SIMBHAOLI SUGARS

ANNEXURE - 1

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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) (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, 2022 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, 2022 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 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, Regulations 2021 [w.e.f.13.08.2021] - **(Not applicable to the Company during the review period);**

   f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2021 [w.e.f 09.08.2021] - **(Not applicable to the Company during the review period);**

   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 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 [w.e.f. 10.06.2021] - **Not applicable as the Company has not made any delisting during the year under report;**

   i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **(Not applicable to the Company during the review period);**

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

   (l) Excise and petroleum laws as applicable to the distillery operations

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 minor delay few forms/returns/ documents etc. with the Registrar of Companies, Ministry of Corporate Affairs, Kanpur, on payment of additional fee, whereever applicable under the provisions of the Companies Act, 2013.

ii. The Company has approved the quarterly & annual consolidated financial results/statements without the results of one of its material subsidiary company viz Simbhaoli Power Private Limited (SPPL); and the results for the year ended March 31, 2021 were consolidated on February 12, 2022 with delay while approving the financial results for quarter ended at 31st Dec, 2021. The Management has informed that the quarterly and annual financial results for the Financial Year ended March 31, 2022 of SPPL have yet not been finalized and approved as per SEBI (Listing Obligations and Disclosure Requirements) Regulations being an unlisted entity.

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. Due to delay in filling the vacancy of Independent Director, under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has made submissions with BSE & NSE to waive the penalty to be levied in view of delay attributable to impossibility of compliance, COVID 19 pandemic read with SEBI circulars. However, NSE has vide letter no. Ref. No. NSE/LIST/SOP/SIMBHALS dated 10.01.2022 rejected the request for waiver and accordingly the Company has paid the requisite fine. BSE has vide letter dated 03.08.2021 rejected the request for waiver of fine, however the Company has vide letter dated 23.08.2021 has requested for granting personal hearing. No further communication has been received from BSE.

v. In terms of the provisions of section 197 read with Schedule V of the Companies Act, 2013 in view of ongoing default in repayment of dues to the banks, the Company has appointed Ms. Gursimran Kaur Mann (DIN- 00642094) as the Managing Director and Mr Sachchida Nand Misra (DIN: 06714324), Chief Operating Officer and Whole Time Director of the Company for a period of two (2) years with effect from August 2, 2021 and September 18, 2021 respectively at the 10th annual general meeting of the members of the Company held on September 27, 2021. Pending receipt of no-objection from the lenders, no remuneration was paid to aforesaid managerial personnel since their respective date of reappointment.

vi. The Company has defaulted in the payment of dues to the cane growers, lenders and statutory authorities as at March 31, 2022.

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, 2022.
- 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.

We further report that during the audit period:

(i) C.P. Nos. (IB) 455/ALD/2019 and 331/ALD/2018 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 and Erstwhile Oriental Bank of Commerce, the financial creditors continues pending for adjudication.

(ii) An application for reclassification of promoters' category in terms of provisions of erstwhile 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.

(iii) 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 are continuing.

For Amit Gupta & Associates
Company Secretaries

Amit Gupta
Proprietor
Membership No. : F5478
C.P. No. 4682
UDIN: F005478D000350999

Date: May 20, 2022
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
UDIN: F005478D000350999

Date: May 20, 2022
Place: Lucknow