00,000 warrants were converted into equity shares on March 29, 2018 and rest are kept with the promoters as warrants as follow..

**Warrants:**

| S.No | Name of Warrant Holder | No. of Warrants |
|---|---|---|
| 1 | Mr. Gurmit Singh Mann | 5,00,000 |
| 2 | Ms. Gursimran Kaur Mann | 27,00,000 |

### LOCATION OF THE PLANTS AND OPERATING DIVISIONS

| | | |
|---|---|---|
| **Simbhaoli Complex** | Simbhaoli, District Hapur Uttar Pradesh - 245 207 | Tel.No. +91 5731-23117/8/9<br>Tel.No. +91 5731-226410/11 |
| **Chilwaria Complex** | Chilwaria, Distt. Bahraich, Uttar Pradesh - 271 801 | Tel.No. +91 5252-244251/2 |
| **Brijnathpur Complex** | Brijnathpur, District Hapur Uttar Pradesh - 245 101 | Tel. No. +91 9837790990<br>Tel. No. +91 9917473169 |
| ***Gandhidham Complex** | Village Versamedi, Tehsil Anjar, Gandhidham, District Bhuj -Kachchh, Gujarat -370201 | Tel. No. +91 283-6294594 |

*1000 TPD Raw Sugar refining plant of Uniworld Sugars Private Limited, a joint venture company.

Any correspondence with units can be sent to *info@simbhaolisugars.com*

### INVESTOR SERVICES

### Share Transfer System

Share transfer requests under physical and demat categories are normally affected/confirmed within a period of 15 days from the date of receipt. Shares are transferred and depository services are provided through M/s Mas Services Limited, the Registrar and share transfer agent. Investor correspondence can be made at any of the following addresses:

i. Mas Services Limited: T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
   Phone No.: +91-11-26387281/82/83
   E-mail: info@masserv.com

ii. Registered Office: Simbhaoli, District Hapur, Uttar Pradesh– 245 207
   Phone No. +91-5731-226411/223118
   E-mail: kamal@simbhaolisugars.com

### Non-mandatory requirements

Non-mandatory requirements of the Listing Regulations have been adopted by the Company to the extent they are in line with the nature of business activities of the Company.

### Nomination

The prescribed form for nomination can be obtained from the Company/Transfer agent. Nomination facility in respect of shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

### Unclaimed dividend and interest

There is no unclaimed dividend and interest outstanding at the end of the financial year. The amount of dividend/debenture installment or interest thereon remaining un-claimed for a period of 7 years has been transferred to the credit of investors' education and protection fund.

**CEO AND CFO CERTIFICATION**

The Chief Operating Officer and Chief Financial Officer of the Company have submitted the annual certificate on financial reporting and internal controls to the Board in terms of the Listing Regulations, which form part of this report. COO, CFO and CS also place before the meetings of the Board the quarterly certificates on financial results and other related compliances in terms of the Listing Regulations.

**Certificate on Compliance with Code of Conduct**

We hereby confirm that the Company has obtained an affirmation from all the members of the Board and management personnel that they have complied with the Code of Conduct for the financial year 2017-18.

For **and on behalf of Board of Directors of Simbhaoli Sugars Limited**

**Gurmit Singh Mann**
**Chairperson**
**(DIN - 00066653)**

Place : New Delhi
Date : May 30, 2018

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**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members,

**SIMBHAOLI SUGARS LIMITED,**

**(Formerly known as Simbhaoli Spirits Limited)**

**(CIN - L15122UP2011PLC044210)**

**Hapur Road, Simbhaoli, Uttar Pradesh**

1. We have examined the compliance of conditions of Corporate Governance by Simbhaoli Sugars Limited ("the Company"), for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2018.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Amit Gupta & Associates**
**Company Secretaries**

**Amit Gupta**
**Proprietor**
Membership No. : F5478
C.P. No. 4682

Place : Lucknow
Date : May 30, 2018

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## CEO/CFO CERTIFICATION

The Board of Directors
Simbhaoli Sugars Limited
Simbhaoli, District Hapur,
Uttar Pradesh - 245 207

**Re: Certification by CEO/CFO for the Financial Year ended on March 31, 2018**

We, S N Misra, Chief Operating Officer and Dayal Chand Popli, Chief Financial Officer of Simbhaoli Sugars Limited to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements comprising of the balance sheets as on March 31, 2018, profit and loss account, the cash flow statement and the boards' report for the year ended March 31, 2018 and based upon our knowledge and information confirm that;

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

  (ii) 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 accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have:

  (i) evaluated the effectiveness of the internal control systems of the Company,

  (ii) disclosed to the auditors and the audit committee of the Board, deficiencies in the design or operation of internal controls, if any, of which we are aware, and

  (iii) taken necessary steps or proposed to take to rectify these deficiencies.

(c) We have indicated to auditors and the audit committee of the Board that there have been:

  (i) no significant changes in internal control over the financial reporting during the year and the quality of internal control is improved with the implementation of SAP;

(ii) no significant changes in accounting policies during the year;

(d) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

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

(f) In accordance with Regulation 17(5) of the Listing Regulations, all the directors and the Senior Management Personnel of the Company have affirmed compliance to their respective Codes of Conducts, as applicable to them for Financial Year ended March 31, 2018

We state that, over the last few years, Uttar Pradesh based sugar companies have been facing financial difficulties on account of higher sugar cane prices, lower realization of sugar and high finance cost in last 3-4 years. The state administration took control over the sugar stocks and initiated multiple coercive actions, and there have been some delays in discharge of the statutory liabilities. However, the Company has been implementing a number of measures for its business viability and we are confident to come out of the difficult stage over a period of time.

| | |
|---|---|
| Sachchida Nand Misra | Dayal Chand Popli |
| Chief Operating Officer | Chief Financial Officer |
| DIN - 06714324 | FCMA- 12257 |

Place : Noida
Date : May 30, 2018

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Simbhaoli Sugars Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone 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") with respect to the preparation of these standalone Ind AS financial statements that give 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 give 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 auditor's 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 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 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 a basis for our audit opinion on the standalone Ind AS financial statements.

**Basis for Qualified Opinion**

1. *As stated in Note No.10 to the standalone financial statement, no provision has been made in respect of interest accrued and due but not paid by the company on certain loans aggregating to Rs. 11971.59 Lacs for the reasons stated in the said note. Consequently, loss for the year and 'current-other financial liabilities' has been understated and 'other equity' has been overstated by Rs. 11971.59 Lacs.*
   *Our report is qualified for the above matters.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter:**

i) As stated in Note No. 4 to the standalone financial statements, these financial statements have been prepared on going concern basis. Events or conditions as set forth in Note No. 4 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern as well as on the carrying amount of fixed assets appearing in the financial statements. The ability of the Company to continue depends on the restructuring of debts by the lenders in accordance with the future available cash flows, waiver of past interest liabilities and turnaround of the sugar and distilleries operations on sustainable basis.

ii) As stated in Note No. 28 to the standalone financial statements, transactions relating to the supply of bagasse and its conversion charges entered into with a subsidiary company i.e. Simbhaoli Power Private Limited are subject to confirmation as these have been accounted for on the basis of Agreements executed earlier which are under negotiation for revision.

iii) As stated at Note No. 3.3(a) to the standalone financial statements, the company has fair valued its investments in Uniworld Sugars Private Limited (USPL) on the basis of fair realizable value of the assets of UPSL in the ordinary course and inter-se arrangement with co-venturer, the realization of which now wholly dependent on the final outcome of Corporate Insolvency Resolution Process as one of the vendor of USPL filed suit for insolvency USPL which has also been admitted by the National Company Law Tribunal. Further for the reasons stated in the said note no adjustments have been made in respect of pledged investments in the equity shares of USPL, which have been invoked by one of the bankers of USPL.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order ;
2. As required by Section143(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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
   (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   (e) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis of Qualified Opinion paragraph above.
   (f) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   (g) 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'.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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.
      ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
      iii. As explained, there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.



For **MITTAL GUPTA & CO.**
Chartered Accountants
(Firm's Registration No. 01874C)

**(B. L. Gupta)**
Partner
(Membership No. 073794)

Place : New Delhi
Date : May 30, 2018

## Annexure - 'A' to the Independent Auditors' Report

The Annexure – 'A' referred to in our Independent Auditors' Report of even date to the members of the Company on the standalone financial statements for the year ended 31st March, 2018:

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

   (b) The Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The management has verified major fixed assets during the year and as explained there is no material discrepancy on such verification.

   (c) The title deeds of all immovable properties, as disclosed in the financial statements, are held in the name of the company.

ii) The inventories (other than lying with third parties) have been physically verified by the management at reasonable interval during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.

iii) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company has granted interest free unsecured loan to the one company covered in the register maintained under section 189 of the Companies Act, 2013 during the year. It has been explained to us that short terms funds have been given to the party for their business requirements. We further state that:

   a) In our opinion, except for non charging of interest, the other terms and conditions of the grant of aforesaid unsecured loans are not prejudicial to the company's interest.

b) As informed to us no repayment of principal has been stipulated in respect of aforesaid loans and these are repayable on demand.

c) As informed to us there is no overdue amount in respect of aforesaid loans.

iv) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the company has not granted any loans, or provided any security or guarantee to the parties covered under Section 185 of the Companies Act,

2013. The Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investment made or loans or guarantee or security provided to the parties covered under section 186 of the Companies Act, 2013.

v) According to the information and explanations given to us, in our opinion, the Company has not accepted any deposit in contravention of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed there under. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this connection.



vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost records and Audit) Rules, 2014 under section 148 of the Companies Act and are of the opinion that, prima facie, the prescribed cost record have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) (a) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company have generally been regularly deposited undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities though there has been slight delay in few cases. There are no undisputed statutory dues as referred to above as at 31st March, 2018 outstanding for a period of more than six months from the date they become payable. except for the Demand raised by Income Tax Authorities at the time of processing of TDS return aggregating to Rs. 3.71 lacs. We have been informed by the Company that they are in process of getting these returns rectified and are hopeful that these demands will be substantially reduced after rectification.

(b) According to the information and explanations given to us, the particulars of Income tax, Service-tax, Sales-tax, Custom Duty, Excise Duty, Entry tax, Value Added Tax, goods and service tax which have not been deposited on account of any dispute, are as reported in Note No. 17 to the accompanying financial statements .

viii) According to the information and explanations given to us, the Company has defaulted in repayment of loans and borrowings to banks and Government. Details of defaults in respect of principal and interest dues to Government and banks are stated in Note No. 17 to accompanying financial statements. The Company has not borrowed any money by way of issue of debentures.

ix) The company did not raise any money by way of initial public offer and further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.

x) To the best of our knowledge and belief and according to the information and explanations given to us, except as stated as Note No. 8, no other material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company has paid/provided for managerial remuneration which is subject to approval by the Ministry of Corporate Affairs, Government of India under the provisions of the Companies Act, 2013 as stated in Note No. 10(iv) to the accompanying financial statements.

xii) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company is not a Nidhi Company. Accordingly the paragraph 3(xii) of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (IndAS 24), Related Party Disclosures specified under Section 133 of the Act, read with Rule 15 of the Companies (Indian Accounting Standards) Rules, 2015.

xiv) In our opinion, the price at which the company has made preferential allotment of shares to parties covered in the Register maintained under section 189 of the Companies Act, 2013 during the year is not prejudicial to the interest of the company.

xv) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company has not entered into any non-cash transactions as specified u/s 192 of the Act, with its directors or persons connected to him. Accordingly, the paragraph 3(xv) of the Order is not applicable to the Company.

xvi) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **MITTAL GUPTA & CO**
Chartered Accountants
(Firm's Registration No. 01874C)

**(B. L. Gupta)**
Partner
(Membership No. 073794)

Place : New Delhi
Date : May 30, 2018

# Annexure - 'B' to the Independent Auditor's Report

(The Annexure – 'B' referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2018)

**Report on the Internal Financial Control under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial control over financial reporting of Simbhaoli Sugars Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

**Management's Responsibility for internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 company's polices, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information , as required under the Companies Act, 2013 ("the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, 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 control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls 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 disposition of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition , use ,or disposition of the company's assets that could have a material effect on the financial statement.

**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 controls 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 except for the matters described in the Basis for Qualified Opinion and Emphasis of Matter paragraph, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **MITTAL GUPTA & CO.**
Chartered Accountants
(Firm's Registration No. 01874C)

**(B. L. Gupta)**
Partner
(Membership No. 073794)

Place : New Delhi
Date : May 30, 2018

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## BALANCE SHEET
## AS AT MARCH 31, 2018

| | Notes | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property plant and equipment | 3.1 | 1,32,573.31 | 1,35,198.06 | 1,39,535.39 |
| Capital work-in-progress | 3.1 | 202.62 | 1,414.38 | 365.98 |
| Intangible assets | 3.2 | 14.21 | 14.83 | 16.01 |
| Financial assets | | | | |
| Investments | 3.3 | 15,540.15 | 15,992.87 | 18,601.23 |
| Other financial assets | 3.4 | 197.44 | 909.55 | 960.99 |
| Non-current tax Assets | 3.5 | 378.65 | 495.31 | 919.20 |
| Other non-current assets | 3.6 | 572.27 | 644.63 | 382.57 |
| **Total non-current assets** | | **1,49,478.65** | **1,54,669.63** | **1,60,781.37** |
| **Current assets** | | | | |
| Inventories | 3.7 | 33,503.70 | 39,735.60 | 29,659.01 |
| Financial assets | | | | |
| Trade and other receivables | 3.8 | 3,673.50 | 4,007.38 | 6,009.99 |
| Cash and cash equivalents | 3.9 | 803.43 | 1,164.00 | 847.88 |
| Bank balances other than cash & cash equivalents | 3.10 | 955.89 | 6,514.63 | 583.11 |
| Loans | 3.11 | 22.24 | - | - |
| Other financial assets | 3.12 | 3,584.28 | 4,729.25 | 2,965.55 |
| Other current assets | 3.13 | 843.59 | 1,751.70 | 3,150.70 |
| **Total current assets** | | **43,386.63** | **57,902.56** | **43,216.24** |
| **Total assets** | | **1,92,865.28** | **2,12,572.19** | **2,03,997.61** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 3.14 | 3,927.90 | 3,747.90 | 3,747.90 |
| Other equity | 3.15 | 4,592.02 | 21,703.02 | 27,491.14 |
| **Total equity** | | **8,519.92** | **25,450.92** | **31,239.04** |
| **LIABILITIES** | | | | |
| **Non current liabilities** | | | | |
| Financial liabiliites | | | | |
| Borrowings | 3.16 | 32,319.44 | 23,060.25 | 6,134.73 |
| Other financial liabilities | 3.17 | 1,227.99 | 1,666.62 | 2,127.18 |
| Provisions | 3.18 | 346.54 | 315.74 | 179.61 |
| **Total non-current liabilities** | | **33,893.97** | **25,042.61** | **8,441.52** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 3.19 | 47,067.75 | 61,831.12 | 83,874.55 |
| Trade and other payables | 3.20 | 56,368.01 | 57,632.10 | 50,565.93 |
| Other financial liabilities | 3.21 | 45,591.57 | 38,405.64 | 27,024.03 |
| Provisions | 3.22 | 94.39 | 52.11 | 59.40 |
| Other Current liabilities | 3.23 | 1,329.67 | 4,157.69 | 2,793.14 |
| **Total current liabilities** | | **1,50,451.39** | **1,62,078.66** | **1,64,317.05** |
| **Total equity and liabilities** | | **1,92,865.28** | **2,12,572.19** | **2,03,997.61** |
| **See accompanying notes forming part of the financial statements** | 1 to 31 | | | |

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

B. L. GUPTA
Partner
(M.No. - 073794)

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 30, 2018

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## STATEMENT OF STANDALONE PROFIT AND LOSS
## FOR THE YEAR ENDED MARCH 31, 2018

| | Notes | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **Revenue from operations** | | | |
| Revenue from operations | 3.24 | 90,467.67 | 89,893.68 |
| Other Income | 3.25 | 2,561.40 | 3,270.11 |
| **Total income** | | **93,029.07** | **93,163.79** |
| **Expenses** | | | |
| Cost of materials consumed | 3.26 | 81,733.42 | 67,022.48 |
| Purchases of stock-in-trade | | 264.73 | 915.31 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 3.27 | 1,771.13 | (6,460.87) |
| Excise Duty on sale of goods | 3.28 | 1,719.80 | 4,881.71 |
| Employee benefits expense | 3.29 | 4,986.03 | 5,511.54 |
| Finance costs | 3.30 | 4,606.28 | 12,268.82 |
| Depreciation and amortization expense | 3.31 | 4,628.38 | 4,651.12 |
| Other expenses | 3.32 | 10,408.37 | 8,109.72 |
| **Total expenses** | | **1,10,118.14** | **96,899.96** |
| **Profit/(loss) before exceptional items and tax** | | (17,089.07) | (3,736.04) |
| Exceptional items | 3.33 | 970.79 | (427.05) |
| **Profit/(loss) before tax** | | **(18,059.86)** | **(3,308.99)** |
| Tax expense: | | | |
| - Current Tax | | - | - |
| **Profit after Tax** | | **(18,059.86)** | **(3,308.99)** |
| **Other Comprehensive Income** | | | |
| A. (i) Items that will not be re-classified to profit or loss: | | 20.67 | (2,482.54) |
| (ii) Income tax relating to items that will not be re-classified to profit or loss | | - | - |
| B. (i) Items that may be re-classified to profit or loss: | | - | - |
| (ii) Income Tax relating to items that may be reclassified to profit or loss | | - | - |
| **Total Other Comprehensive Income (net of tax)** | | **20.67** | **(2,482.54)** |
| **Total Comprehensive Income** | | **(18,039.19)** | **(5,791.53)** |
| **Earnings per equity share-basic/diluted (₹)** | | | |
| - Before exceptional items | | (45.58) | (9.97) |
| - After exceptional items | | (48.17) | (8.83) |
| **See accompanying notes forming part of the financial statements** | 1 to 31 | | |

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

B. L. GUPTA
Partner
(M.No. - 073794)

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 93900

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 30, 2018

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

| | Particular | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| | Net profit/(loss) before tax and exceptional items | (17,089.06) | (3,736.18) |
| | **Adjustments for:** | | |
| | Depreciation and amortization | 4,628.38 | 4,651.12 |
| | Finance costs | 4,606.28 | 12,268.82 |
| | Interest income | (1,433.37) | (1,587.84) |
| | Rent/Financial lease income | (39.37) | (74.92) |
| | Liability/provisions no longer required written back | (637.23) | (670.62) |
| | Bad Debts and advances written off | 59.02 | 14.91 |
| | Loss/ (profit) from sale of property, plant and equipment (net) | 4.00 | 3.46 |
| | Management Fees Written off | 985.78 | - |
| | Provision for doubtful debts and advances | 215.20 | - |
| | Mollasses Storage Fund | 4.62 | 3.41 |
| | **Operating profit/(loss) before working capital changes** | **(8,695.74)** | **10,872.16** |
| | Adjustments for (increase)/decrease in operating assets: | | |
| | Changes in trade and other receivables | 59.65 | 1,987.71 |
| | Changes in other non current and current financial asset | 354.12 | (881.74) |
| | Changes in other non current and other current assets | 969.86 | 593.56 |
| | Changes in inventories | 6,231.89 | (10,076.46) |
| | Changes in trade and other payables | (1,093.23) | 7,481.57 |
| | Changes in other non-current and other current financial liabilities | 404.96 | 328.80 |
| | Changes in other non-current and other current liabilities | (2,190.78) | 1,364.55 |
| | Changes in long term and short term provision | 168.75 | (69.51) |
| | **Cash (used)/generated from operations** | **(3,790.53)** | **11,600.64** |
| | Direct taxes (paid)/refund | 116.66 | 423.89 |
| | **Net cash (used) / from operating activities** | **(3,673.87)** | **12,024.54** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| | Additions to property, plant and equipment | (1,572.24) | (961.80) |
| | Sale of property, plant and equipment | 30.66 | 3.98 |
| | Proceeds from maturity of national savings certificate | - | 0.50 |
| | Purchase of national savings certificate | (1.00) | - |
| | Interest income | 913.94 | 451.12 |
| | Rent/Financial Lease Income | 227.81 | 451.80 |
| | Loan given to related party | (22.24) | - |
| | Changes in fixed deposit placed with Banks | 6,325.06 | (6,161.67) |
| | **Net cash (used) / from investing activities** | **5,901.98** | **(6,216.07)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| | Proceeds from share warrants/ Share Capital | 313.65 | - |
| | Finance Cost | (2,220.79) | (2,629.10) |
| | Repayment of long term borrowings | (378.56) | (552.88) |
| | Proceeds/(repayment) of short term borrowings( net) | (302.99) | (2,310.35) |
| | **Net cash (used) / from financing activities** | **(2,588.69)** | **(5,492.33)** |
| **D.** | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | (360.58) | 316.14 |
| **E.** | **Cash and cash equivalents (opening balance)** | 1,164.00 | 847.88 |
| **F.** | **Cash and cash equivalents (closing balance) (Refer Note No. 3.9) (D+E)** | | |
| | Cash and bank balances (D+E) | **803.43** | **1,164.00** |

**Notes:**

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the 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 capitalized is ₹ Nil.(previous year ₹ 23.94 lacs).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
5) **Cash and cash equivalents as at the Balance Sheet date consists of:**

| Particular | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs |
|---|---|---|
| (a) Balance with Banks on current accounts | 797.67 | 1,152.51 |
| (b) Cash in hand | 5.76 | 11.49 |
| **Closing Cash and Cash Equivalents (Refer Note No. 3.9 )** | **803.43** | **1,164.00** |

6) Proceed/(repayment) of/from Short-term borrowings qualify for disclosure on net basis.
7) Figure in brackets represent cash outflow for respective activities.
8) As breakup of cash and cash equivalents is also available in Note no 3.9, 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.

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

B. L. GUPTA
Partner
(M.No. - 073794)

Place : New Delhi
Date : May 30, 2018

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 93900

Kamal Samtani
Company Secretary
FCS - 5140

# SIMBHAOLI SUGARS LIMITED
# (Formerly known as 'Simbhaoli Spirits Limited')
# STATEMENT OF STANDALONE CHANGES IN EQUITY
# FOR THE YEAR ENDED MARCH 31, 2018

**EQUITY SHARE CAPITAL**

(₹ lacs)

| For the year ended March 31, 2017 | | | For the year ended March 31, 2018 | | |
|---|---|---|---|---|---|
| Balance as at April 01, 2016 | Changes in Equity share capital during the year | As at March 31, 2017 | Balance as at April 01, 2017 | Changes in Equity share capital during the year | As at March 31, 2018 |
| 3,747.90 | - | 3,747.90 | 3,747.90 | 180.00 | 3,927.90 |

**OTHER EQUITY**

(₹ lacs)

| Particulars | Reserve and Surplus | | | | Other Comprehensive Income | | Total other equity |
|---|---|---|---|---|---|---|---|
| | Securities premium account | Share warrant | Storage fund for molasses account | Retained Earning | Equity instruments through other comprehensive income | Acturial gain/ (loss) on employee benefit plan | |
| **As at April 01, 2016** | **45,461.99** | **-** | **4.92** | **(17,975.77)** | **-** | **-** | **27,491.14** |
| Profit/(loss) for the year | - | - | - | (3,308.99) | - | - | (3,308.99) |
| Transfer to storage fund for molasses | - | - | 3.41 | - | - | - | 3.41 |
| Othe comprehensive income | - | - | - | - | (2,284.19) | (198.35) | (2,482.54) |
| Transferred from/to other comprehensive income/retained earning | - | - | - | (198.35) | - | 198.35 | - |
| **As at March 31, 2017** | **45,461.99** | **-** | **8.33** | **(21,483.11)** | **(2,284.19)** | **-** | **21,703.02** |
| Profit/(loss) for the year | - | - | - | (18,059.86) | - | - | (18,059.86) |
| Transfer to storage fund for molasses | - | - | 4.62 | - | - | - | 4.62 |
| Othe comprehensive income | - | - | - | - | (75.00) | 95.67 | 20.67 |
| Add: Money received against share warrant warrants into equity shares | - | 1,103.57 | - | - | - | - | 1,103.57 |
| Less: Money utilised for conversion of share | - | (577.80) | - | - | - | - | (577.80) |
| Premium on issue of equity share capital | 397.80 | - | - | - | - | - | 397.80 |
| Transferred from/to other comprehensive income/retained earning | - | - | - | 95.67 | - | (95.67) | - |
| **As at March 31, 2018** | **45,859.79** | **525.77** | **12.95** | **(39,447.30)** | **(2,359.19)** | **-** | **4,592.02** |

See accompanying notes forming part of the financial statements

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

B. L. GUPTA
Partner
(M.No. - 073794)

Place : New Delhi
Date : May 30, 2018

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

# NOTES FORMING PART OF THE ACCOUNTS

1. **Background**

Simbhaoli Sugars Limited ('the Company') (previously known as Simbhaoli Spirits Limited) having CIN No. L15122UP2011PLC044210 is a public limited company under the provisions of the Companies Act, 2013 incorporated and registered with Registrar of Companies, Kanpur Uttar Pradesh on April 04, 2011. Currently equity shares of the Company are listed at BSE and NSE. The Hon'ble High Court of Judicature at Allahabad has sanctioned the Scheme of Amalgamation of Erstwhile Simbhaoli Sugars Limited (ESSL), the Transferor Company with the Company, the Transferee Company w.e.f. April 01, 2015 (the Appointed Date) and consequent thereto, the entire business undertakings of ESSL, stands transferred to and vested in the Company, as a going concern with effect from the Appointed Date. The Company has now three sugar complexes - Simbhaoli (western Uttar Pradesh), Chilwaria (eastern Uttar Pradesh) and Brijnathpur (western Uttar Pradesh) having an aggregate crushing capacity of 19,500 TCD. The Company is technology driven with a business mix that spans from refined (sulphur less) sugar, specialty sugars, extra neutral alcohol (ENA), ethanol and bio-manure. The Company is engaged in sugar refining (Defeco Remelt Phosphotation and Ion Exchange technology), high value, niche products (specialty sugars) and clean energy (ethanol). The Company sells international standard refined, pharmaceutical grade and specialty sugars to the retail and bulk institutional consumer segments.

The Company is operating its different businesses through separate subsidiaries, the details are given below:

| S. No. | Name of subsidiary/ Jointly Venture | Business | Country of Incorporation | % voting power held as at March 31, 2018 | % voting power held as at March 31, 2017 | % voting power held as at April 01, 201 6 |
|---|---|---|---|---|---|---|
| 1. | Simbhaoli Power Private Limited | Generation of green power | India | 51.00 | 51.00 | 51.00 |
| 2. | Integrated Casetech Consultants Pvt. Ltd. | Consultancy business | India | 85.16 | 85.16 | 85.16 |
| 3. | Simbhaoli Global Commodities DMCC | Trading of sugar &alcohol | Dubai | 100.00 | 100.00 | 100.00 |
| 4. | Uniworld Sugars Private Limited | Raw sugar refinary | India | 43.74 | 43.74 | 43.74 |
| 5. | Simbhaoli Speciality Sugars Private Limited | Packaging | India | 100.00 | 100.00 | 100.00 |

**2.1 Basis of preparation and presentation**

**i) Statement of Compliance**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant accounting principles generally accepted in India.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). Previous year numbers in the financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in Note No. 26.

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 01, 2016. Refer Note No.26 for the details of first-time adoption (Ind AS 101) exemptions availed by the Company and an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**ii) Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) and assets for defined benefit plans that are measured at fair value and less cost of sale wherever require. The methods used to measure fair values are discussed further in notes to financial statements.

**iii) Functional and presentation currency**

These financial statements are presented in Indian rupees (INR), which is company functional currency. All amounts have been rounded off to nearest in lacs unless otherwise indicated.

**iv) Operating Cycle**

All 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 based on the nature of services rendered and their realization in cash and cash equivalents.

**2.2 Significant Accounting Policies**

**i) Revenue recognition**

**A. Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

**B. Rendering of services**

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

**C. Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

D. **Dividend Income**

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably 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.

E. **Export Incentives**

Export incentives are accounted for in the year of exports based on eligibility and when there is no significant uncertainty in receiving the same.

F. **Insurance Claims**

Insurance claim are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**ii) Government Grant**

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Company will comply with all attached condition.

Government grants relating to income are deferred and recognized in profit & loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.

Governments Grants relating to the purchase of property, plant & equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented with in other income.

**iii) Expenses**

All expenses are accounted on accrual basis.

**iv) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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.

For arrangements entered into prior to the transition date, i.e. April 01, 2016, the Company has determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

**(a) As a lessee**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease Rental payables under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(b) As a lessor**

Where the Company as a lessor has leased assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Lease rental income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless receipt are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

**v) Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective rate of interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

**vi) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. 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. Other borrowing costs are expensed in the period in which they are incurred.

**vii) Income tax**

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

**A. Current tax**

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

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

**B. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. In case of a history of continuous losses, the company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Minimum Alternate Tax (MAT) credits is recognized as deferred tax assets in the Balance Sheet only when the asset can be measured reliably and to the extent there is convincing evidence that sufficient taxable profit will be available against which the MAT credits can be utilized by the company in future.

**viii) Current versus non-current classification**

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

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

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

- Expected to be settled in the company's normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**ix) Property, Plant & Equipment & Capital work in Progress**

**A. Recognition and measurement**

Property, plant and equipment are tangible items that are held for use in the production or supply for goods and services, rental to others or for administrative purposes and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is being recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Freehold lands are stated at cost. All other items of property, plant and equipment are stated at cost, net of recoverable taxes less accumulated depreciation, and impairment loss, if any.

The cost of an asset includes the purchase cost of material, 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 capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as 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 a provision are met.

Assets identified and technically evaluated as obsolete are retired from active use and held for disposal are stated at the lower of its carrying amount and fair value less cost to sell.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

**B. Transition to Ind AS**

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**C. Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**x) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when the asset is derecognized.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 01 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**xi) Depreciation & Amortization**

The classification of plant and machinery into continuous and non-continuous process is done as per their use and depreciation thereon is provided accordingly. Depreciation commences when the assets are available for their intended use. The depreciation is provided by applying the following method at the useful lives specified in schedule II to the Companies Act, 2013:

| | | |
|---|---|---|
| - All Depreciable Fixed Assets except Vehicles | - | Straight line method |
| - Vehicles | - | Written down value method |

Except in case of fixed assets costing up to ₹ 5,000 are fully depreciated in the year of purchase. Freehold land is not depreciated.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life of the assets. The Company uses a rebuttable presumption that the useful life of intangible assets is ten years from the date when the assets is available for use.

**xii) Financial Instruments**

**A. Financial Asset**

**1) Classification**

The company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

**2) Initial Recognition and Measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

**3) Subsequent Measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- At amortised cost,
- At fair value through other comprehensive income (FVTOCI), and
- At fair value through profit or loss (FVTPL).

**i) Debt instrument at amortized cost**

A "Debts instrument" is measured at the amortized cost if both the following condition are met:

- The assets are held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- Contractual terms of the assets give rise on specified

dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR.

**ii) Equity investments**

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiaries carried at deemed cost. Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. April 01, 2016. Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Company may make an irrevocable election to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. When the fair value has been determined based on level 3 inputs, the difference between the fair value at initial recognition and the transaction price is deferred and after initial recognition deferred difference is recognised as gain or loss to the extent it arises from change in input to valuation technique. If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

**4) De-recognition**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- The right to receive cash flows from the assets have expired or
- The company has transferred substantially all the risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets

**5) Impairment of financial assets**

The company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instrument and are measured at amortized cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables:

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognized impairment loss allowance based on life time expected credit loss at each reporting date, right from its initial recognition.

**B. Financial liabilities**

**1) Classification**

The company classifies all financial liabilities as subsequently measured at amortized cost.

**2) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables net of directly attributable transaction cost.

**3) Loan and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gain and losses are recognized in statement of profit and loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction cost. Their amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & borrowings.

**4) De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognized in the Statement of Profit and Loss.

**C. Offsetting of financial instrument**

Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**xiii) Inventories**

Inventories are valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

| | | |
|---|---|---|
| Stores and spare parts | - | Monthly weighted average. |
| Raw materials | - | First in first out (FIFO) |
| Process stocks/finished goods | - | Material cost plus appropriate share of labour and manufacturing overheads. |
| Stock in trade | - | First in first out (FIFO) |
| By products | - | At estimated realizable value |

**xiv) Employee Benefits**

**A. Short-term employee benefits**

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

**B. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made quarterly. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its quarterly contributions.

**C. Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

**D. Other long-term employee benefits**

The Company net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re-measurements gain or losses are recognized in profit or loss in the period in which they arise.

**E. Voluntary Retirement Scheme**

Expenditure on voluntary retirement scheme is change to the Statement of Profit and Loss in the year in which it is incurred.

**xv) Provisions (other than for employee benefits)**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognized for future operating losses

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

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

A contingent asset is not recognized but disclosed, when possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**xvi) Earnings per share**

Basic earnings per share are calculated by dividing the profit/loss for the year (before other comprehensive income), attributable to the equity shareholders, by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year (before other comprehensive income), adjusting the after tax effect of interest and other financing costs associated with dilutive potential equity shares, attributable to the equity shareholders, 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.

**xvii) Foreign currency translations**

**A. Functional and presentation currency**

Standalone financial statements have been presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

**B. Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rate 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 recognized 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.

**xviii) Impairment of non-financial assets**

Goodwill and Intangible assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment.

Other intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The carrying amount of assets is reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factor. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Impairment is charged to the profit and loss account in the year in which an asset is identified as impaired.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**xix) Cash and Cash Equivalents**

Cash and cash equivalents include 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 are subject to an insignificant risk of changes in value.

**xx) Non-current assets (or disposal group) held for sale and discontinued operations:**

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the consolidated statement of profit and loss, with all prior periods being presented on this basis.

**xxi) Operating Segments**

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Board of Directors (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

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 in respective segments. Assets and Liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

**xxii) Cash Flow Statement**

Cash flows are stated 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 items of incomes and expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**2.3 Use of Estimates and management judgements**

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management of the company to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date.

The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving critical judgement are as follows:

**i) Material uncertainty about going concern:**

In preparing financial statements, management has made an assessment of Company's ability to continue as a going concern. Financial statement is prepared on a going concern basis. The management is aware, in making its assessments,of material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern. Further details on going concern are disclosed in Note No. 4.

ii) **Fair value measurements of financial instruments:**

When the fair value of financial assets and liabilities recorded in the Balance sheet cannot be measured based on the quoted market price in the active markets, their fair value is measured using valuation technique. The input to these model is taken from the observable market where possible, but if this is not feasible, a review of judgment is requiring this establishing fair values.Changes in assumption relating to these assumptions could affect the fair value of financial instrument.

iii) **Employee benefit plans:**

The cost of the defined benefit plans and other long-term employee benefits and the present value of the obligation thereon 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, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds. Future salary increases are based on expected future inflation rates and expected salary trends in the industry. Attrition rates are considered based on past observable data on employees leaving the services of the Company. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes.

iv) **Recoverability of trade receivables:**

The Company has a stringent policy of ascertaining impairments, if any, as result of detailed scrutiny of major cases and through determining expected credit losses. Despite best estimates and periodic credit appraisals of customers, the Company's receivables are exposed to delinquency risks due to material adverse changes in business, financial or economic conditions that are expected to cause a significant change to the party's ability to meet its obligations. All such parameters relating to impairment or potential impairment are reviewed at each reporting date.

v) **Provision and contingencies:**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

vi) **Useful life and residual value of plant, property equipment and intangible assets:**

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.





### 3.1 PROPERTY, PLANT AND EQUIPMENT

₹ lacs

| Particulars | Land Freehold | Buildings | Railway Siding | Plant & Machinery | Furniture & Fixtures | Vehicles | Other Equipments | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 March 2017** | | | | | | | | | |
| **Gross block** | | | | | | | | | |
| **Gross carrying amount as at April 01, 2016** | 85,108.31 | 13,704.65 | 0.50 | 46,884.41 | 221.83 | 157.83 | 715.57 | 1,46,793.10 | 365.98 |
| Additions during the year | - | 11.92 | - | 262.59 | 1.71 | 25.68 | 15.33 | 317.23 | 1,060.90 |
| Disposals/Deductions during the year | - | - | - | 34.99 | - | 1.89 | 3.29 | 40.17 | 12.51 |
| **Gross carrying amount as at March 31, 2017** | **85,108.31** | **13,716.57** | **0.50** | **47,112.01** | **223.54** | **181.62** | **727.61** | **1,47,070.16** | **1,414.38** |
| **Depreciation/Amortisation** | | | | | | | | | |
| Accumulated depreciation/amortisation as at April 01, 2016 | - | 1,500.58 | 0.10 | 5,353.86 | 53.21 | 87.26 | 262.70 | 7,257.71 | - |
| Depreciation/Amortisation for the year | - | 796.78 | 0.10 | 3,690.41 | 40.93 | 40.04 | 78.86 | 4,647.12 | - |
| Disposals/Deductions during the year | - | - | - | 27.80 | - | 1.79 | 3.14 | 32.73 | - |
| Accumulated depreciation/amortisation as at March 31, 2017 | - | 2,297.36 | 0.20 | 9,016.47 | 94.14 | 125.51 | 338.42 | 11,872.10 | - |
| **Net carrying amount as at March 31, 2017** | **85,108.31** | **11,419.21** | **0.30** | **38,095.54** | **129.40** | **56.11** | **389.19** | **1,35,198.06** | **1,414.38** |
| **Gross block** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| **Gross carrying amount as at April 01, 2017** | 85,108.31 | 13,716.57 | 0.50 | 47,112.01 | 223.54 | 181.62 | 727.61 | 1,47,070.16 | 1,414.38 |
| Additions during the year | - | 17.06 | - | 2,007.36 | 1.71 | 0.90 | 9.49 | 2,036.52 | 495.84 |
| Disposals/Deductions during the year | - | - | - | 49.19 | 0.73 | - | 4.99 | 54.90 | 1,707.59 |
| **Gross carrying amount as at March 31, 2018** | **85,108.31** | **13,733.63** | **0.50** | **49,070.18** | **224.52** | **182.52** | **732.12** | **1,49,051.78** | **202.62** |
| **Depreciation/Amortisation** | | | | | | | | | |
| Accumulated depreciation/amortisation as at April 01, 2017 | - | 2,297.36 | 0.20 | 9,016.47 | 94.14 | 125.51 | 338.42 | 11,872.10 | - |
| Depreciation/Amortisation for the year | - | 797.35 | 0.10 | 3,690.39 | 40.86 | 23.90 | 72.85 | 4,625.46 | - |
| Disposals/Deductions during the year | - | - | - | 13.81 | 0.54 | - | 4.74 | 19.09 | - |
| Accumulated depreciation/amortisation as at March 31, 2018 | - | 3,094.71 | 0.30 | 12,691.35 | 134.46 | 149.41 | 406.54 | 16,478.47 | - |
| **Net carrying amount as at March 31, 2018** | **85,108.31** | **10,638.91** | **0.20** | **36,378.84** | **90.06** | **33.11** | **325.57** | **1,32,573.31** | **202.62** |

Notes:

1. The finance cost on specific borrowings capitalized during the year amounted to ₹ Nil (Previous year ₹ Nil). However the Company has also capitalized borrowing cost on its general borrowing amounting to ₹ Nil (Previous year ₹ 23.94 lacs) using weighted average capitalization rate of Nil % (Previous year- 12%) Per annum.
2. The company has availed loans from banks and other entities against securities of aforesaid assets. The details of charge created, security terms against borrowing are stated at Note No. 10.
3. Refer Note No.6 (iii) for information contractual commitments for acquisition of property,plant & equipment.

**3.2 INTANGIBLE ASSETS** ₹ lacs

| Particulars | Software |
|---|---|
| **Gross Block** | |
| **Gross carrying amount as at April 01, 2016** | 30.91 |
| Additions during the year | 2.82 |
| Disposals/Deductions during the year | - |
| **Gross carrying amount as at March 31, 2017** | **33.73** |
| | |
| **Depreciation/Amortisation** | |
| **Accumulated amortisation as at April 01, 2016** | 14.90 |
| Amortisation for the year | 4.00 |
| Disposals/Deductions during the year | - |
| Accumulated amortisation as at March 31, 2017 | **18.90** |
| **Net carrying amount as at March 31, 2017** | **14.83** |
| | |
| **Gross block** | |
| **Gross carrying amount as at April 01, 2017** | 33.73 |
| Additions during the year | 2.82 |
| Disposals/Deductions during the year | 10.43 |
| **Gross carrying amount as at March 31, 2018** | **26.11** |
| | |
| **Depreciation/Amortisation** | |
| **Accumulated amortisation as at April 01, 2017** | 18.90 |
| Amortisation for the year | 2.91 |
| Disposals/Deductions during the year | 9.91 |
| Accumulated amortisation as at March 31, 2018 | 11.90 |
| **Net carrying amount as at March 31, 2018** | **14.21** |

**NON CURRENT ASSETS / FINANCIAL ASSETS**

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.3 INVESTMENTS** | | | |
| **Trade Investments (at cost)** | | | |
| Unquoted | | | |
| One share of ₹ 20 fully paid up in Simbhaoli Co-operative Cane Development Union Limited (*₹ 20) | * | * | * |
| **Other Investments** | | | |
| **Investment in Government securities (at cost)** | | | |
| Unquoted | | | |
| 6-Years Post Office National Savings Certificate (Deposited with government authorities) | 2.61 | 1.61 | 2.11 |
| **Investment in Equity instruments** | | | |
| **- Subsidiaries (at cost)** | | | |
| Unquoted | | | |
| 2,00,800 (March 31, 2017: 2,00,800; April 01, 2016: 2,00,800) equity shares of ₹10 each fully paid up of Integrated Casetech Consultants Private Limited | 383.73 | 383.73 | 383.73 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| 300 (March 31, 2017: 300; April 01, 2016: 300) equity shares of AED 1,000 each fully paid up of Simbhaoli Global Commodities DMCC | 39.94 | 39.94 | 39.94 |
| 55,38,734 (March 31, 2017: 55,38,734; April 01, 2016: 55,38,734) equity shares of ₹10 each fully paid up of Simbhaoli Power Private Limited # | 5,493.59 | 5,493.59 | 5,493.59 |
| 19,000 (March 31, 2017: 19,000; April 01, 2016: 19,000) equity shares of ₹ 10 each of Simbhaoli Speciality Sugar Private Limited | 190.00 | 190.00 | 190.00 |
| **- Joint ventures (at fair value through other comprehensive income)** | | | |
| Unquoted | | | |
| 2,90,11,770 (March 31, 2017: 2,90,11,770; April 01, 2016: 2,90,11,770) equity shares of ₹ 10 each fully paid up of Uniworld Sugars Private Limited [Refer Footnote (a) (b)] [Refer Note No. 18] | 2,322.29 | 2,397.29 | 4,681.48 |
| **Investment in Debentures** | | | |
| **- Subsidiary (at amortised cost)** | | | |
| Unquoted | | | |
| 48,92,941 (March 31, 2017: 48,92,941; April 01, 2016: 48,92,941) compulsorily convertible debentures of ₹ 100 each of Simbhaoli Power Private Limited | 7,062.99 | 7,441.71 | 7,765.38 |
| **Investment** | | | |
| **- Subsidiary (at cost)** | | | |
| Business transfer agreement consideration receivable | 45.00 | 45.00 | 45.00 |
| | **15,540.15** | **15,992.87** | **18,601.23** |
| **Aggregate book value** | | | |
| - Quoted | - | - | - |
| [Market value ₹ Nil (March 31, 2017: ₹ Nil; April 01, 2016: ₹ Nil)] | | | |
| - Unquoted | **15,540.15** | **15,992.87** | **18,601.23** |
| **Summary:** | | | |
| - Aggregate investments carried at cost | 6,154.87 | 6,153.87 | 6,154.37 |
| - Aggregate investments carried at amortised cost | 7,062.99 | 7,441.71 | 7,765.38 |
| - Aggregate investments carried at fair value through other comprehensive income | 2,322.29 | 2,397.29 | 4,681.48 |
| **Total carrying amount of pledged investments** | **4,236.22** | **4,311.22** | **6,595.40** |

\# First pari passu charge on pledge of 19,29,655 (March 31, 2017: 19,29,655; April 01, 2016: 19,29,655) equity shares of the Company in favour of bankers of Simbhaoli Power Private Limited.

(a) Due to continuous losses, Uniworld Sugars Private Limited (USPL), a joint venture of the Company, discontinued its operations and decided to dispose of its assets of Sugar Refinery business. The Company had made investments in the equity shares of USPL which were pledged (first pari passu charge) as on March 31, 2018: 2,90,11,770 (March 31, 2017: 2,90,11,770; April 01, 2016: 2,90,11,770) with the USPL term lenders as a security for USPL term loans. Out of total 2,90,11,770 equity shares pledged, one of the lender of USPL has invoked pledge in respect of 1,12,04,708 equity shares and transfer to its own account.

The Company has valued its investment in USPL as on March 31, 2018 at ₹ 2,322.29 lacs on the basis of fair realisable value of assets of refinery business and inter-se arrangement with the co-venture. On the application of one of the vendors of the USPL, Corporate Insolvency Resolution Process (CIRP) has been initiated against USPL by the Hon'ble National Company Law Tribunal, Allahabad Bench by application no. (IB) 120/ALD of 2017 dated May 29, 2018. It is expected that the entire dues of the term lenders will be paid out of the liquidation of the assets of USPL, and consequently the aforesaid shares shall be restored back to the Company, Therefore, no adjustment has been made in the accounts in respect of revocation of part of pledged shares as at March, 31, 2018.

(b) Out of total summary of equity shares of USPL as mentioned here above, 10,00,000 (March 31, 2017: 10,00,000; April 01, 2016: 45,15,000) equity shares had been agreed to be transferred in favor of the Company by the Board of Directors of USPL in its meeting held on March 28, 2013, but due to shares being pledged with IDBI, the effect has not been taken into the records of the depository participant of the Company.

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.4** | **OTHER FINANCIAL ASSETS (carried at amortised cost)** | | | |
| | (Unsecured and considered good unless otherwise stated) | | | |
| | Fixed deposits with banks (Earmarked) | 138.82 | 905.14 | 674.99 |
| | (Bank deposits with more than 12 months maturity) | | | |
| | Interest accrued but not due on fixed deposits with banks | 3.36 | 2.88 | 1.81 |
| | Security deposits | 55.26 | 1.53 | 1.53 |
| | Finance lease receviable * | - | - | 282.66 |
| | | **197.44** | **909.55** | **960.99** |

* includes

| | Amount outstanding as at | | | Maximum amount outstanding during | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 01, 2016 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| **Name of Subsidiaries** | | | | | | |
| Simbhaoli Power Private Limited | - | - | 282.66 | - | - | 282.66 |

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.5** | **NON CURRENT TAX ASSETS** | | | |
| | Advance tax | 378.65 | 495.31 | 919.20 |
| | Less: Provision for tax | - | - | - |
| | | **378.65** | **495.31** | **919.20** |
| **3.6** | **OTHER NON-CURRENT ASSETS** | | | |
| | (Unsecured and considered good unless otherwise stated) | | | |
| | Capital advances | - | 10.61 | 10.25 |
| | Security deposit | 17.25 | 55.46 | 36.59 |
| | Other advances * | 555.02 | 578.56 | 335.73 |
| | | **572.27** | **644.63** | **382.57** |
| | * Includes amount deposited with Government authorities under protest. | | | |
| **CURRENT ASSETS** | | | | |
| **3.7** | **INVENTORIES** | | | |
| | (at lower of cost and net realisable value) | | | |
| | Raw materials | 342.22 | 3,102.59 | 308.02 |
| | Work-in-progress | 897.36 | 1,200.75 | 599.79 |
| | Finished goods | 30,804.78 | 33,780.94 | 27,319.20 |
| | Stores and spares | 1,451.94 | 1,643.18 | 1,424.41 |
| | Loose Tools | 7.40 | 8.14 | 7.59 |
| | | **33,503.70** | **39,735.60** | **29,659.01** |
| | **Note.** | | | |
| | Carring amount of inventries pledged as security for borrowing | 33,503.70 | 39,735.60 | 29,659.01 |
| | Amount of write down of inventries recongnized as expeses | 6,471.96 | - | - |
| **FINANCIAL ASSETS** | | | | |
| **3.8** | **TRADE AND OTHER RECEIVABLES (carried at amortised cost)** | | | |
| | Outstanding for a period exceeding six months from due date for payment | | | |
| | Unsecured - considered good * | 3,673.50 | 4,007.38 | 6,009.99 |
| | - considered doubtful | 140.76 | 115.29 | 295.22 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| | 3,814.26 | 4,122.67 | 6,305.21 |
| Less: Allowance for doubtful receivables | 140.76 | 115.29 | 295.22 |
| | **3,673.50** | **4,007.38** | **6,009.99** |

* includes:

| | Amount outstanding as at | | | Maximum amount outstanding during | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 01, 2016 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| **Name of Subsidiaries** | | | | | | |
| Simbhaoli Global Commodities DMCC | 114.41 | 110.50 | 139.42 | 114.41 | 139.42 | 139.42 |
| Simbhaoli Power Private Limited | 847.00 | 422.65 | 1,289.99 | 892.04 | 1,289.99 | 1,433.79 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.9 CASH AND CASH EQUIVALENTS** | | | |
| Balances with banks: | | | |
| - on current account | 797.67 | 1,152.51 | 836.42 |
| Cash on hand | 5.76 | 11.49 | 11.46 |
| | **803.43** | **1,164.00** | **847.88** |
| **3.10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| Balances with bank | 4.79 | 4.79 | 4.79 |
| Fixed deposit with bank (Earmarked) | 578.62 | 484.96 | 471.23 |
| (Bank deposits with more than 3 months and less than 12 months maturity) | | | |
| Fixed deposit with bank (Earmarked) | 372.48 | 6,024.88 | 107.09 |
| (Bank deposits with less than 3 months maturity) | | | |
| | **955.89** | **6,514.63** | **583.11** |
| **3.11 LOANS (carried at amortised cost)** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Loans and advances to related party * | 22.24 | - | - |
| | **22.24** | **-** | **-** |

* includes

| | Amount outstanding as at | | | Maximum amount outstanding during | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 01, 2016 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| **Name of Subsidiaries** | | | | | | |
| Simbhaoli Global Commodities DMCC | 22.24 | - | - | 22.24 | - | - |

Note: Inter corporate deposits are receivables on demand. The purpose of utilisation of loan by the loanee company is for general corporate purpose.

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.12 OTHER FINANCIAL ASSETS (carried at amortised cost)** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Interest accrued on investment # | 3,056.91 | 2,619.81 | 1,643.65 |
| Security deposit | 82.11 | 99.92 | 74.64 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| Lease finance receivable [Refer Note No. 5] | - | 282.66 | 376.88 |
| Claims receivable | 76.06 | 276.74 | 195.53 |
| Others # | 369.20 | 1,450.12 | 674.86 |
| | **3,584.28** | **4,729.25** | **2,965.55** |

# includes

| | Amount outstanding as at | | | Maximum amount outstanding during | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 01, 2016 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| **Name of Subsidiaries** | | | | | | |
| Simbhaoli Power Private Limited | 3,334.10 | 3,041.10 | 2,109.23 | 3,334.10 | 3,041.10 | 2,109.23 |
| Integrated Casetech Consultants Private Limited | - | 54.69 | 54.68 | - | 54.69 | 156.32 |
| **Name of the Joint Venture** | | | | | | |
| Uniworld Sugars Private Limited | 0.10 | 1,070.45 | 360.39 | 1,070.45 | 1,070.45 | 360.38 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.13 OTHER CURRENT ASSETS** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Advance recoverable in cash or in kind or for value to be received | | | |
| Considered good | 342.54 | 400.90 | 630.24 |
| Considered doubtful | 13.85 | - | 101.12 |
| | 356.39 | 400.90 | 731.36 |
| Less : Allowance for doubtful advances | 13.85 | - | 101.12 |
| | 342.54 | 400.90 | 630.24 |
| Prepaid expenses | 135.92 | 128.61 | 137.94 |
| Advance to employees | 40.36 | 61.25 | 70.30 |
| Claims receivable | - | - | 543.74 |
| Balance with authorities | 269.75 | 1,122.77 | 1,700.47 |
| Security deposits | | | |
| Considered good | 55.02 | 38.17 | 68.02 |
| Considered doubtful | 27.50 | 34.86 | 81.36 |
| | 82.52 | 73.02 | 149.38 |
| Less : Allowance for doubtful security deposits | 27.50 | 34.86 | 81.36 |
| | 55.02 | 38.17 | 68.02 |
| | **843.59** | **1751.70** | **3150.7** |

**3.14 EQUITY SHARE CAPITAL**

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| **Authorized** | | | | | | |
| Equity shares of ₹ 10 each with voting rights | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 |
| Preference shares of ₹ 100 each | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 |
| | **7,20,00,000** | **10,800.00** | **7,20,00,000** | **10,800.00** | **7,20,00,000** | **10,800.00** |

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| **Issued, subscribed and paid up** | | | | | | |
| Equity shares of ₹ 10 each with voting rights fully paid-up | 3,92,79,020 | 3,927.90 | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 |
| | **3,92,79,020** | **3,927.90** | **3,74,79,020** | **3,747.90** | **3,74,79,020** | **3,747.90** |

A) Reconciliation of number of Authorised shares and amount outstanding at the beginning and at the end of the year

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| Equity shares with voting rights (one per share) | | | | | | |
| As at beginning of the year | 6,80,00,000 | 6800.00 | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 |
| Add: Addition during the year | - | - | - | - | - | - |
| **As at end of the year** | **6,80,00,000** | **6800.00** | **6,80,00,000** | **6,800.00** | **6,80,00,000** | **6,800.00** |
| Preference shares | | | | | | |
| As at beginning of the year | 40,00,000 | 4000.00 | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 |
| Add: Addition during the year | - | - | - | - | - | - |
| **As at end of the year** | **40,00,000** | **4000.00** | **40,00,000** | **4,000.00** | **40,00,000** | **4,000.00** |

B) Reconciliation of number of issued, subscribed and paidup shares and amount outstanding at the beginning and at the end of the year



| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| Equity shares with voting rights (one per share) | | | | | | |
| As at beginning of the year | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 |
| Add: Issue of shares against conversion of share warrants during the year | 18,00,000 | 180.00 | - | - | - | - |
| **As at end of the year** | **3,92,79,020** | **3,927.90** | **3,74,79,020** | **3,747.90** | **3,74,79,020** | **3,747.90** |

C) Shareholders holding more than 5% of the shares in the Company

| S. No. | Name of the Shareholders | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|---|
| | | (No. of Shares) | % of share holding | (No. of Shares) | % of share holding | (No. of Shares) | % of share holding |
| i) | Dholadhar Investments Private Limited | 74,62,114 | 19.00 | 74,62,114 | 19.91 | 74,62,114 | 19.91 |
| ii) | Mr. Gurmit Singh Mann | 42,26,154 | 10.76 | 37,26,154 | 9.94 | 37,26,154 | 9.94 |
| iii) | Ms. Gursimran Kaur Mann | 26,86,672 | 6.84 | # | # | # | # |
| iv) | Mr. Gurpal Singh | 24,02,770 | 6.12 | 24,02,770 | 6.41 | 24,02,770 | 6.41 |
| v) | Pearl Innovative Marketing Private Limited | 22,70,623 | 5.78 | 23,20,623 | 6.19 | 23,20,623 | 6.19 |
| vi) | Pritam Singh Sandhu Associates Pvt. Ltd. | 20,77,735 | 5.29 | 20,77,735 | 5.54 | 20,77,735 | 5.54 |
| vii) | Shri Vatsala Traders Private Limited | # | # | 19,15,434 | 5.11 | 20,15,434 | 5.38 |

# below 5%

D) The Company has alloted 3,74,79,020 Equity shares of ₹ 10 each aggregating ₹ 3,747.90 lacs during the financial year 2015-16 on Amalgamation of Erstwhile Simbhaoli Sugars Limited without payment being received in cash..

E) The Company has allotted 18,00,000 equity shares of ₹ 10/- each at a premium of ₹ 22.10 per share on March 29, 2018 to the specified promoters and directors on conversion of 18,00,000 equity warrants.

On December 22, 2017, 50,00,000 equity warrants of face value of ₹ 32.10 per warrant were allotted to specific promoters and directors of the Company, which are to be converted within 18 months of allotment into Equity Shares of ₹ 10 each at a price of ₹ 32.10 (including premium of ₹ 22.10) per share. The Company, on the request of the specified promoters and directors, has appropriated the amount payable to them aggregating to ₹ 789.92 lacs in form of outstanding unsecured loans (including interest thereon) as on the date of allotment toward the application money ₹ 8.025 per warrant aggregating ₹ 401.25 lacs.

The balance outstanding loan of ₹ 388.67 lacs along with further receipt of ₹ 44.68 lacs has been appropriated towards balance due of ₹ 22.975 per warrant in respect of 18,00,000 warrants. The Company as further received ₹ 268.97 lacs towards part payments of balance due on remaining warrants.

The break-up of paid up amount of remaining 32,00,000 Equity Warrants of face value of ₹ 32.10 per warrant is as under:

| | | |
|---|---|---|
| 1. 27,00,0000 Equity Warrants allotted to Ms. Gursimran Kaur Mann | ₹ | 440.45 lacs |
| 2. 500,000 Equity Warrants allotted to Mr. G. M. S. Mann | ₹ | 85.32 lacs |
| | ₹ | **525.77 lacs** |

F) Rights, preference and restriction attached to equity shares (₹ 10 each):

i) Voting right shall be in same proportion as the capital paid upon such equity share.

ii) The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.

iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.15 OTHER EQUITY** | | | |
| **Mollasses Storage Fund** | | | |
| Opening balance | 8.33 | 4.92 | - |
| Add: Addition during the year | 4.62 | 3.41 | 4.92 |
| **Closing balance** | **12.95** | **8.33** | **4.92** |
| **Share Warrant** [Refer Note No. 3.14] | | | |
| Opening balance | - | - | - |
| Add: Money received against share warrant | 1,103.57 | - | - |
| Less: Money utilised for conversion of share warrants into equity shares | 577.80 | - | - |
| **Closing balance** | **525.77** | **-** | **-** |
| **Securities premium account** | | | |
| Opening balance | 45,461.99 | 45,461.99 | 45,461.99 |
| Add: addition during the year | 397.80 | - | - |
| **Closing balance** | **45,859.79** | **45,461.99** | **45,461.99** |
| **Retained Earnings** | | | |
| Opening balance | (21,483.11) | (17,975.77) | (17,975.77) |
| Add: Profit/(loss) during the year | (18,059.86) | (3,308.99) | - |
| Add: transfer from Other Comprehensive Income | 95.67 | (198.35) | - |
| **Closing balance** | **(39,447.30)** | **(21,483.11)** | **(17,975.77)** |
| **Other Comprehensive Income** | | | |
| Opening balance | (2,284.19) | - | - |
| Add: Other Comprehensive Income for the year | 20.67 | (2,482.54) | - |
| Less: Transfer to Retained earnings | 95.67 | (198.35) | - |
| **Closing balance** | (2,359.19) | (2,284.19) | - |
| | **4,592.02** | **21,703.02** | **27,491.14** |

Notes:

i) 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 ₹ 92.09 lacs (Previous year ₹ 112.82 lacs).

ii) Retained earnings represents the undistributed loss/ amount of accumulated loss of the Company.

iii) Other comprehensive income (OCI) represents the balance in equity relating to re-measurement gain / (loss) of defined benefit obligation and FVTOCI of equity instruments in joint venture. This would not be re-classified to Statement of Profit and Loss.

**NON-CURRENT LIABILITIES**

**FINANCIAL LIABILITIES**

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.16** | **BORROWINGS (carried at amortised cost)** | | | |
| | **Secured** | | | |
| | Term loans | | | |
| | - from banks [Refer Note No. 10] | 31,507.79 | 21,082.26 | 4,161.86 |
| | - from others [Refer Note No. 10] | 6.33 | 8.76 | 387.66 |
| | **Unsecured** | | | |
| | - from related parties [Refer Note No. 10] | 805.32 | 1,969.23 | 1,585.21 |
| | | **32,319.44** | **23,060.25** | **6,134.73** |
| **3.17** | **OTHER FINANCIAL LIABILITIES (carried at amortised cost)** | | | |
| | Deffered Income [Refer Note No. 26] | 1,227.99 | 1,666.62 | 2,127.18 |
| | | **1,227.99** | **1,666.62** | **2,127.18** |
| **3.18** | **PROVISIONS** | | | |
| | Provision for employee benefit | | | |
| | Compensated absences | 346.54 | 315.74 | 179.61 |
| | | **346.54** | **315.74** | **179.61** |



**CURRENT LIABILITIES**

**FINANCIAL LIABILITIES**

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.19** | **BORROWINGS (carried at amortised cost)** | | | |
| | **Secured** | | | |
| | Loans repayable on demand | | | |
| | - from banks [Refer Note No. 10] | 31,294.19 | 29,017.13 | 36,608.67 |
| | - from others [Refer Note No. 10] | - | 134.43 | - |
| | **Unsecured** | | | |
| | Loans repayable on demand | | | |
| | - from banks [Refer Note No. 10] | 15,576.51 | 32,679.56 | 47,265.88 |
| | - from others [Refer Note No. 10] | 197.05 | - | - |
| | | **47,067.75** | **61,831.12** | **83,874.55** |
| **3.20** | **TRADE AND OTHER PAYABLES** | | | |
| | Total outstanding dues to micro and small enterprises [Refer Note No. 7] | 23.21 | 17.98 | 7.27 |
| | Total outstanding dues of other than micro and small enterprises | 56,344.80 | 57,614.12 | 50,558.66 |
| | | **56,368.01** | **57,632.10** | **50,565.93** |
| **3.21** | **OTHER FINANCIAL LIABILITIES (carried at amortised cost)** | | | |
| | Current maturities of long-term debt (secured) | | | |
| | - from banks [Refer Note No. 10] | 24,310.09 | 13,296.50 | 10,894.06 |
| | - from others [Refer Note No. 10] | 3,055.02 | 3,115.76 | 2,769.82 |
| | Interest accrued but due on borrowings | 15,780.39 | 19,173.39 | 11,207.17 |
| | Interest accrued but not due on borrowings | 0.05 | 0.06 | 22.32 |
| | Employees dues | 1,834.58 | 1,429.62 | 1,093.29 |
| | Others liabilities (including capital creditors) | 172.81 | 929.75 | 554.22 |
| | Deffered income [Refer Note No. 26] | 438.63 | 460.56 | 483.15 |
| | | **45,591.57** | **38,405.64** | **27,024.03** |

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.22** | **PROVISIONS** | | | |
| | Provision for employee benefits | | | |
| | Compensated absences | 94.39 | 52.11 | 59.40 |
| | | **94.39** | **52.11** | **59.40** |
| **3.23** | **OTHER CURRENT LIABILITIES** | | | |
| | Statutory dues payable * | 556.39 | 3,332.27 | 2,125.77 |
| | Advance received from customers | 597.48 | 676.22 | 515.00 |
| | Security deposits | 154.77 | 140.09 | 146.27 |
| | Others payable | 21.03 | 9.11 | 6.10 |
| | | **1,329.67** | **4,157.69** | **2,793.14** |
| | * Includes excise duty on closing stock (₹ lacs) | - | 2,180.41 | 1,543.93 |

| | | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **3.24** | **REVENUE FROM OPERATIONS** | | |
| | **Revenue from sale of products** | | |
| | Sale of Products [Refer Note No.21] | 90,327.78 | 88,922.55 |
| | | 90,327.78 | 88,922.55 |
| | **Other Operating revenue** | | |
| | Sale of Scrap | 108.08 | 74.03 |
| | Subsidy from Central Governement under MIEQ | 3.60 | 593.01 |
| | Other miscellaneous income | 28.21 | 304.09 |
| | | **90,467.67** | **89,893.68** |
| **3.25** | **OTHER INCOME** | | |
| | **Interest income on financial assets carried at amortised cost** | | |
| | Fixed deposits with bank | 215.12 | 367.55 |
| | Debentures | 1,209.59 | 1,140.38 |
| | Others | 8.66 | 62.56 |
| | **Interest income on income tax refund** | - | 17.35 |
| | **Other Non operating income** | | |
| | Rent | 39.37 | 74.92 |
| | Profit on sale of fixed assets | 4.59 | - |
| | Liabilities/provisions no longer required, written back | 637.23 | 670.62 |
| | Miscellaneous | 446.84 | 936.73 |
| | | **2,561.40** | **3,270.11** |
| **3.26** | **COST OF MATERIALS CONSUMED** | | |
| | Sugarcane | 78,867.76 | 63,134.21 |
| | Molasses | 2,643.34 | 3,690.05 |
| | ENA and others | 222.32 | 198.22 |
| | | **81,733.42** | **67,022.48** |

| | | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **3.27** | **CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** | | |
| | Opening stock | | |
| | Finished goods | 33,780.95 | 27,252.83 |
| | Work-in-progress | 1,200.75 | 599.55 |
| | Stock-in-trade | - | 23.15 |
| | | 34,981.70 | 27,875.53 |
| | Closing stock | | |
| | Finished goods | 30,804.78 | 33,780.95 |
| | Work-in-progress | 897.36 | 1,200.75 |
| | Stock-in-trade | - | - |
| | | 31,702.14 | 34,981.70 |
| | Less : Excise Duty * | 1,508.43 | (645.30) |
| | Net (increase)/ decrease in inventories | **1,771.13** | **(6,460.87)** |

*The amount of excise duty on stock represents differential excise duty on opening and closing stock.

Note : The amount of loss due to write down the inventories at net realisable value recognised during the year ended March 31, 2018 as expenses and included in change is inventories in ₹ 6,471.96 lacs.

| | | | |
|---|---|---|---|
| **3.28** | **EXCISE DUTY ON SALE OF GOODS** | | |
| | Excise duty on sale of goods | 1,719.80 | 4,881.71 |
| | | **1,719.80** | **4,881.71** |
| **3.29** | **EMPLOYEE BENEFITS EXPENSE** | | |
| | Salaries and wages | 4,352.81 | 4,864.83 |
| | Contribution to provident and other funds # | 515.01 | 533.00 |
| | Staff welfare expenses | 118.21 | 113.71 |
| | | **4,986.03** | **5,511.54** |

# includes gratuity expense [Refer Note No. 16]

| | | | |
|---|---|---|---|
| **3.30** | **FINANCE COSTS** | | |
| | Interest expense on financial liabilities measured at amortized cost | 4,530.15 | 12,170.93 |
| | Other interest | 5.28 | 1.39 |
| | Other borrowing costs | 70.85 | 120.43 |
| | | 4,606.28 | 12,292.75 |
| | Less : amount included in the cost of qualifying assets | - | 23.93 |
| | | **4,606.28** | **12,268.82** |
| **3.31** | **DEPRECIATION AND AMORTISATION EXPENSE** | | |
| | Depreciation of property, plant and equipment [Refer Note No. 3.1] | 4,625.47 | 4,647.12 |
| | Amortization of intangible assets [Refer Note No. 3.2] | 2.91 | 4.00 |
| | | **4,628.38** | **4,651.12** |
| **3.32** | **OTHER EXPENSES** | | |
| | Consumption of stores and spare parts * | 2,516.39 | 2,460.89 |
| | Power and fuel | 1,451.74 | 1,078.04 |
| | Rent | 144.80 | 210.63 |
| | Repairs | | |
| | - Buildings | 78.99 | 75.36 |
| | - Machinery | 1,225.81 | 985.43 |
| | - Others | 131.86 | 99.76 |
| | Donations | 0.73 | 0.37 |
| | Insurance | 107.51 | 197.76 |
| | Rates and taxes | 252.52 | 107.23 |
| | Bad debts and advances written off | 59.02 | 14.91 |
| | Provision for doubtful debts and advances | 215.20 | - |

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| Freight Loading, Unloading & Material shifting | 400.77 | 250.78 |
| Commission to selling agents | 297.26 | 269.12 |
| Travelling and conveyance | 216.56 | 206.79 |
| Marketing expense | 443.09 | 359.04 |
| Export expenses | 47.63 | 324.86 |
| Loss on sale of fixed assets | 8.59 | 3.46 |
| Management fees written off | 985.78 | - |
| Sugar development expense | 203.13 | 239.71 |
| Loss on foreign exchange fluctuation | 3.41 | 1.06 |
| Printing and stationery | 30.04 | 21.64 |
| Contractor & security charges | 317.69 | 336.12 |
| Legal and professional expense [includes auditor's remuneration - Refer Note No. 20] | 398.78 | 396.21 |
| Miscellaneous expenses | 871.08 | 470.54 |
| | **10,408.37** | **8,109.72** |

* Stores, oils and chemicals allocated to other revenue heads ₹1,248.15 lacs (previous year ₹ 814.11 lacs)

**3.33 EXCEPTIONAL ITEMS**

| | | |
|---|---|---|
| Write back of loan liabilities [Refer Note No. 15 (i)] | 970.79 | (970.79) |
| Cane commission written off [Refer Note No. 15 (ii)] | - | 543.74 |
| | **970.79** | **(427.05)** |

4. The Indian sugar industry has been facing difficulties on account of highest ever sugar production in the country in the sugar year 2017-18 resulting in steep fall in sugar prices and significant value erosion in the market price of molasses. This along with increase in sugarcane prices and closure of distilleries of the Company as well as many other distilleries across the state by environmental agencies, has caused significant under recovery of cost of production. These factors have adversely affected the financial position of the sugar industry and of the Company as well. As a result, the company has incurred huge cash losses during the year resulting in increase in cane arrears and default in payment of interest and principal dues of the lenders. Further, consequent to the scrapping of all existing restructuring schemes by the Reserve Bank of India (RBI) vide their Notification No. 531 dated February 12,2018, the debt realignment proposal of the Company to realign the debts in accordance with the available future cash flow of the company, cannot be further deliberated upon by the lenders under Joint Lender Forum. The Company has approached its lenders for debt resolution of its outstanding debts in accordance with the available future cash flow of the Company for servicing its sustainable debt after waiver and remission of part of existing principal and unpaid interest, which is under consideration by the bankers.

   To revive the sugar industry, the Central and State Governments have already initiated and are considering various favourable steps including specific support for liquidation of cane arrears, fixing obligation for export to reduce the sugar inventory, increase in the realization of ethanol price, linking of sugarcane price with sugar realization etc. All these measures are expected to turnaround operations of the sugar industry on sustainable basis. The Company has also initiated various steps for further de-risking its business and resumed distillery operations, after meeting all compliances, in the last quarter of financial year. The company is also confident of receiving a significant amount through subsidy from State Government under the Erstwhile Sugar Promotion Policy, 2004, which had been earlier withheld by the State Government by scrapping the scheme, as recently Hon'ble Supreme Court has directed the State Government to pay the subsidy as per announced scheme to the eligible entities.

   In view of the aforesaid internal and external measures, the management is confident that the Company will continue to operate all its manufacturing facilities at optimum levels and will earn sufficient cash flow from its business operation in future to serve the debts as per proposed resolution and to improve its liquidity. Accordingly, these financial statements have been prepared on a going concern basis which contemplates realization of assets and settlement of liabilities in the normal course of business.

5. Under the scheme of amalgamation, the Company has acquired rights under finance lease arrangement with Simbhaoli Power Private Limited for one of the equipments at its Simbhaoli Sugar Division.

   Reconciliation of future minimum lease payments and gross investment in the lease and present value of minimum lease payments are as follows:

(₹ lacs)

| Description | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Future minimum lease payments | | |
| - Not later than one year | - | 291.20 |
| - Later than one year and not later than five years | | - |
| - Later than five year | | - |
| | | **291.20** |
| - Unearned finance income Present value of minimum lease payments receivable | - - | 8.54 |
| - Not later than one year | - | 282.66 |
| - Later than one year and not later than five years | | - |
| - Later than five years | - | - |

**Disclosure in respect of Non-Cancellable Operating Lease:**

The company has taken premises on operating lease for primary lease period of 6 years from the date of lease. The lease period may be further extended and lease rental levy modified as per mutual decision of the parties. Details of future minimum lease payments in accordance with terns agreed as at year end under non-cancellable operating lease are as follows:

(₹ lacs)

| Description | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **(A) Future minimum lease payments:** | | |
| - Not later than one year | 6.00 | 29.70 |
| - Later than one year and not later than five years | 24.00 | 118.80 |
| - Later than five years | - | - |
| **(B) Lease payment recognized in the statement of Profit & Loss during the year :** | | |
| Minimum Lease payments | 17.85 | 29.70 |

The company has given premises on operating lease for primary lease period of 6 years from the date of lease. The lease period may be further extended and lease rental levy modified as per mutual decision of the parties. Details of future minimum lease income in accordance with terms agreed as at year end under non-cancellable operating lease are as follows:

(₹ lacs)

| Description | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **(A) Future minimum lease income:** | | |
| - Not later than one year | 3.60 | 21.60 |
| - Later than one year and not later than five years | 14.40 | 86.40 |
| - Later than five years | - | - |
| **(B) Lease income recognized in the statement of Profit & Loss during the year :** | | |
| Minimum Lease income | 12.60 | 21.60 |

**6. Contingent liabilities and commitments (to the extent not provided for):**

i) Claims against the Company not acknowledged as debts ₹ 1,506.25 lacs (March 31, 2017: ₹ 1,781.98 lacs; April 01, 2016: ₹ 1,793.21 lacs).

(₹ lacs)

| Description | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Sales Tax/Trade Tax Act | 5.28 | 5.28 | 5.28 |
| Central Excise Act | 897.36 | 1,166.84 | 1,170.71 |
| Finance Act, 1994 | 187.76 | 194.01 | 194.01 |
| Others | 415.85 | 415.85 | 423.21 |
| **Total** | **1506.25** | **1781.98** | **1,793.21** |

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not in the opinion of the management, have a material effect on results of operations or financial position of the Company.

The amount shown in Note No. 6 (i) above represent the best possible estimates arrived on the basis of demand raised by the claimant and does not include interest if any, payable thereon from the date of demand. The uncertainties and timing of the cash flows are dependent on the 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.

ii) Based on expert committee report, the State Government of Uttar Pradesh had waived interest on the delayed payment of cane price for the sugar seasons 2012-13, 2013-14 and 2014-15. The waiver was challenged by the Rashtriya Kisan Mazdoor Sangathan before the Hon'ble High Court Allahabad. The said Court has set aside the waiver and remanded back the matter to reconsider it after hearing all Stakeholders. The waiver of interest for the sugar season 2015-16 is also under consideration. However, notice for payment of interest on delayed payment of cane price for the sugar season 2016-17 has been issued against which the industry has made representation for waiver. Pending finalisation, no provision has been made in respect of above mentioned interest and the amount has not been ascertained. Based on the past practice, the management is confident that no interest liability will arise for above mentioned periods and also for the current sugar season.

**iii) Capital and other commitment**

Estimated value of contracts (net of advances) remaining to be execute on Capital account ₹ 211.31 lacs (March 31, 2017: ₹1,043.31 lacs, April 01, 2016: ₹ 39.72 lacs). The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long-term commitments or material non-cancellable contractual commitments / contracts, which may have a material impact on the financial statements

7. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act,2006 (MSMED ACT, 2006).

On the basis of supplier information available with the Company who have registered under the MSMED Act, 2006, the following are the details:

(₹ lacs)

| S. No. | Description | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| 1. | Principal amount remaining unpaid to any supplier as at the end of the accounting year. | 23.21 | 17.98 |
| 2. | Interest due thereon remaining unpaid to any supplier as at the end of the accounting year. | 3.83 | 2.57 |
| 3. | The amount of interest paid by the company in terms of section 16, of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year. | - | - |
| 4. | The amount of interest due and payable for the period | 3.83 | 2.57 |
| 5. | The amount of interest accrued and remaining unpaid at the end of the accounting year. | 3.83 | 2.57 |
| 6. | The amount of further interest due and payable even in the succeeding period, 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 MSMED Act, 2006. | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

8. The Special Resolution for reclassification of promoters' category was passed at 6th Annual General Meeting of the members of the Company. Thereafter, an application seeking reclassification of Mr. Gurpal Singh, Mr. Govind Singh Sandhu, Ms. Jai Inder Kaur, Mr. Angad Singh and M/s Pritam Singh Sandhu Associates Private Limited (Collectively referred to as 'Sandhu Group/ Exiting Promoter'), from existing promoter group to the public category shareholders, in terms of provisions of regulation 31A (7) of SEBI (LODR) Regulations, 2015, was filed with SEBI/ Stock Exchanges. The approval from SEBI/Stock Exchanges is awaited.

9. ESSL has facilitated Agri loans from four commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee and post-dated cheques as security. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane in earlier years and ESSL facilitating the repayment of these loans along with interest to the banks. As per sanction of CDREG dated February 02, 2016 all the dues outstanding were proposed to be converted into term loans, subject to the consent of respective commercial banks. Two of the commercial banks have converted their dues into term loan in the financial year 2016-2017 and one of the commercial banks have converted their dues into term loan in financial year 2017-18.

   Oriental Bank of Commerce (OBC), one of its bank, who has converted agri loan in to term loan as aforesaid in financial year 2016-17 arbitrarily classified its outstanding agriloan as "Suspected Fraud" liability in March 2015 but subsequently, after following due process, including but not limited to obtaining specific permission from the Reserve Bank of India (RBI), and in consultation with all other Consortium Lenders, it sanctioned and disbursed a term loan in February 2016 for liquidating the agri loans. In addition, in an application filed by OBC at the Debt Recovery Tribunal, OBC confirmed a simultaneous closure of the matter.

   During current year, OBC has arbitrarily initiated recovery actions against the Company for the restructured term loan and also filed a criminal complaint with the investigating agency, again declaring the facilities as "Suspected Fraud". The Company has denied any fraud on its part, provided adequate documentation for the same, while reiterating its commitment for repayment to all the lenders based on available future cash flows. The Company has sought legal advice in this matter and the legal advisors have opined that there have been various gross omissions and commissions at the banks' end and that the company should take appropriate action at the relevant forums at the required time. Since the OBC has recalled the loan during the current year, their outstanding dues as at March 31, 2018 has been classified and shown under "Other Current Financial Liabilities". The dues of OBC as at March 31, 2017 has been classified and shown under "Financial Liabilities – Borrowing under Non-Current Liabilities" according to restructured terms prevailing on that date.

   The dues of other two banks have been classified as "Financial Liabilities – Borrowing under Non-Current Liabilities". The principal and interest dues of one bank, who have not yet given its consents, are classified and shown under "Financial Liabilities – Unsecured Borrowing under Current Liabilities" and "Other Current Financial Liabilities" respectively.

10. The loans availed by the Company have been classified as Non-Performing Assets (NPA) by the lenders and interest thereon is not being charged to the loan accounts as per the applicable practices. As stated in Note No. 4, debt resolution proposal, submitted by the Company, for debts resolution of its outstanding debts in accordance with the available future cash flow of the Company for servicing its sustainable debt is under consideration by the lenders.The debt resolution proposal under consideration with lenders, includes waiver of un-paid interest by certain lenders. The Company is hopeful that un-paid interest on certain loan accounts will be waived to work out sustainable portion of debts. Accordingly, interest expense for the year ended March 31, 2018, amounting to ₹ 11,971.59 lacs have not been recognized in the books of accounts. Un-paid interest, recognized in the books of accounts up to the end of March 31, 2017, will be reworked at the time of implementation of debt resolution plan. The terms of repayment, nature of security and overdue, if any, in accordance with existing agreements are as under.



**(A) Long term borrowings (Secured)**

| Term Loan | Outstanding (₹ lacs) | | Terms of repayment | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | Financial year | Amount (₹ lacs) | | | |
| From Commercial Banks<br>- Under Long Term Borrowings<br>- Under Current Maturities | <br>9,557.67<br>8,661.49 | <br>10,751.34<br>7,799.35 | 2018-19<br>2019-20<br>2020-21<br>2021-22<br>2022-23<br>2023-24<br>2024-25 | 8,661.49<br>1,231.97<br>1,858.07<br>1,861.20<br>1,864.76<br>1,493.87<br>1,247.78 | 12.5% p.a. | 1. First pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. First pari passu charge on pledge of 26.32 lacs equity shares of the Company held by Promoters.<br>3. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Principal overdue below 90 days ₹ 218.49 lacs (Previous year - ₹ Nil) and above 90 days ₹ 7,212.02 lacs (Previous year ₹ 6,075.40 lacs).<br>- Interest overdue below 90 days of ₹ Nil (Previous year - ₹ 626.93 lacs) and above 90 days ₹ 1754.92 lacs (Previous year - ₹ 2,084.50 lacs). |

| Term Loan | Outstanding (₹ lacs) | | Terms of repayment | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | Financial year | Amount (₹ lacs) | | | |
| From Commercial Banks | | | | | Range Between 8.60% p.a. to 11.35% p.a. | 1. First sub-servient charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. Personal guarantees Mr. Gurmit Singh Mann, Chairman and Ms. Gursimran Kaur Mann, Director of the Company. | - Principal overdue below 90 days ₹479.50 lacs (Previous year - ₹275.00 lacs) and above 90 days ₹7,284.55 lacs (Previous year - ₹733.33 lacs).<br>- Interest overdue below 90 days of ₹Nil (Previous year - ₹323.18 lacs) and above 90 days ₹517.72 lacs (Previous year - ₹532.40 lacs). |
| - Under Long Term Borrowings | 21,950.12 | 8,250.00 | 2018-19 | 10,734.86 | | | |
| - Under Current Maturities | 10,734.86 | 2,658.33 | 2019-20 | 3,474.65 | | | |
| | | | 2020-21 | 3,530.59 | | | |
| | | | 2021-22 | 836.54 | | | |
| | | | 2022-23 | 1,056.52 | | | |
| | | | 2023-24 | 1,112.55 | | | |
| | | | 2024-25 | 1,224.55 | | | |
| | | | 2025-26 | 1,336.71 | | | |
| | | | 2026-27 | 1,504.87 | | | |
| | | | 2027-28 onwards | 7,873.08 | | | |

| Term Loan | Outstanding (₹ lacs) | | Terms of repayment | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | Financial year | Amount (₹ lacs) | | | |
| From Co-operative Bank | | | | | 12.00 % p.a. with 100% subvention from Govt. of India on timely payment | 1. First pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. Mortgage of residential property of Promoter Director.<br>3. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Principal overdue below 90 days ₹520.24 (Previous year- ₹520.25 lacs) and above 90 days ₹2,312.53 lacs (Previous year- ₹237.65 lacs).<br>- Interest overdue below 90 days of ₹121.17 lacs (Previous year- ₹Nil) and above 90 days ₹218.09 lacs (Previous year- ₹Nil). |
| - Under Long Term Borrowings | - | 2,080.92 | 2018-19 | 4,913.74 | | | |
| - Under Current Maturities | 4,913.74 | 2,838.82 | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Others | | | | | Range between 4.00 % to 10.00 % p.a. | 1. Term loan from Sugar Development Fund of ₹ 2,952.54 lacs (previous year ₹ 3,013.71 lacs) is secured by way of second exclusive charge on all movable and immovable fixed assets of the respective division.<br>2. Term loan from Sugar Technology Mission of ₹ 100.00 lacs (previous year ₹ 100.00 lacs) is secured by way of exclusive first charge on Sugarcane Juice Purification project at Simbhaoli Sugar Division of the Company. | - Principal overdue below 90 days ₹ Nil (Previous year - ₹ 201.08 lacs) and above 90 days ₹ 3,052.54 lacs (Previous year - ₹ 2,524.97 lacs).<br>- Interest overdue below 90 days of ₹ 91.63 lacs (Previous year - ₹ 70.16 lacs) and above 90 days ₹ 926.87 lacs (Previous year - ₹ 670.34 lacs). |
| - Under Long Term Borrowings | - | - | 2018-19 | 3,052.54 | | | |
| - Under Current Maturities | 3,052.54 | 3,113.71 | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Others | | | | | 10.00% p.a. | 1. Hypothecation of specific vehicle acquired under the scheme. | ₹Nil |
| - Under Long Term Borrowings | 6.33 | 8.76 | 2018-19 | 2.48 | | | |
| - Under Current Maturities | 2.48 | 2.05 | 2019-20 | 2.52 | | | |
| | | | 2020-21 | 2.78 | | | |
| | | | 2021-22 | 1.03 | | | |

**(B) Unsecured loans from Related Parties of ₹ 805.32 lacs (Previous year - ₹ 1,969.23 lacs) carry interest rate (Ranges between) from 11.00 % to 11.10 % p.a. are payable after repayment of term loan in accordance with Scheme.**

**(C) Short term borrowings (Secured)**

| Loan repayable on demand | Outstanding (₹ lacs) | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | | |
| From Commercial Banks | 16,913.97 | 15,307.20 | 12.5% p.a. | 1. First pari passu charge by way of hypothecation of all current assets of respective division.<br>2. Third pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>3. First pari passu charge on pledge of 26.32 lacs equity shares of the Company held by Promoters.<br>4. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Interest overdue of below 90 days ₹ Nil (Previous year - ₹ 579.05 lacs) and above 90 days ₹ 5082.47 lacs (Previous year- ₹ 3,776.03 lacs). |

| Loan repayable on demand | Outstanding (₹ lacs) | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | | |
| From Co-operative Bank | 9,455.22 | 8,782.31 | 11.25% p.a. | 1. Pledge of sugar stock of the respective division of the Company. 2. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Interest overdue below 90 days of ₹ 138.27 lacs (Previous year -₹ Nil) and above 90 days ₹180.03 lacs (Previous year - ₹ Nil) |
| From Co-operative Bank | 4,925.00 | 4,927.62 | 11.5% p.a. | Pledge of sugar stock of the respective division of the Company. | Interest overdue below 90 days of ₹ 153.53 lacs (Previous year -₹ Nil) and above 90 days ₹ 442.09 lacs (Previous year - ₹ Nil) |
| From Others | - | 134.43 | 13.50% p.a. | Pledge of specific sugar stock of respective division. | ₹ Nil |

**(D) Short Term Borrowings (Un-secured)**

| Loan repayable on demand | Outstanding (₹ lacs) | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | | |
| From Commercial Banks | 15,576.51 | 32,679.56 | Range between 9.5% to 11% p.a. | N.A. | - Principal overdue above 90 days of ₹ 15,576.51 lacs (Previous year - ₹ 32,679.56 lacs). - Interest overdue below 90 days of ₹ Nil (Previous year- ₹ 795.86 lacs) and above 90 days ₹ 6,153.60 lacs (Previous year- ₹ 9,714.94 lacs). |

**(E) Unsecured loans from Related Parties of ₹ 25 lacs (Previous year -₹ Nil) and Others ₹ 172.05 lacs (Previous year -₹ Nil) carry interest rate (ranges between) from 10.65 % to 10.95 % p.a. are payable on demand.**



**11. Related Party disclosures under Accounting Standard 18**

**i)** Name of related parties and description of relationship:

**Subsidiaries:**

- Simbhaoli Global Commodities DMCC (DMCC)
- Integrated Casetech Consultants Private Limited (ICCPL)
- Simbhaoli Power Private Limited (SPPL)
- Simbhaoli Speciality Sugars Private Limited (SSSPL)

**Joint Venture:**

- Uniworld Sugars Private Limited (USPL).

**Co-venturer:**

- Volcafe Pte Ltd. (Formerly known as ED & F Man Asia Holdings Pte Ltd.)

**Key Management Personnel (KMP):**

- Mr. G. M. S Mann - Chairman
- Mr. Gurpal Singh – Director
- Ms. Gursimran Kaur Mann - Director
- Mr. Sanjay Tapriya – Director
- Mr. S.N. Misra – Chief Operating Officer (w.e.f. September 18, 2017)
- Mr. Karan Singh- Whole Time Director (ceased to be key management personnel w.e.f. September 18, 2017)
- Mr. S.C. Kumar – Independent Director (ceased to be key management personnel w.e.f. August 02, 2017)
- Mr. S.K. Ganguli – Independent Director
- Mr. B.K. Goswami – Independent Director
- Mr. Sangeet Shukla – Independent Director (ceased to be key management personnel w.e.f. March 17, 2018)
- Mr. Dalbir Singh – Independent Director
- Mr. C.K. Mahajan – Independent Director
- Mr. J.M. Seth – Independent Director (was appointed on September 27, 2017 up to March 01,2018)
- Mr. D.C.Popli – Chief Financial officer
- Mr. Kamal Samtani – Company Secretary

**Relatives of Key management personnel:**

- Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya),
- Mr. Govind Singh Sandhu (brother of Mr. Gurpal Singh),
- Mr. G.M.S Mann (HUF)

**Enterprise over which key management personnel exercise significant influence:**

- Dholadhar Investments Private Limited,
  (enterprise over which Mr. G. M. S. Mann and Ms. Gursimran Kaur Mann exercise significant influence)
- Mahajan Law House
  (enterprise over which Mr. C.K. Mahajan exercise significant influence)
- Raghav & Co
  (enterprise over which Mr. J.M. Seth exercise significant influence)

**Trusts:**

- Simbhaoli Superannuation Trust
- Simbhaoli Gratuity Trust
- Simbhaoli Foundation Trust

## ii) Transactions with the above parties :

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Transactions** | | |
| **Rent paid** | **18.93** | **30.78** |
| Mrs. Mamta Tapriya | 1.08 | 1.08 |
| SSSPL | 17.85 | 29.70 |
| **Rent income** | **12.72** | **21.72** |
| ICCPL | 12.60 | 21.60 |
| Simbhaoli Foundation Trust | 0.12 | 0.12 |
| **Managerial remuneration** | **190.99** | **99.04** |
| Ms. Gursimran Kaur Mann | 71.53 | - |
| Mr. S. N. Misra | 30.60 | 23.93 |
| Mr. D. C. Popli | 53.10 | 53.05 |
| Mr. Kamal Samtani | 21.49 | 21.32 |
| Mr. Karan Singh | 14.27 | 0.74 |
| **Loans taken** | **25.00** | **470.00** |
| Dholadhar Investments Private Limited | - | 470.00 |
| Mr. Sanjay Tapriya | 25.00 | - |
| **Loan given** | **21.01** | **-** |
| DMCC | 21.01 | - |
| **Loans repaid** | **312.38** | **-** |
| Dholadhar Investments Private Limited | 80.00 | - |
| Mr. G. M. S. Mann (HUF) | 213.26 | - |
| Mr. Gurpal Singh | 19.12 | - |
| **Expenses paid** | **1,047.64** | **786.38** |
| SPPL | 1,021.05 | 774.39 |
| Mahajan Law House | 9.68 | 11.99 |
| Raghav & Co | 16.91 | - |
| **Interest paid** | **110.03** | **154.50** |
| Mr. G. M. S. Mann | 6.11 | 11.30 |
| Mr. G. M. S. Mann (HUF) | 15.01 | 21.47 |
| Mr. Sanjay Tapriya | 1.33 | - |
| Ms. Gursimran Kaur Mann | 26.02 | 73.45 |
| Dholadhar Investments Private Limited | 61.56 | 48.28 |
| **Sale of finished goods** | **1,165.03** | **583.79** |
| SPPL | 1,165.03 | 583.79 |
| **Sitting fees paid - total** | **11.75** | **14.75** |
| Mr. S. C. Kumar | 0.75 | 3.50 |
| Mr. S. K. Ganguli | 2.75 | 3.50 |
| Mr. B. K. Goswami | 3.00 | 3.50 |
| Mr. Sangeet Shukla | 2.50 | 2.75 |
| Mr. Dalbir Singh | 1.25 | - |
| Mr. C. K. Mahajan | 0.75 | 1.50 |
| Mr. J. M. Seth | 0.75 | - |
| **Expenses recovered** | **208.43** | **157.69** |
| ICCPL | 1.52 | 22.56 |
| SPPL | 200.33 | 134.76 |
| USPL | 3.33 | 0.37 |
| Simbhaoli Global Commodities, DMCC | 3.25 | - |
| **Contribution in trusts** | **39.05** | **104.37** |
| Simbhaoli Foundation Trust | 0.63 | 0.37 |
| Simbhaoli Supernnuation Trust | 10.92 | 10.50 |
| Simbhaoli Gratuity Trust | 27.50 | 93.50 |
| **Interest income** | **1,218.13** | **1,016.20** |
| SPPL | 1,218.13 | 1,016.20 |
| **Management fees charged** | **245.97** | **952.07** |
| SPPL | 245.97 | 286.47 |
| USPL | | 665.60 |
| **Management fees written off** | **(977.64)** | **-** |
| USPL | (977.64) | - |
| **Operation and job work charges paid** | **156.00** | **150.00** |
| ICCPL | 156.00 | 150.00 |
| **Unsecured loan converted into share warrant application money** | **789.92** | **-** |
| Mr. G. M. S. Mann | 124.82 | - |
| Ms. Gursimran Kaur Mann | 665.10 | - |
| **Share application money received during the year** | **313.65** | **-** |
| Mr. G. M. S. Mann | 121.00 | - |
| Ms. Gursimran Kaur Mann | 192.65 | - |
| **Share warrant application money converted into Equity share during the year** | **577.80** | **-** |
| Mr. G. M. S. Mann | 160.50 | - |
| Ms. Gursimran Kaur Mann | 417.30 | - |
| **Share warrant issued during the year (no.)** | **50.00** | |
| Mr. G. M. S. Mann | 10.00 | - |
| Ms. Gursimran Kaur Mann | 40.00 | - |

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Share warrant converted into equity share during the year (no.)** | **18.00** | |
| Mr. G. M .S. Mann | 5.00 | - |
| Ms. Gursimran Kaur Mann | 13.00 | - |

Note: The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

## iii) Balance outstanding at the end of the year

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended April 01, 2016 |
|---|---|---|---|
| **Other financial assets** | **3,334.20** | **4,166.24** | **2,524.30** |
| SPPL | 3,334.10 | 3,041.10 | 2,109.23 |
| ICCPL | - | 54.69 | 54.68 |
| USPL | 0.10 | 1,070.45 | 360.39 |
| **Other non-current assets** | **45.00** | **45.00** | **327.66** |
| SPPL | 45.00 | 45.00 | 327.66 |
| **Short term borrowings** | **26.20** | **-** | **-** |
| Mr. Sanjay Tapriya | 26.20 | - | - |
| **Trade payables** | **109.57** | **62.95** | **78.76** |
| Mr. G. M. S. Mann | 2.24 | 0.51 | 5.69 |
| Mr. Gurpal Singh | 0.28 | 15.23 | 27.90 |
| Mr. Sanjay Tapriya | - | - | 0.57 |
| Ms. Gursimran Kaur Mann | 9.89 | 6.63 | 15.97 |
| Mr. S. N. Misra | 10.68 | - | 2.12 |
| Mr. Karan Singh | 0.41 | 0.41 | - |
| Mr. S. C. Kumar | 1.02 | - | - |
| Mr. S. K .Ganguli | 1.78 | - | - |
| Mr. B. K. Goswami | 1.82 | - | - |
| Mr. Sangeet Shukla | 1.10 | - | - |
| Mr. Dalbir Singh | 0.90 | - | - |
| Mr. C. K. Mahajan | 0.81 | - | - |
| Mr. J. M. Seth | 0.23 | - | - |
| Mr. D. C. Popli | 2.23 | 0.51 | 0.30 |
| Mr. Kamal Samtani | 0.83 | 0.55 | (0.06) |
| Mrs. Mamta Tapriya | 0.57 | 0.08 | 0.24 |
| Mahajan Law House | 4.20 | - | - |
| Mr. Govind Singh Sandhu | - | 13.21 | 14.21 |
| ICCPL | 34.29 | - | - |
| SSSPL | 36.29 | 25.82 | 11.82 |
| **Long-term borrowings** | **805.32** | **1,969.23** | **1,585.21** |
| Mr. G. M. S. Mann | 312.83 | 463.15 | 643.33 |
| Mr. G. M. S. Mann (HUF) | - | 213.26 | 193.94 |
| Mr. Gurpal Singh | - | 19.12 | 19.12 |
| Ms. Gursimran Kaur Mann | - | 696.61 | 660.18 |
| Dholadhar Investments Private Limited | 492.49 | 577.09 | 68.64 |
| **Unsecured loans given** | **22.24** | **-** | **-** |
| Simbhaoli Global Commodities, DMCC | 22.24 | - | - |
| **Trade receivable** | **961.81** | **533.69** | **1,429.29** |
| DMCC | 114.41 | 110.50 | 139.41 |
| SPPL | 847.00 | 422.65 | 1,289.99 |
| Simbhaoli Foundation | 0.41 | 0.54 | (0.11) |
| **Pledge of investment (no.of shares) (in lacs) #** | **309.42** | **309.42** | **309.42** |
| SPPL | 19.30 | 19.30 | 19.30 |
| USPL [Refer Note No. 18] | 290.12 | 290.12 | 290.12 |
| **Share warrant at the end of the year (no.)** | **32.00** | **-** | **-** |
| Mr. G. M. S. Mann | 5.00 | - | - |
| Ms. Gursimran Kaur Mann | 27.00 | - | - |
| **Investment outstanding - equity instruments (₹ lacs)** | **8,429.55** | **8,504.55** | **10,788.74** |
| ICCPL | 383.73 | 383.73 | 383.73 |
| DMCC | 39.94 | 39.94 | 39.94 |
| SPPL | 5,493.59 | 5,493.59 | 5,493.59 |
| SSSPL | 190.00 | 190.00 | 190.00 |
| USPL | 2,322.29 | 2,397.29 | 4,681.48 |
| **Investment outstanding - debt instruments (₹ lacs)** | **7,062.99** | **7,441.71** | **7,765.38** |
| SPPL | 7,062.99 | 7,441.71 | 7,765.38 |
| **Investment outstanding - others (₹ lacs)** | **45.00** | **45.00** | **45.00** |
| SPPL | 45.00 | 45.00 | 45.00 |
| **# to banker for loan availed by SPPL & USPL** | | | |

iv) The Board has approved the appointment and remuneration of Ms. Gursimran Kaur Mann as Managing director and Mr. Sachchida Nand Misra as chief operating officer/ whole time directors in the Company for a period of three years, and the consent on terms of appointment has been accorded at 6th Annual General Meeting of the members of the Company held on September 18, 2017. These appointments are subject to approval by the Ministry of Corporate Affairs, Government of India under the provisions of the Companies Act, 2013.

(₹ lacs)

| Details of Remuneration paid/payable to KMP | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Ms. Gursimran Kaur Mann** | **Mr. S.N. Misra** | **Mr. D.C. Popli** | **Mr. Kamal Samtani** | **Mr. Karan Singh** |
| **Year ended March 31, 2018** | | | | | |
| **Short-term employee benefits** | | | | | |
| Salary | 63.74 | 27.70 | 48.39 | 18.56 | 12.58 |
| Perquisites | 3.96 | 1.64 | 2.73 | 1.92 | 0.94 |
| **Post-employment benefits** | | | | | |
| Contribution to Provident Fund, Gratuity and other Funds* | 3.83 | 1.26 | 1.98 | 1.01 | 0.75 |
| | **71.53** | **30.60** | **53.10** | **21.49** | **14.27** |
| **Year ended March 31, 2017** | | | | | |
| **Short-term employee benefits** | | | | | |
| Salary | - | 23.93 | 47.52 | 17.76 | 0.65 |
| Perquisites | - | - | 3.60 | 2.59 | 0.05 |
| **Post-employment benefits** | | | | | |
| Contribution to Provident Fund, Gratuity and other Funds* | - | - | 1.93 | 0.97 | 0.04 |
| | **-** | **23.93** | **53.05** | **21.32** | **0.74** |

* The said amount does not include amount in respect of gratuity and leaves as the same are not ascertainable.

**12. Segment reporting**

i) Operating segments:

The company's operating segments are business segments, viz. sugar and alcohol, basis which chief operating decision maker (CODM) evaluates the company's performance and allocates resources.

ii) Geographical segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

iii) Segment accounting policies:

In addition to the significant accounting polices applicable to the business segments as set out in note 2 above the accounting policies in relation to segment accounting are as under:

A) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

B) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

C) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated on consolidation.

**iv) (a) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | Alcohol | | Elimination | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **A. Segment revenue** | | | | | | | | | | |
| External sales: | 85,945.29 | 80,199.88 | 4,382.49 | 8,722.67 | - | - | - | - | 90,327.78 | 88,922.55 |
| Inter segment sales | 462.04 | 3,651.33 | 57.77 | 68.29 | (519.81) | (3,719.62) | - | - | - | - |
| Other operating Revenue | 97.02 | 943.48 | 42.87 | 27.65 | - | - | - | - | 139.89 | 971.13 |
| **Total revenue** | **86,504.35** | **84,794.69** | **4,483.13** | **8,818.61** | **(519.81)** | **(3,719.62)** | **-** | **-** | **90,467.67** | **89,893.68** |

**iv) (a) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | Alcohol | | Elimination | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **B. Segment results** | (10,102.92) | 5,389.02 | (2,748.52) | 888.04 | - | - | - | - | (12,851.44) | 6,277.06 |
| Unallocated expenses (net of income) | - | - | - | - | - | - | (368.65) | (2,255.72) | (368.65) | (2,255.72) |
| Operating profit/(loss) | - | - | - | - | - | - | - | - | (12,482.79) | 8,532.78 |
| Finance cost | - | - | - | - | - | - | 4,606.28 | 12,268.82 | 4,606.28 | 12,268.81 |
| Exceptional items (net) | - | - | - | - | - | - | 970.79 | (427.05) | 970.79 | (427.05) |
| Provision for taxes | - | - | - | - | - | - | - | - | - | - |
| **Net Profit/(loss)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(18,059.86)** | **(3,308.99)** |

Note: Inter segemnt revenues are eliminated upon consolidation and reflected in the adjustment and eliminations cloumn finance income and costs, and fair value gains and losses on financial assets are not allocated to indivual segments as the underlying instruments are managed at company level.

**iv) (b) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | | Alcohol | | | Unallocated | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| **OTHER INFORMATIONS** | | | | | | | | | | | | |
| **C. ASSETS** | | | | | | | | | | | | |
| Segment assets | 1,36,335.34 | 1,50,964.21 | 1,38,387.00 | 39,881.30 | 43,689.00 | 43,983.00 | - | - | - | 1,76,216.64 | 1,94,653.21 | 1,82,370.00 |
| Unallocated assets | - | - | - | - | - | - | 1,108.49 | 1,926.11 | 3,026.38 | 1,108.49 | 1,926.11 | 3,026.38 |
| Investment | - | - | - | - | - | - | 15,540.15 | 15,992.87 | 18,601.23 | 15,540.15 | 15,992.87 | 18,601.23 |
| **Total assets** | **1,36,335.34** | **1,50,964.21** | **1,38,387.00** | **39,881.30** | **43,689.00** | **43,983.00** | **16,648.64** | **17,918.98** | **21,627.61** | **1,92,865.28** | **2,12,572.19** | **2,03,997.61** |
| **D. EQUITY AND LIABILITIES** | | | | | | | | | | | | |
| Segment liabilities | 56,776.56 | 61,045.62 | 52,594.42 | 2,306.66 | 2,845.53 | 2,451.00 | - | - | - | 59,083.22 | 63,891.15 | 55,045.42 |
| Shares capital and reserves | - | - | - | - | - | - | 8,519.79 | 25,450.78 | 31,239.04 | 8,519.79 | 25,450.78 | 31,239.04 |
| Secured and unsecured loans | - | - | - | - | - | - | 1,06,752.30 | 101,303.63 | 103,673.17 | 106,752.30 | 101,303.63 | 103,673.17 |
| Unallocated liabilities | - | - | - | - | - | - | 18,509.97 | 21,926.63 | 14,039.98 | 18,509.97 | 21,926.63 | 14,039.98 |
| **Total liabilities** | **56,776.56** | **61,045.62** | **52,594.42** | **2,306.66** | **2,845.53** | **2,451.00** | **1,33,782.06** | **1,48,681.04** | **1,48,952.19** | **1,92,865.28** | **2,12,572.19** | **2,03,997.61** |

**iv) (c) Reconciliations of amounts reflected in the financial statement**

**i) Reconciliation of assets** **(₹ lacs)**

| **Particulars** | **As at March 31, 2018** | **As at March 31, 2017** | **As at April 01, 2016** |
|---|---|---|---|
| Segment operating assets | 1,92,865.28 | 2,12,572.19 | 2,03,997.61 |
| **Total Assets** | **1,92,865.28** | **2,12,572.05** | **2,03,997.61** |

**ii) Reconciliation of liabilities** **(₹ lacs)**

| **Particulars** | **As at March 31, 2018** | **As at March 31, 2017** | **As at April 01, 2016** |
|---|---|---|---|
| Segment operating liabilities | 1,92,865.28 | 2,12,572.19 | 2,03,997.61 |
| **Total Liabilities** | **1,92,865.28** | **2,12,572.19** | **2,03,997.61** |

**iv) (d) Geographical information:**
The Company operated only in India during the year ended March 31, 2018 and March 31, 2017.

**iv) (e) Information about major customers:**
No single customer contributed 10% or more of the total revenue of the Company for the year ended March 31, 2018 and March 31, 2017.

**iv) (f) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | Alcohol | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **E. OTHER INFORMATIONS** | | | | | | | | |
| Capital expenditure | 472.09 | 248.09 | 345.65 | 1,085.96 | 9.85 | 34.35 | 827.58 | 1,368.40 |
| Depreciation and amortization expense (net of revaluation reserve) | 3,569.33 | 3,564.66 | 1,036.59 | 1,058.25 | 22.47 | 28.21 | 4,628.38 | 4,651.12 |
| Non cash expenses other than depreciation | 60.14 | 11.03 | 222.49 | 5.56 | 985.97 | 0.01 | 1,268.60 | 16.60 |
| Note: Capital expenditure consists of additions to property, plant and equipment , capital work in progress and intangible assets | | | | | | | | |

13 In view of history of continous losses, the company has recognised deferred tax assets only to the extent of deferred tax liability, which can legally be offset under tax laws.

Details of deferred tax assets recognised and not recognised and details of deferred tax liabilities are as under:

**A. Details of recognised Deferred Tax Asset/ (Liability)**

(₹ lacs)

| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Deferred Tax Asset :** | | | |
| On account of carried forward losses | 3,949.62 | 7,474.01 | 10,161.58 |
| On account of carried forward unabsorbed depreciation | 13,780.99 | 12,965.56 | 12,965.56 |
| On account of difference in the tax base value and carrying amount of investments | - | - | 663.32 |
| Liabilities and provisions tax deductible only upon payment/actual crystallization: | | | |
| - Interest payable to banks/financial institutions | 7,991.18 | 7,115.12 | 4,708.18 |
| - Others | 1,768.56 | 713.46 | 636.17 |
| | **27,490.35** | **28,268.14** | **29,134.81** |
| **Deferred Tax Liability :** | | | |
| On account of accelerated depreciation for tax purposes | 11,738.27 | 12,546.31 | 13,412.98 |
| On account of difference in the tax base value and carrying amount of investments | - | - | - |
| On account of difference in the tax base value and carrying amount of land | 15,752.08 | 15,721.83 | 15,721.83 |
| | **27,490.35** | **28,268.14** | **29,134.81** |
| Net Deferred Tax | - | - | - |

**B. Movement in recognised Deferred Tax Assets / (Liabilities)**

(₹ lacs)

| | Carried forward losses & Unabsorbed Depreciation | Property Plant & Equipment | Interest payable to banks/ financial institutions | Other items | Total |
|---|---|---|---|---|---|
| **At April 01, 2016** | 23,127.15 | (29,134.81) | 4,708.18 | 1,299.49 | - |
| (Charged)/credited:- | | | | | |
| -to profit & loss | (2,687.57) | 866.67 | 2,406.94 | (586.04) | - |
| -to other comprehensive income | - | - | - | - | - |
| **At March 31, 2017** | **20,439.57** | **(28,268.14)** | **7,115.12** | **713.46** | **-** |
| (Charged)/credited:- | | | | | |
| -to profit & loss | (2,708.96) | 777.80 | 876.06 | 1,055.11 | - |
| -other comprehensive income | - | - | - | - | - |
| **At March 31, 2018** | **17,730.61** | **(27,490.35)** | **7,991.18** | **1,768.56** | **-** |

**C. Details of unrecognised Deferred Tax Asset**

(₹ lacs)

| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Deferred Tax Asset :** | | | |
| Tax effect on tax losses | 6,744.17 | 804.26 | - |
| Tax effect on difference in the tax base value and carrying amount of Investments other than charged to OCI | 1,538.98 | 1,449.03 | 785.71 |
| Tax effect on items charged to OCI ( Net) | 513.71 | 458.36 | - |
| | **8,796.85** | **2,711.66** | **785.71** |
| Expiry profile of unrecognised unused tax losses | | | |
| Unused tax losses (business loss) shall expire on- | | | |
| March, 31, 2026 | 2,335.14 | - | - |
| March, 31, 2025 | - | 804.26 | - |
| March, 31, 2024 | 4,409.02 | - | - |
| | **6,744.17** | **804.26** | **-** |

**14 A. Income Tax Expenses**

(₹ lacs)

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Current Tax | - | - |
| Deferred tax | - | - |
| Total Income Tax Expenses | - | - |

**B. Reconciliation of tax expense and accounting profit multiplied by India's tax rate:**

(₹ lacs)

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Profit/(Loss) for the year (before income tax expense) | (18,059.86) | (3,309.12) |
| Applicable tax rate | 34.944% | 34.608% |
| **Computed tax expenses** | **(6,310.84)** | **(1,145.22)** |
| Loan liability written back/( reversed ) not taxable /allowable under tax law | 335.97 | (335.97) |
| Expenses not allowed for tax purposes | 4.72 | 13.61 |
| Reversal of Deferred Tax liability on land | 30.25 | 0.00 |
| Deferred Tax Assets on business losses not recognised | 5,939.91 | 804.26 |
| Reversal of deferred tax assets on investments recognised earlier | - | 663.32 |
| **Total** | **-** | **-** |

15. Exceptional items represent:

i) The company has entered into a one-time settlement agreement with one of its lenders in the F.Y. 2016-17. The settlement amount was to be paid in six structured instalments by November 14, 2017. The company has recognised ₹ 970.79 lacs being remission of liability as exceptional item in previous year March 31, 2017. However, on the account of downturn in the sugar industry the company could not repay as per agreed settlement terms, the lender terminated the settlement agreement. Accordingly, the company has restated the liability as per original agreement during the current year by reversing the said exceptional gain recognized in previous year and shown it as an exceptional item.

ii) In previous year, March 31, 2017 a sum of ₹ 543.74 lacs being society commission relating to sugar season 2015-16 for the period up to March 31, 2016 recoverable from the State Government of Uttar Pradesh, written off in pursuance of Government order dated December 28, 2016.

**16. Employee Benefits**

The Company has classified the various benefits provided to employees as under: -

**i) Defined Contribution Plan:**

A) Provident fund

B) Superannuation fund

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

| Descrption | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| - Employers' Contribution to Provident Fund | 369.98 | 323.52 |
| - Employers' Contribution to Superannuation Fund | 9.51 | 10.50 |

**ii) Disclosure in respect of defined benefit plans (Gratuity & compenstaed absence) is as under:**

**(A) Principal Assumptions**

| Particulars | Gratuity (Funded) | | | Compensated Absence (Unfunded) | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| Discount Rate (Per Annum) | 7.75% | 7.50% | 8.00% | 7.75% | 7.50% | 8.00% |
| Expected Rate of Salary Increase | 8% for the first year 5% thereafter | 5.00% | 5.00% | 8% for the first year & 5% thereafter | 5.00% | 5.00% |
| Mortality Rate (% of IALM 06-08) | 100% | 100% | 100% | 100% | 100% | 100% |
| Attrition/Withdrawl Rate | 0.02 | 2.00% | 2.00% | 0.02 | 2.00% | 2.00% |
| Rate of Leave Availment (Per Annum) | NA | NA | NA | NA | NA | NA |
| Rate of Leave Encashment during Employment (Per Annum) | NA | NA | NA | NA | NA | NA |

(₹ lacs)

**(B) Amount Recognised in Statement of Profit & Loss in respect of the Defined Benefit Obligation**

| Particulars | Gratuity (Funded) | | Compensated Absence (Unfunded) | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Components of defined benefit cost recognised in profit or loss** | | | | |
| Current Service Cost | 84.43 | 88.42 | 141.05 | 48.25 |
| Past Service Cost | 17.22 | - | - | - |
| Interest Cost | 30.09 | 15.42 | 27.57 | 15.08 |
| Acturial (gain)/loss from change in financial assumptions | - | - | 5.00 | 4.62 |
| Acturial (gain)/loss arising from experience adjustments | - | - | 118.13 | 136.69 |
| **Components of defined benefit cost recognised in profit or loss** | **131.75** | **103.84** | **291.75** | **204.64** |
| **Components of defined benefit cost recognised in Other Comprehensive Income** | | | | |
| Acturial (gain)/loss from change in financial assumptions | 13.59 | 50.14 | - | - |
| Acturial (gain)/loss arising from experience adjustments | (100.39) | 185.83 | - | - |
| Return on plan assets (higher)/lower that discount rate | (8.86) | (37.62) | - | - |
| **Total acturial (gain)/loss recognised in Other Comprehensive Income** | **(95.67)** | **198.35** | **-** | **-** |
| **Total amount recognised in statement of profit & loss** | **36.08** | **302.18** | **291.75** | **204.64** |

(₹ lacs)

**(C) The amount included in Balance Sheet arising from the company's obligation in respect of its defined benefit plan is as follows:**

| Particulars | Gratuity (Funded) | | | Compensated Absence (Unfunded) | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| Present Value of Defined Benefit Obligation | 1,370.20 | 1,476.49 | 1,201.16 | 440.93 | 367.85 | 239.01 |
| Fair Value of Plan Asset | 960.10 | 1,074.98 | 1,008.33 | - | - | - |
| **Net liability arising from defined benefit obligation** | **(410.10)** | **(401.52)** | **(192.84)** | **(440.93)** | **(367.85)** | **(239.01)** |
| * Non Current Liability | - | - | - | (346.54) | (315.74) | (179.61) |
| * Current Liability | (410.10) | (401.52) | (192.84) | (94.39) | (52.11) | (59.40) |

(₹ lacs)

**(D) Movement in the fair value of plan assets are as follows:**

| Particulars | Gratuity (Funded) | | Compensated Absence (Unfunded) | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Opening fair value of plan assets** | **1,074.98** | **1,008.33** | **NA** | **NA** |
| Expected return on plan assets | 80.57 | 80.61 | NA | NA |
| Employer Contribution | 27.50 | 93.50 | NA | NA |
| **Remeasurement gain/(loss)** | | | | |
| * Return on plan assets (higher)/lower than discount rate | 8.86 | 37.62 | NA | NA |
| Benefit Paid | (231.80) | (145.08) | NA | NA |
| **Closing fair value of plan assets** | **960.10** | **1,074.98** | **NA** | **NA** |



(₹ lacs)

**(E) Movement in the present value of defined benefit obligations are as follows:**

| Particulars | Gratuity (Funded) | | Compensated Absence (Unfunded) | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Opening defined benefit obligation** | **1,476.49** | **1,201.16** | **367.85** | **239.01** |
| Current service cost | 84.43 | 88.42 | 141.05 | 48.25 |
| Interest cost | 110.66 | 96.02 | 27.57 | 15.08 |
| **Remeasurement (gains)/losses:** | | | | |
| * Acturial (gain)/loss from change in financial assumptions | 13.59 | 50.14 | 5.00 | 4.62 |
| * Acturial (gain)/loss arising from experience adjustments | (100.39) | 185.83 | 118.13 | 136.69 |
| Past Service Cost | 17.22 | - | - | - |
| Benefits paid by employer | (231.80) | (145.08) | (218.67) | (75.80) |
| Benefits paid from plan assets | - | - | - | - |
| **Closing defined benefit obligation** | **1,370.20** | **1,476.49** | **440.93** | **367.85** |

(₹ lacs)

**(F) Sensitivity Analysis**
**Gratuity (Funded)**

| Particulars | Change in assumption by | Impact on defined benefit obligation | | | | |
|---|---|---|---|---|---|---|
| | | Increase in assumption | | | Decrease in assumption | |
| | | Increase/decrease | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Discounting rate | 1.00% | In ₹ | 1,277.89 | 1,379.64 | 1,474.66 | 1,586.23 |
| | | In % | (6.70%) | (6.70%) | 7.60% | 7.40% |
| Future salary growth rate | 1.00% | In ₹ | 1,475.26 | 1,582.74 | 1,275.55 | 1,380.79 |
| | | In % | 7.70% | 7.20% | (6.90%) | (6.50%) |

(₹ lacs)

| Particulars | Change in assumption by | Impact on defined benefit obligation | | | | |
|---|---|---|---|---|---|---|
| | | Increase in assumption | | | Decrease in assumption | |
| | | Increase/decrease | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Attrition rate | 0.50% | In ₹ | 1,387.61 | 14,937.48 | 1,351.00 | 1,457.51 |
| | | In % | 1.30% | 1.20% | (1.40%) | (1.30%) |
| Mortality rate | 10.00% | In ₹ | 1,371.12 | 1,477.43 | 1,369.28 | 1,475.56 |
| | | In % | 0.10% | 0.10% | (0.10%) | (0.10%) |

(₹ lacs)

| Compensated Absence (Unfunded) | | | | | | |
|---|---|---|---|---|---|---|
| Particulars | Change in assumption by | Impact on defined benefit obligation | | | | |
| | | Increase in assumption | | | Decrease in assumption | |
| | | Increase/decrease | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Discounting rate | 1.00% | In ₹ | 413.42 | 342.52 | 472.22 | 396.86 |
| | | In % | (6.20%) | (6.90%) | 7.10% | 7.90% |
| Future salary growth rate | 1.00% | In ₹ | 472.65 | 397.30 | 412.60 | 341.72 |
| | | In % | 7.20% | 8.00% | (6.40%) | (7.10%) |
| Attrition rate | 0.50% | In ₹ | 441.35 | 367.85 | 440.30 | 367.82 |
| | | In % | 0.10% | 0.00% | (0.10%) | 0.00% |
| Mortality rate | 10.00% | In ₹ | 440.95 | 367.85 | 440.92 | 367.85 |
| | | In % | 0.00% | 0.00% | 0.00% | 0.00% |

Note: The plan assets are maintained with ICICI Prudential life Insurance Company Ltd.





**G. Risks related to defined benefit plans:**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the company is exposed to various risks in providing the above benefits which are as follows:

1) Interest rate risk: The plan exposes the company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in increase in the value of the liability.

2) Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity pay-outs. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of its liquid assets not being sold in time.

3) Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

4) Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability.

5) Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,0 0,000).

6) Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

7) Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Note:** The above is a standard list of risk exposures in providing the gratuity benefit. The Company is advised to carefully examine the above list and make suitable amendments (including adding more risks, if relevant) to the same before disclosing the above in its financial statements.

**H. Method and Assumptions related terms:**

1) Discount Rate: Discount rate is the rate which is used to discount future benefit cashflows to determine the present value of the defined benefit obligation at the valuation date. The rate is based on the prevailing market yields of high quality corporate bonds at the valuation date for the expected term of the obligation. In countries where there are no such bonds, the market yields at the valuation date on government bonds for the expected term is used.

2) Salary Escalation Rate: The rate at which salaries are expected to escalate in future. It is used to determine the benefit based on salary at the date of separation.

3) Attrition Rate: The reduction in staff/employees of a company through normal means, such as retirement and resignation. This is natural in any business and industry.

4) Mortality Rate: Mortality rate is a measure of the number of deaths (in general, or due to a specific cause) in a

population, scaled to the size of that population, per unit of time.

5) Projected Unit credit Method: The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The Projected Unit Credit Method requires an enterprise to attribute benefit to the current period (in order to determine current service cost) and the current and prior periods (in order to determine the present value of defined benefit obligations).

17. i) Following are the particulars of disputed dues on account of sales tax (trade tax), excise duty and service tax matters that have not been deposited by the Company as at March 31, 2018.

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount* involved (₹ lacs) | Amount paid under protest (₹ lacs) |
|---|---|---|---|---|---|
| U. P. Trade Tax Act | Trade tax | Dy. Commissioner, Commercial Tax | 2005-2006 | 3.11 | - |
| Kerela Sales Tax Act | Trade Tax | Dy. Commissioner, Commercial Tax - (Appeal) | 2000-2001 | 2.17 | 1.08 |
| Central Excise Act, 1944 | Excise Duty | High Court, Allahabad | 1979-1980 | 11.01 | 11.01 |
| Central Excise Act, 1944 | Excise Duty | High Court, Allahabad | 2005-2006 | 2.78 | - |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2001-2002 | 16.78 | - |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2001-2006 | 42.88 | - |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2001-2004 | 16.63 | - |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2005-2006 | 15.88 | - |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2006-2007 | 393.57 | 45.04 |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2008-2014 | 38.08 | 3.14 |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2008-2013 | 26.83 | 2.59 |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2008-2013 | 177.82 | 13.34 |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2013-2014 | 146.56 | 1.18 |
| Central Excise Act, 1944 | Excise Duty | Commissioner (Appeal) | 2013-2014 | 1.16 | 0.09 |
| Central Excise Act, 1944 | Excise Duty | Commissioner (Appeal) | 2014-2015 | 0.24 | 0.01 |
| Central Excise Act, 1944 | Excise Duty | Commissioner (Appeal) | 2015-2016 | 7.13 | 0.63 |
| Finance Act, 1994 | Service Tax | Customs, Excise & Service tax Appellate Tribunal | 2005-2007 | 7.72 | - |
| Finance Act, 1994 | Service Tax | Customs, Excise & Service tax Appellate Tribunal | 2006-2007 | 83.06 | 14.87 |
| Finance Act, 1994 | Service Tax | Customs, Excise & Service tax Appellate Tribunal | 2009-2015 | 96.98 | 7.27 |

* Amount as per demand orders including interest and penalty wherever indicated in order.

ii) In the following instances the concerned statutory authority is in appeal against favourable orders received by the Company.

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved (₹ lacs) |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2003-2004<br>2005-2006<br>2008-2009 | 21.44<br>1.24<br>54.68 |
| Finance Act, 1994 | Service tax | Customs, Excise & Service tax Appellate Tribunal | 2006-2007 | 0.43 |

There are no dues in respect of income tax, customs duty, wealth tax and cess, which have not been deposited on account of any disputes except in respect of income tax demand of ₹ 3.71 lacs arising on processing of TDS returns. The Company is in process of rectifying these returns and is confident that the demand will be substantially reduced.

**18. Disclosure related to Joint venture:**

(₹ lacs)

| Name | Country of incorporation | Nature of controlling interest | Percentage of voting power as at March 31, 2018 | Percentage of voting power as at March 31, 2017 |
|---|---|---|---|---|
| Uniworld Sugars Private Limited | India | Equity share holding and voting power | 43.74% | 43.74% |

(₹ lacs)

| Particulars | Year ended March 31, 2018* | Year ended March 31, 2017 |
|---|---|---|
| Share in profit before tax | (1343.63) | (1,983.81) |
| Share in profit after tax | (1343.63) | (1,983.81) |
| Share in other comprehensive income/(loss) | - | - |
| Share in total comprehensive income/(loss) | (1343.63) | (1,983.81) |
| Ownership Interest | 43.74% | 43.74% |

*Reported figures for March 31,2018 are based on the management certified accounts which are subject to audit.

**19. Earnings per share** (₹ lacs)

| Description | | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| Profit/(loss) after tax and exceptional items as per Statement of Profit and Loss | (A) | (18,059.86) | (3,309.12) |
| Add/Less: Exceptional Items net of taxes | | 970.79 | (427.05) |
| Profit/(loss) after tax and before exceptional items | (B) | (17,089.07) | (3,736.17)) |
| Weighted average number of equity shares outstanding (Par value ₹ 10 per share) | | | |
| - For basic and diluted earnings per share (Nos.) | (C) | 37,493,815 | 3,74,79,020 |
| **Earnings per share (₹)** | | | |
| - Basic and diluted EPS before exceptional item | (B÷C) | (45.58) | (9.97) |
| - Basic and diluted EPS after exceptional item | (A÷C) | (48.17) | (8.83) |

**20. Auditors' remuneration (excluding service tax/Goods and Service Tax):**

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| - Statutory audit | 10.00 | 10.00 |
| - Limited review of unaudited financial results | 15.00 | 15.00 |
| - Certification and others | 2.50 | 6.00 |
| - Reimbursement of out of pocket expense for statutory audit and others | 0.84 | 1.13 |

**21. Details of sales of goods manufactured:**

(₹ lacs)

| Sales | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| - Sugar | 84,129.66 | 79,129.53 |
| - Rectified spirit and country spirit | 9.12 | 2,467.93 |
| - Denatured spirit | 3,800.31 | 5,538.92 |
| - Whisky, brandy and civil rum | 431.40 | 209.34 |
| - Others | 1,957.29 | 1,576.83 |
| **Total** | **90,327.78** | **88,922.55** |

**22. Disclosure related to Government Grant**

The Company is eligible to receive various grants announced by Central and U.P. State Government for Sugar Industry by way of production subsidy, reimbursement of society commission and interest subvention on certain term loan, loans at concessional rate etc. The Company is also eligible to receive grant announced by U.P State Government for promotion of industry in general under UPSIPP Scheme 2013. The Company has recognised these Government grants in the following manners:

**(₹ lacs)**

| S. No. | Nature of Grant/Assistance | Treatment in Accounts | Year ended March 31, 2018 | Year ended March 31, 2018 |
|---|---|---|---|---|
| 1 | Production subsidy from Central Government. [Refer Note No. 22(i)] | Shown as separate line items "Subsidy from Central Government under MIEQ" under "Revenue from operations". [Refer Note No. 3.24] | 3.60 | 593.01 |
| 2 | Interest subvention @10% per annum granted by the Government of India. [Refer Note No. 22(ii)] | Deducted from finance cost | 135.50 | 552.82 |
| 3 | Loans at concessional interest rate from Sugar Development Fund, Government of India | Deducted from finance cost | - | 43.24 |

i) The Central Government vide its Notification No. 1(10)/2015-SP-I dated September 18, 2015 announced Minimum Indicative Export Quota (MIEQ) under tradeable export scrip scheme in order to export surplus sugar inventory out of the country. Under the said scheme, the Company was allotted quota of 28,190 MT for export in respect of its all three sugar units. Further, the Central government vide its Notification No. 20(43)/2015-SP-I dated December 02, 2015 announced a scheme for extending production subsidy @ ₹ 4.50 per quintal of actual cane crushed during sugar season 2015-16 or the proportionate cane crushed for average sugar production of the Company's each unit in the last three sugar seasons, whichever is lower, for the sugar units who have fulfilled stipulated conditions including export obligations.

ii) Under Interest Subvention Scheme of Extending Financial Assistance to Sugar Undertaking 2014, the company is eligible for the reimbursement of interest payable on loan from banks taken against last three sugar season's excise duty, cess and surcharge paid on sugar by the Company subject to fulfilment of certain conditions.

iii) The Company was eligible for government grant by way of reimbursement of Society Cane Commission @ ₹ 3.00 per quintal of cane for the sugar season 2015-16 in accordance with the notification issued by the Government of Uttar Pradesh and accordingly the Company had accounted for cane commission receivable aggregating to ₹543.74 lacs during the year ended March 31, 2016. However, during the year ended March 31, 2017 the Company has written off the said amount in accordance with the notification dated December 28, 2016 issued by the Government of Uttar Pradesh as the same is no more receivable.

The said write off of cane commission has been included under "Cane commission written off "under Note No. 3.33 - "Exceptional items".

iv) The Company had availed government grant by way of reduction of cane society commission for sugar season 2012-13 to 2014-15 as per the notifications dated. June 12, 2015 and for the sugar season 2015-16 for retrospective effect. The Hon'ble Allahabad High Court vide Order dated December 21, 2017 quashed the U.P. State Government notifications order for reduction in cane commission rate to societies from retrospective effect against which U.P State Government has preferred appeal before Supreme court. Pending final decision in the matter, the Company has not reversed the grant and not recognised it as liability.

v) The Company was eligible for various incentives under U.P. Sugar Incentive Promotion Policy, 2004 (the scheme) which was subsequently scrapped by the State Government. The Company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of the scheme and settlement of incentive claims. As per the erstwhile scheme, the Company was eligible for capital subsidy @10% of the investments made and revenue subsidy for reimbursement of taxes and other charges upto the prescribed period for incentive. Pending finalisation in the matter, the Company has not recognised these grants.

**23. Capital Management**

The Company manages its capital to ensure that it will continue as going concern, while maximizing the return to stakeholders through the optimisation of debt and equity balance. The capital structure as at March 31,2018, March 31, 2017 and April 01,2016 was as follows.

(₹ lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Total equity attributable to equity shareholders | 8,519.92 | 25,450.92 | 31,239.04 |
| Borrowings | 59,684.55 | 39,472.51 | 19,798.62 |
| **Total Capital** | **68,204.47** | **64,923.43** | **51,037.66** |
| Total equity attributable to equity shareholders as percentage of total capital | 12.49% | 39.20% | 61.21% |
| Total borrowing as percentage of total capital | 87.51% | 60.80% | 38.79% |

Due to continuous losses, the Company has defaulted in payment of interest and principal dues to its lenders. The Company had approached for debt restructuring of its outstanding debts and had also raised additional capital during the year through preferential issue of warrant to the promoters to comply with the condition for infusion of capital imposed under sanctioned Debt Restructuring Scheme.

**24. Financial risk management objectives**

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of the financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and bank balances that derive directly from its operations. The Company also holds investments in equity shares and debentures of its subsidiaries and joint ventures.

The Company's activities expose it mainly to credit risk, liquidity risk and market risk. This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

**i) Credit risk**

A. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. Company is exposed to credit risk from trade receivables and deposits with banks. To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer. Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. Concentrations of credit risk are limited as a result of the Company's large and diverse customer base. Company has also taken advances and security deposits from its customer / agents, which mitigate the credit risk to an extent. The ageing of the trade receivables is given below:

(₹ lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Up to 6 months | 3,420.49 | 3,621.87 | 5,399.78 |
| More than 6 months | 393.77 | 500.80 | 905.43 |
| **Total receivables** | **3,814.26** | **4,122.67** | **6,305.21** |

B. The impairment analysis is performed at each balance sheet date on individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company makes general provision for lifetime expected credit loss based on its previous experiences of provision/write off in the previous years.

The movement in the provision for doubtful debts, advances to suppliers and security deposits is as under:

(₹ lacs)

| Particulars | Trade Receivables | Advances | Security Deposits |
|---|---|---|---|
| **Provision as at April 01, 2016** | **295.22** | **101.12** | **81.36** |
| Provision made during the year 2016-17 | 0.18 | - | - |
| Amount written off | 178.56 | 94.48 | 46.50 |
| Provision reversed during the year 2016-17 | 1.55 | 6.64 | - |
| **Provision as at March 31, 2017** | **115.29** | **-** | **34.86** |
| Provision made during the year 2017-18 | 46.13 | 13.85 | - |
| Amount written off | - | - | 7.36 |
| Provision reversed during the year 2017-18 | 20.66 | - | - |
| **Provision as at March 31, 2018** | **140.76** | **13.85** | **27.50** |

C. Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which term deposits are maintained. Generally, term deposits are maintained with banks with which Company has also availed borrowings.

**ii) Liquidity risk**

Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Since the Company is making continuous losses, presently it monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs. The table below provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

| Particulars | As at March 31, 2018 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 106,752.30 | 47,067.75 | 27,365.11 | 32,319.44 | 106,752.30 |
| Trade payables | 56,368.01 | 56,368.01 | - | - | 56,368.01 |
| Other financial liabilities-Current | 17,787.83 | - | 17,787.83 | - | 17,787.83 |
| **Total** | **180,908.14** | **103,435.76** | **45,152.94** | **32,319.44** | **180,908.14** |

| Particulars | As at March 31, 2017 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 101,303.63 | 61,831.12 | 16,412.26 | 23,060.25 | 101,303.63 |
| Trade payables | 57,632.10 | 57,632.10 | - | - | 57,632.10 |
| Other financial liabilities-Current | 21,532.82 | - | 21,532.82 | - | 21,532.82 |
| **Total** | **180,468.55** | **119,463.22** | **37,945.08** | **23,060.25** | **180,468.55** |

| Particulars | As at April 01, 2016 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 103,673.17 | 83,874.55 | 13,663.89 | 6,134.73 | 103,673.17 |
| Trade payables | 50,565.93 | 50,565.93 | - | - | 50,565.93 |
| Other financial liabilities-Current | 12,877.00 | - | 12,877.00 | - | 12,877.00 |
| **Total** | **167,116.10** | **134,440.48** | **26,540.89** | **6,134.73** | **167,116.10** |

**iii) Market risk**

The company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. Market risks comprises of four types of risks such as:

**A) Interest rate risks**

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 with floating interest rates.

**B) Commodity 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 partly mitigated this risk adopting integrated business model by diversifying into distillation, for better price realisation of the by-products.

**C) Foreign exchange 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.

The Company's exposure to the risk of changes in foreign exchange rates is limited to the Company's operating activities (when revenue or expense is denominated in a foreign currency), which are not material.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise as follows:

| Description | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Amount in foreign currency (₹ Lacs) | Amount (₹ Lacs) | Amount in foreign currency (₹ Lacs) | Amount (₹ Lacs) |
| Trade Receivables -USD | 3.40 | 218.72 | 3.50 | 227.23 |
| Advance Received from Customer – USD | - | - | 0.50 | 32.20 |

**D) Regulatory risk**

Sugar industry is regulated both by Central Government as well as State Government. Central and State Governments policies and regulations affect the sugar industry and the Company's operations and profitability. Distillery business is also dependent on the Government policy.

### 25. Financial instruments - Accounting, Classification and Fair value measurements

#### i) Financial instruments by category

**As at March 31, 2018** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 6,107.26 | - | - | 2,322.29 | 8,429.55 |
| - Debt instruments | | 7,062.99 | - | - | 7,062.99 |
| - Government securities | 2.61 | - | - | - | 2.61 |
| - Others | | 45.00 | - | - | 45.00 |
| Trade receivables | | 3,673.50 | - | - | 3,673.50 |
| Cash and cash equivalent | | 803.43 | - | - | 803.43 |
| Bank balances other than cash & cash equivalents | | 955.89 | - | - | 955.89 |
| Loans | | 22.24 | - | - | 22.24 |
| Other financial assets | | 3,781.72 | - | - | 3,781.72 |
| **Total financial assets** | **6,109.87** | **16,344.77** | **-** | **2,322.29** | **24,776.93** |
| **Financial liabilities** | | | | | |
| Borrowings | | 1,06,752.30 | - | - | 1,06,752.30 |
| Trade payables | | 56,368.01 | - | - | 56,368.01 |
| Other financial liabilities | | 19,454.45 | - | - | 19,454.45 |
| **Total financial liabilities** | **-** | **1,82,574.76** | **-** | **-** | **1,82,574.76** |

**As at March 31, 2017** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 6,107.26 | - | - | 2,397.29 | 8,504.55 |
| - Debt instruments | | 7,441.71 | - | - | 7,441.71 |
| - Government securities | 1.61 | - | - | - | 1.61 |
| - Others | | 45.00 | - | - | 45.00 |
| Trade receivables | | 4,007.38 | - | - | 4,007.38 |
| Cash and cash equivalent | | 1,164.00 | - | - | 1,164.00 |
| Bank balances other than cash & cash equivalents | | 6,514.63 | - | - | 6,514.63 |
| Loans | | - | - | - | - |
| Other financial assets | | 5,638.80 | - | - | 5,638.80 |
| **Total financial assets** | **6,108.87** | **24,811.52** | **-** | **2,397.29** | **33,317.68** |
| Financial liabilities | | | | | |
| Borrowings | | 1,01,303.63 | - | - | 1,01,303.63 |
| Trade payables | | 57,632.10 | - | - | 57,632.10 |
| Other financial liabilities | | 23,660.00 | - | - | 23,660.00 |
| **Total financial liabilities** | **-** | **1,82,595.73** | **-** | **-** | **1,82,595.73** |

**As at April 01, 2016** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 6,107.26 | - | - | 4,681.48 | 10,788.74 |
| - Debt instruments | | 7,765.38 | - | - | 7,765.38 |
| - Government securities | 2.11 | - | - | - | 2.11 |
| - Others | | 45.00 | - | - | 45.00 |
| Trade receivables | | 6,009.99 | - | - | 6,009.99 |
| Cash and cash equivalent | | 847.88 | - | - | 847.88 |
| Bank balances other than cash & cash equivalents | | 583.11 | - | - | 583.11 |
| Loans | | - | - | - | - |
| Other financial assets | | 4,470.28 | - | - | 4,470.28 |
| **Total financial assets** | **6,109.37** | **19,721.64** | **-** | **4,681.48** | **30,512.49** |
| **Financial liabilities** | | | | | |
| Borrowings | | 1,08,778.89 | - | - | 1,08,778.89 |
| Trade payables | | 50,565.93 | - | - | 50,565.93 |
| Other financial liabilities | | 10,381.60 | - | - | 10,381.60 |
| **Total financial liabilities** | **-** | **1,69,726.42** | **-** | **-** | **1,69,726.42** |

#### ii) Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Following methods and assumptions used to estimate the fair values:**

- Fair value of cash and cash equivalents and short term deposits, trade and other short term receivables, trade payables, short term borrowings and other current financial assets and liabilities carried at amortized cost is not materially different from its carrying cost, largely due to the short-term maturities of these financial assets and liabilities.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other that 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).

There is no transfer from one level to another level during the year.

The following table provides the fair value measurement hierarchy of Company's assets and liabilities, grouped into Level 1 to Level 3 as described below:

(₹ lacs)

| Particulars | Carrying Amount | Fair value measurement using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **As at March 31, 2018** | | | | |
| **Financial Assets** | | | | |
| - Investments | 2,322.29 | - | - | 2,322.29 |
| **Total** | **2,322.29** | | | **2,322.29** |
| **As at March 31, 2017** | | | | |
| **Financial Assets** | | | | |
| - Investments | 2,397.29 | - | - | 2,397.29 |

(₹ lacs)

| Particulars | Carrying Amount | Fair value measurement using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Total** | **2,397.29** | | | **2,397.29** |
| **As at April 01, 2016** | | | | |
| **Financial Assets** | | | | |
| - Investments | 4,681.48 | - | - | 4,681.48 |
| **Total** | **4,681.48** | | | **4,681.48** |

Following table shows the reconciliation from the opening balances to its closing balances of the Level 3 values:

(₹ lacs)

| Particulars | Amount |
|---|---|
| Balance as at April 01, 2016 | 4,681.48 |
| **Less :** Fair value loss recognized in Other Comprehensive Income in FY 2016-17 | 2,284.19 |
| Balance as at March 31, 2017 | 2,397.29 |
| **Less :** Fair value loss recognized in Other Comprehensive Income in FY 2017-18 | 75.00 |
| Balance as at March 31, 2018 | 2,322.29 |

**26. Explanation of transition to Ind AS**

These financial statements, for the year ended March 31, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended March 31, 2018, together with the comparative figures for the year ended March 31, 2017, as described in the summary of significant accounting policies [Refer Note No.2].

In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, i.e. the date of transition to Ind AS.

This note explains the principal adjustments made by the Company and an explanation on how the transition from the previous GAAP to Ind AS has affected its financial statements, including the Balance Sheet as at April 01, 2016 and the financial statements for the year ended March 31, 2017.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from the previous GAAP to Ind AS:

i) Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after the transition date. Business combinations occurring prior to the transition date have not been restated.

ii) The Company has elected to continue with carrying value of all Property, plant and equipment under the previous GAAP as deemed cost as at the transition date i.e. April 01, 2016. Under the previous GAAP, Property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), and adjusted by revaluation of certain assets.

iii) The Company has elected to continue with the carrying value of capital work in progress as recognised under the previous GAAP as deemed cost as at the transition date.

iv) The Company has elected to continue with the carrying value for intangible assets (computer software) as recognised under the previous GAAP as deemed cost as at the transition date. Under the previous GAAP, computer software was stated as at its original cost, net of accumulated amortisation.

v) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all the arrangements for embedded leases based on conditions in place as at the date of transition.

vi) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its equity investments in subsidiaries and joint ventures either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value, at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its equity investment in subsidiary or joint venture that it elects to measure using a deemed cost. Accordingly, the Company has elected to measure its equity investment in subsidiaries using the Previous GAAP carrying amount, as deemed cost.

vii) Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument of subsidiary in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'FVTOCI' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.Accordingly, the Company has designated its investments in equity instruments in (USPL) at fair value through other comprehensive income on the basis of the facts and circumstances that existed as at the date of transition to Ind AS.

viii) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Therefore, borrowings as at April 01, 2016 and March 31, 2017 have been reduced with corresponding adjustment in retained earnings.

ix) Under previous GAAP, interest income was accounted for on time proportionate basis. Under Ind AS, investments in debt instruments can be measured either at amortised cost or FVTOCI or FVTPL. The company has elected to use amortise cost as deemed cost as on the transition date for valuing investments in debt securities in one of the subsidiaries (SPPL).

x) The estimates as at April 01, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

xi) The Company has applied the requirements in Ind AS 109 and Ind AS 20 prospectively to government grants by way of concessional loan.

xii) Ind AS 101 requires the de-recognition requirements of Ind AS 109 to be applied prospectively to transactions occurring on or after the date of transition. Therefore, the Company has not recognized financial assets and liabilities under Ind AS which were derecognized under the previous GAAP as a result of a transaction that occurred before the date of transition.

(₹ lacs)

**First time adoption of Ind AS**
**Reconciliation of balance sheet**

| Particulars | Refer Footnote No. | As at March 31, 2017 | | | As at April 01, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP* | Effect of transition to Ind AS | Ind AS | Previous GAAP* | Effect of transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property Plant and Equipment | (a) | 1,35,198.06 | - | 1,35,198.06 | 1,39,535.39 | - | 1,39,535.39 |
| Capital work-in-progress | (a) | 1,414.38 | - | 1,414.38 | 365.98 | - | 365.98 |
| Intangible Assets | (a) | 14.83 | - | 14.83 | 16.01 | - | 16.01 |
| Financial Assets | | | | | | | |
| Investments | (b) | 18,619.80 | (2,626.93) | 15,992.87 | 18,620.30 | (19.07) | 18,601.23 |
| Other financial assets | | 909.55 | - | 909.55 | 960.99 | - | 960.99 |
| Tax Assets | | 495.31 | - | 495.31 | 919.20 | - | 919.20 |
| Other non-current assets | | 644.63 | - | 644.63 | 382.57 | - | 382.57 |
| **Total non-current assets** | | **1,57,296.56** | **(2,626.93)** | **1,54,669.63** | **1,60,800.44** | **(19.07)** | **1,60,781.37** |
| Current assets | | | | | | | |
| Inventories | | 39,735.60 | - | 39,735.60 | 29,659.01 | - | 29,659.01 |
| Financial assets | | | | | | | |
| Trade receivables | | 4,007.38 | - | 4,007.38 | 6,009.99 | - | 6,009.99 |
| Cash and cash equivalents | | 1,164.00 | - | 1,164.00 | 847.88 | - | 847.88 |
| Bank balances other than cash & cash equivalents | | 6,514.63 | - | 6,514.63 | 583.11 | - | 583.11 |
| Other financial assets | | 4,729.25 | - | 4,729.25 | 3,509.29 | - | 2,965.55 |
| Other current assets | | 1,751.70 | - | 1,751.70 | 2,606.96 | - | 3,150.70 |
| **Total current assets** | | **57,902.56** | **-** | **57,902.56** | **43,216.24** | **-** | **43,216.24** |
| **Total assets** | | **2,15,199.12** | **(2,626.93)** | **2,12,572.19** | **2,04,016.68** | **(19.07)** | **2,03,997.61** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 3,747.90 | - | 3,747.90 | 3,747.90 | - | 3,747.90 |
| Other equity | (c) | 25,934.21 | (4,643.39) | 21,290.81 | 29,675.24 | (2,629.40) | 27,045.84 |
| **Total equity** | | **29,682.11** | **(4,643.39)** | **25,038.71** | **33,423.14** | **(2,629.40)** | **30,793.74** |
| **LIABILITIES** | | | | | | | |
| **Non current liabilities** | | | | | | | |
| Financial liabiliites | | | | | | | |
| Borrowings | (d) | 23,170.97 | (110.72) | 23,060.25 | 50,656.55 | (44,521.82) | 6,134.73 |
| Other financial liabilities | (b) | - | 1,666.62 | 1,666.62 | - | 2,127.18 | 2,127.18 |
| Provisions | | 315.74 | - | 315.74 | 179.61 | - | 179.61 |
| **Total non-current liabilities** | | **23,486.71** | **1,555.90** | **25,042.61** | **50,836.16** | **(42,394.64)** | **8,441.52** |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | (d) | 61,831.12 | - | 61,831.12 | 51,361.18 | 32,513.37 | 83,874.55 |
| Trade payables | | 58,044.31 | - | 58,044.31 | 51,011.23 | - | 51,011.23 |
| Other financial liabilities | (d) & (b) | 37,945.07 | 460.56 | 38,405.64 | 14,532.43 | 12,491.60 | 27,024.03 |
| Provisions | | 52.11 | - | 52.11 | 59.40 | - | 59.40 |
| Other Current liabilities | | 4,157.69 | - | 4,157.69 | 2,793.14 | - | 2,793.13 |
| **Total current liabilities** | | **1,62,030.30** | **460.56** | **1,62,490.87** | **1,19,757.38** | **45,004.97** | **1,64,762.34** |
| **Total equity and liabilities** | | **2,15,199.12** | **(2,626.93)** | **2,12,572.19** | **2,04,016.69** | **(19.07)** | **2,03,997.61** |

* The previous GAAP numbers have been reclassfied to conform to Ind AS presentation requirements for the purpose of this note.

(₹ lacs)

**First time adoption of Ind AS**

**Reconciliation of total comprehensive income**

| | Refer Note No. | As at March 31, 2017 | | |
|---|---|---|---|---|
| | | Previous GAAP* | Effect of transition to Ind AS | Ind AS |
| Revenue from operations | (e) | 85,011.97 | 4,881.71 | 89,893.68 |
| Other Income | (f) | 3,110.63 | 159.48 | 3,270.11 |
| **Total income** | | **88,122.60** | **5,041.19** | **93,163.79** |
| **Expenses** | | | | |
| Cost of materials consumed | | 67,022.48 | - | 67,022.48 |
| Purchases of stock-in-trade | | 915.31 | - | 915.31 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | | (6,460.87) | - | (6,460.87) |
| Excise Duty on sale of goods | (e) | - | 4,881.71 | 4,881.71 |
| Employee benefits expense | (g) | 5,676.78 | (198.35) | 5,478.43 |
| Finance costs | (d) | 12,379.54 | (110.73) | 12,268.82 |
| Depreciation and amortization expense | | 4,651.12 | - | 4,651.12 |
| Other expenses | | 8,109.72 | - | 8,109.72 |
| **Total expenses** | | **92,294.08** | **4,572.63** | **96,866.72** |
| **Profit/(loss) before extraordinary, exceptional items and tax** | | **(4,171.49)** | **468.56** | **(3,702.93)** |
| Exceptional Item: Exps/ (Income) | | (427.05) | - | (427.05) |
| **Profit/(loss) before tax** | | **(3,744.44)** | **468.56** | **(3,275.88)** |
| Total Tax Expense | | - | - | - |
| **Profit after Tax** | | **(3,744.44)** | **468.56** | **(3,275.88)** |
| **Other Comprehensive Income** | | | | |
| A. (i) Items that will not be re-classified to profit or loss: | (h) | - | (2,482.54) | (2,482.54) |
| (ii) Income tax relating to items that will not be re-classified to profit or loss | | - | - | - |
| B. (i) Items that may be re-classified to profit or loss: | | - | - | - |
| (ii) Income Tax relating to items that may be reclassified to profit or loss | | - | - | - |
| **Total Other comprehensive income (net of tax)** | | **-** | **(2,482.54)** | **(2,482.54)** |
| **Total comprehensive Income** | | **(3,744.44)** | **(2,013.98)** | **(5,758.42)** |

* The previous GAAP numbers have been reclassfied to conform to Ind AS presentation requirements for the purpose of this note.

**Footnotes to the reconciliation as at April 01, 2016 and March 31, 2017 and statement of Profit and Loss for the year ended March 31, 2017:**

a) **Property, plant and equipment:**

Under Ind AS, the company has elected to opt for cost model with respect to property, plant and equipment, capital work in progress and computer software.

b) **Investments:**

Under the previous GAAP, long term investments were carried at cost less provision for other than temporary diminution in the value of such investment. Under Ind AS, the Company has the option to designate such investments either as FVTOCI or FVTPL investments. Further, in case of a subsidiary and joint venture, the Company has the option to account for investment in shares either at cost/ deemed cost or FVTOCI or FVTPL as at the transition date.

i. **Investment in equity instrument:**

Under Ind AS, financial assets designated at fair value through other comprehensive income (FVTOCI) are fair valued at each reporting date with changes in fair value recognized directly in other comprehensive income. The Company has make an irrevocable election to measure its certain equity investments through OCI. Consequently, fair value of such equity instruments designated at FVTOCI has resulted in an decrease in other comprehensive income.

Under Ind AS 101, The Company has an option to fair value its investments in joint venture and treated that fair value as deemed cost for measuring such investments in the opening Ind AS Balance Sheet. Accordingly, the Company has fair valued of joint venture. and treat that value as deemed cost for subsequent measurement.

ii. **Investment in debt instrument:**

The Company has invested ₹ 4,892.94 lacs in compulsorily convertible debentures of one of its subsidiaries company at various dates. As per terms, interest is receivable @ 14.50 % for first four years and there after @ 16.00 % till date of conversion of debenture into equity shares. Under the previous GAAP, interest income was accounted for on time proportionate basis at predetermined rate. Under Ind AS, investments in debt instruments can be measured either at amortized cost or FVTOCI or FVTPL.The Company has designated them at amortized cost.

**c) Retained earnings**

Retained earnings as at the transition date has been adjusted consequent to the above Ind AS transitional adjustments.

**d) Borrowings:**

i) Ind AS 109 requires that the upfront/processing fees paid in respect of the borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under the previous GAAP, transaction costs incurred in connection with borrowings were accounted upfront and charged to Statement of Profit and Loss for the period in which such transaction costs were incurred.

ii) As at March 31, 2016, the Company has classified its outstanding, cash credit limits, term loans (including current maturities), agri loans and interest accrued on loans in accordance to Debt Realignment Scheme sanctioned by Corporate Debt Restructuring Empower Group vide sanction letter dated February 29, 2016 as the principal lenders have given their consents and majority of stipulated terms and conditions of restructuring have been complied with by the Company. The auditors of the Company has drawn "Emphasis Matter" on this matter in their audit report dated May 30, 2016. Since under Ind AS the aforesaid adjustment is not permissible, the Company has restated its dues to its lenders as per original terms. Resulting borrowing under the head "Non-Current Liabilities" has decreased and borrowing under the head "Current Financial Liabilities" and current maturity and interest accrued on borrowing under the head "Current Other Financial Liabilities" have increased.

**e) Sale of goods**

Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is presented as a part of other expenses in statement of profit and loss.

**f) Interest Income**

The previous GAAP required the recognition of revenue from interest on time proportion basis. However, Ind AS requires interest on financial assets to be recognized using the effective interest rate method.

**g) Re-measurement of post-employment benefit obligations:**

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

**h) Total comprehensive income and other comprehensive income**

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

**i) Cash flow statement**

The transition from the previous GAAP to Ind AS has not had a material impact on Cash Flow Statement.

**27. Prior Period Error**

During the current year, the company has detected error crept in the actuarial valuation of gratuity, done by actuarial valuer. The valuer has been incorrectly valuing liability of gratuity in respect of seasonal employees since long. This has been got corrected during the current year, accordingly differences up to March 31, 2016 has been adjusted in the equity as at April 01, 2016 and differences for the year ending March 31, 2017 has been adjusted by restating the derived Ind AS figures. The impact of the aforesaid prior period error is as under:

(₹ lacs)

| **Particulars** | **As at March 31, 2017** | **As at April 01, 2016** |
|---|---|---|
| **Other equity** | | |
| Restated as per Ind AS [Refer Note No. 26] | 21,290.81 | 27,045.84 |
| Effect of prior period error | 412.21 | 445.30 |
| **Other equity (net)** | **21,703.02** | **27,491.14** |
| **Trade payables** | | |
| Restated as per Ind AS [Refer Note No. 26] | 58,044.31 | 51,011.23 |
| Effect of prior period error | 412.21 | 445.30 |
| **Net Trade payables** | **57,632.10** | **50,565.93** |

(₹ lacs)

| **Particulars** | **As at April 01, 2017** |
|---|---|
| **Employee benefits expenses** | |
| Restated as per Ind AS [Refer Note No. 26] | 5,478.43 |
| Effect of prior period error | 33.11 |
| **Employee benefits expenses (net)** | **5,511.54** |
| **Total comprehensive Income** | |
| Restated as per Ind AS [Refer Note No. 26] | (5,758.42) |
| Effect of prior period error | 33.11 |
| **Total comprehensive Income(net)** | **(5,791.53)** |

**28.** The Company is receiving supplies of steam and power from Simbhaoli Power Pvt. Ltd (SPPL), its subsidiary company, in terms of Bagasse Conversion Agreement(s) executed in earlier years. Taking into account the changes in commercial understanding after completion and stabilization of the power generation projects at SPPL, the Company and SPPL have agreed to amend the terms of these agreements effective from the Sugar season 2017-18. Pending finalization of the revised terms, the Company has accounted for the supply of conversion bagasse etc. to SPPL, and conversion charges payable thereon in accordance with the terms of old agreements. The adjustments if any, after finalization of revision in the terms of conversion, will be accounted for in the period, in which the terms of the revisions are agreed to by the Company and SPPL

**29. Recent pronouncements**

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018. The Company is evaluating the effect of this on the financial statements.

**Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customer The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new 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 standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018.

The Company will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company is evaluating the effect on adoption of Ind AS 115.

30. Details of loan and advances given, investment made and securities provided as required to be disclosed as per provisions of Section 186 (4) of the Companies Act, 2013 have been disclosed in respective heads.

31. The previous year's including figures as on the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.



Signatures to notes 1 to 31

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

| | | |
|---|---|---|
| Gurmit Singh Mann<br>Chairman<br>DIN - 00066653 | Gursimran Kaur Mann<br>Director<br>DIN - 00642094 | Sachchida Nand Misra<br>Chief Operating Officer<br>DIN -06714324 |
| Dayal Chand Popli<br>Chief Financial Officer<br>FCMA - 12257 | Sanjay Kulshrestha<br>GM- Finance & Accounts<br>FCA - 093900 | Kamal Samtani<br>Company Secretary<br>FCS - 5140 |

B. L. GUPTA
Partner
(M.No. - 073794)

Place : New Delhi
Date : May 30, 2018

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Ind AS financial statements of **Simbhaoli Sugars Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), and joint venture which comprise the Consolidated Balance Sheet as at March 31, 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 and notes for the year ended on that date (hereinafter referred to as " the Consolidated financial statement").

**Management's Responsibility for the consolidated financial statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give 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 Group 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 Group 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 Consolidated Ind AS financial statements that give 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 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 auditor's judgment, 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 Holding 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 Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the consolidated Ind AS financial statements.

**Basis for Qualified Opinion**

1. *As stated in Note No.9 to the consolidated financial statement, no provision has been made in respect of interest accrued and due but not paid by the company on certain loans aggregating to Rs. 11971.59 Lacs for the reasons stated in the said note. Consequently, loss for the year and 'current-other financial liabilities' has been understated and 'other equity' has been overstated by Rs. 11971.59 Lacs. Our report is qualified for the above matters.*

**Basis for Adverse Opinion**

*As explained in Note No. 1, these consolidated financial statements have been prepared without consolidation of financials of one subsidiary viz Simbhaoli Power Private Limited (SPPL) because the Ind AS compliant financial statements of the subsidiary company are under compilation. This acquisition is, therefore, accounted for as investment in the consolidated financial statements. Under the accounting principles generally accepted in India, the subsidiary should have been consolidated because it is controlled by the Company. Had the company been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements due to the failure to consolidate have not been determined.*

**Adverse Opinion**

In our opinion, because of the non compilation of financial statement of one of its subsidiary in the consolidated financial statements as mentioned in the Basis for Adverse Opinion paragraph, the consolidated financial statements do not give the information required by the Companies Act, 2013 in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at March 31, 2018, of their consolidated losses including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Emphasis of Matter**

i) As stated in Note No. 4, the financial statements of the holding company have been prepared on going concern basis. Events or conditions as set forth in Note No. 4 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern as well as on the carrying amount of fixed assets appearing in the financial statements. The ability of the Company to continue depends on the restructuring of debts as per proposed debt resolution plan and turnaround of the sugar operation on sustainable basis.

ii) As stated to Note No. 24, these Consolidated Financial Statements have been prepared after incorporating the carrying amount of investments in joint venture company, viz Uniworld Sugars Private Limited on equity method, based on unaudited accounts as certified by the management. The consolidated financial statements include the Group's share of loss of Rs. 989.28 lacs for the year ended March 31, 2018, in respect of the joint venture. Our opinion on the statement, in so far as it is related to the amounts and disclosures included in respect of the above joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us, these financial statements are material to the group. Since, these statements are yet to be audited and reported upon by the auditors, we are unable to form an opinion in respect of financial statements and other financial information of joint venture incorporated in consolidated financial statement.

Our opinion is not modified in respect of these matters.

**Other Matter**

We did not audit the financial statements of subsidiaries viz, Simbhaoli Global Commodities DMCC and Simbhaoli Speciality Sugars Private Limited, whose financial statements reflect total assets of Rs 249.09 lacs as at 31st March, 2018 as well as total revenue Rs 18.35 lacs and net cash outflow amounting to Rs 3.54 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our report on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

**<u>Report on Other Legal & Regulatory Requirements :</u>**

1. As required by Section-143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries we report, the extent applicable, that :-

   (a) Except for the possible effects of the matter described in the Basis for Adverse Opinion, Basis for Qualified Opinion and Emphasis of Matter paragraph above, 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 financial statements.

   (b) Except for the possible effects of the matter described in the Basis for Adverse Opinion, Basis for Qualified Opinion and Emphasis of Matter paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report are in with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) Except for the possible effects of the matter described in the Basis for Adverse Opinion, Basis for Qualified Opinion and Emphasis of Matter paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 15 of the Companies (Indian Accounting Standard) Rules, 2015.

   (e) On the basis of the relevant assertion contained in the audit reports on consolidated financial statements of each subsidiary company which are incorporated in India none of the Directors of any such company is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) The going concern matter described in sub-paragraph (i) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Holding Company.

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such Controls, refer to our separate report in Annexure – 'A'

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of a subsidiary, as noted in the 'Other Matter' paragraph:

i. The consolidated financial statements disclosed the impact of pending litigations on its financial position of the Group and its joint venture company.

ii. The Group do not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

iii. As explained, there has been no amount required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

**FOR MITTAL GUPTA & CO.**
Chartered Accountants
(Firm's Registration No. 01874C)

**(B. L.GUPTA)**
Partner
Membership No. 073794

Place : New Delhi
Date : 30.05.2018

## Annexure - ‘A’ to the Independent Auditor’s Report

(The Annexure – ‘A’ referred to in our Independent Auditors’ Report to the members of the Company on the consolidated financial statements for the year ended March 31, 2018)

**Report on the Internal Financial Control 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 Simbhaoli Sugars Ltd. (“the Holding Company”) and its subsidiaries ( the Holding Company and its subsidiaries together referred to as “the group”) and its joint venture as at March 31 ,2018, we have audited the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and joint venture, which are companies incorporated in India, as of that date.

**Management’s Responsibility for internal Financial Controls**

The Holding Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Group considering the essential components of internal controls 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 company’s polices, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information , as required under the Companies Act, 2013 (“the Act”).



**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statement for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls 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 disposition of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of consolidated financial statement in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition , use ,or disposition of the company’s assets that could have a material effect on the consolidated financial statement.

**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 controls 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 except for the matters described in the Basis for Qualified Opinion, Basis for Adverse Opinion and Emphasis of Matter paragraph, the Holding Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**Other Matters**

Our aforesaid report 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 one subsidiary company which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

We draw attention to the fact that Auditors' report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in respect of joint venture i.e. Uniworld Sugars Private Ltd. has not been provided to us and accordingly we do not express any opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Uniworld Sugars Private Ltd.

**FOR MITTAL GUPTA & CO.**
Chartered Accountants
(Firm's Registration No. 01874C)

**(B. L.GUPTA)**
Partner
Membership No. 073794

Place : New Delhi
Date : 30.05.2018

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## CONSOLIDATED BALANCE SHEET
## AS AT MARCH 31, 2018

| | Notes | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property plant and equipment | 3.1 | 1,32,673.58 | 1,35,298.95 | 1,39,640.35 |
| Capital work-in-progress | 3.1 | 202.62 | 1,414.38 | 365.98 |
| Intangible assets | 3.2 | 15.67 | 17.04 | 19.35 |
| Financial assets | | | | |
| Investments | 3.3 | 12,604.34 | 13,971.34 | 16,340.32 |
| Other financial assets | 3.4 | 197.45 | 926.30 | 964.58 |
| Deferred Tax Assets | 3.5 | 119.37 | 147.60 | 94.72 |
| Non-current Tax Assets | 3.5A | 528.44 | 677.71 | 1,078.96 |
| Other non-current assets | 3.6 | 572.94 | 645.31 | 383.25 |
| **Total non-current assets** | | **1,46,914.41** | **1,53,098.63** | **1,58,887.51** |
| **Current assets** | | | | |
| Inventories | 3.7 | 33,503.70 | 39,735.60 | 29,659.01 |
| Financial assets | | | | |
| Trade and other receivables | 3.8 | 3,865.62 | 4,190.31 | 6,521.49 |
| Cash and cash equivalents | 3.9 | 819.26 | 1,177.85 | 880.76 |
| Bank balances other than cash & cash equivalents | 3.10 | 1,018.44 | 6,553.11 | 608.92 |
| Other financial assets | 3.11 | 3,783.19 | 4,918.60 | 3,095.96 |
| Current tax assets (net) | 3.12 | - | 0.19 | 0.19 |
| Other current assets | 3.13 | 903.02 | 1,757.58 | 3,146.65 |
| **Total current assets** | | **43,893.23** | **58,333.24** | **43,912.98** |
| **Total assets** | | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 3.14 | 3,927.90 | 3,747.90 | 3,747.90 |
| Other equity | 3.15 | 2,059.45 | 20,069.80 | 25,657.24 |
| Non-controlling interest | 3.15 | 52.60 | 55.52 | 78.93 |
| **Total equity** | | **6,039.95** | **23,873.22** | **29,484.07** |
| **LIABILITIES** | | | | |
| **Non current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 3.16 | 32,319.44 | 23,060.25 | 6,134.73 |
| Other financial liabilities | 3.17 | 1,227.99 | 1,666.62 | 2,127.18 |
| Provisions | 3.18 | 364.61 | 334.27 | 191.31 |
| **Total non-current liabilities** | | **33,912.04** | **25,061.14** | **8,453.22** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 3.19 | 47,067.75 | 61,831.12 | 83,874.55 |
| Trade and other payables | 3.20 | 56,566.10 | 57,860.42 | 50,870.91 |
| Other financial liabilities | 3.21 | 45,733.83 | 38,556.21 | 27,094.27 |
| Provisions | 3.22 | 96.95 | 56.14 | 63.76 |
| Other current liabilities | 3.23 | 1,389.55 | 4,190.64 | 2,954.48 |
| Current tax liabilities | 3.24 | 1.47 | 2.98 | 5.23 |
| **Total current liabilities** | | **1,50,855.65** | **1,62,497.51** | **1,64,863.20** |
| **Total equity and liabilities** | | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |
| **See accompanying notes forming part of the financial statements** | 1 to 31 | | | |

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

B. L. GUPTA
Partner
(M.No. - 073794)

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 30, 2018

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS
## FOR THE YEAR ENDED MARCH 31, 2018

| | Notes | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **Revenue from operations** | | | |
| Revenue from operations | 3.25 | 91,616.62 | 90,950.65 |
| Other Income | 3.26 | 2,561.86 | 3,285.32 |
| **Total income** | | **94,178.48** | **94,235.97** |
| **Expenses** | | | |
| Cost of materials consumed | 3.27 | 81,733.42 | 67,022.48 |
| Purchases of stock-in-trade | 3.28 | 281.41 | 1,046.45 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 3.29 | 1,771.13 | (6,460.87) |
| Excise Duty on sale of goods | 3.30 | 1,719.80 | 4,881.71 |
| Employee benefit expenses | 3.31 | 5,665.98 | 6,111.48 |
| Finance costs | 3.32 | 4,609.04 | 12,285.11 |
| Depreciation and amortization expenses | 3.33 | 4,632.07 | 4,655.89 |
| Other expenses | 3.34 | 10,803.27 | 8,545.52 |
| **Total expenses** | | **1,11,216.12** | **98,087.76** |
| **Profit/(loss) before exceptional items and tax** | | (17,037.64) | (3,851.79) |
| Exceptional items - expenses/(income) | 3.35 | 970.79 | (427.05) |
| **Profit/ (loss) before sharing of Profit/(loss) in Joint Venture and Tax** | | **(18,008.43)** | **(3,424.74)** |
| Share of Profit/(loss) of Joint Venture [accounted for using the equity method] | | (989.28) | (2,044.81) |
| **Profit/(loss) before tax** | | **(18,997.70)** | **(5,469.56)** |
| Tax expense: | | | |
| - Current Tax | | 3.91 | 6.53 |
| - Deferred Tax | | 34.34 | (55.04) |
| - Tax adjustments related to earlier years | | 8.29 | (0.31) |
| **Total Tax Expense** | | 46.54 | (48.82) |
| **Profit after Tax** | | **(19,044.25)** | **(5,420.73)** |
| **Other Comprehensive Income** | | | |
| A. (i) Items that will not be re-classified to profit or loss: | | 105.44 | (191.68) |
| (ii) Income tax relating to items that will not be re-classified to profit or loss | | (2.51) | (2.16) |
| B. (i) Items that will be re-classified to profit or loss: | | (0.15) | 0.31 |
| (ii) Income Tax relating to items that may be reclassified to profit or loss | | - | - |
| **Total Other Comprehensive Income (net of tax)** | | **102.78** | **(193.53)** |
| **Total Comprehensive Income** | | **(18,941.47)** | **(5,614.26)** |
| **Profit/loss for the year attributable to:** | | | |
| 1). Owners of the parent | | (19,040.25) | (5,396.65) |
| 2). Non Controlling Interest | | (4.00) | (24.08) |
| **Other Comprehensive Income attributable to:** | | | |
| 1). Owners of the parent | | 101.70 | (194.20) |
| 2). Non Controlling Interest | | 1.08 | 0.67 |
| **Total Comprehensive Income attributable to:** | | | |
| 1). Owners of the parent | | (18,938.55) | (5,590.85) |
| 2). Non Controlling Interest | | (2.92) | (23.41) |
| **Earnings per equity share-basic/diluted (₹)** | | | |
| - Before exceptional items | | (48.19) | (15.54) |
| - After exceptional items | | (50.78) | (14.40) |
| **See accompanying notes forming part of the financial statements** | 1 to 31 | | |

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

B. L. GUPTA
Partner
(M.No. - 073794)

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

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 30, 2018

## SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')
## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

| | Particular | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| | Net profit/(loss) before tax and exceptional items | (17,037.64) | (3,851.79) |
| | **Adjustments for:** | | |
| | Depreciation and amortization (net of revaluation reserve) | 4,632.06 | 4,655.89 |
| | Finance income/cost | 4,609.04 | 12,285.11 |
| | Interest income/cost | (1,437.33) | (1,597.37) |
| | Rent/Financial lease income | (27.25) | (53.32) |
| | Liability/provisions no longer required written back | (638.73) | (670.62) |
| | Bad Debts and advances written off | 59.02 | 14.91 |
| | Loss/ (profit) from sale of property, plant and equipment (net) | 4.00 | 3.04 |
| | Management Fees Written off | 985.78 | - |
| | Unrealised foreign exchange fluctuation | (0.15) | 0.31 |
| | Provision for doubtful debts and advances | 215.20 | 106.77 |
| | Mollasses Storage Fund | 4.62 | 3.41 |
| | **Operating profit/(loss) before working capital changes** | **(8,631.37)** | **10,896.35** |
| | Adjustments for (increase)/decrease in operating assets: | | |
| | Changes in trade and other receivables | 50.45 | 2,209.50 |
| | Changes in other non current and current financial asset | 319.94 | (939.85) |
| | Changes in other non current and other current assets | 971.00 | 583.62 |
| | Changes in inventories | 6,231.89 | (10,076.46) |
| | Changes in trade and other payables | (1,123.51) | 7,404.92 |
| | Changes in other non-current and other current financial liabilities | 396.65 | 409.14 |
| | Changes in other non-current and other current liabilities | (2,162.35) | 1,236.15 |
| | Changes in long term and short term provision | 176.59 | (56.34) |
| | **Cash (used)/generated from operations** | **(3,770.71)** | **11,667.03** |
| | Direct taxes (paid)/refund | 127.16 | 392.79 |
| | **Net cash (used) / from operating activities** | **(3,643.55)** | **12,059.82** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| | Additions to property, plant and equipment | (1,574.55) | (961.99) |
| | Sale of property, plant and equipment | 30.66 | 5.03 |
| | Proceeds from maturity of national savings certificate | - | 0.50 |
| | Purchase of national savings certificate | (1.00) | - |
| | Interest income | 917.90 | 460.65 |
| | Rent/Financial Lease Income | 202.39 | 416.20 |
| | Loan given to related party | 0.00 | - |
| | Changes in fixed deposit placed with Banks | 6,300.99 | (6,174.34) |
| | **Net cash (used) / from investing activities** | **5,876.39** | **(6,253.96)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| | Proceeds from share warrants/ Share Capital | 313.65 | - |
| | Finance Cost | (2,223.53) | (2,645.40) |
| | Repayment of long term borrowings | (378.56) | (552.88) |
| | Proceeds/(repayment) of short term borrowings( net) | (302.99) | (2,310.35) |
| | **Net cash (used) / from financing activities** | **(2,591.43)** | **(5,508.63)** |
| **D.** | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(358.60)** | **297.23** |
| **E.** | **Cash and cash equivalents (opening balance)** | **1,177.85** | **880.76** |
| **F.** | **Cash and cash equivalents (closing balance) (Refer note 3.9) (D+E)** | | |
| | Cash and bank balances (D+E) | **819.26** | **1,177.85** |

**Notes:**

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the 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 capitalized is ₹ Nil.(previous year ₹ 23.94 lacs).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Cash and cash equivalents do not include any amount which is not available to the Group for its use.
5) Cash and cash equivalents as at the Balance Sheet date consists of:

| Particular | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs |
|---|---|---|
| (a) Balance with Banks on current accounts | 810.99 | 1,166.15 |
| (b) Cash in hand | 8.27 | 11.70 |
| **Closing Cash and Cash Equivalents (Refer Note No. 3.9 )** | **819.26** | **1,177.85** |

6) Proceed/(repayment) of/from Short-term borrowings qualify for disclosure on net basis.
7) Figure in brackets represent cash outflow for respective activities.
8) As breakup of cash and cash equivalents is also available in Note No. 3.9, 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.

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

B. L. GUPTA
Partner
(M.No. - 073794)

Place : New Delhi
Date : May 30, 2018

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

# SIMBHAOLI SUGARS LIMITED
## (Formerly known as 'Simbhaoli Spirits Limited')

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

**Equity Share Capital**

(₹ lacs)

| For the year ended March 31, 2017 | | | For the year ended March 31, 2018 | | |
|---|---|---|---|---|---|
| Balance as at April 01, 2016 | Changes in Equity share capital during the year | As at March 31, 2017 | Balance as at April 01, 2017 | Changes in Equity share capital during the year | As at March 31, 2018 |
| 3,747.90 | - | 3,747.90 | 3,747.90 | 180.00 | 3,927.90 |

**OTHER EQUITY**

(₹ lacs)

| Particulars | Attributable to the equity shareholders of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reserve and Surplus | | | | | Other Comprehensive Income | | Other equity | Non Controlling Interest | Total |
| | Securities premium account | Share warrant | Storage fund for molasses account | Capital Reserve | Retained Earning | Foreign Currency Translation Reserve | Actuarial gain/(loss) on employee benefit plan | | | |
| **As at April 01, 2016** | **45,461.99** | **-** | **4.92** | **62.21** | **(19,871.88)** | **-** | **-** | **25,657.24** | **78.93** | **25,736.17** |
| Profit/(loss) for the year | - | - | - | - | (5,396.65) | - | - | (5,396.65) | (24.08) | (5,420.73) |
| Transfer to storage fund for molasses | - | - | 3.41 | - | - | - | - | 3.41 | - | 3.41 |
| Other comprehensive income | - | - | - | - | - | 0.31 | (194.51) | (194.20) | 0.67 | (193.53) |
| Transferred from/to other comprehensive income/retained earning | - | - | - | - | (194.51) | - | 194.51 | - | - | - |
| **As at March 31, 2017** | **45,461.99** | **-** | **8.33** | **62.21** | **(25,463.04)** | **0.31** | **-** | **20,069.80** | **55.52** | **20,125.32** |
| Profit/(loss) for the year | - | - | - | - | (19,040.25) | - | - | (19,040.25) | (4.00) | (19,044.25) |
| Transfer to storage fund for molasses | - | - | 4.62 | - | - | - | - | 4.62 | - | 4.62 |
| Other comprehensive income | - | - | - | - | - | (0.15) | 101.86 | 101.71 | 1.08 | 102.79 |
| Add: Money received against share warrant | - | 1,103.57 | - | - | - | - | - | 1,103.57 | - | 1,103.57 |
| Less: Money utilised for conversion of share warrants into equity shares | - | (577.80) | - | - | - | - | - | (577.80) | - | (577.80) |
| Premium on issue of equity share capital | 397.80 | - | - | - | - | - | - | 397.80 | - | 397.80 |
| Transferred from/to other comprehensive income/retained earning | - | - | - | - | 101.86 | - | (101.86) | - | - | - |
| **As at March 31, 2018** | **45,859.79** | **525.77** | **12.95** | **62.21** | **(44,401.44)** | **0.16** | **-** | **2,059.45** | **52.60** | **2,112.05** |

See accompanying notes forming part of the financial statements

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

In terms of our report attached
For **MITTAL GUPTA & CO.**
Chartered Accountants
FRN - 01874C

B. L. GUPTA
Partner
(M.No. - 073794)

Place : New Delhi
Date : May 30, 2018

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Director
DIN - 00642094

Sachchida Nand Misra
Chief Operating Officer
DIN -06714324

Dayal Chand Popli
Chief Financial Officer
FCMA - 12257

Sanjay Kulshrestha
GM- Finance & Accounts
FCA - 093900

Kamal Samtani
Company Secretary
FCS - 5140

# SIMBHAOLI SUGARS LIMITED
# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

**1. Background**

The Consolidated financial statements comprise of audited financial statement of Simbhaoli Sugars Limited and its subsidiaries namely Integrated Casetech Consultants Private Limited, Simbhaoli Global Commodities DMCC and Simbhaoli Speciality Sugars Private Limited (collectively “the Group”) and the Group’s interest in joint venture.

Financial statements of Simbhaoli Power Private Limited (SPPL), a subsidiary company, having material impact of the financial of Group, has not been incorporated as its accounts are still under compilation in accordance with Ind AS.

Simbhaoli Sugars Limited (‘the Company’) (previously known as Simbhaoli Spirits Limited) having CIN No. L15122UP2011PLC044210 is a public limited Company under the provisions of the Companies Act, 2013 incorporated and registered with Registrar of Companies, Kanpur Uttar Pradesh on April 04, 2011. Currently equity shares of the Company are listed at BSE and NSE. The Hon’ble High Court of Judicature at Allahabad has sanctioned the Scheme of Amalgamation of Erstwhile Simbhaoli Sugars Limited (ESSL), the Transferor Company with the Company, the Transferee Company w.e.f. April 01, 2015 (the Appointed Date) and consequent thereto, the entire business undertakings of ESSL, stands transferred to and vested in the Company, as a going concern with effect from the Appointed Date. The Company has now three sugar complexes - Simbhaoli (western Uttar Pradesh), Chilwaria (eastern Uttar Pradesh) and Brijnathpur (western Uttar Pradesh) having an aggregate crushing capacity of 19,500 TCD. The Company is technology driven with a business mix that spans from refined (sulphur less) sugar, specialty sugars, extra neutral alcohol (ENA), ethanol and bio-manure. The Company is engaged in sugar refining (Defeco Remelt Phosphotation and Ion Exchange technology), high value, niche products (specialty sugars) and clean energy (ethanol). The Company sells international standard refined, pharmaceutical grade and specialty sugars to the retail and bulk institutional consumer segments.

The Group is operating its different businesses through separate subsidiaries and joint venture, the details are given below:

| S. No. | Name of subsidiary/ Jointly Venture | Business | Country of Incorporation | % voting power held as at March 31, 2018 | % voting power held as at March 31, 2017 | % voting power held as at April 01, 2016 |
|---|---|---|---|---|---|---|
| A. | Subsidiaries | | | | | |
| 1. | Simbhaoli Power Private Limited | Generation of green power | India | 51 | 51 | 51 |
| 2. | Integrated Casetech Consultants Pvt. Ltd. | Consultancy business | India | 85.16 | 85.16 | 85.16 |
| 3. | Simbhaoli Global Commodities DMCC | Trading of sugar & alcohol | Dubai | 100 | 100 | 100 |
| 4. | Simbhaoli Speciality Sugars Private Limited | Packaging | India | 100 | 100 | 100 |
| B. | Joint Venture | | | | | |
| 1 | Uniworld Sugars Private Limited | Raw sugar refinery | India | 44.89* | 44.89* | 44.89* |

*Group

**2.1 Basis of preparation and presentation**

**i) Statement of Compliance**

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant accounting principles generally accepted in India.

The consolidated financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). Previous year numbers in the consolidated financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in Note No. 22.

These consolidated financial statements are the first consolidated financial statements of the Group under Ind AS. The date of transition to Ind AS is April 01, 2016. Refer Note No.22 for the details of first-time adoption (Ind AS 101) exemptions availed by the Group and an explanation of how the transition from previous GAAP to Ind AS has affected the Group’s financial position, financial performance and cash flows.

**ii) Principles of consolidation**

a) The consolidated financial statements related to Simbhaoli Sugars Limited (“The Company”) and its Subsidiaries (Collectively referred as “The Group”).

In the case of subsidiaries, control is achieved when the Group is exposed, or has right, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

i) The Groupr e-assesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control.

ii) Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, Liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the Group ceases to control the subsidiary.

iii) 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 the Group member's financial statement in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

iv) The consolidated financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent the Group, i.e. year ended on March 31, 2018.

v) Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**b) Consolidation procedure**

The consolidated financial statements relate to Simbhaoli Sugars Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

ii) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

iii) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

iv) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

v) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

vi) Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to owners of the Group.

vii) Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the owners of the Group.

c) Investment in Joint Venture:

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture 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 joint venture 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 joint venture 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 joint venture. 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 joint venture, 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 joint venture are eliminated to the extent of the interest in the joint venture.

If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), 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 joint venture. If the joint venture 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 a joint venture is shown on the face of the Consolidated Statement of Profit and Loss.

The financial statements of the joint venture 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 joint venture. At each balance sheet date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit/loss of a joint venture' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognise and retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of profit and loss.

**iii) Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) and assets for defined benefit plans that are measured at fair value and less cost of sale wherever require. The methods used to measure fair values are discussed further in notes to consolidated financial statements.

**iv) Functional and presentation currency**

These consolidated financial statements are presented in Indian rupees (INR), which is Group functional currency. All amounts have been rounded off to nearest in lacs unless otherwise indicated.

**v) Operating Cycle**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013 based on the nature of services rendered and their realization in cash and cash equivalents.

**2.2 Significant Accounting Policies**

**i) Revenue recognition**

**A. Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

**B. Rendering of services**

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

**C. Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**D. Dividend Income**

Dividend income is recognized when the Group's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably 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.

**E. Export Incentives**

Export incentives are accounted for in the year of exports based on eligibility and when there is no significant uncertainty in receiving the same.

**F. Insurance Claims**

Insurance claim are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**ii) Government Grant**

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all attached condition.

Government grants relating to income are deferred and recognized in profit & loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.

Governments Grants relating to the purchase of property, plant & equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented with in other income.

**iii) Expenses**

All expenses are accounted on accrual basis.

**iv) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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.

For arrangements entered into prior to the transition date, i.e. April 01, 2016, the Group has determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

**(a) As a lessee**

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease Rental payables under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(b) As a lessor**

Where the Group as a lessor has leased assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Lease rental income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless receipt are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

**v) Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective rate of interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.



**vi) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Group 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. Other borrowing costs are expensed in the period in which they are incurred.

**vii) Income tax**

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

**A. Current tax**

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

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

**B. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. In case of a history of continuous losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Minimum Alternate Tax (MAT) credits is recognized as deferred tax assets in the Balance Sheet only when the asset can be measured reliably and to the extent there is convincing evidence that sufficient taxable profit will be available against which the MAT credits can be utilized by the Group in future.

**viii) Current versus non-current classification**

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

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

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

- Expected to be settled in the Group's normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

The Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**ix) Property, Plant & Equipment & Capital work in Progress**

**A. Recognition and measurement**

Property, plant and equipment are tangible items that are held for use in the production or supply for goods and services, rental to others or for administrative purposes and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is being recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold lands are stated at cost. All other items of property, plant and equipment are stated at cost, net of recoverable taxes less accumulated depreciation, and impairment loss, if any.

The cost of an asset includes the purchase cost of material, 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 capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as 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 a provision are met.

Assets identified and technically evaluated as obsolete are retired from active use and held for disposal are stated at the lower of its carrying amount and fair value less cost to sell.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

**B. Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**C. Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**x) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when the asset is derecognized.

**Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognized as at April 01 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**xi) Depreciation & Amortization**

The classification of plant and machinery into continuous and non-continuous process is done as per their use and depreciation thereon is provided accordingly. Depreciation commences when the assets are available for their intended use. The depreciation is provided over the useful lives specified in schedule II to the Companies Act, 2013.

Except in case of fixed assets costing up to ₹ 5,000 are fully depreciated in the year of purchase. Freehold land is not depreciated.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life of the assets. The Group uses a rebuttable presumption that the useful life of intangible assets is ten years from the date when the assets is available for use.

**xii) Financial Instruments**

**A. Financial Asset**

**1) Classification**

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

**2) Initial Recognition and Measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

**3) Subsequent Measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- At amortised cost,
- At fair value through other comprehensive income (FVTOCI), and
- At fair value through profit or loss (FVTPL).

**i) Debt instrument at amortized cost**

A "Debts instrument" is measured at the amortized cost if both the following condition are met:

- The assets are held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR.

**ii) Equity investments**

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiaries carried at deemed cost. Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. April 01, 2016. Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Group may make an irrevocable election to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. When the fair value has been determined based on level 3 inputs, the difference between the fair value at initial recognition and the transaction price, if gain, is deferred and after initial recognition deferred difference is recognised as gain or loss to the extent it arises from change in input to valuation technique. If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

**4) De-recognition**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- The right to receive cash flows from the assets have expired or
- The Group has transferred substantially all the risks and rewards of the assets, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets



**5) Impairment of financial assets**

The Group applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instrument and are measured at amortized cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables:

  The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognized impairment loss allowance based on life time expected credit loss at each reporting date, right from its initial recognition.

**B. Financial liabilities**

**1) Classification**

The Group classifies all financial liabilities as subsequently measured at amortized cost.

**2) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables net of directly attributable transaction cost.

**3) Loan and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gain and losses are recognized in statement of profit and loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction cost. Their amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & borrowings.

4) **De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognized in the Statement of Profit and Loss.

C. **Offsetting of financial instrument**

Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

xii) **Inventories**

Inventories are valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

| | | |
|---|---|---|
| Stores and spare parts | - | Monthly weighted average |
| Raw materials | - | First in first out (FIFO) |
| Process stocks/finished goods | - | Material cost plus appropriate share of labour and manufacturing overheads |
| Stock in trade | - | First in first out (FIFO) |
| By products | - | At estimated realizable value |

xii) **Employee benefits**

A. **Short term employee benefits**

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

B. **Post employment benefits**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Group has established a Superannuation Fund Trust to which contributions are made quarterly. The Group recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Group has no other obligations beyond its quarterly contributions.

C. **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

D. **Other long-term employee benefits**

The Group net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re-measurements gain or losses are recognized in profit or loss in the period in which they arise.

E. **Voluntary Retirement Scheme**

Expenditure on voluntary retirement scheme is change to the Statement of Profit and Loss in the year in which it is incurred.

**xiv) Provisions (other than for employee benefits)**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognized for future operating losses

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

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

A contingent asset is not recognized but disclosed, when possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.



Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**xv) Earnings per share**

Basic earnings per share are calculated by dividing the profit/loss for the year (before other comprehensive income), attributable to the equity shareholders, by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year (before other comprehensive income), adjusting the after tax effect of interest and other financing costs associated with dilutive potential equity shares, attributable to the equity shareholders, 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.

**xvi) Foreign currency translations**

**A. Functional and presentation currency**

Consolidated financial statements have been presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

**B. Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rate 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 recognized 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.

**xvii) Impairment of non-financial assets**

Goodwill and Intangible assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment.

Other intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The carrying amount of assets is reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factor. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Impairment is charged to the profit and loss account in the year in which an asset is identified as impaired.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**xviii) Cash and Cash Equivalents**

Cash and cash equivalents include 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 are subject to an insignificant risk of changes in value.

**xix) Non-current assets (or disposal group) held for sale and discontinued operations:**

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the consolidated statement of profit and loss, with all prior periods being presented on this basis.

**xx) Operating Segments**

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Board of Directors (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

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 in respective segments. Assets and Liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable"

**xxi) Cash Flow Statement**

Cash flows are stated 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 items of incomes and expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**2.3 Use of Estimates and management judgements**

The preparation of consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) requires management of the Group to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date.

The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving critical judgement are as follows:

**i) Material uncertainty about going concern:**

In preparing consolidated financial statements, management has made an assessment of Group's ability to continue as a going concern. Financial statement is prepared on a going concern basis. The management is aware, in making its assessments, of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. Further details on going concern are disclosed in note .4

**ii) Fair value measurements of financial instruments:**

When the fair value of financial assets and liabilities recorded in the Balance sheet cannot be measured based on the quoted market price in the active markets, their fair value is measured using valuation technique. The input to these model is taken from the observable market where possible, but if this is not feasible. a review of judgment is requiring this establishing fair values. Changes in assumption relating to these assumptions could affect the fair value of financial instrument.

**iii) Employee benefit plans:**

The cost of the defined benefit plans and other long-term employee benefits and the present value of the obligation thereon 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, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds. Future salary increases are based on expected future inflation rates and expected salary trends in the industry. Attrition rates are considered based on past observable data on employees leaving the services of the Group. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes.

**iv) Recoverability of trade receivables:**

The Group has a stringent policy of ascertaining impairments, if any, as result of detailed scrutiny of major cases and through determining expected credit losses. Despite best estimates and periodic credit appraisals of customers, the Group's receivables are exposed to delinquency risks due to material adverse changes in business, financial or economic conditions that are expected to cause a significant change to the party's ability to meet its obligations. All such parameters relating to impairment or potential impairment are reviewed at each reporting date.

**v) Provision and contingencies:**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

**vi) Useful life and residual value of plant, property equipment and intangible assets:**

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

### 3.1 PROPERTY, PLANT AND EQUIPMENT

₹ lacs

| Particulars | Land Freehold | Buildings | Railway Siding | Plant & Machinery | Furniture & Fixtures | Vehicles | Other Equipments | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 March 2017** | | | | | | | | | |
| **Gross block** | | | | | | | | | |
| **Gross carrying amount as at April 01, 2016** | 85,125.11 | 13,787.87 | 0.50 | 46,903.57 | 223.01 | 165.32 | 726.02 | 1,46,931.40 | 365.98 |
| Additions during the year | - | 11.91 | - | 262.58 | 1.71 | 25.68 | 15.52 | 317.39 | 1,060.90 |
| Disposals/Deductions during the year | - | - | - | 34.99 | 0.59 | 1.89 | 6.09 | 43.55 | 12.51 |
| **Gross carrying amount as at March 31, 2017** | **85,125.11** | **13,799.78** | **0.50** | **47,131.16** | **224.13** | **189.11** | **735.45** | **1,47,205.24** | **1,414.37** |
| **Depreciation/Amortisation** | | | | | | | | | |
| Accumulated depreciation/amortisation as at April 01, 2016 | - | 1,503.19 | 0.10 | 5,371.28 | 53.90 | 93.63 | 268.93 | 7,291.04 | - |
| Depreciation/Amortisation for the year | - | 798.10 | 0.10 | 3,691.37 | 41.04 | 40.55 | 79.61 | 4,650.77 | - |
| Disposals/Deductions during the year | - | - | - | 27.79 | 0.44 | 1.79 | 5.49 | 35.51 | - |
| Accumulated depreciation/amortisation as at March 31, 2017 | - | 2,301.29 | 0.20 | 9,034.86 | 94.49 | 132.39 | 343.05 | 11,906.29 | - |
| **Net carrying amount as at March 31, 2017** | **85,125.11** | **11,498.49** | **0.30** | **38,096.30** | **129.64** | **56.73** | **392.40** | **1,35,298.95** | **1,414.37** |
| **Gross block** | | | | | | | | | |
| **Gross carrying amount as at April 01, 2017** | 85,125.11 | 13,799.78 | 0.50 | 47,131.16 | 224.13 | 189.11 | 735.45 | 1,47,205.24 | 1,414.38 |
| Additions during the year | - | 17.06 | - | 2,009.45 | 1.71 | 0.90 | 9.71 | 2,038.83 | 495.84 |
| Disposals/Deductions during the year | - | - | - | 49.19 | 0.73 | - | 4.99 | 54.91 | 1,707.59 |
| **Gross carrying amount as at March 31, 2018** | **85,125.11** | **13,816.83** | **0.50** | **49,091.42** | **225.11** | **190.01** | **740.17** | **1,49,189.16** | **202.62** |
| **Depreciation/Amortisation** | | | | | | | | | |
| Accumulated depreciation/amortisation as at April 01, 2017 | - | 2,301.29 | 0.20 | 9,034.86 | 94.49 | 132.39 | 343.05 | 11,906.29 | - |
| Depreciation/Amortisation for the year | - | 798.67 | 0.10 | 3,691.34 | 40.92 | 24.08 | 73.27 | 4,628.39 | - |
| Disposals/Deductions during the year | - | - | - | 13.81 | 0.54 | - | 4.74 | 19.09 | - |
| Accumulated depreciation/amortisation as at March 31, 2018 | - | 3,099.95 | 0.30 | 12,710.69 | 134.87 | 156.57 | 411.58 | 16,515.59 | - |
| **Net carrying amount as at March 31, 2018** | **85,125.11** | **10,716.88** | **0.20** | **36,380.73** | **90.24** | **33.45** | **328.59** | **1,32,673.58** | **202.62** |



Notes:

1. The finance cost on specific borrowings capitalized during the year amounted to ₹ Nil (Previous year ₹ Nil). However the Company has also capitalized borrowing cost on its general borrowing amounting to ₹ Nil (Previous year ₹23.94 lacs) using weighted average capitalization rate of Nil % (Previous year- 12 %) Per annum.
2. The company has availed loans from banks and other entities against securities of aforesaid assets. The details of charge created, security terms against borrowing are stated at Note No. 9.
3. Refer Note No.5 (iii) for information contractual commitments for acquisition of property, plant & equipment.

### 3.2 INTANGIBLE ASSETS

₹ lacs

| Particulars | Software |
|---|---|
| **Year ended 31 March 2017** | |
| **Gross Block** | |
| **Gross carrying amount as at April 01, 2016** | 41.51 |
| Additions during the year | 2.82 |
| Disposals/Deductions during the year | - |
| **Gross carrying amount as at March 31, 2017** | **44.33** |
| **Depreciation/Amortisation** | |
| **Accumulated amortisation as at April 01, 2016** | 22.16 |
| Amortisation for the year | 5.13 |
| Disposals/Deductions during the year | - |
| Accumulated amortisation as at March 31, 2017 | 27.29 |
| **Net carrying amount as at March 31, 2017** | **17.04** |
| **Gross block** | |
| **Gross carrying amount as at April 01, 2017** | 44.33 |

| Particulars | ₹ lacs<br>Software |
|---|---|
| Additions during the year | 2.82 |
| Disposals/Deductions during the year | 10.43 |
| **Gross carrying amount as at March 31, 2018** | **36.71** |
| **Depreciation/Amortisation** | |
| **Accumulated amortisation as at April 01, 2017** | 27.29 |
| Amortisation for the year | 3.66 |
| Disposals/Deductions during the year | 9.91 |
| Accumulated amortisation as at March 31, 2018 | 21.04 |
| **Net carrying amount as at March 31, 2018** | **15.67** |

**NON CURRENT ASSETS**

**FINANCIAL ASSETS**

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.3 INVESTMENTS** | | | |
| **Trade Investments (at cost)** | | | |
| Unquoted | | | |
| One share of ₹20 fully paid up in Simbhaoli Co-operative Cane Development Union Limited (*₹20) | * | * | * |
| **Other Investments** | | | |
| **Investment in Government securities (at cost)** | | | |
| Unquoted | | | |
| 6-Years Post Office National Savings Certificate (Deposited with government authorities) | 2.61 | 1.61 | 2.11 |
| **Investment in Equity instruments** | | | |
| **- Subsidiaries (at cost)** | | | |
| Unquoted | | | |
| 55,38,734 (March 31, 2017: 55,38,734; April 01, 2016: 55,38,734) equity shares of ₹10 each fully paid up of Simbhaoli Power Private Limited # | 5,493.59 | 5,493.59 | 5,493.59 |
| **- Joint ventures (accounted for using the equity method)** | | | |
| Unquoted | | | |
| 2,99,03,770 (March 31, 2017: 2,99,03,770; April 01, 2016: 2,99,03,770) equity shares of ₹10 each fully paid up of Uniworld Sugars Private Limited (a) [Refer Note No. 24] | - | 989.28 | 3,034.09 |
| **Investment in Debentures** | | | |
| **- Subsidiary (at amortised cost)** | | | |
| Unquoted | | | |
| 48,92,941 (March 31, 2017: 48,92,941; April 01, 2016: 48,92,941) compulsorily convertible debentures of ₹100 each of Simbhaoli Power Private Limited | 7,062.99 | 7,441.71 | 7,765.38 |
| **Investment** | | | |
| **- Subsidiary (at cost)** | | | |
| Business transfer agreement consideration receivable | 45.00 | 45.00 | 45.00 |
| **Other** | | | |
| **- Unquoted** | | | |
| Casetech Employees Share Plan Trust | 0.15 | 0.15 | 0.15 |
| | **12,604.34** | **13,971.34** | **16,340.32** |
| **Aggregate book value** | | | |
| - Quoted | - | - | - |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| [Market value ₹ Nil (March 31, 2017: ₹ Nil; April 01, 2016: ₹ Nil)] | | | |
| - Unquoted | **12,604.34** | **13,971.34** | **16,340.32** |
| **Summary:** | | | |
| - Aggregate investments carried at cost | 5,541.35 | 5,540.35 | 5,540.85 |
| - Aggregate investments carried at amortised cost | 7,062.99 | 7,441.71 | 7,765.38 |
| - Aggregate investments carried at fair value through other comprehensive income | - | 989.28 | 3,034.09 |
| **Total carrying amount of pledged investments** | **1,913.93** | **2,903.21** | **4,948.02** |

# First pari passu charge on pledge of 19,29,655 (March 31, 2017: 19,29,655; April 01, 2016: 19,29,655) equity shares of the Group in favor of bankers of Simbhaoli Power Private Limited.

(a) First pari passu charge on pledge of 2,99,03,770 (March 31, 2018: 2,97,61,770; April 01, 2017: 2,97,61,770) equity shares of the Group in favor of IDBI Bank Limited (IDBI) on behalf of the term lenders of Uniworld Sugars Private Limited (USPL), out of which the IDBI has invoked the pledge on 1,15,61,508 equity shares of USPL, and transferred the securities in its own name. [Refer Note No. 24]

Out of above, 10,00,000 (March 31, 2017: 10,00,000; April 01, 2016: 45,15,000) equity shares have been agreed to be transferred in favor of the Group by the Board of Directors of USPL in its meeting held on March 28, 2013, but due to shares being pledged with IDBI, the effect has not been taken into the records of the depository participant of the Group.

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.4 OTHER FINANCIAL ASSETS (carried at amortised cost)** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Fixed deposits with banks (Earmarked) | 138.83 | 921.63 | 678.58 |
| (Bank deposits with more than 12 months maturity) | | | |
| Interest accrued but not due on fixed deposits with banks | 3.36 | 3.14 | 1.81 |
| Security deposits | 55.26 | 1.53 | 1.53 |
| Finance lease receivable | - | - | 282.66 |
| | **197.45** | **926.30** | **964.58** |
| **3.5 Deferred Tax Asset/ (Liability)** | | | |
| **a) Deferred Tax Asset/ (Liability)** | | | |
| **Deferred Tax Asset :** | | | |
| On account of carried forward losses | 3,986.63 | 7,519.66 | 10,180.20 |
| On account of carried forward unabsorbed depreciation | 13,780.99 | 12,965.56 | 12,965.56 |
| On account of difference in the tax base value and carrying amount of Investments | - | - | 663.32 |
| **Liabilities and provisions tax deductible only upon payment/actual crystallization:** | | | |
| Interest payable to banks/financial institutions | 7,991.18 | 7,115.12 | 4,708.18 |
| Others | 1,840.10 | 812.32 | 700.65 |
| | **27,598.90** | **28,412.66** | **29,217.91** |
| **Deferred Tax Liability :** | | | |
| On account of accelerated depreciation for tax purposes | 11,736.08 | 12,543.23 | 13,401.39 |
| On account of difference in the tax base value and carrying amount of Investments | - | - | - |
| On account of difference in the tax base value and carrying amount of land | 15,752.08 | 15,721.83 | 15,721.83 |
| | **27,488.16** | **28,265.06** | **29,123.22** |
| MAT Credit Entitlement | 8.62 | - | - |
| **Net Deferred Tax** | **119.36** | **147.60** | **94.69** |

**B) MOVEMENT IN DEFERRED TAX LIABILITIES/ DEFERRED TAX ASSETS**

| | Carried forward losses & Unabsorbed Depreciation | Property Plant & Equipment | Interest payable to banks/ financial institutions | Other items | MAT Credit Entitlement | Total |
|---|---|---|---|---|---|---|
| **At April 01, 2016** | **23,145.77** | **(29,123.22)** | **4,708.18** | **1,363.97** | **-** | **94.69** |
| (Charged)/credited:- | | | | | | |
| -to profit & loss | (2,660.54) | 858.16 | 2,406.94 | (549.49) | - | 55.07 |
| -to other comprehensive income | - | - | - | (2.16) | - | (2.16) |
| **At March 31, 2017** | **20,485.23** | **(28,265.06)** | **7,115.12** | **812.32** | **-** | **147.60** |
| (Charged)/credited:- | | | | | | |
| -to profit & loss | (2,717.61) | 776.91 | 876.06 | 1,030.29 | 8.62 | (25.73) |
| -to other comprehensive income | - | - | - | (2.51) | - | (2.51) |
| **At March 31, 2018** | **17,767.62** | **(27,488.16)** | **7,991.18** | **1,840.10** | **8.62** | **119.36** |

c) Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Group can use the benefit therefrom.

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **Deferred Tax Asset :** | | | |
| Tax Effect on Tax Losses | 6,744.17 | 804.26 | - |
| Tax Effect on difference in the tax base value and carrying amount of Investments | 1,955.70 | 1,863.27 | 1,199.96 |
| | **8,699.87** | **2,667.53** | **1,199.96** |
| Expiry profile of unrecognised unused tax losses | | | |
| Unused tax losses (business loss) shall expire on- | | | |
| March, 31, 2026 | 2,335.14 | - | - |
| March, 31, 2025 | - | 804.26 | - |
| March, 31, 2024 | 4,409.02 | - | - |
| | **6,744.17** | **804.26** | **-** |

### 3.5 A NON-CURRENT TAX ASSETS

| | | | |
|---|---|---|---|
| (Unsecured and considered good unless otherwise stated) | | | |
| Advance tax | 537.06 | 677.71 | 1,078.96 |
| Less: Provision for tax | (8.62) | - | - |
| | **528.44** | **677.71** | **1,078.96** |

### 3.6 OTHER NON-CURRENT ASSETS

| | | | |
|---|---|---|---|
| (Unsecured and considered good unless otherwise stated) | | | |
| Capital advances | - | 10.61 | 10.25 |
| Security deposit | 17.92 | 56.14 | 37.27 |
| Other advances * | 555.02 | 578.56 | 335.73 |
| | **572.94** | **645.31** | **383.25** |

* Includes amount deposited with Government authorities under protest.

### CURRENT ASSETS

### 3.7 INVENTORIES

| | | | |
|---|---|---|---|
| (at lower of cost and net realisable value) | | | |
| Raw materials | 342.22 | 3,102.59 | 308.02 |
| Work-in-progress | 897.36 | 1,200.75 | 599.79 |
| Finished goods | 30,804.78 | 33,780.94 | 27,319.20 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| Stores and spares | 1,451.94 | 1,643.18 | 1,424.41 |
| Loose Tools | 7.40 | 8.14 | 7.59 |
| | **33,503.70** | **39,735.60** | **29,659.01** |
| Note. | | | |
| Carrying amount of inventories pledged as security for borrowing | 33,503.70 | 39,735.60 | 29,659.01 |
| Amount of write down of inventories recognised as expenses | 6,471.96 | - | - |
| **FINANCIAL ASSETS** | | | |
| **3.8 TRADE AND OTHER RECEIVABLES (carried at amortised cost)** | | | |
| Outstanding for a period exceeding six months from due date for payment | | | |
| Unsecured - considered good | 3,865.62 | 4,148.85 | 6,465.00 |
| - considered doubtful | 244.80 | 313.65 | 389.55 |
| | 4,110.42 | 4,462.50 | 6,854.55 |
| Less: Allowance for doubtful receivables | 244.80 | 313.65 | 389.55 |
| | 3,865.62 | 4,148.85 | 6,465.00 |
| Other | | | |
| Secured | - | 41.46 | 56.49 |
| | **3,865.62** | **4,190.31** | **6,521.49** |
| **3.9 CASH AND CASH EQUIVALENTS** | | | |
| Balances with banks: | | | |
| - on current account | 810.99 | 1,166.15 | 863.97 |
| Cash on hand | 8.27 | 11.70 | 16.79 |
| | **819.26** | **1,177.85** | **880.76** |
| **3.10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| Balances with bank | 4.79 | 4.79 | 4.79 |
| Fixed deposit with bank (Bank deposits with more than 3 months and less than 12 months maturity) | 624.12 | 523.44 | 497.04 |
| Fixed deposit with bank (Earmarked) | 389.53 | 6,024.88 | 107.09 |
| (Bank deposits with less than 3 months maturity) | | | |
| | **1,018.44** | **6,553.11** | **608.92** |
| **3.11 OTHER FINANCIAL ASSETS (carried at amortised cost)** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Interest accrued on investment | 3,056.91 | 2,619.81 | 1,643.65 |
| Security deposit | 97.51 | 112.32 | 98.04 |
| Lease finance receivable | - | 282.66 | 376.88 |
| Claims receivable | 76.06 | 276.73 | 195.53 |
| Others | 552.71 | 1,627.08 | 781.86 |
| | **3,783.19** | **4,918.60** | **3,095.96** |
| **3.12 CURRENT TAX ASSETS** | | | |
| Current Tax Assets (net) | - | 0.19 | 0.19 |
| | **-** | **0.19** | **0.19** |
| **3.13 OTHER CURRENT ASSETS** | | | |
| (Unsecured and considered good unless otherwise stated) | | | |
| Advance recoverable in cash or in kind or for value to be received | | | |
| Considered good | 381.35 | 384.01 | 613.29 |
| Considered doubtful | 35.56 | 24.69 | 101.12 |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| | 416.91 | 408.71 | 714.42 |
| Less : Allowance for doubtful advances | 35.55 | 24.69 | 101.12 |
| | 381.36 | 384.02 | 613.30 |
| Prepaid expenses | 135.92 | 129.79 | 139.78 |
| Other Advances | - | - | 0.02 |
| Advance to employees | | | |
| Considered good | 51.92 | 82.83 | 81.32 |
| Considered doubtful | 5.22 | 12.91 | - |
| | 57.14 | 95.74 | 81.32 |
| Less: Provision for doubtful | 5.21 | 12.91 | - |
| | 51.93 | 82.83 | 81.32 |
| Claims receivable | - | - | 543.74 |
| Balance with authorities | 269.75 | 1,122.77 | 1,700.47 |
| Security deposits | | | |
| Considered good | 64.06 | 38.17 | 68.02 |
| Considered doubtful | 27.50 | 34.86 | 81.36 |
| | 91.56 | 73.03 | 149.38 |
| Less : Allowance for doubtful security deposits | 27.50 | 34.86 | 81.36 |
| | 64.06 | 38.17 | 68.02 |
| | **903.02** | **1757.58** | **3146.65** |



### 3.14 EQUITY SHARE CAPITAL

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| **Authorized** | | | | | | |
| Equity shares of ₹10 each with voting rights | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 |
| Preference shares of ₹100 each | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 |
| | **7,20,00,000** | **10,800.00** | **7,20,00,000** | **10,800.00** | **7,20,00,000** | **10,800.00** |
| **Issued, subscribed and paid up** | | | | | | |
| Equity shares of ₹10 each with voting rights fully paid-up | 3,92,79,020 | 3,927.90 | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 |
| | **3,92,79,020** | **3,927.90** | **3,74,79,020** | **3,747.90** | **3,74,79,020** | **3,747.90** |

### A) RECONCILIATION OF NUMBER OF AUTHORISED SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| Equity shares with voting rights (one per share) | | | | | | |
| As at beginning of the year | 6,80,00,000 | 6800.00 | 6,80,00,000 | 6,800.00 | 6,80,00,000 | 6,800.00 |
| Add: Addition during the year | - | - | - | - | - | - |
| **As at end of the year** | **6,80,00,000** | **6800.00** | **6,80,00,000** | **6,800.00** | **6,80,00,000** | **6,800.00** |
| Preference shares | | | | | | |
| As at beginning of the year | 40,00,000 | 4000.00 | 40,00,000 | 4,000.00 | 40,00,000 | 4,000.00 |
| Add: Addition during the year | - | - | - | - | - | - |
| **As at end of the year** | **40,00,000** | **4000.00** | **40,00,000** | **4,000.00** | **40,00,000** | **4,000.00** |

**B) RECONCILIATION OF NUMBER OF ISSUED, SUBSCRIBED AND PAID-UP SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR**

| | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs | (No. of Shares) | ₹ lacs |
| Equity shares with voting rights (one per share) | | | | | | |
| As at beginning of the year | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 | 3,74,79,020 | 3,747.90 |
| "Add: Issue of shares against conversion of share warrants during the year" | 18,00,000 | 180.00 | - | - | - | - |
| **As at end of the year** | **3,92,79,020** | **3,927.90** | **3,74,79,020** | **3,747.90** | **3,74,79,020** | **3,747.90** |

**C) SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES IN THE COMPANY**

| S. No. | Name of the Shareholders | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|---|
| | | (No. of Shares) | % of share holding | (No. of Shares) | % of share holding | (No. of Shares) | % of share holding |
| i) | Dholadhar Investments Private Limited | 74,62,114 | 19.00 | 74,62,114 | 19.91 | 74,62,114 | 19.91 |
| ii) | Mr. Gurmit Singh Mann | 42,26,154 | 10.76 | 37,26,154 | 9.94 | 37,26,154 | 9.94 |
| iii) | Ms. Gursimran Kaur Mann | 26,86,672 | 6.84 | # | # | # | # |
| iv) | Mr. Gurpal Singh | 24,02,770 | 6.12 | 24,02,770 | 6.41 | 24,02,770 | 6.41 |
| v) | Pearl Innovative Marketing Private Limited | 22,70,623 | 5.78 | 23,20,623 | 6.19 | 23,20,623 | 6.19 |
| vi) | Pritam Singh Sandhu Associates Pvt. Ltd. | 20,77,735 | 5.29 | 20,77,735 | 5.54 | 20,77,735 | 5.54 |
| vii) | Shri Vatsala Traders Private Limited | # | # | 19,15,434 | 5.11 | 20,15,434 | 5.38 |

# below 5%



D) The Company has allotted 3,74,79,020 Equity shares of ₹10 each aggregating ₹3,747.90 lacs during the financial year 2015-16 on Amalgamation of Erstwhile Simbhaoli Sugars Limited without payment being received in cash..

E) The Company has allotted 18,00,000 equity shares of ₹10/- each at a premium of ₹22.10 per share on March 29, 2018 to the specified promoters and directors on conversion of 18,00,000 equity warrants.

On December 22, 2017, 50,00,000 equity warrants of face value of ₹32.10 per warrant were allotted to specific promoters and directors of the Company, which are to be converted within 18 months of allotment into Equity Shares of ₹10 each at a price of ₹32.10 (including premium of ₹ 22.10) per share. The Company, on the request of the specified promoters and directors, has appropriated the amount payable to them aggregating to ₹ 789.92 lacs in form of outstanding unsecured loans (including interest thereon) as on the date of allotment toward the application money ₹ 8.025 per warrant aggregating ₹401.25 lacs.

The balance outstanding loan of ₹ 388.67 lacs along with further receipt of ₹ 44.68 lacs has been appropriated towards balance due of ₹ 22.975 per warrant in respect of 18,00,000 warrants. The Company as further received ₹ 268.97 lacs towards part payments of balance due on remaining warrants.

The break-up of paid up amount of remaining 32,00,000 Equity Warrants of face value of ₹ 32.10 per warrant is as under:

| | | | |
|---|---|---|---|
| 1. | 27,00,0000 Equity Warrants allotted to Ms. Gursimran Kaur Mann | ₹ | 440.45 lacs |
| 2. | 500,000 Equity Warrants allotted to Mr. G. M. S. Mann | ₹ | 85.32 lacs |
| | | ₹ | **525.77 lacs** |

F) Rights, preference and restriction attached to equity shares (₹ 10 each):

i) Voting right shall be in same proportion as the capital paid upon such equity share.

ii) The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.

iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.15 OTHER EQUITY** | | | |
| **Mollasses Storage Fund** | | | |
| Opening balance | 8.33 | 4.92 | - |
| Add: Addition during the year | 4.62 | 3.41 | 4.92 |
| **Closing balance** | **12.95** | **8.33** | **4.92** |
| **Share Warrant** [Refer Note No. 3.14] | | | |
| Opening balance | - | - | - |
| Add: Money received against share warrant | 1,103.57 | - | - |
| Less: Money utilised for conversion of share warrants into equity shares | 577.80 | - | - |
| **Closing balance** | **525.77** | **-** | **-** |
| **Securities premium account** | | | |
| Opening balance | 45,461.99 | 45,461.99 | 45,461.99 |
| Add: addition during the year | 397.80 | - | |
| **Closing balance** | **45,859.79** | **45,461.99** | **45,461.99** |
| **Capital reserve account** | | | |
| Opening balance | 62.21 | 62.21 | 62.21 |
| Add: Additions during the year | - | - | - |
| Less: Deductions during the year | - | - | - |
| **Closing balance** | **62.21** | **62.21** | **62.21** |
| **Foreign Currency Translation Reserve** | | | |
| Opening balance | 0.31 | - | - |
| Add: Additions during the year | (0.15) | 0.31 | - |
| Less: Transferred to balance in Statement of Profit and Loss during the year | - | - | - |
| **Closing balance** | **0.16** | **0.31** | **-** |
| **Retained Earnings** | | | |
| Opening balance | (25,463.04) | (19,871.88) | (19,871.88) |
| Add: Profit/(loss) during the year | (19,040.25) | (5,396.65) | - |
| Add: transfer from Other Comprehensive Income | 101.86 | (194.51) | - |
| **Closing balance** | **(44,401.44)** | **(25,463.04)** | **(19,871.88)** |
| **Other Comprehensive Income** | | | |
| Opening balance | - | - | - |
| Add: Other Comprehensive Income for the year | 101.86 | (194.51) | - |
| Less: Transfer to Retained earnings | 101.86 | (194.51) | - |
| **Closing balance** | **-** | **-** | **-** |
| | **2,059.45** | **20,069.80** | **25,657.24** |

Notes:

i) 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 ₹ 92.09 lacs (Previous year ₹ 112.82 lacs).

ii) Retained earnings represents the undistributed loss/ amount of accumulated loss of the Group.

iii) 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.

iv) Capital reserve majorly comprise of reserve created consequent to business combination in earlier years in accordance with applicable accounting standard as on that date.

v) Exchange differences relating to the translation of the foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**NON-CURRENT LIABILITIES**

**FINANCIAL LIABILITIES**

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.16** | **BORROWINGS (carried at amortised cost)** | | | |
| | **Secured** | | | |
| | Term loans | | | |
| | - from banks [Refer Note No. 9] | 31,507.79 | 21,082.26 | 4,161.86 |
| | - from others [Refer Note No. 9] | 6.33 | 8.76 | 387.66 |
| | **Unsecured** | | | |
| | - from related parties [Refer Note No. 9] | 805.32 | 1,969.23 | 1,585.21 |
| | | **32,319.44** | **23,060.25** | **6,134.73** |
| **3.17** | **OTHER FINANCIAL LIABILITIES (carried at amortised cost)** | | | |
| | Deferred Income [Refer Note No. 22] | 1,227.99 | 1,666.62 | 2,127.18 |
| | | **1,227.99** | **1,666.62** | **2,127.18** |
| **3.18** | **PROVISIONS** | | | |
| | Provision for employee benefit | | | |
| | Compensated absences | 364.61 | 334.27 | 191.31 |
| | | **364.61** | **334.27** | **191.31** |



**CURRENT LIABILITIES**

**FINANCIAL LIABILITIES**

| | | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|---|
| **3.19** | **BORROWINGS (carried at amortised cost)** | | | |
| | **Secured** | | | |
| | Loans repayable on demand | | | |
| | - from banks [Refer Note No. 9] | 31,294.19 | 29,017.13 | 36,608.67 |
| | - from others [Refer Note No. 9] | - | 134.43 | - |
| | **Unsecured** | | | |
| | Loans repayable on demand | | | |
| | - from banks [Refer Note No. 9] | 15,576.51 | 32,679.56 | 47,265.88 |
| | - from others [Refer Note No. 9] | 197.05 | - | - |
| | | **47,067.75** | **61,831.12** | **83,874.55** |
| **3.20** | **TRADE AND OTHER PAYABLES** | | | |
| | Total outstanding dues to micro and small enterprises [Refer Note No. 6] | 23.21 | 17.98 | 7.27 |
| | Total outstanding dues of other than micro and small enterprises | 56,542.89 | 57,842.44 | 50,863.64 |
| | | **56,566.10** | **57,860.42** | **50,870.91** |
| **3.21** | **OTHER FINANCIAL LIABILITIES (carried at amortised cost)** | | | |
| | Current maturities of long-term debt (secured) | | | |
| | - from banks [Refer Note No. 9] | 24,310.09 | 13,296.50 | 10,894.06 |
| | - from others [Refer Note No. 9] | 3,055.02 | 3,115.76 | 2,769.82 |
| | Interest accrued but due on borrowings | 15,780.39 | 19,173.39 | 11,207.17 |
| | Interest accrued but not due on borrowings | 0.05 | 0.06 | 22.32 |
| | Employees dues | 1,976.84 | 1,580.19 | 1,162.43 |
| | Security deposits | - | - | 1.10 |
| | Others liabilities (including capital creditors) | 172.81 | 929.75 | 554.22 |
| | Deferred income [Refer Note No. 22] | 438.63 | 460.56 | 483.15 |
| | | **45,733.83** | **38,556.21** | **27,094.27** |

| | As at March 31, 2018 ₹ lacs | As at March 31, 2017 ₹ lacs | As at April 01, 2016 ₹ lacs |
|---|---|---|---|
| **3.22 PROVISIONS** | | | |
| Provision for employee benefits | | | |
| Compensated absences | 96.95 | 56.14 | 63.76 |
| | **96.95** | **56.14** | **63.76** |
| **3.23 OTHER CURRENT LIABILITIES** | | | |
| Statutory dues payable * | 602.29 | 3,342.49 | 2,275.94 |
| Advance received from customers | 611.45 | 698.95 | 526.18 |
| Security deposits | 154.77 | 140.09 | 146.27 |
| Others payable | 21.04 | 9.11 | 6.09 |
| | **1,389.55** | **4,190.64** | **2,954.48** |
| *Includes excise duty on closing stock (₹ lacs) | - | 2,180.41 | 1,543.93 |
| **3.24 CURRENT TAX LIABILITIES** | | | |
| Current tax liabilities | 1.47 | 2.98 | 5.23 |
| | **1.47** | **2.98** | **5.23** |

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| **3.25 REVENUE FROM OPERATIONS** | | |
| **Revenue from sale of products** | | |
| Sale of Products | 90,348.36 | 89,242.48 |
| Sale of Services | 1,127.97 | 730.80 |
| | 91,476.33 | 89,973.28 |
| **Other Operating revenue** | | |
| Sale of Scrap | 108.08 | 74.03 |
| Subsidy from Central Government under MIEQ | 3.60 | 593.01 |
| Other miscellaneous income | 28.61 | 310.33 |
| | **91,616.62** | **90,950.65** |
| **3.26 OTHER INCOME** | | |
| **Interest income on financial assets carried at amortised cost** | | |
| Fixed deposits with banks | 219.08 | 370.39 |
| Debentures | 1,209.59 | 1,140.38 |
| Others | 8.66 | 62.56 |
| **Interest income on income tax refund** | 7.09 | 24.04 |
| **Other Non operating income** | | |
| Rent | 27.25 | 53.32 |
| Profit on sale of fixed assets | 4.59 | 0.41 |
| Liabilities/provisions no longer required, written back | 638.73 | 670.62 |
| Gain on foreign exchange fluctuation | 0.44 | - |
| Miscellaneous | 446.43 | 963.61 |
| | **2,561.86** | **3,285.32** |
| **3.27 COST OF MATERIALS CONSUMED** | | |
| Sugarcane | 78,867.76 | 63,134.21 |
| Molasses | 2,643.34 | 3,690.05 |
| ENA and others | 222.32 | 198.22 |
| | **81,733.42** | **67,022.48** |

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| **3.28 PURCHASES OF STOCK-IN-TRADE** | | |
| Purchases of stock-in-trade | 281.41 | 1,046.45 |
| | **281.41** | **1,046.45** |
| **3.29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** | | |
| Opening stock | | |
| Finished goods | 33,780.95 | 27,252.83 |
| Work-in-progress | 1,200.75 | 599.55 |
| Stock-in-trade | - | 23.15 |
| | 34,981.70 | 27,875.53 |
| Closing stock | | |
| Finished goods | 30,804.78 | 33,780.95 |
| Work-in-progress | 897.36 | 1,200.75 |
| Stock-in-trade | - | - |
| | 31,702.14 | 34,981.70 |
| Less : Excise Duty * | 1,508.43 | (645.30) |
| Net (increase)/ decrease in inventories | **1,771.13** | **(6,460.87)** |

*The amount of excise duty on stock represents differential excise duty on opening and closing stock.

Note : The amount of loss due to write down the inventories at net realisable value recognised during the year ended March 31, 2018 as expenses and included in change is inventories in ₹ 6,471.96 lacs.

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| **3.30 EXCISE DUTY ON SALE OF GOODS** | | |
| Excise duty on sale of goods | 1,719.80 | 4,881.71 |
| | **1,719.80** | **4,881.71** |
| **3.31 EMPLOYEE BENEFITS EXPENSE** | | |
| Salaries and wages | 4,991.09 | 5,418.16 |
| Contribution to provident and other funds # | 544.91 | 565.20 |
| Staff welfare expenses | 129.98 | 128.12 |
| | **5,665.98** | **6,111.48** |

# includes gratuity expense [Refer Note No. 13]

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| **3.32 FINANCE COSTS** | | |
| Interest expense on financial liabilities measured at amortized cost | 4,531.10 | 12,170.93 |
| Other interest | 5.28 | 1.39 |
| Other borrowing costs | 72.66 | 136.72 |
| | 4,609.04 | 12,309.04 |
| Less : amount included in the cost of qualifying assets | - | 23.93 |
| | **4,609.04** | **12,285.11** |
| **3.33 DEPRECIATION AND AMORTISATION EXPENSE** | | |
| Depreciation of property, plant and equipment [Refer Note No. 3.1] | 4,628.41 | 4,650.76 |
| Amortization of intangible assets [Refer Note No. 3.2] | 3.66 | 5.13 |
| | **4,632.07** | **4,655.89** |
| **3.34 OTHER EXPENSES** | | |
| Consumption of stores and spare parts * | 2,516.39 | 2,460.89 |
| Power and fuel | 1,452.28 | 1,078.86 |
| Rent | 136.31 | 194.51 |
| Repairs | | |
| - Buildings | 78.99 | 75.36 |
| - Machinery | 1,225.81 | 985.43 |
| - Others | 149.56 | 129.12 |
| Donations | 0.73 | 0.37 |

| | Year ended March 31, 2018 ₹ lacs | Year ended March 31, 2017 ₹ lacs |
|---|---|---|
| Insurance | 110.72 | 201.40 |
| Rates and taxes | 258.37 | 114.82 |
| Auditors' remuneration | 3.29 | 7.72 |
| Bad debts and advances written off | 59.02 | 14.91 |
| Provision for doubtful debts and advances | 215.20 | 106.77 |
| Freight Loading, Unloading & Material shifting | 400.77 | 250.78 |
| Commission to selling agents | 312.50 | 269.12 |
| Travelling and conveyance | 311.07 | 275.64 |
| Marketing expense | 443.09 | 359.14 |
| Export expenses | 48.68 | 350.85 |
| Loss on sale of fixed assets | 8.59 | 3.46 |
| Management fees written off | 985.78 | - |
| Sugar development expense | 203.13 | 239.71 |
| Loss on foreign exchange fluctuation | 4.05 | 10.96 |
| Printing and stationery | 31.88 | 23.49 |
| Contractor & security charges | 317.69 | 336.12 |
| Legal and professional expense [includes auditor's remuneration - Refer Note No. 16] | 461.46 | 441.88 |
| Cane Commission subsidy written off | 10.00 | 5.00 |
| Miscellaneous expenses | 1,057.91 | 609.21 |
| | **10,803.27** | **8,545.52** |

* Stores, oils and chemicals allocated to other revenue heads ₹1,248.15 lacs (previous year ₹ 814.11 lacs)

**3.35 EXCEPTIONAL ITEMS**

| | | |
|---|---|---|
| Write back of loan liabilities [Refer Note No. 12 (i)] | 970.79 | (970.79) |
| Cane commission written off [Refer Note No. 12 (ii)] | - | 543.74 |
| | **970.79** | **(427.05)** |

**4.** The Indian sugar industry has been facing difficulties on account of highest ever sugar production in the country in the sugar year 2017-18 resulting in steep fall in sugar prices and significant value erosion in the market price of molasses. This along with increase in sugarcane prices and closure of distilleries of the Company as well as many other distilleries across the state by environmental agencies, has caused significant under recovery of cost of production. These factors have adversely affected the financial position of the sugar industry and of the Company as well. As a result, the Company has incurred huge cash losses during the year resulting in increase in cane arrears and default in payment of interest and principal dues of the lenders. Further, consequent to the scrapping of all existing restructuring schemes by the Reserve Bank of India (RBI) vide their Notification No. 531 dated February 12,2018, the debt realignment proposal of the Company to realign the debts in accordance with the available future cash flow of the Company, cannot be further deliberated upon by the lenders under Joint Lender Forum. The Company has approached its lenders for debt resolution of its outstanding debts in accordance with the available future cash flow of the Company for servicing its sustainable debt after waiver and remission of part of existing principal and unpaid interest, which is under consideration by the bankers.

To revive the sugar industry, the Central and State Governments have already initiated and are considering various favourable steps including specific support for liquidation of cane arrears, fixing obligation for export to reduce the sugar inventory, increase in the realization of ethanol price, linking of sugarcane price with sugar realization etc. All these measures are expected to turnaround operations of the sugar industry on sustainable basis. The Company has also initiated various steps for further de-risking its business and resumed distillery operations, after meeting all compliances, in the last quarter of financial year. The company is also confident of receiving a significant amount through subsidy from State Government under the Erstwhile Sugar Promotion Policy, 2004, which had been earlier withheld by the State Government by scrapping the scheme, as recently Hon'ble Supreme Court has directed the State Government to pay the subsidy as per announced scheme to the eligible entities.

In view of the aforesaid internal and external measures, the management is confident that the Company will continue to operate all its manufacturing facilities at optimum levels and will earn sufficient cash flow from its business operation in future to serve the debts as per proposed resolution and to improve its liquidity. Accordingly, financial statements of the Company have been prepared on a going concern basis which contemplates realization of assets and settlement of liabilities in the normal course of business.

**5. Contingent liabilities not provided for:**

i) Claims against the Group not acknowledged as debts ₹1,506.25 lacs (March 31, 2017: ₹1,781.98 lacs; April 01, 2016: ₹1,793.21 lacs).

(₹ lacs)

| Description | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Sales Tax/Trade Tax Act | 5.28 | 5.28 | 5.28 |
| Central Excise Act | 897.36 | 1,166.84 | 1,170.71 |
| Finance Act, 1994 | 187.76 | 194.01 | 194.01 |
| Others | 415.85 | 415.85 | 423.21 |
| **Total** | **1506.25** | **1,781.98** | **1,793.21** |

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not in the opinion of the management, have a material effect on results of operations or financial position of the Group.

The amount shown in Note No. 5(i) above represent the best possible estimates arrived on the basis of demand raised by the claimant and does not include interest if any, payable thereon from the date of demand. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Group or the claimants, as the case may be and, therefore cannot be estimated accurately. The Group 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.

ii) Based on expert committee report, the State Government of Uttar Pradesh had waived interest on the delayed payment of cane price for the sugar seasons 2012-13, 2013-14 and 2014-15. The waiver was challenged by the Rashtriya Kisan Mazdoor Sangathan before the Hon'ble High Court Allahabad. The said Court has set aside the waiver and remanded back the matter to reconsider it after hearing all Stakeholders. The waiver of interest for the sugar season 2015-16 is also under consideration. However, notice for payment of interest on delayed payment of cane price for the sugar season 2016-17 has been issued against which the industry has made representation for waiver. Pending finalisation, no provision has been made in respect of above mentioned interest and the amount has not been ascertained. Based on the past practice, the management is confident that no interest liability will arise for above mentioned periods and also for the current sugar season.

**iii) Capital and other commitment**

Estimated value of contracts (net of advances) remaining to be execute on Capital account ₹211.31 lacs (March 31, 2017: ₹1,043.31 lacs, April 01, 2016: ₹39.72 lacs). The Group has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Group does not have any other long-term commitments or material non-cancellable contractual commitments / contracts, which may have a material impact on the consolidated financial statements.

6. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act,2006 (MSMED ACT, 2006).

On the basis of supplier information available with the Group who have registered under the MSMED Act, 2006, the following are the details:

(₹ lacs)

| S. No. | Description | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| 1. | Principal amount remaining unpaid to any supplier as at the end of the accounting year. | 23.21 | 17.98 |
| 2. | Interest due thereon remaining unpaid to any supplier as at the end of the accounting year. | 3.83 | 2.57 |
| 3. | The amount of interest paid by the company in terms of section 16, of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year. | - | - |
| 4. | The amount of interest due and payable for the period | 3.83 | 2.57 |
| 5. | The amount of interest accrued and remaining unpaid at the end of the accounting year. | 3.83 | 2.57 |
| 6. | The amount of further interest due and payable even in the succeeding period, 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 MSMED Act, 2006. | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

7. The Special Resolution for reclassification of promoters' category was passed at 6th Annual General Meeting of the members of the Company. Thereafter, an application seeking reclassification of Mr. Gurpal Singh, Mr. Govind Singh Sandhu, Ms. Jai Inder Kaur, Mr. Angad Singh and M/s Pritam Singh Sandhu Associates Private Limited (Collectively referred to as 'Sandhu Company/ Exiting Promoter'), from existing promoter Company to the public category shareholders, in terms of provisions of regulation 31A (7) of SEBI (LODR) Regulations, 2015, was filed with SEBI/ Stock Exchanges. The approval from SEBI/Stock Exchanges is awaited.

8. ESSL has facilitated Agri loans from four commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee and post-dated cheques as security. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane in earlier years and ESSL facilitating the repayment of these loans along with interest to the banks. As per sanction of CDREG dated February 02, 2016 all the dues outstanding were proposed to be converted into term loans, subject to the consent of respective commercial banks. Two of the commercial banks have converted their dues into term loan in the financial year 2016-2017 and one of the commercial banks have converted their dues into term loan in financial year 2017-18.

Oriental Bank of Commerce (OBC), one of its bank, who has converted agri loan in to term loan as aforesaid in financial year 2016-17 arbitrarily classified its outstanding agri loan as "Suspected Fraud" liability in March 2015 but subsequently, after following due process, including but not limited to obtaining specific permission from the Reserve Bank of India (RBI), and in consultation with all other Consortium Lenders, it sanctioned and disbursed a term loan in February 2016 for liquidating the agri loans. In addition, in an application filed by OBC at the Debt Recovery Tribunal, OBC confirmed a simultaneous closure of the matter.

During current year, OBC has arbitrarily initiated recovery actions against the Company for the restructured term loan and also filed a criminal complaint with the investigating agency, again declaring the facilities as "Suspected Fraud". The Company has denied any fraud on its part, provided adequate documentation for the same, while reiterating its commitment for repayment to all the lenders based on available future cash flows. The Company has sought legal advice in this matter and the legal advisors have opined that there have been various gross omissions and commissions at the banks' end and that the company should take appropriate action at the relevant forums at the required time. Since the OBC has recalled the loan during the current year, their outstanding dues as at March 31, 2018 has been classified and shown under "Other Current Financial Liabilities". The dues of OBC as at March 31, 2017 has been classified and shown under "Financial Liabilities – Borrowing under Non-Current Liabilities" according to restructured terms prevailing on that date.

The dues of other two banks have been classified as "Financial Liabilities – Borrowing under Non-Current Liabilities". The principal and interest dues of one bank, who have not yet given its consents, are classified and shown under "Financial Liabilities – Unsecured Borrowing under Current Liabilities" and "Other Current Financial Liabilities" respectively.

9. The loans availed by the Company have been classified as Non-Performing Assets (NPA) by the lenders and interest thereon is not being charged to the loan accounts as per the applicable practices. As stated in Note No. 4, debt resolution proposal, submitted by the Company, for debts resolution of its outstanding debts in accordance with the available future cash flow of the Company for servicing its sustainable debt is under consideration by the lenders.The debt resolution proposal under consideration with lenders, includes waiver of un-paid interest by certain lenders. The Company is hopeful that un-paid interest on certain loan accounts will be waived to work out sustainable portion of debts. Accordingly, interest expense for the year ended March 31, 2018, amounting to ₹11,971.59 lacs have not been recognized in the books of accounts. Un-paid interest, recognized in the books of accounts up to the end of March 31, 2017, will be reworked at the time of implementation of debt resolution plan. The terms of repayment, nature of security and overdue, if any, in accordance with existing agreements are as under.

**(A) Long term borrowings (Secured)**

| Term Loan | Outstanding (₹ lacs) | | Terms of repayment | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | Financial year | Amount (₹ lacs) | | | |
| From Commercial Banks<br>- Under Long Term Borrowings<br>- Under Current Maturities | 9,557.67<br>8,661.49 | 10,751.34<br>7,799.35 | 2018-19<br>2019-20<br>2020-21<br>2021-22<br>2022-23<br>2023-24<br>2024-25 | 8,661.49<br>1,231.97<br>1,858.07<br>1,861.20<br>1,864.76<br>1,493.87<br>1,247.78 | 12.5% p.a. | 1. First pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. First pari passu charge on pledge of 26.32 lacs equity shares of the Company held by Promoters.<br>3. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Principal overdue below 90 days ₹218.49 lacs (Previous year - ₹ Nil) and above 90 days ₹7,212.02 lacs (Previous year ₹ 6,075.40 lacs).<br>- Interest overdue below 90 days of ₹ Nil (Previous year - ₹ 626.93 lacs) and above 90 days ₹ 1754.92 lacs (Previous year - ₹ 2,084.50 lacs). |
| From Commercial Banks<br>- Under Long Term Borrowings<br>- Under Current Maturities | 21,950.12<br>10,734.86 | 8,250.00<br>2,658.33 | 2018-19<br>2019-20<br>2020-21<br>2021-22<br>2022-23<br>2023-24<br>2024-25<br>2025-26<br>2026-27<br>2027-28 onwards | 10,734.86<br>3,474.65<br>3,530.59<br>836.54<br>1,056.52<br>1,112.55<br>1,224.55<br>1,336.71<br>1,504.87<br>7,873.08 | Range Between 8.60% p.a. to 11.35% p.a. | 1. First sub-servient charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. Personal guarantees Mr. Gurmit Singh Mann, Chairman and Ms. Gursimran Kaur Mann, Director of the Company. | - Principal overdue below 90 days ₹ 479.50 lacs (Previous year - ₹275.00 lacs) and above 90 days ₹ 7,284.55 lacs (Previous year - ₹733.33 lacs).<br>- Interest overdue below 90 days of ₹Nil (Previous year - ₹323.18 lacs) and above 90 days ₹ 517.72 lacs (Previous year - ₹ 532.40 lacs). |
| From Co-operative Bank<br>- Under Long Term Borrowings<br>- Under Current Maturities | -<br>4,913.74 | 2,080.92<br>2,838.82 | 2018-19 | 4,913.74 | 12.00 % p.a. with 100% subvention from Govt. of India on timely payment | 1. First pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>2. Mortgage of residential property of Promoter Director.<br>3. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Principal overdue below 90 days ₹ 520.24 (Previous year- ₹ 520.25 lacs) and above 90 days ₹ 2,312.53 lacs (Previous year- ₹ 237.65 lacs).<br>- Interest overdue below 90 days of ₹ 121.17 lacs (Previous year-₹ Nil) and above 90 days ₹218.09 lacs (Previous year-₹ Nil). |

| Term Loan | Outstanding (₹ lacs) | | Terms of repayment | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | Financial year | Amount (₹ lacs) | | | |
| Others<br>- Under Long Term Borrowings<br>- Under Current Maturities | -<br>3,052.54 | -<br>3,113.71 | 2018-19 | 3,052.54 | Range between 4.00 % to 10.00 % p.a. | 1. Term loan from Sugar Development Fund of ₹ 2,952.54 lacs (previous year ₹ 3,013.71 lacs) is secured by way of second exclusive charge on all movable and immovable fixed assets of the respective division.<br>2. Term loan from Sugar Technology Mission of ₹ 100.00 lacs (previous year ₹ 100.00 lacs) is secured by way of exclusive first charge on Sugarcane Juice Purification project at Simbhaoli Sugar Division of the Company. | - Principal overdue below 90 days ₹ Nil (Previous year - ₹201.08 lacs) and above 90 days ₹ 3,052.54 lacs (Previous year - ₹ 2,524.97 lacs).<br>- Interest overdue below 90 days of ₹ 91.63 lacs (Previous year - ₹70.16 lacs) and above 90 days ₹ 926.87 lacs (Previous year - ₹ 670.34 lacs). |
| Others<br>- Under Long Term Borrowings<br>- Under Current Maturities | 6.33<br>2.48 | 8.76<br>2.05 | 2018-19<br>2019-20<br>2020-21<br>2021-22 | 2.48<br>2.52<br>2.78<br>1.03 | 10.00% p.a. | 1. Hypothecation of specific vehicle acquired under the scheme. | ₹Nil |

**(B) Unsecured loans from Related Parties of ₹ 805.32 lacs (Previous year - ₹ 1,969.23 lacs) carry interest rate (Ranges between) from 11.00 % to 11.10 % p.a. are payable after repayment of term loan in accordance with Scheme.**

**(C) Short term borrowings (Secured)**

| Loan repayable on demand | Outstanding (₹ lacs) | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | | |
| From Commercial Banks | 16,913.97 | 15,307.20 | 12.50% p.a. | 1. First pari passu charge by way of hypothecation of all current assets of respective division.<br>2. Third pari passu charge on all movable and immovable fixed assets, both present and future, including equitable mortgage on the land of the Company.<br>3. First pari passu charge on pledge of 26.32 lacs equity shares of the Company held by Promoters.<br>4. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Interest overdue of below 90 days ₹ Nil (Previous year - ₹579.05 lacs) and above 90 days ₹ 5082.47 lacs (Previous year- ₹ 3,776.03 lacs). |
| From Co-operative Bank | 9,455.22 | 8,782.31 | 11.25% p.a. | 1. Pledge of sugar stock of the respective division of the Company.<br>2. Personal guarantees of Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Director of the Company. | - Interest overdue below 90 days of ₹ 138.27 lacs (Previous year -₹ Nil) and above 90 days ₹180.03 lacs (Previous year - ₹ Nil) |
| From Co-operative Bank | 4,925.00 | 4,927.62 | 11.5% p.a. | Pledge of sugar stock of the respective division of the Company. | Interest overdue below 90 days of ₹ 153.53 lacs (Previous year -₹ Nil) and above 90 days ₹ 442.09 lacs (Previous year - ₹ Nil) |
| From Others | - | 134.43 | 13.50% p.a. | Pledge of specific sugar stock of respective division. | ₹ Nil |

**(D) Short Term Borrowings (Un-secured)**

| Loan repayable on demand | Outstanding (₹ lacs) | | Rate of Interest | Nature of security | Overdue at the end of the year |
|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | | |
| From Commercial Banks | 15,576.51 | 32,679.56 | Range between 9.5% to 11% p.a. | N.A. | - Principal overdue above 90 days of ₹ 15,576.51 lacs (Previous year - ₹ 32,679.56 lacs).<br>- Interest overdue below 90 days of ₹ Nil (Previous year-₹795.86 lacs) and above 90 days ₹ 6,153.60 lacs (Previous year-₹9,714.94 lacs). |

**(E) Unsecured loans from Related Parties of ₹ 25 lacs (Previous year - ₹ Nil) and Others ₹ 172.05 lacs (Previous year - ₹ Nil) carry interest rate (ranges between) from 10.65 % to 10.95 % p.a. are payable on demand.**

**10. Related Party disclosures under Accounting Standard 18**

i) Name of related parties and description of relationship:

**Subsidiaries:**

- Simbhaoli Power Private Limited (SPPL)

**Joint Venture:**

- Uniworld Sugars Private Limited (USPL)

**Key Management Personnel (KMP):**

- Mr. G. M. S. Mann - Chairman
- Mr. Gurpal Singh – Director
- Ms. Gursimran Kaur Mann - Director
- Mr. Sanjay Tapriya – Director
- Mr. S.N. Misra – Chief Operating Officer (w.e.f. September 18, 2017)
- Mr. Karan Singh- Whole Time Director (ceased to be key management personnel w.e.f. September 18, 2017)
- Mr. S.C. Kumar – Independent Director (ceased to be key management personnel w.e.f. August 02, 2017)
- Mr. S.K. Ganguli – Independent Director
- Mr. B.K. Goswami – Independent Director
- Mr. Sangeet Shukla – Independent Director (ceased to be key management personnel w.e.f. March 17, 2018)
- Mr. Dalbir Singh – Independent Director
- Mr. C.K. Mahajan – Independent Director
- Mr. J.M. Seth – Independent Director (was appointed on September 27, 2017 up to March 01,2018)
- Mr. D.C.Popli – Chief Financial officer
- Mr. Kamal Samtani – Company Secretary

**Relatives of Key management personnel:**

- Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya),
- Mr. Govind Singh Sandhu (brother of Mr. Gurpal Singh),
- Mr. G.M.S. Mann (HUF)

**Enterprise over which key management personnel exercise significant influence:**

- Dholadhar Investments Private Limited,
  (enterprise over which Mr. G. M. S. Mann and Ms. Gursimran Kaur Mann exercise significant influence)
- Mahajan Law House
  (enterprise over which Mr. C.K. Mahajan exercise significant influence)
- Raghav & Co
  (enterprise over which Mr. J.M. Seth exercise significant influence)

**Trusts:**

- Simbhaoli Superannuation Trust
- Simbhaoli Gratuity Trust
- Simbhaoli Foundation Trust
- Casetech Employee Share Plan Trust

**ii) Transactions with the above parties :**

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Transactions** | | |
| **Rent paid** | **1.08** | **1.08** |
| Mrs. Mamta Tapriya | 1.08 | 1.08 |
| **Rent income** | **0.60** | **0.12** |
| Dholadhar Investments Private Limited | 0.48 | - |
| Simbhaoli Foundation Trust | 0.12 | 0.12 |
| **Managerial remuneration** | **190.99** | **99.04** |
| Ms. Gursimran Kaur Mann | 71.53 | - |
| Mr. S. N. Misra | 30.60 | 23.93 |
| Mr. D. C. Popli | 53.10 | 53.05 |
| Mr. Kamal Samtani | 21.49 | 21.32 |
| Mr. Karan Singh | 14.27 | 0.74 |
| **Loans taken** | **25.00** | **470.00** |
| Dholadhar Investments Private Limited | - | 470.00 |
| Mr. Sanjay Tapriya | 25.00 | - |
| **Loans repaid** | **312.38** | **-** |
| Dholadhar Investments Private Limited | 80.00 | - |
| Mr. G. M. S. Mann (HUF) | 213.26 | - |
| Mr. Gurpal Singh | 19.12 | - |
| **Expenses paid** | **1,047.64** | **786.38** |
| SPPL | 1,021.05 | 774.39 |
| Mahajan Law House | 9.68 | 11.99 |
| Raghav & Co | 16.91 | - |
| **Interest paid** | **110.03** | **154.50** |
| Mr. G. M. S. Mann | 6.11 | 11.30 |
| Mr. G. M. S. Mann (HUF) | 15.01 | 21.47 |
| Mr. Sanjay Tapriya | 1.33 | - |
| Ms. Gursimran Kaur Mann | 26.02 | 73.45 |
| Dholadhar Investments Private Limited | 61.56 | 48.28 |
| **Sale of finished goods** | **1,165.03** | **583.79** |
| SPPL | 1,165.03 | 583.79 |
| **Sitting fees paid - total** | **11.75** | **14.75** |
| Mr. S. C. Kumar | 0.75 | 3.50 |
| Mr. S. K. Ganguli | 2.75 | 3.50 |
| Mr. B. K. Goswami | 3.00 | 3.50 |
| Mr. Sangeet Shukla | 2.50 | 2.75 |
| Mr. Dalbir Singh | 1.25 | - |
| Mr. C. K. Mahajan | 0.75 | 1.50 |
| Mr. J. M. Seth | 0.75 | - |
| **Expenses recovered** | **203.66** | **135.13** |
| SPPL | 200.33 | 134.76 |
| USPL | 3.33 | 0.37 |
| **Contribution in trusts** | **39.05** | **104.37** |
| Simbhaoli Foundation Trust | 0.63 | 0.37 |
| Simbhaoli Superannuation Trust | 10.92 | 10.50 |
| Simbhaoli Gratuity Trust | 27.50 | 93.50 |
| **Interest income** | **1,218.13** | **1,016.20** |
| SPPL | 1,218.13 | 1,016.20 |
| **Management fees charged** | **245.97** | **952.07** |
| SPPL | 245.97 | 286.47 |
| USPL | - | 665.60 |
| **Management fees written off** | **(977.64)** | **-** |
| USPL | (977.64) | - |
| **Unsecured loan converted into share warrant application money** | **789.92** | **-** |
| Mr. G. M. S. Mann | 124.82 | - |
| Ms. Gursimran Kaur Mann | 665.10 | - |
| **Share application money received during the year** | **313.65** | **-** |
| Mr. G. M. S. Mann | 121.00 | - |
| Ms. Gursimran Kaur Mann | 192.65 | - |
| **Share warrant application money converted into Equity share during the year** | **577.80** | **-** |
| Mr. G. M. S. Mann | 160.50 | - |
| Ms. Gursimran Kaur Mann | 417.30 | - |
| **Share warrant issued during the year (no.)** | **50.00** | |
| Mr. G. M. S. Mann | 10.00 | - |
| Ms. Gursimran Kaur Mann | 40.00 | - |
| **Share warrant converted into equity share during the year (no.)** | **18.00** | **-** |
| Mr. G. M .S. Mann | 5.00 | - |
| Ms. Gursimran Kaur Mann | 13.00 | - |

Note: The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

### iii) Balance outstanding at the end of the year

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended April 01, 2016 |
|---|---|---|---|
| **Other financial assets** | **3,334.20** | **4,111.55** | **2,469.62** |
| SPPL | 3,334.10 | 3,041.10 | 2,109.23 |
| USPL | 0.10 | 1,070.45 | 360.39 |
| **Other non-current assets** | **45.00** | **45.00** | **327.66** |
| SPPL | 45.00 | 45.00 | 327.66 |
| **Short term borrowings** | **26.20** | **-** | **-** |
| Mr. Sanjay Tapriya | 26.20 | - | - |
| **Trade payables** | **38.99** | **37.13** | **66.94** |
| Mr. G. M. S. Mann | 2.24 | 0.51 | 5.69 |
| Mr. Gurpal Singh | 0.28 | 15.23 | 27.90 |
| Mr. Sanjay Tapriya | - | - | 0.57 |
| Ms. Gursimran Kaur Mann | 9.89 | 6.63 | 15.97 |
| Mr. S. N. Misra | 10.68 | - | 2.12 |
| Mr. Karan Singh | 0.41 | 0.41 | - |
| Mr. S. C. Kumar | 1.02 | - | - |
| Mr. S. K .Ganguli | 1.78 | - | - |
| Mr. B. K. Goswami | 1.82 | - | - |
| Mr. Sangeet Shukla | 1.10 | - | - |
| Mr. Dalbir Singh | 0.90 | - | - |
| Mr. C. K. Mahajan | 0.81 | - | - |
| Mr. J. M. Seth | 0.23 | - | - |
| Mr. D. C. Popli | 2.23 | 0.51 | 0.30 |
| Mr. Kamal Samtani | 0.83 | 0.55 | (0.06) |
| Mrs. Mamta Tapriya | 0.57 | 0.08 | 0.24 |
| Mahajan Law House | 4.20 | - | - |

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended April 01, 2016 |
|---|---|---|---|
| Mr. Govind Singh Sandhu | - | 13.21 | 14.21 |
| **Long-term borrowings** | **805.32** | **1,969.23** | **1,585.21** |
| Mr. G. M. S. Mann | 312.83 | 463.15 | 643.33 |
| Mr. G. M. S. Mann (HUF) | - | 213.26 | 193.94 |
| Mr. Gurpal Singh | - | 19.12 | 19.12 |
| Ms. Gursimran Kaur Mann | - | 696.61 | 660.18 |
| Dholadhar Investments Private Limited | 492.49 | 577.09 | 68.64 |
| **Trade receivable** | **847.93** | **460.91** | **1,333.33** |
| Dholadhar Investments Private Limited | 0.52 | - | - |
| SPPL | 847.00 | 460.37 | 1,333.44 |
| Simbhaoli Foundation | 0.41 | 0.54 | (0.11) |
| **Pledge of investment (no.of shares) (in lacs) #** | **309.42** | **309.42** | **309.42** |
| SPPL | 19.30 | 19.30 | 19.30 |
| USPL | 290.12 | 290.12 | 290.12 |
| **Share warrant at the end of the year (no.)** | **32.00** | **-** | **-** |
| Mr. G. M. S. Mann | 5.00 | - | - |
| Ms. Gursimran Kaur Mann | 27.00 | - | - |
| **Investment outstanding - equity instruments (₹ lacs)** | **7,815.88** | **7,890.88** | **10,175.07** |
| SPPL | 5,493.59 | 5,493.59 | 5,493.59 |
| USPL | 2,322.29 | 2,397.29 | 4,681.48 |
| **Investment outstanding - debt instruments (₹ lacs)** | **7,062.99** | **7,441.71** | **7,765.38** |
| SPPL | 7,062.99 | 7,441.71 | 7,765.38 |
| **Investment outstanding - others (₹ lacs)** | **45.15** | **45.15** | **45.15** |
| Casetech Employee Share Plan Trust | 0.15 | 0.15 | 0.15 |
| SPPL | 45.00 | 45.00 | 45.00 |

**# to banker for loan availed by SPPL & USPL.**



iv) The Board has approved the appointment and remuneration of Ms. Gursimran Kaur Mann as Managing director and Mr. Sachchida Nand Misra as chief operating officer/ whole time directors in the Company for a period of three years, and the consent on terms of appointment has been accorded at 6th Annual General Meeting of the members of the Company held on September 18, 2017. These appointments are subject to approval by the Ministry of Corporate Affairs, Government of India under the provisions of the Companies Act, 2013.

(₹ lacs)

| Details of Remuneration paid/payable to KMP | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Ms. Gursimran Kaur Mann** | **Mr. S.N. Misra** | **Mr. D.C. Popli** | **Mr. Kamal Samtani** | **Mr. Karan Singh** |
| **Year ended March 31, 2018** | | | | | |
| **Short-term employee benefits** | | | | | |
| Salary | 63.74 | 27.70 | 48.39 | 18.56 | 12.58 |
| Perquisites | 3.96 | 1.64 | 2.73 | 1.92 | 0.94 |
| **Post-employment benefits** | | | | | |
| Contribution to Provident Fund, Gratuity and other Funds* | 3.83 | 1.26 | 1.98 | 1.01 | 0.75 |
| | **71.53** | **30.60** | **53.10** | **21.49** | **14.27** |
| **Year ended March 31, 2017** | | | | | |
| **Short-term employee benefits** | | | | | |
| Salary | - | 23.93 | 47.52 | 17.76 | 0.65 |
| Perquisites | - | - | 3.60 | 2.59 | 0.05 |
| **Post-employment benefits** | | | | | |
| Contribution to Provident Fund, Gratuity and other Funds* | - | - | 1.93 | 0.97 | 0.04 |
| | **-** | **23.93** | **53.05** | **21.32** | **0.74** |

* The said amount does not include amount in respect of gratuity and leaves as the same are not ascertainable.

**11. Segment reporting**

i). Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting", the Group's primary segments are business segments, viz. Sugar and Alcohol.

ii). Geographical segments:

Since the Group's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

iii). Segment accounting policies:

In addition to the significant accounting polices applicable to the business segments as set out in note 2 above the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

c) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated on consolidation.

**iv) (a) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | Alcohol | | Others | | Elimination | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **A. Segment revenue** | | | | | | | | | | | | |
| External sales: | 85,945.29 | 80,199.88 | 4,382.49 | 8,722.67 | 1,148.55 | 1,050.74 | - | - | - | - | 91,476.33 | 89,973.29 |
| Inter segment sales | 462.04 | 3,651.33 | 57.77 | 68.29 | 156.00 | 150.00 | (675.81) | (3,869.62) | - | - | - | - |
| Other operating Revenue | 97.01 | 943.48 | 42.87 | 27.65 | 0.41 | 6.23 | - | - | - | - | 140.29 | 977.36 |
| **Total revenue** | **86,504.34** | **84,794.69** | **4,483.13** | **8,818.61** | **1,304.95** | **1,206.98** | **(675.81)** | **(3,869.62)** | **-** | **-** | **91,616.62** | **90,950.65** |
| **B. Segment results** | (10,111.77) | 5,380.82 | (2,748.52) | 888.04 | 47.03 | 88.33 | - | - | - | - | (12,813.26) | 6,357.19 |
| Unallocated expenses (net of income) | - | - | - | - | - | - | - | - | (384.66) | (2,076.12) | (384.66) | (2,076.12) |
| Operating profit/(loss) | - | - | - | - | - | - | - | - | - | - | (12,428.60) | 8,433.32 |
| Finance cost | - | - | - | - | - | - | - | - | 4,609.04 | 12,285.11 | 4,609.04 | 12,285.11 |
| Exceptional items (net) | - | - | - | - | - | - | - | - | 970.79 | (427.05) | 970.79 | (427.05) |
| **Net Profit/(loss)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(18,008.43)** | **(3,424.74)** |

Note: Inter segemnt revenues are eliminated upon consolidation and reflected in the adjustment and eliminations cloumn finance income and costs, and fair value gains and losses on financial assets are not allocated to indivual segments as the underlying instruments are managed at company level.

**iv) (b) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | | Alcohol | | | Others | | | Unallocated | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| OTHER INFORMATIONS | | | | | | | | | | | | | | | |
| **C. ASSETS** | | | | | | | | | | | | | | | |
| Segment assets | 1,36,448.08 | 1,51,060.66 | 1,38,493.91 | 39,881.30 | 43,689.00 | 43,983.00 | 632.91 | 619.78 | 834.58 | - | - | - | 1,76,962.29 | 1,95,369.44 | 1,83,311.50 |
| Unallocated assets | - | - | - | - | - | - | - | - | - | (1,694.80) | 2,091.09 | 3,148.67 | (1,694.81) | 2,091.09 | 3,148.67 |
| Investment | - | - | - | - | - | - | - | - | - | 12,604.34 | 13,971.34 | 16,340.32 | 15,540.15 | 13,971.34 | 16,340.32 |
| **Total assets** | **1,36,448.08** | **1,51,060.66** | **1,38,493.91** | **39,881.30** | **43,689.00** | **43,983.00** | **632.91** | **619.78** | **834.58** | **10,909.54** | **16,062.43** | **19,488.99** | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |
| **D. EQUITY AND LIABILITIES** | | | | | | | | | | | | | | | |
| Segment liabilities | 56,784.90 | 61,053.89 | 52,603.18 | 2,306.66 | 2,845.53 | 2,451.00 | 430.69 | 451.95 | 555.68 | - | - | - | 59,522.25 | 64,351.36 | 55,609.86 |
| Shares capital and reserves | - | - | - | - | - | - | - | - | - | 5,987.35 | 23,817.70 | 29,405.14 | 5,987.35 | 23,817.70 | 29,405.14 |
| Minority Interest | - | - | - | - | - | - | - | - | - | 52.60 | 55.52 | 78.93 | 52.60 | 55.52 | 78.93 |
| Secured and unsecured loans | - | - | - | - | - | - | - | - | - | 1,06,752.30 | 1,01,303.63 | 1,03,673.17 | 1,06,752.30 | 1,01,303.63 | 1,03,673.17 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | 18,493.14 | 21,903.65 | 14,033.39 | 18,493.14 | 21,903.65 | 14,033.39 |
| **Total liabilities** | **56,784.90** | **61,053.89** | **52,603.18** | **2,306.66** | **2,845.53** | **2,451.00** | **430.69** | **451.95** | **555.68** | **1,31,285.39** | **1,47,080.50** | **1,47,190.63** | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |

**iv) (c) Reconciliations of amounts reflected in the financial statement**

**i) Reconciliation of assets** **(₹ lacs)**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Segment operating assets** | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |
| **Total Assets** | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |

| ii) Reconciliation of liabilities | | | |
|---|---|---|---|
| **Particulars** | **As at March 31, 2018** | **As at March 31, 2017** | **As at April 01, 2016** |
| Segment operating liabilities | 1,90,807.64 | 2,11,431.87 | 2,02,800.49 |
| **Total Liabilities** | **1,90,807.64** | **2,11,431.87** | **2,02,800.49** |

**iv) (d) Geographical information:**
The Company operated only in India during the year ended March 31, 2018 and March 31, 2017.

**iv) (e) Information about major customers:**
No single customer contributed 10% or more of the total revenue of the Company for the year ended March 31, 2018 and March 31, 2017.

**iv) (f) Information About Business Segments** (₹ lacs)

| Particulars | Sugar | | Alcohol | | Others | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **E. OTHER INFORMATIONS** | | | | | | | | | | |
| Capital expenditure | 472.09 | 248.09 | 345.65 | 1,085.96 | 2.31 | 0.20 | 9.85 | 34.35 | 829.90 | 1,368.60 |
| Depreciation and amortization expense (net of revaluation reserve) | 3,569.33 | 3,564.66 | 1,036.59 | 1,058.25 | 3.68 | 4.77 | 22.47 | 28.21 | 4,632.07 | 4,655.89 |
| Non cash expenses other than depreciation | 60.14 | 11.03 | 222.49 | 5.56 | - | 106.35 | 985.97 | 0.01 | 1,268.60 | 122.95 |
| Note: Capital expenditure consists of additions to property, plant and equipment , capital work in progress and intangible assets. | | | | | | | | | | |

**12. Exceptional items represent:**

i) The Company has entered into a one-time settlement agreement with one of its lenders in the F.Y. 2016-17. The settlement amount was to be paid in six structured instalments by November 14, 2017. The Company has recognised ₹970.79 lacs being remission of liability as exceptional item in previous year March 31, 2017. However, on the account of downturn in the sugar industry the Company could not repay as per agreed settlement terms, the lender terminated the settlement agreement. Accordingly, the Company has restated the liability as per original agreement during the current year by reversing the said exceptional gain recognized in previous year and shown it as an exceptional item.

ii) In previous year, March 31, 2017 a sum of ₹543.74 lacs being society commission relating to sugar season 2015-16 for the period up to March 31, 2016 recoverable from the State Government of Uttar Pradesh, written off in pursuance of Government order dated December 28, 2016.

**13. Employee Benefits**

The Company has classified the various benefits provided to employees as under: -

**i) Defined Contribution Plan:**

A) Provident fund

B) Superannuation fund

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss: (₹ lacs)

| Descrption | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| - Employers' Contribution to Provident Fund | 390.81 | 345.42 |
| - Employers' Contribution to ESIC | 1.39 | - |
| - Employers' Contribution to Superannuation Fund | 9.81 | 10.79 |

**ii) Disclosure in respect of defined benefit plans (Gratuity & compenstaed absence) is as under:**

| (a) Principal Assumptions | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Gratuity (Funded)** | | | **Compensated Absence (Unfunded)** | | |
| | **As at March 31, 2018** | **As at March 31, 2017** | **As at April 01, 2016** | **As at March 31, 2018** | **As at March 31, 2017** | **As at April 01, 2016** |
| Discount Rate (Per Annum) | 7.75% | 7.50% | 8.00% | 7.75% | 7.50% | 8.00% |
| Expected Rate of Salary Increase | 8% for the first year 5% thereafter | 5.00% | 5.00% | 8% for the first year & 5% thereafter | 5.00% | 5.00% |
| Mortality Rate (% of IALM 06-08) | 100% | 100% | 100% | 100% | 100% | 100% |
| Attrition/Withdrawl Rate | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Rate of Leave Availment (Per Annum) | NA | NA | NA | Earned Leave : 0% Sick Leave : 10% | 2.00% | NA |
| Rate of Leave Encashment during Employment (Per Annum) | NA | NA | NA | 0% | NA | NA |

**(B) Amount Recognised in Statement of Profit & Loss in respect of the Defined Benefit Obligation**

| Particulars | Gratuity (Funded) | | Compensated Absence | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Components of defined benefit cost recognised in profit or loss** | | | | |
| Current Service Cost | 89.33 | 96.18 | 146.41 | 53.87 |
| Past Service Cost | 17.22 | - | - | - |
| Interest Cost | 32.61 | 17.68 | 29.26 | 15.97 |
| Acturial (gain)/loss from change in financial assumptions | - | - | 5.17 | 5.20 |
| Acturial (gain)/loss arising from experience adjustments | - | - | 109.55 | 144.70 |
| **Components of defined benefit cost recognised in profit or loss** | **139.16** | **113.86** | **290.39** | **219.73** |
| **Components of defined benefit cost recognised in Other Comprehensive Income** | | | | |
| Acturial (gain)/loss from change in financial assumptions | 13.56 | 51.85 | - | - |
| Acturial (gain)/loss arising from experience adjustments | (110.15) | 177.44 | - | - |
| Return on plan assets (higher)/lower that discount rate | (8.86) | (37.62) | - | - |
| Return on plan assets excluding amount in net interest expense | (0.00) | 0.00 | - | - |
| **Total acturial (gain)/loss recognised in Other Comprehensive Income** | **(105.44)** | **191.67** | **-** | **-** |
| **Total amount recognised in statement of profit & loss** | **33.72** | **305.54** | **290.39** | **219.73** |

**(C) The amount included in Balance Sheet arising from the company's obligation in respect of its defined benefit plan is as follows:**

| Particulars | Gratuity (Funded) | | | Compensated Absence (Unfunded) | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| Present Value of Defined Benefit Obligation | 1,403.77 | 1,507.65 | 1,231.37 | 461.56 | 390.42 | 255.07 |
| Fair Value of Plan Asset | 960.50 | 1,075.39 | 1,008.71 | - | - | - |
| **Net liability arising from defined benefit obligation** | **(443.26)** | **(432.27)** | **(222.66)** | **(461.56)** | **(390.42)** | **(255.07)** |
| * Non Current Liability | - | - | - | (364.61) | (334.27) | 191.31 |
| * Current Liability | **(443.26)** | **(432.27)** | **(222.66)** | **(96.95)** | **(56.14)** | **63.76** |

**(D) Movement in the fair value of plan assets are as follows:**

| Particulars | Gratuity (Funded) | | Compensated Absence | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Opening fair value of plan assets | 1,075.39 | 1,008.71 | NA | NA |
| Expected return on plan assets | 80.60 | 80.64 | NA | NA |
| Employer Contribution | 27.50 | 93.50 | NA | NA |
| Remeasurement gain/(loss) | - | - | | |
| * Return on plan assets (higher)/lower than discount rate | 8.86 | 37.62 | NA | NA |
| Benefit Paid | (231.84) | (145.08) | NA | NA |
| **Closing fair value of plan assets** | **960.50** | **1,075.39** | **NA** | **NA** |

**(E) Movement in the present value of defined benefit obligations are as follows:**

| Particulars | Gratuity (Funded) | | Compensated Absence (Unfunded) | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Opening defined benefit obligation** | **1,108.54** | **1,038.54** | **390.42** | **255.08** |
| Current service cost | 89.33 | 96.18 | 146.41 | 53.87 |
| Interest cost | 113.17 | 98.29 | 29.26 | 15.97 |

| Particulars | Gratuity (Funded) | | Compensated Absence (Unfunded) | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Remeasurement (gains)/losses: | | | | |
| * Acturial (gain)/loss from change in financial assumptions | 13.56 | 50.14 | 5.17 | 5.20 |
| * Acturial (gain)/loss arising from experience adjustments | (110.15) | 185.83 | 109.55 | 144.70 |
| Past Service Cost | 17.22 | - | - | - |
| Benefits paid by employer | (231.84) | (145.08) | (219.25) | (84.39) |
| Benefits paid from plan assets | - | - | - | - |
| **Closing defined benefit obligation** | **999.84** | **1,323.90** | **461.56** | **390.42** |

**(F) Sensitivity Analysis**
**Gratuity (Funded)**

| Particulars | Change in assumption by | Impact on defined benefit obligation | | | | |
|---|---|---|---|---|---|---|
| | | Increase in assumption | | | Decrease in assumption | |
| | | Increase/decrease | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Discounting rate | 1.00% | In ₹ | 1,305.76 | 1,409.52 | 1,509.76 | 1,624.23 |
| Future salary growth rate | 1.00% | In ₹ | 1,510.42 | 1,620.80 | 1,303.32 | 1,410.56 |
| Attrition rate | 0.50% | In ₹ | 1,419.69 | 14,971.91 | 1,381.10 | 1,490.05 |
| Mortality rate | 10.00% | In ₹ | 1,402.31 | 1,511.03 | 1,400.41 | 1,509.09 |

**Compensated Absence (Unfunded)**

| Particulars | Change in assumption by | Impact on defined benefit obligation | | | | |
|---|---|---|---|---|---|---|
| | | Increase in assumption | | | Decrease in assumption | |
| | | Increase/decrease | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Discounting rate | 1.00% | In ₹ | 432.54 | 363.40 | 494.58 | 421.40 |
| Future salary growth rate | 1.00% | In ₹ | 495.03 | 421.87 | 431.68 | 362.55 |
| Attrition rate | 0.50% | In ₹ | 461.90 | 463.90 | 460.98 | 390.38 |
| Mortality rate | 10.00% | In ₹ | 461.57 | 390.41 | 461.55 | 390.42 |

Note: The plan assets are maintained with ICICI Prudential life Insurance Company Ltd.



**G. Risks related to defined benefit plans:**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefits which are as follows:

1) Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in increase in the value of the liability.

2) Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity pay-outs. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of its liquid assets not being sold in time.

3) Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

4) Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability.

5) Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,0 0,000).

6) Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

7) Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Note:** The above is a standard list of risk exposures in providing the gratuity benefit. The Company is advised to carefully examine the above list and make suitable amendments (including adding more risks, if relevant) to the same before disclosing the above in its consolidated financial statements.

**H. Method and Assumptions related terms:**

1) Discount Rate: Discount rate is the rate which is used to discount future benefit cashflows to determine the present value of the defined benefit obligation at the valuation date. The rate is based on the prevailing market yields of high quality corporate bonds at the valuation date for the expected term of the obligation. In countries where there are no such bonds, the market yields at the valuation date on government bonds for the expected term is used.

2) Salary Escalation Rate: The rate at which salaries are expected to escalate in future. It is used to determine the benefit based on salary at the date of separation.

3) Attrition Rate: The reduction in staff/employees of a Company through normal means, such as retirement and resignation. This is natural in any business and industry.

4) Mortality Rate: Mortality rate is a measure of the number of deaths (in general, or due to a specific cause) in a population, scaled to the size of that population, per unit of time.

5) Projected Unit Credit Method: The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The Projected Unit Credit Method requires an enterprise to attribute benefit to the current period (in order to determine current service cost) and the current and prior periods (in order to determine the present value of defined benefit obligations).

14. i) Following are the particulars of disputed dues on account of sales tax (trade tax), excise duty and service tax matters that have not been deposited by the Company as at March 31, 2018.

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount* involved (₹ lacs) | Amount paid under protest (₹ lacs) |
|---|---|---|---|---|---|
| U. P. Trade Tax Act | Trade tax | Dy. Commissioner, Commercial Tax | 2005-2006 | 3.11 | - |
| Kerela Sales Tax Act | Trade Tax | Dy. Commissioner, Commercial Tax - (Appeal) | 2000-2001 | 2.17 | 1.08 |
| Central Excise Act, 1944 | Excise Duty | High Court, Allahabad | 1979-1980 | 11.01 | 11.01 |
| | | | 2005-2006 | 2.78 | - |
| | | Customs, Excise & Service tax Appellate Tribunal | 2001-2002 | 16.78 | - |
| | | | 2001-2006 | 42.88 | - |
| | | | 2001-2004 | 16.63 | - |
| | | | 2005-2006 | 15.88 | - |
| | | | 2006-2007 | 393.58 | 45.04 |
| | | | 2008-2014 | 38.08 | 3.14 |
| | | | 2008-2013 | 26.83 | 2.59 |
| | | | 2008-2013 | 177.82 | 13.34 |
| | | | 2013-2014 | 146.56 | 1.18 |
| | | Commissioner (Appeal) | 2013-2014 | 1.16 | 0.09 |
| | | | 2014-2015 | 0.24 | 0.01 |
| | | | 2015-2016 | 7.13 | 0.63 |
| Finance Act, 1994 | Service Tax | Customs, Excise & Service tax Appellate Tribunal | 2005-2007 | 7.72 | - |
| | | | 2006-2007 | 83.06 | 14.87 |
| | | | 2009-2015 | 96.98 | 7.27 |

* Amount as per demand orders including interest and penalty wherever indicated in order.

ii) In the following instances the concerned statutory authority is in appeal against favourable orders received by the Company.

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved (₹ lacs) |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | Customs, Excise & Service tax Appellate Tribunal | 2003-2004 | 21.44 |
| | | | 2005-2006 | 1.24 |
| | | | 2008-2009 | 54.68 |
| Finance Act, 1994 | Service tax | Customs, Excise & Service tax Appellate Tribunal | 2006-2007 | 0.43 |

There are no dues in respect of income tax, customs duty, wealth tax and cess, which have not been deposited on account of any disputes except in respect of income tax demand of ₹ 3.71 lacs arising on processing of TDS returns. The Company is in process of rectifying these returns and is confident that the demand will be substantially reduced.

**15. Earnings per share** (₹ lacs)

| Description | | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| Profit/(loss) after tax and exceptional items as per Statement of Profit and Loss | (A) | (19,040.25) | (5,396.65) |
| Add/Less: Exceptional Items net of taxes | | 970.79 | (427.05) |
| Profit/(loss) after tax and before exceptional items | (B) | (18,069.46) | (5,823.70) |
| **Weighted average number of equity shares outstanding (Par value ₹ 10 per share)** | | | |
| - For basic and diluted earnings per share (Nos.) | (C) | 37,493,815 | 3,74,79,020 |
| **Earnings per share (₹)** | | | |
| - Basic and diluted EPS before exceptional item | (B÷C) | (48.19) | (15.54) |
| - Basic and diluted EPS after exceptional item | (A÷C) | (50.78) | (14.40) |

**16. Auditors' remuneration (excluding service tax/Goods and Service Tax):**

(₹ lacs)

| Description | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| - Statutory audit | 12.83 | 17.72 |
| - Limited review of unaudited financial results | 15.00 | 15.00 |
| - Certification and others | 2.50 | 6.00 |
| - Reimbursement of out of pocket expense for statutory audit and others | 0.84 | 1.13 |

**17. Disclosure related to Government Grant**

The Company is eligible to receive various grants announced by Central and U.P. State Government for Sugar Industry by way of production subsidy, reimbursement of society commission and interest subvention on certain term loan, loans at concessional rate etc. The Company is also eligible to receive grant announced by U.P State Government for promotion of industry in general under UPSIPP Scheme 2013. The Company has recognised these Government grants in the following manners:

(₹ lacs)

| S. No. | Nature of Grant/Assistance | Treatment in Accounts | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|
| 1 | Production subsidy from Central Government. [Refer Note No. 17(i)] | Shown as separate line items "Subsidy from Central Government under MIEQ" under "Revenue from operations". [Refer Note No. 3.25] | 3.60 | 593.01 |
| 2 | Interest subvention @10% per annum granted by the Government of India. [Refer Note No. 17(ii)] | Deducted from finance cost | 135.50 | 552.82 |
| 3 | Loans at concessional interest rate from Sugar Development Fund, Government of India | Deducted from finance cost | - | 43.24 |

i) The Central Government vide its Notification No. 1(10)/2015-SP-I dated September 18, 2015 announced Minimum Indicative Export Quota (MIEQ) under tradeable export scrip scheme in order to export surplus sugar inventory out of the country. Under the said scheme, the Company was allotted quota of 28,190 MT for export in respect of its all three sugar units. The Central government vide its Notification No. 20(43)/2015-SP-I dated December 02, 2015 announced a scheme for extending production subsidy @ ₹ 4.50 per quintal of actual cane crushed during sugar season 2015-16 or the proportionate cane crushed for average sugar production of the Company's each unit in the last three sugar seasons, whichever is lower, for the sugar units who have fulfilled stipulated conditions including export obligations.

ii) Under Interest Subvention Scheme of Extending Financial Assistance to Sugar Undertaking 2014, the Company is eligible for the reimbursement of interest payable on loan from banks taken against last three sugar season's excise duty, cess and surcharge paid on sugar by the Company subject to fulfilment of certain conditions.

iii) The Company was eligible for government grant by way of reimbursement of Society Cane Commission @ ₹ 3.00 per quintal of cane for the sugar season 2015-16 in accordance with the notification issued by the Government of Uttar Pradesh and accordingly the Company had accounted for cane commission receivable aggregating to ₹543.74 lacs during the year ended March 31, 2016. However, during the year ended March 31, 2017 the Company has written off the said amount in accordance with the notification dated December 28, 2016 issued by the Government of Uttar Pradesh as the same is no more receivable.

The said write off of cane commission has been included under "Cane commission written off "under Note No. 3.35 - "Exceptional items".

iv) The Company had availed government grant by way of reduction of cane society commission for sugar season 2012-13 to 2014-15 as per the notifications dated. June 12, 2015 and for the sugar season 2015-16 for retrospective effect. The Hon'ble Allahabad High Court vide Order dated December 21, 2017 quashed the U.P State Government notifications order for reduction in cane commission rate to societies from retrospective effect against which U.P State Government has preferred appeal before Supreme court. Pending final decision in the matter, the Company has not reversed the grant and not recognised it as liability.

v) The Company was eligible for various incentives under U.P. Sugar Incentive Promotion Policy, 2004 (the scheme) which was subsequently scrapped by the State Government. The Company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of the scheme and settlement of incentive claims. As per the erstwhile scheme, the Company was eligible for capital subsidy @10% of the investments made and revenue subsidy for reimbursement of taxes and other charges upto the prescribed period for incentive. Pending finalisation in the matter, the Company has not recognised these grants.



## 18. Capital Management

The Company manages its capital to ensure that it will continue as going concern, while maximizing the return to stakeholders through the optimisation of debt and equity balance. The capital structure as at March 31,2018, March 31, 2017 and April 01,2016 was as follows.

(₹ lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Total equity attributable to equity shareholders | 5,987.36 | 23,817.70 | 29,405.14 |
| Borrowings | 59,684.55 | 39,472.51 | 19,798.62 |
| **Total Capital** | **65,671.91** | **63,290.21** | **49,203.76** |
| Total equity attributable to equity shareholders as percentage of total capital | 9.12% | 37.63% | 59.76% |
| Total borrowing as percentage of total capital | 90.88% | 62.37% | 40.24% |

Due to continuous losses, the Company has defaulted in payment of interest and principal dues to its lenders. The Company had approached for debt restructuring of its outstanding debts and had also raised additional capital during the year through preferential issue of warrant to the promoters, to comply with the condition for infusion of capital imposed under sanctioned Debt Restructuring Scheme.

## 19. Financial risk management objectives

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of the financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and bank balances that derive directly from its operations. The Company also holds investments in equity shares and debentures of its subsidiaries and joint ventures.

The Company's activities expose it mainly to credit risk, liquidity risk and market risk. This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

**i) Credit risk**

A. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. Company is exposed to credit risk from trade receivables and deposits with banks. To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer. Outstanding customer receivables are regularly monitored. Concentrations of credit risk are limited as a result of the Company's large and diverse customer base. Company has also taken advances and security deposits from its customer / agents, which mitigate the credit risk to an extent. The ageing of the trade receivables is given below:

(₹ lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Up to 6 months | 3,683.38 | 3,786.33 | 5,797.12 |
| More than 6 months | 427.04 | 717.63 | 1,113.92 |
| **Total receivables** | **4,110.42** | **4,503.96** | **6,911.04** |

B. The impairment analysis is performed at each balance sheet date on individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company makes general provision for lifetime expected credit loss based on its previous experiences of provision/write off in the previous years.

The movement in the provision for doubtful debts, advances to suppliers and security deposits is as under:

(₹ lacs)

| Particulars | Trade Receivables | Advances* | Security Deposits |
|---|---|---|---|
| **Provision as at April 01, 2016** | **389.55** | **101.12** | **81.36** |
| Provision made during the year 2016-17 | 104.22 | 37.60 | - |
| Amount written off | 178.57 | 94.48 | 46.50 |
| Provision reversed during the year 2016-17 | 1.55 | 6.64 | - |
| **Provision as at March 31, 2017** | **313.65** | **37.60** | **34.86** |
| Provision made during the year 2017-18 | 46.13 | 13.94 | - |
| Amount written off | 94.32 | 10.53 | 7.36 |
| Provision reversed during the year 2017-18 | 20.66 | 0.24 | - |
| **Provision as at March 31, 2018** | **244.80** | **40.77** | **27.50** |

*Includes advances to employees

C. Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which term deposits are maintained. Generally, term deposits are maintained with banks with which Company has also availed borrowings.

**ii) Liquidity risk**

Liquidity risk is the risk that a Company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Since the Company is making continuous losses, presently it monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs. The table below provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

| Particulars | As at March 31, 2018 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 106,752.30 | 47,067.75 | 27,365.11 | 32,319.44 | 106,752.30 |
| Trade payables | 56,566.10 | 56,566.10 | - | - | 56,566.10 |
| Other financial liabilities-Current | 17,930.09 | - | 17,930.09 | - | 17,930.09 |
| **Total** | **181,248.49** | **103,633.85** | **45,295.20** | **32,319.44** | **181,248.49** |

| Particulars | As at March 31, 2017 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 101,303.63 | 61,831.12 | 16,412.26 | 23,060.25 | 101,303.63 |
| Trade payables | 57,860.42 | 57,860.42 | - | - | 57,860.42 |
| Other financial liabilities-Current | 21,683.39 | - | 21,683.39 | - | 21683.39 |
| **Total** | **180,847.44** | **119,691.54** | **38,095.65** | **23,060.25** | **180,847.44** |

| Particulars | As at April 01, 2016 (₹ lacs) | | | | |
|---|---|---|---|---|---|
| | Carrying amount | on demand | 0-12 months | More than 12 months | Total |
| Borrowings | 103,673.17 | 83,874.55 | 13,663.89 | 6,134.73 | 103,673.17 |
| Trade payables | 50,870.91 | 50,870.91 | - | - | 50,870.91 |
| Other financial liabilities-Current | 12,947.23 | - | 12,947.23 | - | 12,947.23 |
| **Total** | **167,491.31** | **134,745.46** | **26,611.12** | **6,134.73** | **167,491.31** |

**iii) Market risk**

The Company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. Market risks comprises of four types of risks such as:

**A) Interest rate risks**

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 with floating interest rates.

**B) Commodity 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 partly mitigated this risk adopting integrated business model by diversifying into distillation, for better price realisation of the by-products.

**C) Foreign exchange 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.

The Company's exposure to the risk of changes in foreign exchange rates is limited to the Company's operating activities (when revenue or expense is denominated in a foreign currency), which are not material.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise as follows:

| Description | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Amount in foreign currency (₹ Lacs) | Amount (₹ Lacs) | Amount in foreign currency (₹ Lacs) | Amount (₹ Lacs) |
| Trade Receivables -USD | 4.52 | 291.34 | 7.73 | 501.59 |
| Advance Received from Customer – USD | - | - | 0.50 | 32.20 |

**Foreign Currency Sensitivity**

1% increase/decrease in foreign currency will have no material impact on Profit.

**D) Regulatory risk**

Sugar industry is regulated both by Central Government as well as State Government. Central and State Governments policies and regulations affect the sugar industry and the Company's operations and profitability. Distillery business is also dependent on the Government policy.

**20. Financial instruments - Accounting, Classification and Fair value measurements**

**i) Financial instruments by category**

**As at March 31, 2018** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 5,493.59 | - | - | - | 5,493.59 |
| - Debt instruments | - | 7,062.99 | - | - | 7,062.99 |
| - Government securities | 2.61 | - | - | - | 2.61 |
| - Others | - | 45.15 | - | - | 45.15 |
| Trade receivables | - | 3,865.62 | - | - | 3,865.62 |
| Cash and cash equivalent | - | 819.26 | - | - | 819.26 |
| Bank balances other than cash & cash equivalents | - | 1,018.44 | - | - | 1,018.44 |
| Loans | - | - | - | - | - |
| Other financial assets | - | 3,980.64 | - | - | 3,980.64 |
| **Total financial assets** | **5,496.20** | **16,792.10** | **-** | **-** | **22,288.30** |
| **Financial liabilities** | | | | | |
| Borrowings | - | 1,06,752.30 | - | - | 1,06,752.30 |
| Trade payables | - | 56,566.10 | - | - | 56,566.10 |
| Other financial liabilities | - | 19,596.71 | - | - | 19,596.71 |
| **Total financial liabilities** | **-** | **1,82,915.11** | **-** | **-** | **1,82,915.11** |

**As at March 31, 2017** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 5,493.59 | - | - | 989.28 | 6,482.87 |
| - Debt instruments | - | 7,441.71 | - | - | 7,441.71 |
| - Government securities | 1.61 | - | - | - | 1.61 |
| - Others | - | 45.15 | - | - | 45.15 |
| Trade receivables | - | 4,190.31 | - | - | 4,190.31 |
| Cash and cash equivalent | - | 1,177.85 | - | - | 1,177.85 |
| Bank balances other than cash & cash equivalents | - | 6,553.11 | - | - | 6,553.11 |
| Loans | - | - | - | - | - |
| Other financial assets | - | 5,844.90 | - | - | 5,844.90 |
| **Total financial assets** | **5,495.20** | **25,253.03** | **-** | **989.28** | **31,737.51** |
| **Financial liabilities** | | | | | |
| Borrowings | - | 1,01,303.63 | - | - | 1,01,303.63 |
| Trade payables | - | 57,860.42 | - | - | 57,860.42 |
| Other financial liabilities | - | 23,810.57 | - | - | 23,810.57 |
| **Total financial liabilities** | **-** | **1,82,974.62** | **-** | **-** | **1,82,974.62** |

**As at April 01, 2016** (₹ lacs)

| Particulars | Cost | Carrying Value | | | Total |
|---|---|---|---|---|---|
| | | Amortised Cost | FVTPL | FVTOCI | |
| **Financial assets** | | | | | |
| Investment | | | | | |
| - Equity instruments | 5,493.59 | - | - | 3,034.09 | 8,527.68 |
| - Debt instruments | - | 7,765.38 | - | - | 7,765.38 |
| - Government securities | 2.11 | - | - | - | 2.11 |
| - Others | - | 45.15 | - | - | 45.15 |
| Trade receivables | - | 6,521.49 | - | - | 6,521.49 |
| Cash and cash equivalent | - | 880.76 | - | - | 880.76 |
| Bank balances other than cash & cash equivalents | - | 608.92 | - | - | 608.92 |
| Loans | - | - | - | - | - |
| Other financial assets | - | 4,060.55 | - | - | 4,060.55 |
| **Total financial assets** | **5,495.70** | **19,882.24** | **-** | **3,034.09** | **28,412.03** |
| **Financial liabilities** | | | | | |
| Borrowings | - | 1,03,673.17 | - | - | 1,03,673.17 |
| Trade payables | - | 50,870.91 | - | - | 50,870.91 |
| Other financial liabilities | - | 15,557.56 | - | - | 15,557.56 |
| **Total financial liabilities** | **-** | **1,70,101.64** | **-** | **-** | **1,70,101.64** |

**ii) Fair Value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Following methods and assumptions used to estimate the fair values:**

- Fair value of cash and cash equivalents and short term deposits, trade and other short term receivables, trade payables, short term borrowings and other current financial assets and liabilities carried at amortized cost is not materially different from its carrying cost, largely due to the short-term maturities of these financial assets and liabilities.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other that 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). There is no transfer from one level to another level during the year.

21. The Group has presented its GAAP compliant financial statement as at and for the year ended March 31, 2016 based on audited financial statement of all the subsidiaries including Simbhaoli Power Private Limited (SPPL) and the Uniworld Sugars Private Limited (USPL) a joint venture company and as at and for the year ended March 31, 2017 based on audited financial statement of all Subsidiaries, including SPPL and unaudited financial statements of USPL. But as at and for the year ended March 31, 2018, March 31, 2017 and April 01,2016 the Group has not consolidated the financial statement of SPPL because its Ind AS Compliant financial statement are still under preparation and not available for consolidation.

The restated GAAP compliant consolidated financial statement without consolidating the financial statement of SPPL for the periods as mention above and, after consolidating the audited financial statement of USPL as at and for the year ended March 31, 2017 and its reconciliation with the earlier published consolidated financial statement as at and for the year ended March 31,2017 and as at April 01,2016 are as under: -

**A. CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2016**

| Description | Published GAAP CFS | Financials of SPPL included in GAAP CFS | Restated GAAP CFS considering of SPPL |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Non Current Assets** | | | |
| Share capital | 3,747.90 | - | 3,747.90 |
| Reserves and surplus | 27,761.88 | 120.16 | 27,641.72 |
| | **31,509.78** | **120.16** | **31,389.62** |
| **Minority interest** | 4,381.66 | 4,073.74 | 307.92 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 72,610.09 | 17,128.01 | 55,482.08 |
| Long-term provisions | 286.95 | 24.83 | 262.12 |
| | **72,897.04** | **17,152.84** | **55,744.20** |
| **Current liabilities** | | | |
| Short-term borrowings | 55,610.07 | - | 55,610.07 |
| Trade payables | 58,795.37 | 1,230.72 | 57,564.65 |
| Other current liabilities | 24,807.16 | 5,898.66 | 18,908.50 |
| Short-term provisions | 48.56 | 31.33 | 17.23 |
| | **1,39,261.16** | **7,160.71** | **1,32,100.45** |
| **Total** | **2,48,049.64** | **28,507.45** | **2,19,542.19** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 1,84,562.60 | 33,011.24 | 1,51,551.36 |
| Intangible assets | 871.36 | 19.54 | 851.82 |
| Capital work-in-progress | 773.82 | - | 773.82 |
| | 1,86,207.78 | 33,030.78 | 1,53,177.00 |
| Goodwill on consolidation | 3,995.81 | 1,373.69 | 2,622.12 |
| Non-current investments | 2.26 | (10,386.53) | 10,388.79 |
| Deferred tax assets (net) | 76.09 | (0.01) | 76.10 |
| Long-term loans and advances | 451.58 | 12.90 | 438.68 |
| Other non-current assets | - | - | - |
| | **1,90,733.52** | **24,030.83** | **1,66,702.69** |
| Current assets | | | |
| Current investments | 1,936.02 | 1,813.53 | 122.49 |
| Inventories | 35,073.15 | 400.05 | 34,673.10 |
| Trade receivables | 9,327.14 | 4,136.75 | 5,190.39 |
| Cash and cash equivalents | 3,660.85 | 112.07 | 3,548.78 |
| Short-term loans and advances | 4,540.29 | 45.08 | 4,495.21 |
| Other current assets | 2,778.67 | (2,030.86) | 4,809.53 |
| | **57,316.12** | **4,476.62** | **52,839.50** |
| **Total** | **2,48,049.64** | **28,507.45** | **2,19,542.19** |

**B. CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2017**

| | Published GAAP CFS | Financials of SPPL included in GAAP CFS | GAAP CFS without considering of SPPL | Effect of considerations of audited financials of USPL | Restated GAAP CFS |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' funds** | | | | | |
| Share capital | 3,747.90 | - | 3,747.90 | - | 3,747.90 |
| Reserves and surplus | 21,881.41 | 337.73 | 21,543.68 | 312.08 | 21,855.76 |
| | **25,629.31** | **337.73** | **25,291.58** | **312.08** | **25,603.66** |
| **Minority interest** | **4,245.09** | **4,282.79** | **(37.70)** | **44.66** | **6.96** |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 41,760.51 | 14,866.33 | 26,894.18 | (3,723.21) | 23,170.97 |
| Long-term provisions | 412.18 | 50.36 | 361.82 | (27.55) | 334.27 |
| | **42,172.69** | **14,916.69** | **27,256.00** | **(3,750.76)** | **23,505.24** |
| **Current liabilities** | | | | | |
| Short-term borrowings | 65,901.21 | (850.00) | 66,751.21 | - | 66,751.21 |
| Trade payables | 65,806.73 | 1,462.51 | 64,344.22 | (720.48) | 63,623.74 |
| Other current liabilities | 51,157.36 | 5,637.68 | 45,519.68 | 3,284.31 | 48,803.99 |
| Short-term provisions | 104.52 | 27.98 | 76.54 | 27.55 | 104.09 |
| | **1,82,969.82** | **6,278.17** | **1,76,691.65** | **2,591.38** | **1,79,283.03** |
| **Total** | **2,55,016.91** | **25,815.38** | **2,29,201.53** | **(802.64)** | **2,28,398.89** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Fixed assets | | | | | |
| Tangible assets | 1,78,909.90 | 31,857.49 | 1,47,052.41 | - | 1,47,052.41 |
| Intangible assets | 766.21 | 17.31 | 748.90 | (724.93) | 23.97 |
| Capital work-in-progress | 1,554.83 | 67.47 | 1,487.36 | - | 1,487.36 |
| | 1,81,230.94 | 31,942.27 | 1,49,288.67 | (724.93) | 1,48,563.74 |

| | Published GAAP CFS | Financials of SPPL included in GAAP CFS | GAAP CFS without considering of SPPL | Effect of considerations of audited financials of USPL | Restated GAAP CFS |
|---|---|---|---|---|---|
| Goodwill on consolidation | 3,995.81 | 1,373.69 | 2,622.12 | - | 2,622.12 |
| Non-current investments | 1.76 | (10,386.53) | 10,388.29 | - | 10,388.29 |
| Deferred tax assets (net) | 99.63 | (0.01) | 99.64 | - | 99.64 |
| Long-term loans and advances | 682.35 | 5.84 | 676.51 | 92.23 | 768.74 |
| Other non-current assets | - | (61.76) | 61.76 | - | 61.76 |
| | **1,86,010.49** | **22,873.50** | **1,63,136.99** | **(632.70)** | **1,62,504.29** |
| **Current assets** | | | | | |
| Current investments | 287.38 | 287.38 | - | - | - |
| Inventories | 45,644.07 | 438.02 | 45,206.05 | - | 45,206.05 |
| Trade receivables | 5,471.35 | 1,282.91 | 4,188.44 | - | 4,188.44 |
| Cash and cash equivalents | 11,079.03 | 1,917.97 | 9,161.06 | - | 9,161.06 |
| Short-term loans and advances | 3,411.70 | 232.46 | 3,179.24 | (157.79) | 3,021.45 |
| Other current assets | 3,112.89 | (1,216.86) | 4,329.75 | (12.15) | 4,317.60 |
| | **69,006.42** | **2,941.88** | **66,064.54** | **(169.94)** | **65,894.60** |
| **Total** | **2,55,016.91** | **25,815.38** | **2,29,201.53** | **(802.64)** | **2,28,398.89** |

## C. CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

| | Published GAAP CFS | Financials of SPPL included in GAAP CFS | GAAP CFS without considering of SPPL | Effect of considerations of audited financials of USPL | Restated GAAP CFS |
|---|---|---|---|---|---|
| **Revenue from operations** | | | | | |
| Sale of products | 1,19,627.49 | 8,496.67 | 1,11,130.82 | 0.00 | 1,11,130.82 |
| Less: Excise duty | 4,983.09 | - | 4,983.09 | - | 4,983.09 |
| | **1,14,644.40** | **8,496.67** | **1,06,147.73** | **-** | **1,06,147.73** |
| Sale of services | 1,005.33 | - | 1,005.33 | - | 1,005.33 |
| Other operating revenues | 1,795.41 | 737.00 | 1,058.41 | 0.00 | 1,058.41 |
| **Revenue from operations** | **1,17,445.14** | **9,233.67** | **1,08,211.47** | **-** | **1,08,211.47** |
| Other income | 1,728.47 | (1,108.49) | 2,836.96 | 184.12 | 3,021.08 |
| **Total Revenue** | **1,19,173.61** | **8,125.18** | **1,11,048.43** | **184.12** | **1,11,232.55** |
| **Expenses** | | | | | |
| Cost of materials consumed | 89,529.81 | 2,722.41 | 86,807.40 | (0.00) | 86,807.40 |
| Purchases of stock-in-trade | 1,046.45 | - | 1,046.45 | - | 1,046.45 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (7,529.22) | 110.49 | (7,639.71) | 0.00 | (7,639.71) |
| Employee benefits expense | 7,396.70 | 658.77 | 6,737.93 | (0.00) | 6,737.93 |
| Finance costs | 16,510.04 | 2,759.42 | 13,750.62 | (385.55) | 13,365.07 |
| Depreciation and amortization expense | 6,665.74 | 1,157.10 | 5,508.64 | - | 5,508.64 |
| Other expenses | 12,019.23 | 290.39 | 11,728.84 | 212.93 | 11,941.77 |
| **Total Expenses** | **1,25,638.75** | **7,698.58** | **1,17,940.17** | **(172.62)** | **1,17,767.55** |
| **Profit/(loss) before exceptional items and tax** | **(6,465.14)** | **426.60** | **(6,891.74)** | **356.74** | **(6,535.00)** |
| Exceptional items | (427.05) | - | (427.05) | - | (427.05) |
| **Profit/(loss) before tax** | **(6,038.09)** | **426.60** | **(6,464.69)** | **356.74** | **(6,107.95)** |
| Tax expense: | | | | | |
| Tax relating to previous year | (0.31) | - | (0.31) | | (0.31) |
| Current tax | 6.53 | - | 6.53 | | 6.53 |
| Deferred tax charge/ (benefit) | (23.55) | - | (23.55) | | (23.55) |
| **Profit/(loss) after tax** | **(6,020.76)** | **426.60** | **(6,447.36)** | **356.74** | **(6,090.62)** |
| Minority interest | (136.57) | 209.05 | (345.62) | 44.66 | (300.96) |
| **Profit/(loss) after tax and minority interest** | **(5,884.19)** | **217.55** | **(6,101.74)** | **312.08** | **(5,789.66)** |

**22. Explanation of transition to Ind AS**

These consolidated financial statements for the year ended March 31, 2018, are the Company's first annual financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended March 31, 2018, comparative information presented in these consolidated financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted/reclassified the amounts reported previously in consolidated financial statements prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act 2013 (The Act) and other relevant provisions of the Act (Previous GAAP) to comply with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes.

i) Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after the transition date. Business combinations occurring prior to the transition date have not been restated.

ii) The Company has elected to continue with carrying value of all Property, plant and equipment under the previous GAAP as deemed cost as at the transition date i.e. April 01, 2016. Under the previous GAAP, Property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), and adjusted by revaluation of certain assets.

iii) The Company has elected to continue with the carrying value of capital work in progress as recognised under the previous GAAP as deemed cost as at the transition date.

iv) The Company has elected to continue with the carrying value for intangible assets (computer software) as recognised under the previous GAAP as deemed cost as at the transition date. Under the previous GAAP, computer software was stated as at its original cost, net of accumulated amortisation.

v) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all the arrangements for embedded leases based on conditions in place as at the date of transition.

vi) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its equity investments in subsidiaries and joint ventures either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its investment in subsidiary or joint venture that it elects to measure using a deemed cost. Accordingly, the Company has elected to measure its equity investment in subsidiaries using the Previous GAAP carrying amount as deemed cost in the standalone financial statements. Since the financial statements of SPPL has not been consolidated, investment in equity shares of SPPL is stated at deemed cost in consolidated financial statements.

vii) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. therefore, borrowings as at April 01, 2016 and March 31, 2017 have been reduced with corresponding adjustment in retained earnings.

viii) Under previous GAAP, interest income was accounted for on time proportionate basis. Under Ind AS, investments in debt instruments can be measured either at amortised cost or FVTOCI or FVTPL. The Company has elected to use amortise cost as deemed cost as on the transition date for valuing investments in debt securities in one of the subsidiaries (SPPL).

ix) The estimates as at April 01, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

x) The Company has applied the requirements in Ind AS 109 and Ind AS 20 prospectively to government grants by way of concessional loan.

xi) The Company has opted to measure its investment in joint venture under equity method as against proportionate consolidation method followed earlier as per Previous GAAP.

xii) The Company has opted to transfer all cumulative translation gains and losses on foreign operations to opening retained earnings at the transition date.

xiii) Ind AS 101 requires the de-recognition requirements of Ind AS 109 to be applied prospectively to transactions occurring on or after the date of transition. Therefore, the Company has not recognized financial assets and liabilities under Ind AS which were derecognized under the previous GAAP as a result of a transaction that occurred before the date of transition.

xiv) The Integrated Casetech Consultants Private Limited (ICCPL) has elected to apply previous GAAP carrying amount of its investment in its Employee Share Plan Trust as deemed cost as at the date of transition.

xv) The Integrated Casetech Consultants Private Limited (ICCPL) has recognized deferred tax assets on unabsorbed carried forward losses as at April 01, 2016 based on reasonable certainty as per Ind AS 12 "Income Taxes".

The recognition of deferred tax assets on unabsorbed carry forward losses was not permitted under previous GAAP unless the realization of such tax is virtually certain.

(₹ lacs)

**First time adoption of Ind AS**
**Reconciliation of Consolidated balance sheet**

| | Refer Footnote No. | As at March 31, 2017 | | | As at April 01, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP* | Effect of transition to Ind AS | Ind AS | Previous GAAP* | Effect of transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property Plant and Equipment | (a) | 1,47,052.41 | (11,753.46) | 1,35,298.95 | 1,51,551.35 | (11,911.00) | 1,39,640.35 |
| Capital work-in-progress | (a) | 1,487.36 | (72.99) | 1,414.38 | 773.82 | (407.84) | 365.98 |
| Intangible Assets | (a) | 23.97 | (6.93) | 17.04 | 851.81 | (832.46) | 19.35 |
| Financial Assets | | | | | | | |
| Investments | (b) | 10,433.29 | 3,538.05 | 13,971.34 | 10,433.79 | 5,906.53 | 16,340.32 |
| Goodwill on consolidation | | 2,622.12 | (2,622.12) | - | 2,622.12 | (2,622.12) | - |
| Loans | | 0.51 | (0.51) | - | 36.49 | (36.49) | - |
| Other financial assets | | 1,204.93 | (278.63) | 926.30 | 1,464.58 | (500.00) | 964.58 |
| Deferred Tax Assets | | 147.60 | - | 147.60 | 94.72 | - | 94.72 |
| Tax Assets | | 629.75 | 47.96 | 677.71 | 1,060.33 | 18.63 | 1,078.96 |
| Other non-current assets | | 766.98 | (121.67) | 645.31 | 460.30 | (77.06) | 383.25 |
| **Total non-current assets** | | **1,64,368.92** | **(11,270.29)** | **1,53,098.63** | **1,69,349.31** | **(10,461.81)** | **1,58,887.51** |
| **Current assets** | | | | | | | |
| Inventories | | 45,206.18 | (5,470.58) | 39,735.60 | 34,673.10 | (5,014.09) | 29,659.01 |
| Financial assets | | | - | | - | - | |
| Trade receivables | | 4,190.31 | - | 4,190.31 | 6,643.98 | (122.49) | 6,521.49 |
| Cash and cash equivalents | | 1,177.85 | - | 1,177.85 | 885.50 | (4.74) | 880.76 |
| Bank balances other than cash & cash equivalents | | 6,796.55 | (243.44) | 6,553.11 | 1,118.49 | (509.57) | 608.92 |
| Loans | | - | - | - | 369.13 | (369.13) | - |
| Other financial assets | | 4,449.76 | 468.84 | 4,918.60 | 2,913.67 | 182.31 | 3,095.96 |
| Current tax assets (net) | | 111.64 | (111.45) | 0.19 | 130.59 | (130.40) | 0.19 |
| Other current assets | | 2,097.68 | (340.10) | 1,757.58 | 3,458.42 | (311.77) | 3,146.65 |
| **Total current assets** | | **64,029.97** | **(5,696.73)** | **58,333.24** | **50,192.88** | **(6,279.89)** | **43,912.98** |
| **Total assets** | | **2,28,398.89** | **(16,967.02)** | **2,11,431.87** | **2,19,542.19** | **(16,741.70)** | **2,02,800.49** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 3,747.90 | - | 3,747.90 | 3,747.90 | - | 3,747.90 |
| Other equity | (c) | 21,855.76 | (2,198.17) | 19,657.59 | 27,641.72 | (2,429.78) | 25,211.94 |
| Minority Interest | | 6.96 | 48.56 | 55.52 | 307.92 | (228.99) | 78.93 |
| **Total equity** | | **25,610.62** | **(2,149.61)** | **23,461.01** | **31,697.54** | **(2,658.77)** | **29,038.77** |
| **LIABILITIES** | | | | | | | |
| **Non current liabilities** | | | | | | | |
| Financial liabiliites | | | | | | | |
| Borrowings | (d) | 25,239.30 | (2,179.05) | 23,060.25 | 55,482.08 | (49,347.35) | 6,134.73 |
| Other financial liabilities | | - | 1,666.62 | 1,666.62 | - | 2,127.18 | 2,127.18 |
| Provisions | | 334.27 | - | 334.27 | 191.31 | - | 191.31 |
| **Total non-current liabilities** | | **25,573.57** | **(512.43)** | **25,061.14** | **55,673.39** | **(47,220.17)** | **8,453.22** |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | (d) | 65,901.21 | (4,070.09) | 61,831.12 | 55,610.07 | 28,264.48 | 83,874.55 |
| Trade payables | (f) | 61,980.12 | (3,707.50) | 58,272.63 | 56,296.55 | (4,980.34) | 51,316.21 |
| Other financial liabilities | | 41,544.14 | (2,987.93) | 38,556.21 | 15,903.74 | 11,190.53 | 27,094.27 |
| Provisions | | 119.70 | (63.56) | 56.14 | 91.67 | (27.91) | 63.76 |
| Other Current liabilities | | 7,666.55 | (3,475.91) | 4,190.64 | 4,264.00 | (1,309.52) | 2,954.48 |
| Current Tax Liabilities (Net) | | 2.98 | - | 2.98 | 5.23 | - | 5.23 |
| **Total current liabilities** | | **1,77,214.71** | **(14,304.99)** | **1,62,909.72** | **1,32,171.26** | **33,137.24** | **1,65,308.50** |
| **Total equity and liabilities** | | **2,28,398.89** | **(16,967.02)** | **2,11,431.87** | **2,19,542.19** | **(16,741.70)** | **2,02,800.49** |

* The previous GAAP numbers have been reclassfied to conform to Ind AS presentation requirements for the purpose of this note.

(₹ lacs)

**First time adoption of Ind AS**

**Reconciliation of consolidated total comprehensive income**

| | Refer Note No. | As at March 31, 2017 | | |
|---|---|---|---|---|
| | | Previous GAAP* | Effect of transition to Ind AS | Ind AS |
| Revenue from operations | (e) | 1,08,312.85 | (17,362.20) | 90,950.65 |
| Other Income | (f) | 3,380.62 | (95.30) | 3,285.32 |
| **Total income** | | **1,11,693.47** | **(17,457.50)** | **94,235.97** |
| Expenses | | | | |
| Cost of materials consumed | | 86,807.40 | (19,784.92) | 67,022.48 |
| Purchases of stock-in-trade | | 1,046.45 | - | 1,046.45 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | | (6,994.41) | 533.54 | (6,460.87) |
| Excise Duty on sale of goods | | - | 4,881.71 | 4,881.71 |
| Employee benefits expense | (g) | 6,722.93 | (644.57) | 6,078.37 |
| Finance costs | (d) | 13,364.94 | (1,079.83) | 12,285.11 |
| Depreciation and amortization expense | | 5,508.64 | (852.75) | 4,655.89 |
| Other expenses | | 11,772.52 | (3,227.01) | 8,545.52 |
| **Total expenses** | | **1,18,228.47** | **(20,173.82)** | **98,054.65** |
| **Profit/(loss) before exceptional items and tax** | | **(6,535.00)** | 2,716.32 | **(3,818.68)** |
| Exceptional items - expenses/(income) | | (427.05) | - | (427.05) |
| **Profit/ (loss) before sharing of Profit/(loss) in Joint Venture and Tax** | | **(6,107.95)** | 2,716.32 | **(3,391.63)** |
| Share of Profit/(loss) of Joint Venture [accounted for using the equity method] | | - | (2,044.81) | (2,044.81) |
| **Profit/(loss) before tax** | | **(6,107.95)** | **671.51** | **(5,436.44)** |
| Tax expense: | | | | |
| - Current Tax | | 6.53 | - | 6.53 |
| - Deferred Tax | | (23.55) | (31.49) | (55.04) |
| - Tax adjustmnets related to earlier years | | (0.31) | - | (0.31) |
| Total Tax Expense | | (17.33) | (31.49) | (48.82) |
| **Profit after Tax** | | **(6,090.62)** | **703.00** | **(5,387.62)** |
| **Other Comprehensive Income** | (h) | | | |
| A. (i) Items that will not be re-classified to profit or loss: | | - | (191.68) | (191.68) |
| (ii) Income tax relating to items that will not be re-classified to profit or loss | | - | (2.16) | (2.16) |
| B. (i) Items that may be re-classified to profit or loss: | | - | 0.31 | 0.31 |
| (ii) Income Tax relating to items that may be reclassified to profit or loss | | - | - | - |
| **Total Other comprehensive income (net of tax)** | | **-** | **(193.53)** | **(193.53)** |
| **Total comprehensive Income** | | **(6,090.62)** | **509.47** | **(5,581.15)** |

* The previous GAAP numbers have been reclassfied to conform to Ind AS presentation requirements for the purpose of this note.

**Footnotes to the reconciliation as at April 01, 2016 and March 31, 2017 and statement of Profit and Loss for the year ended March 31, 2017:**

**a) Property, plant and equipment:**

Under Ind AS, the Company has elected to opt for cost model with respect to property, plant and equipment, capital work in progress and computer software.

**b) Investments:**

**i) Investment in debt instrument:**

The Company has invested Rs. 4,892.94 lacs in compulsorily convertible debentures of SPPL, a subsidiary company at various dates. As per terms, interest is receivable @ 14.50 % for first four years and there after @ 16.00 % till date of conversion of debenture into equity shares. Under the previous GAAP, interest income was accounted for on time proportionate basis at predetermined rate. Under Ind AS, investments in debt instruments can be measured either at amortized cost or FVTOCI or FVTPL. The Company has designated them at amortized cost in the standalone financial statements and due to non-consolidation of financial statements of SPPL, these debentures are also stated at amortised cost in consolidated financial statements.

**ii) Investment in Joint venture**

Under previous GAAP, the Group had consolidated investment in equity share of joint venture using proportionate method of accounting based on its effective voting power of 50% in the joint venture. Accordingly, all the assets, liabilities, income and expenditure were consolidated in the consolidated financial statements under previous GAAP. Under Ind AS the equity investment in joint venture is to be valued under equity method as against proportionate consolidation method followed earlier as per Previous GAAP. Accordingly, the Group had consolidated only group's share of loss in joint venture in consolidated financial statements

**c) Retained earnings**

Retained earnings as at the transition date has been adjusted consequent to the above Ind AS transitional adjustments.

**d) Borrowings:**

i) Ind AS 109 requires that the upfront/processing fees paid in respect of the borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under the previous GAAP, transaction costs incurred in connection with borrowings were accounted upfront and charged to Statement of Profit and Loss for the period in which such transaction costs were incurred.



ii) As at March 31, 2016, the Company has classified its outstanding, cash credit limits, term loans (including current maturities), agri loans and interest accrued on loans in accordance to Debt Realignment Scheme sanctioned by Corporate Debt Restructuring Empower Company vide sanction letter dated February 29, 2016 as the principal lenders have given their consents and majority of stipulated terms and conditions of restructuring have been complied with by the Company. The auditors of the Company have drawn "Emphasis Matter" on this matter in their audit report dated May 30, 2016. Since under Ind AS the aforesaid adjustment is not permissible, the Company has restated its dues to its lenders as per original terms. Resulting borrowing under the head "Non-Current Liabilities" has decreased and borrowing under the head "Current Financial Liabilities" and current maturity and interest accrued on borrowing under the head "Current Other Financial Liabilities" have increased.

**e) Sale of goods**

Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is presented as a part of other expenses in statement of profit and loss.

**f) Interest Income**

The previous GAAP required the recognition of revenue from interest on time proportion basis. However, Ind AS requires interest on financial assets to be recognized using the effective interest rate method.

**g) Re-measurement of post-employment benefit obligations:**

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

**h) Total comprehensive income and other comprehensive income**

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

**i) Foreign currency translation difference**

Under the previous GAAP, the Company adjust exchange difference arising on translation of foreign operation through profit and loss accounts. Under Ind AS exchange differences arising on translation of foreign operations to be recognised in other comprehensive income.

j) In Integrated Casetech Consultants Private Limited (ICCPL), in previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under the previous GAAP. Moreover, carry forward of unused tax credits are to be treated as deferred tax assets which was earlier considered as Other non-current non-financial assets

In addition, the various transitional adjustments lead to temporary differences and consequently deferred tax adjustments have been recognized in correlation to the underlying transaction in retained earnings

**k) Cash flow statement**

The transition from the previous GAAP to Ind AS has not had a material impact on Cash Flow Statement.

**23. Prior Period Error**

During the current year, the Company has detected error crept in the actuarial valuation of gratuity, done by actuarial valuer. The valuer has been incorrectly valuing liability of gratuity in respect of seasonal employees since long. This has been got corrected during the current year, accordingly differences up to March 31, 2016 has been adjusted in the equity as at April 01, 2016 and differences for the year ending March 31, 2017 has been adjusted by restating the derived Ind AS figures. The impact of the aforesaid prior period error is as under:

(₹ lacs)

| Particulars | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|
| **Other equity** | | |
| Restated as per Ind AS [Refer Note No. 23] | 19,713.11 | 25,290.87 |
| Effect of prior period error | 412.21 | 445.30 |
| **Other equity (net)** | **20,125.32** | **25,736.17** |
| **Trade payables** | | |
| Restated as per Ind AS [Refer Note No. 23] | 58,272.63 | 51,316.21 |
| Effect of prior period error | 412.21 | 445.30 |
| **Net Trade payables** | **57,860.42** | **50,870.91** |

(₹ lacs)

| Particulars | As at April 01, 2017 |
|---|---|
| **Employee benefits expenses** | |
| Restated as per Ind AS [Refer Note No. 26] | 6,078.37 |
| Effect of prior period error | 33.11 |
| **Employee benefits expenses (net)** | **6,111.48** |
| **Total comprehensive Income** | |
| Restated as per Ind AS [Refer Note No. 26] | (5,581.16) |
| Effect of prior period error | 33.11 |
| **Total comprehensive Income(net)** | **(5,614.27)** |

## 24. Disclosure related to Joint venture:

| Name | Country of incorpo-ration | Nature of controlling interest | Percentage of voting power as at | | |
|---|---|---|---|---|---|
| | | | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
| Uniworld Sugars Private Limited | India | Equity share holding and voting power | 44.89% | 44.89% | 44.89% |

Uniworld Sugars Private Limited (USPL) is a 50:50 Jointly controlled between Volcafe Pte Ltd. (Formerly known as E D & F Man Holdings BV) and the Company along with its subsidiary and affiliates as per the terms set under the Share Subscription and Shareholders Agreement dated January 25, 2011 and subsequent amendments therein (collectively referred to as "Joint Venture Agreements" or "JVA"). The Joint Venture Company (JVC) has been incorporated to undertake the business of refining of sugar and molasses, the cogeneration of power and all other activities ancillary or identical thereto in India and trading of sugar and molasses both within the Indian and overseas markets.

The financial information as at and for the year ended March 31, 2018 have been included and accounting of investments in the equity shares of USPL under equity method have been done based on unaudited management certified financial statements. The Indian GAAP Compliant consolidated financial statement for the year ended March 31, 2017 was also prepared based on the unaudited management certified financial statements of USPL, which was subject to disclaimer by the auditors. The Ind AS compliant figures for the year ended March 31, 2017 of this consolidated financial statement have been presented based on the restated Indian GAAP audited financial statements of USPL.

Summarise financial statements of USPL are as under:

## 25 Tax expense

### A. Income Tax Expenses

(₹ lacs)

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Current Tax | 3.91 | 6.53 |
| Deferred tax | 34.34 | (55.04) |
| Income Tax Adjustment | 8.29 | (0.31) |
| **Total Income Tax Expenses** | **46.54** | **(48.82)** |

### B. Reconciliation of tax expense and accounting profit multiplied by India's tax rate:

(₹ lacs)

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Profit/(loss) before sharing of Profit/(loss) in Joint Venture and Tax | (18,008.43) | (3,424.74) |
| Applicable tax rate | 34.94% | 34.61% |
| **Computed tax expenses** | **(6,292.87)** | **(1,185.23)** |
| Loan Liability written back/(reversed) not taxable /allowable under tax law | 335.97 | (335.97) |
| Expenses not allowed for tax purposes | 4.94 | 13.72 |
| Reversal of Deferred Tax liability on land | 30.25 | 0.00 |
| Deferred Tax Assets on business losses not recognised | 5,939.91 | 804.26 |
| Reversal of deferred tax assets on Investments recognised earlier | - | 663.32 |
| Effect of different tax rate for subsidiaries | 20.05 | (8.61) |
| Adjustment of Prior Period tax | 8.29 | (0.31) |
| **Total** | **46.54** | **(48.82)** |

26. The Integrated Casetech Consultants Private Limited (ICCPL) has been contesting legal cases against certain mala fide activities resulting from breach of fiduciary duties committed by certain previous directors/senior executives of the ICCPL by making false recommendations and setting-up parallel business entities in competitive areas.

During the earlier years, the ICCPL has initiated legal proceedings to make recoveries from such directors/senior executives in the appropriate legal forums. The said directors/senior executives had also initiated a legal case before the Hon'ble Company Law Board (CLB) against the ICCPL, which was dismissed on February 23, 2016, however, on application of such directors/ senior executives in the previous year, the matter was again admitted for hearing by the Hon'ble National Company Law Tribunal (NCLT). In another suite filed by the ICCPL, Hon'ble High Court of Delhi had granted the injunctions to refrain such director/senior executives from making the mis-representations, that they are associated with the ICCPL in any manner to the public at large. The said matter is sub-judices and the recovery proceedings are in progress.

27. The Company is receiving supplies of steam and power from Simbhaoli Power Pvt. Ltd (SPPL), its subsidiary company, in terms of Bagasse Conversion Agreement(s) executed in earlier years. Taking into account the changes in commercial

understanding after completion and stabilization of the power generation projects at SPPL, the Company and SPPL have agreed to amend the terms of these agreements effective from the Sugar season 2017-18. Pending finalization of the revised terms, the Company has accounted for the supply of conversion bagasse etc. to SPPL, and conversion charges payable thereon in accordance with the terms of old agreements. The adjustments if any, after finalization of revision in the terms of conversion, will be accounted for in the period, in which the terms of the revisions are agreed to by the Company and SPPL

**28. Recent pronouncements**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018. The Company is evaluating the effect of this on the consolidated financial statements.

**Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customer The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new 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 standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018.

The Company will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company is evaluating the effect on adoption of Ind AS 115.



**29. Additional Information pursuant to schedule III of Companies Act 2013, of subsidiaries and joint venture as per standalone financial statements of each entity:**

| Name of the entity | Country of Incorporation | % of voting power | Net Assets i.e. Total Assets minus Total Liabilties | | Share in Profit or Loss | | Share in Other Comprehensive Income | | Share in Other Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | As % of consolidated net assets | Amount ₹ In lacs | As % of consolidated profit or loss | Amount ₹ In lacs | As % of consolidated total comprehensive income | Amount (₹ In lacs) | As % of consolidated total comprehensive income | Amount (₹ In lacs) |
| **As at March 31, 2018** | | | | | | | | | | |
| **Parent** | | | | | | | | | | |
| Simbhaoli Sugars Limited | | | 141.06 | 8,519.92 | 94.85 | (18,059.86) | 20.32 | 20.67 | 95.25 | (18,039.19 |
| **Subsidiaries- Indian** | | | | | | | | | | |
| Simbhaoli Specialty Sugars Private Limited | India | 100 | 2.21 | 133.77 | (0.06) | 12.04 | - | - | (0.06) | 12.04 |
| Integrated Casetech Consultants Private Limited | India | 85.16 | 6.84 | 413.31 | (0.01) | 2.62 | 5.28 | 5.37 | (0.04) | 8.00 |
| **Subsidiaries- Foreign** | | | | | | | | | | |
| Simbhaoli Global Commodities, DMCC | Dubai | 100 | (0.53) | (32.25) | 0.05 | (9.77) | (0.15) | (0.15) | 0.05 | (9.92) |
| **Joint Ventures - Indian (account for equity method)** | | | | | | | | | | |
| Uniworld Sugars Private Limited. (USPL) | India | 44.89 | - | - | 5.20 | (989.28) | - | - | 5.22 | (989.28 |
| **Non- Controlling interest** | | | **0.87** | **52.60** | **(0.02)** | **(4.00)** | **(1.06)** | **1.08** | **(0.02)** | **(2.92)** |
| Add/(less) : Consolidation adjustments | | | (50.45) | (3,047.40) | - | - | 75.60 | (76.89) | (0.41) | (76.89) |
| **Total** | | | **100.00** | **6,039.95** | **100.00** | **(19,040.25)** | **100.00** | **101.70** | **100.00** | **(18,938.55)** |
| **As at March 31, 2017** | | | | | | | | | | |
| **Parent** | | | | | | | | | | |
| Simbhaoli Sugars Limited | | | 106.61 | 25450.92 | 61.32 | (3,308.99) | 1278.36 | (2,482.54) | 103.59 | (5,791.53 |
| **Subsidiaries- Indian** | | | | | | | | | | |
| Simbhaoli Specialty Sugars Private Limited | India | 100 | 0.51 | 121.73 | (0.29) | 15.75 | - | - | (0.28) | 15.75 |
| Integrated Casetech Consultants Private Limited | India | 85.16 | 1.70 | 405.32 | 1.88 | (101.29) | 26.99 | (52.42) | 2.75 | (153.71 |
| **Subsidiaries- Foreign** | | | | | | | | | | |
| Simbhaoli Global Commodities, DMCC | Dubai | 100 | (0.09) | (22.32) | (0.35) | 18.62 | (0.16) | 0.31 | (0.34) | 18.93 |
| **Joint Ventures - Indian (account for equity method)** | | | | | | | | | | |
| Uniworld Sugars Private Limited. (USPL) | India | 44.89 | 4.14 | 989.28 | 37.89 | (2,044.82) | - | - | 36.57 | (2,044.82) |
| **Non- Controlling interest** | | | **0.23** | **55.52** | **(0.45)** | **(24.08)** | **0.35** | **0.67** | **(0.42)** | **(23.41)** |
| Add/(less) : Consolidation adjustments | | | (13.10) | (3,127.22) | - | - | (1,205.54) | (2,341.12) | (41.87) | (2,341.12) |
| **Total** | | | **100.00** | **23,873.22** | **100.00** | **(5,396.65)** | **100.00** | **(194.20)** | **100.00** | **(5,590.85)** |

30. Details of loan and advances given, investment made and securities provided as required to be disclosed as per provisions of Section 186 (4) of the Companies Act, 2013 have been disclosed in respective heads.
31. The previous year's including figures as on the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year including figures as at the date of transition are included as an integral part of the current year consolidated financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures to notes 1 to 31

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

| | | | |
|---|---|---|---|
| In terms of our report attached<br>For **MITTAL GUPTA & CO.**<br>Chartered Accountants<br>FRN - 01874C | Gurmit Singh Mann<br>Chairman<br>DIN - 00066653 | Gursimran Kaur Mann<br>Director<br>DIN - 00642094 | Sachchida Nand Misra<br>Chief Operating Officer<br>DIN -06714324 |
| B. L. GUPTA<br>Partner<br>(M.No. - 073794) | Dayal Chand Popli<br>Chief Financial Officer<br>FCMA - 12257 | Sanjay Kulshrestha<br>GM- Finance & Accounts<br>FCA - 093900 | Kamal Samtani<br>Company Secretary<br>FCS - 5140 |

Place : New Delhi
Date : May 30, 2018

Notes:

SIMBHAOLI SUGARS

# SIMBHAOLI SUGARS LIMITED*

Regd Off: Simbhaoli - 245 207, District Hapur, Uttar Pradesh
CIN: L15122UP2011PLC044210
Email:kamal@simbhaolisugars.com; Website: www.simbhaolisugars.com;
Phone: 0120-4806666, Fax: 0120-2427166

*Name changed from M/s Simbhaoli Spirits Limited to M/s Simbhaoli Sugars Limited in pursuance to Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Judicature at Allahabad

**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]*

Name of the member (s): ______________________E-mail Id: ______________________________________

Registered address: ___________________________________________________________________

| | |
|---|---|
| Folio No/ Client Id: | |
| DP ID: | |

I/We, being the member(s) of________shares of ₹10 each of the above named Company, hereby appoint

1. Name: _________________________________ E-mail Id:_____________________________________
   Address:_______________________________________________________________________________
   ______________________________________ Signature:____________________________________,
   or failing him
2. Name: _________________________________ E-mail Id: ____________________________________
   Address:_______________________________________________________________________________
   ______________________________________ Signature:____________________________________,
   or failing him
3. Name: _________________________________ E-mail Id: ____________________________________
   Address: ______________________________________________________________________________
   ______________________________________ Signature:____________________________________

as my/our proxy to attend and vote 'on a poll' for me/us and on my/our behalf at the 7th annual general meeting of the members of the Company, to be held at 10:00 AM on Thursday, September 27, 2018, atOfficers' Club, Sugar Mill Complex, Simbhaoli–245 207, District Hapur, Uttar Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of the Financial Statements of the Company for the Financial Year 2017-18 ended on March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. Appointment of director in place of Mr. Gurmit Singh Mann, who retires by rotation and being eligible offers himself for re-appointment.
3. Approval of the remuneration to be paid to Mr. Satnam Singh Saggu as the cost auditor.

Signed this __________ day of September, 2018

Signature of shareholder __________________________________

Signature of Proxy holder(s)____________________ ____________

| |
|---|
| Affix Revenue Stamp |

**Note: 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.**

Printed Matter

If undelivered please return to:
Registered Office
Simbhaoli Sugars Limited
Simbhaoli, District Hapur
Uttar Pradesh, 245207 India

SIMBHAOLI SUGARS

India's largest integrated sugar refinery

• Simbhaoli Sugar Complex • Brijnathpur Sugar Complex • Chilwaria Sugar Complex