

ANNEXURE - 1
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

**[Pursuant to section 204(1) of the Companies Act, 2013
and rule No.9 of the Companies**

**(Appointment and Remuneration of Managerial Personnel)
Rules, 2014]**

To,

The Members,

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, 2021 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, 2021 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 SEBI (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- 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 - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
- 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 of Pollution) Act, 1974
 - (k) The Air (Prevention and Control of 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, and the Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- i. *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.

- ii. The Company approved the quarterly & Annual consolidated financial results without the results of one of its subsidiary company viz Simbhaoli Power Private Limited; the Company received a letter from NSE, which was replied with explanations by the Company.
- iii. The Company supplies bagasse (raw material), to a related party as per the terms of Bagasse Supply Agreement ("BSA"). We are unable to comment on the arm's length, pending, reconciliation of accounts arising out of disagreement with the Related Party.
- iv. There is a gap of 91 days beyond the permitted time limit in filling the vacancy caused by death of an independent director; the Company received a letter from NSE & BSE, which was replied with explanations by the Company with request for waiver of penalty.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors as on March 31, 2021, except in respect of Regulation 17(1)(b) & 25(6), wherein there was a delay in filling vacancy caused by death of an Independent Director.
- 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 decisions are 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.

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.

We further report that during the audit period:

- (i) C.P. No. (IB) 455/ALD/2019 filed before Hon'ble National Company Law Tribunal (NCLT), Allahabad under section 7 of the Insolvency and Bankruptcy Code, 2016 for seeking the initiation of Corporate Insolvency Resolution Process of Simbhaoli Sugars Limited, by Punjab National Bank, a financial creditor continue pending for adjudication.
- (ii) Fresh Company Petition filed by Oriental Bank of Commerce (now merged with Punjab National Bank), one of the Financial Creditors (herein after referred as 'OBC' or 'the Bank') filed before Hon'ble National Company Law Tribunal (NCLT), Allahabad under section 7 of the Insolvency and Bankruptcy Code, 2016 for seeking the initiation of Corporate Insolvency Resolution Process of Simbhaoli Sugars Limited, after grant of status-quo in previous Company Petition by Supreme Court and disposal of CWP by Supreme Court on 02/04/2019, has now been merged with C.P. No. (IB) 455/ALD/2019, with the amalgamation of OBC with PNB.
- (iii) An application for reclassification of promoters' category in terms of provisions of regulation 31A (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in line with the Special Resolution passed at 6th Annual General Meeting of the members of the Company, filed with SEBI/Stock Exchanges, continue pending.
- (iv) The proceedings under the First Information Report (FIR) registered with Central Bureau of Investigation (CBI), on Feb 22, 2018 against the Company, its Directors and other unknown persons of OBC, Now PNB are continuing.

**For Amit Gupta & Associates
Company Secretaries**

**Amit Gupta
Proprietor**

Membership No. : F5478

C.P. No. 4682

UDIN - F005478C000561033

Date: June 30, 2021

Place: Lucknow

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

UDIN - F005478C000561033

Date: June 30, 2021

Place: Lucknow