

Annual Report 2022-23



Strengthening  
fundamentals

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## Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# Strengthening fundamentals

At Magadh Sugar & Energy Limited, we believe that our company has arrived at a sweet spot in its existence.

The Company's enhanced distillery capacity has initiated a virtuous cycle of net worth-driven profitable growth coupled with energy efficiency.

The Company is generating all its resources from within for sustainable growth.

The Company is transforming from a conventional sugar company into a bio-fuel company, deepening its societal and environmental relevance.

This convergence of positive attributes is expected to strengthen the Company's fundamentals and enhance stakeholder value in a sustainable way.

Corporate snapshot



Magadh Sugar & Energy  
Limited.

Making forward-  
looking investments  
in sugar, ethanol and  
cogeneration capacities.

Graduating from its  
core sugar business to a  
larger biofuel ambition.

Addressing wider  
stakeholders. Serving a  
national priority.

## Background

Magadh Sugar & Energy Limited is a part of the prestigious conglomerate of the K.K Birla Group. The K.K Birla Group is among India's largest private sector sugar players with a combined crushing capacity of 50,800 tonnes per day. The Group produces white crystal sugar and by-products through seven efficient plants across Uttar Pradesh and Bihar.

## Business

The Company was incorporated on 19 March, 2015. The Company possesses three sugar mills in Bihar with a total crushing capacity of 19,000 TCD, distillery capacity of 155 KLPD and power cogeneration facility of 38 MW.

## Product range

The Company manufactures sugar, ethanol, co-generation of power and other products arising from the manufacture of sugar. This diversified portfolio has strengthened the Company's stability and sustainability.

## Presence

The Company's infrastructure comprises three state-of-the-art sugar mills in Bihar - Narkatiaganj, Sidhwalia and Hasanpur.

Capacity	Narkatiaganj	Sidhwalia	Hasanpur
Sugar crushing (TCD)	7500	5000	6500
Distillery (KLPD)	80	75	-
Power plant (MW)	10	18	10

## Employees

The Company consists of an experienced and competent workforce with years of industry exposure across functions. Over 67.40% of the Company's employees has been with the organisation since 2015. The number of employees stood at 1,172 as on 31 March, 2023.

## Revenue composition

Business segments	Revenue (₹ Crores)		PBIT (₹ Crores)	
	2021-22	2022-23	2021-22	2022-23
Sugar	677.13	834.56	39.89	39.88
Power	28.39	25.01	25.37	22.29
Distillery	247.91	135.49	47.50	47.97

## Suppliers

The Company established long-term relationships with cane farmers near its three manufacturing units. The Company engaged with 86,467 farmers to procure key raw material (cane) as on 31 March, 2023. The Company's cane purchases accounted for ₹732.62 Crores, rejuvenating the local economy. The Company developed strong relationships with wholesalers across six States in India. The Company's wholesaler network consists of numerous brokers and sub-brokers as distribution partners. All the Company's wholesalers were associated with Magadh for more than five years.

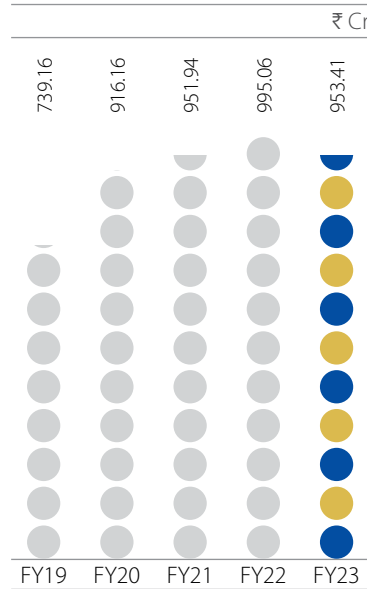
## Listing

The Company's shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company's market capitalisation stood at ₹448.96 Crores as on 31 March, 2023.

## Credit rating

Magadh's long-term issuer rating was affirmed at 'IND A/ Stable' by India Ratings credit agency, validating its credit worthiness.

# How we have grown across the last few years



## Revenues

### Definition

Revenue is the income generated by a business from its main operations before the deduction of costs and expenses.

### Why is this measured?

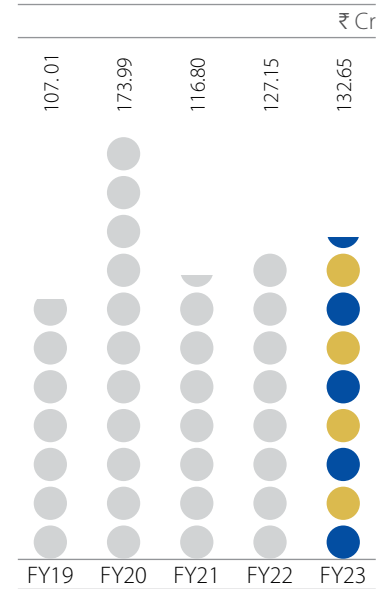
It is an index that showcases the Company's competitiveness in servicing customers with various cane-derived products - an effective indicator in comparing the Company's size with competing firms.

### What does it mean?

This indicates the capacity of the Company to carve out market presence cum share, a foundation on which to amortise fixed costs.

### Value impact

Aggregate sales declined by 4.18% to ₹953.42 crores in 2022-23 due to lower sugar sales by ₹4.2 Crores compared to 2021-22.



## EBITDA

### Definition

Earnings before the deduction of interest, depreciation, extraordinary items and tax

### Why is this measured?

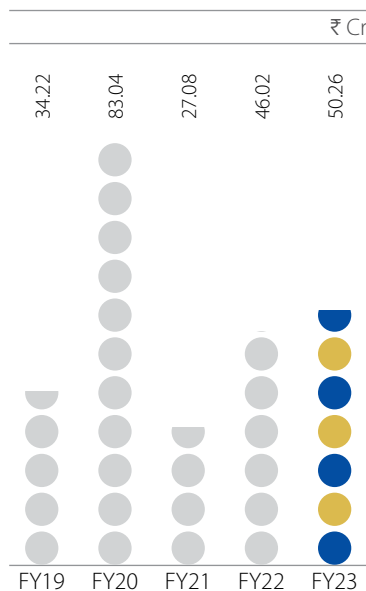
It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

### What does it mean?

Provides a robust platform for the Company to build on

### Value impact

The Company reported a 4.32% increase in its EBITDA in 2022-23.



### Profit after Tax

**Definition**

Profit earned during the year after deducting all expenses and provisions.

**Why is this measured?**

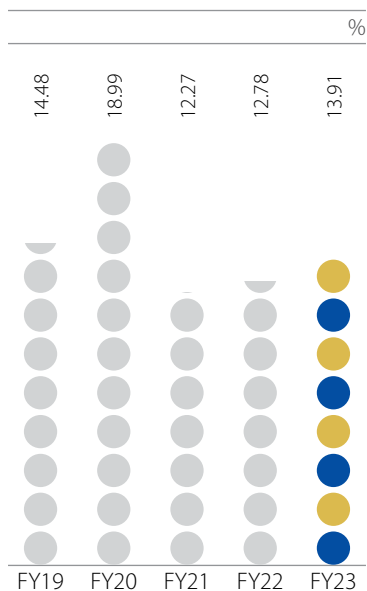
It highlights the strength of the business model in generating value for shareholders.

**What does it mean?**

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain momentum.

**Value impact**

The Company reported a 9.22% increase in Profit after Tax in 2022-23.



### EBITDA margin

**Definition**

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

**Why is this measured?**

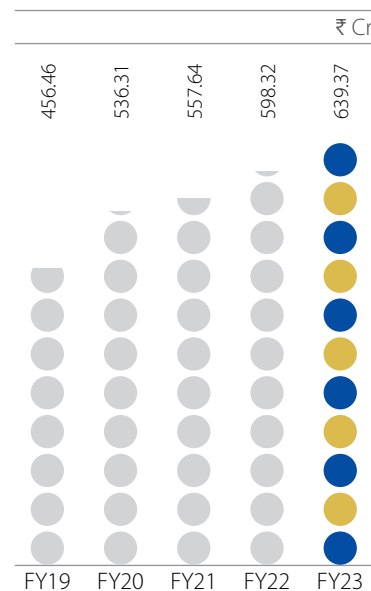
The EBITDA margin provides a perspective of how much a company earns (before deduction of interest, depreciation and taxes) on each rupee of sales.

**What does it mean?**

Demonstrates buffer in the business which, when multiplied by scale, enhances surpluses.

**Value impact**

The Company reported a 113 bps increase in EBITDA margin during 2022-23.



### Net worth

**Definition**

This is derived through the accretion of shareholder-owned funds.

**Why is this measured?**

Net worth indicates the financial soundness of the Company – the higher the better.

**What does it mean?**

This indicates the extent of shareholder funds available within the Company to grow the business.

**Value impact**

The Company's net worth strengthened attractively during the year under review.

Chairperson's overview



Strengthening  
the  
fundamentals



## Dear shareholders,

It is a privilege to address you in the eighth year of our formation and present you the Annual Report for the Financial Year (FY) 2023. In a short span, the Company has made credible progress in India's sugar and ethanol sectors, emerging as an important player.

FY 2023 was another challenging year for developed economies. Geo-political considerations resulted in some of the world's biggest economies encountering record inflation and recession. In contrast, the developing economies continued to be on an attractive growth trajectory; the Indian economy demonstrated resilience. Major economists and institutions peg India's growth at 6.5-7% in the forthcoming year and we are hopeful that this will augur well for all sectors in general and the sugar industry in particular.

Coming to the sugar industry, global production is expected to increase due to a higher production in Brazil, China and Russia that is expected to more than offset declines in the European Union, India and Ukraine. Sugar consumption is anticipated to rise to a new record due to growth in markets like China, Indonesia and Russia. The global ethanol industry is reporting sharp growth as crude oil prices continue to drive the demand for alternative fuel sources.

## Industry insight

The sugar production estimate for the current season SS 2022/23 reported a sharp fall from 35.5 MT to 33 MT on account of lower yields and recovery across States, particularly Maharashtra and Karnataka, due to unseasonal rain. The government is unlikely to allow further exports given the domestic consumption of 27.5 MT and export of 6 MT. Due to a reduced exportable surplus from India, global sugar prices rallied to an all-time high.

India's ethanol blending programme expanded with the intention to reduce fossil imports. The ethanol production capacity continues to rise while increasing mandated blends and higher ethanol reference prices help secure higher blend ambitions. The government intended to achieve a 12% ethanol blending target in the 2022-23 ethanol year and 15% in 2023-24.

## Business performance

The Company is rapidly returning to operate at optimum levels after the devastating floods of

2021-22 in Bihar resulted in a sharp fall in sugarcane and sugar production. Sales in the sugar segment in 2022-23 were lower at 18.54 Lakh quintals as against 23.74 Lakh quintals in 2021-22 due to lower opening inventories and consequentially lower domestic quota allotted by the Government of India.

At Magadh Sugar, we are attractively placed to take our business ahead. The commissioning of a distillery at Sidhwalia from January 2022 generated full year revenues during the last financial year. The effects were positive and immediate. The Company's distillery segment posted record sales of 3.98 crore litres in 2022-23 as against 2.38 crore litres in the previous year. The proportion of revenues from ethanol increased from 13.62% in 2021-22 to 26% in 2022-23; the proportion of revenues from sugar declined from 83.87% to 71.02% during this period. During 2022-23, our realisation from ethanol increased by almost 10% from ₹55.67 per litre to 60.76 per litre. Sugar realisations (Domestic) improved from ₹3,507 per quintal to ₹3,572 per quintal. Hence, while our total income witnessed a minor correction from ₹998 crores to ₹955 crores, EBITDA increased from ₹127 crores to ₹133 crore and PAT increased from ₹46 crores in 2021-22 to ₹50 crores in 2022-23.

## Our core strategies

Magadh Sugar & Energy Limited, formed through a demerger in 2015, shares the ethos and eight decade expertise of the K. K. Birla Group of Sugar Companies. The Company will continue its strategic investments for sustainable long-term growth. Over the last eight years, we have carved a niche and enjoy widening opportunities in the ethanol and sugar segments. With financial discipline, we will continue to strengthen the Balance Sheet, especially our leverage ratios.

## Way forward

I am optimistic that the platform the Company has been building, its strategic focus and responsible capital allocation will translate into enhanced value in the hands of all those stakeholders associated with our company.

Warm regards,

**Chandra Shekhar Nopany,**  
Chairperson

# Our integrated value creation approach

## Our strategy

Strategic areas	Talent and innovation	Customer at the core	Distributor focus	Enhancing shareholder wealth	Responsible corporate citizen	Community support
Key facilitators	Magadh employed 1234 talents in 2022-23.	The Company strengthened its customer engagement through adequate capacity, timely product delivery and high product quality	Magadh reinforced its distributor eco-system		Magadh is a responsible corporate citizen	Magadh engaged in community development activities.
	The Company provided a remuneration of ₹61.71 crores, a 27.27% increase over 2021-22.	The Company provided a range of sugar products according to the customer's choice	The strong eco-system provided consistent resource stability.	Receivables increased; working capital loan increased	Aggregate taxes paid in 5 years ending 2022-23 was ₹106.74 crores.	The Company focused on healthcare, skill development, education, infrastructure development and women's empowerment
	67.41% of employees who had worked with the Company for five years or more in 2022-23.		Increasing volumes resulted in remarkable procurement economies.	Market capitalisation was ₹448.96 crores as on 31 March, 2023	The Company was not censured for any regulatory non-compliance in 2022-23	The Company invested ~₹1.51 crores in CSR activities in 2022-23
	Average age was 47 as on 31 March, 2023.		80,000 cane farmers were engaged for >5 years.	The Company is proceeding towards becoming debt-free, strengthening sustainability		

## Our value-creation down the years

### Employee value

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Employee Benefits (₹ Cr)	44.59	48.40	47.79	48.49	61.71

The Company has progressively invested in employee remuneration, highlighting its role as a responsible employer

### People productivity

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue per person (₹ Lakh)	58	72	79	82	77

The Company's investment in its people (training, empowerment and career growth) resulted in enhanced output measured in terms of revenue per person

### Customer value

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue (₹ Crore)	739.16	916.16	951.94	995.06	953.42

The Company generated higher revenues, an index of the value created for customers along with an increase in average items sold to each customer.

### Community

Year	2018-19	2019-20	2020-21	2021-22	2022-23
CSR investment (₹ in Crore)	0.81	1.17	1.26	1.42	1.51

The Company improved the livelihood of communities in the geographies of its presence through a combination of child feeding programmes and other initiatives.

# How we are engaged in proactive cane development



## Overview

At Magadh Sugar, we are focussed on the development of a robust cane pipeline through consistent farmer engagement, mechanised farming and timely knowledge to enhance farm yields. The Company's sustained initiative helped enhance cane coverage, yield and output in its command areas.

## Challenges and counter-measures

The Company faced challenges due to heavy rain in its cane areas at the Sidhwalia and Narkatiaganj units. The Company's CO238 cane variety was affected from red rot disease in the Sidhwalia and Narkatiaganj units. This affected the supply of cane in both units resulting in a lower asset utilisation. The Company planted cane varieties suitable for heavy rains, low lying land and resistance to disease – varieties like CO9301, C14201 and C15023. The Company employed the prudent use of trichoderma and pesticides suggested by scientists to protect farms from disease. The team advised farmers to plant the successful CO238 variety in high lying areas for enhanced protection. The Company is developing new varieties of cane through the tissue culture technique in its laboratory and distributing those seeds among farmers.

## Our distinctive features

**Association:** The Company enjoys an association with around 80,000 farmers around its command areas. A large number of farmers have been associated with the Company for more than a decade.

**Personnel:** The Company's cane team was strengthened, helping deepen farm examination and farmer engagement.

**Messaging:** The Company's SMS engagement helped communicate important updates to farmers, helping create a community.

**Digitalisation:** The Company digitised farmer payment, graduated to cloud computing and launched a platform (Kisan net.com) to deepen its farmer commitment.

**Procurement:** The Company procured a majority of cane at the plant gate, ensuring freshness and a lower cut-to-crush time.

**Proximity:** The Company's command areas are located within 30 kilometres of its factories, facilitating timely procurement.

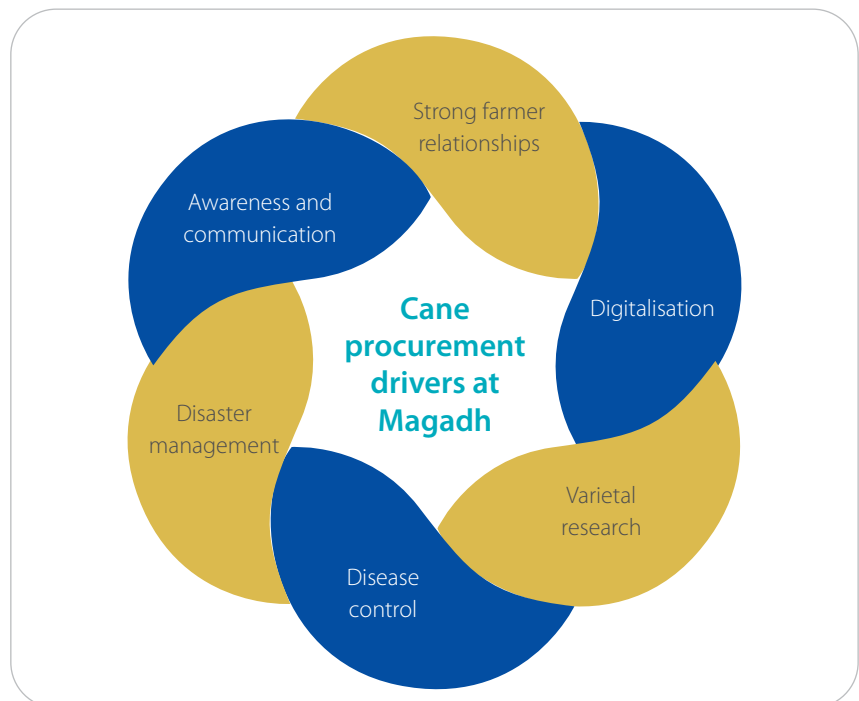
**Farmland:** The Company possesses a 6 Lakh acre farm where it plants and tests new cane varieties, following which seeds are distributed to farmers.

## Highlights, 2022-23

- The Company crushed 219.13 Lakh tonnes of cane - 96.64 Lakh tonnes in Narkatiaganj, 54.33 Lakh tonnes in Sidhwalia and 68.16 Lakh tonnes in

Hasanpur. The Company collaborated with Indian Institute of Sugarcane Research, Lucknow, for research assistance on new cane varieties.

- Scientists periodically visited the Company's command areas to suggestions and implement sustainable farming practices.
- The Company restructured its messaging system and adopted cloud computing
- The Company remunerated farmers within 14 days of cane procurement, incentivising additional cane planting
- The Company provided subsidised boring pipes, harrow, cultivators and electric motors to farmers.
- The Company produced around 300,000 plants in its tissue culture lab
- The Company planted C14201 cane variety in its tissue culture lab in July 2022 and supplied corresponding seeds in February 2023.



Business segment review

# Our sugar business

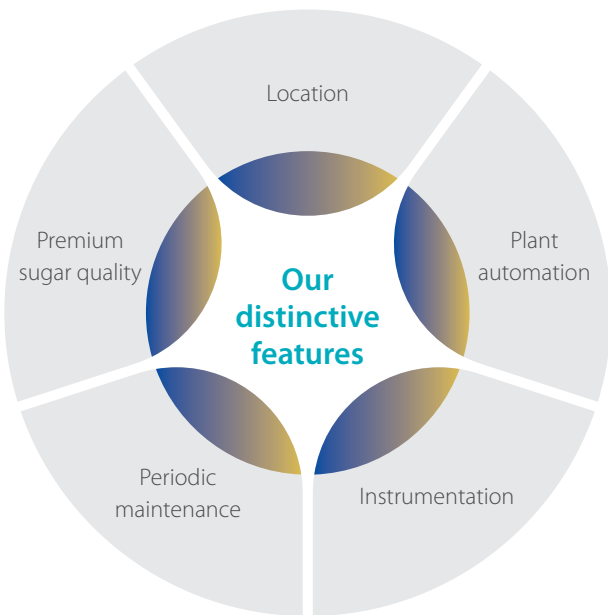


677.13

₹ Crores revenue from sugar business, 2022-23

71.02

% share of the sugar business in total revenues, 2022-23



## Highlights, 2022-23

- The Company crushed 219.13 Lakh Tonnes of cane compared to 161.83 Lakh Tonnes in 2021-22.
- The business diverted 14.44 Lakh Tonnes of sugar cane for ethanol manufacture.
- The business produced 2.07 Lakh Tonnes of sugar
- The business reduced exports 25% from 0.52 Lakh tonnes in 2021-22 to 0.39 Lakh tonnes
- The business reported 1.34 Lakh Tonnes of inventory as on 31 March, 2023

Business segment review

# Our distillery business review



247.91

₹ Crores, revenue from our ethanol business, 2022-23

26.00

%, share of our ethanol business in total revenues, 2022-23

## Challenges and countermeasures

The Company faced challenges in the lifting of ethanol as the oil marketing companies reduced the speed of ethanol procurement, which enhanced inventory. The Company maintained a close engagement with them to resume supplies and moderate ethanol inventory.

## Highlights, 2022-23

The Company sold 3.99 crore bulk litres of ethanol at an average ₹60.76 per litre compared to 2.38 crore bulk litres for an average realisation of ₹55.67 per litre in 2021-22. Ethanol realisation from syrup route was ₹65.48 per litre whereas from B-Heavy route was ₹60.43 per litre.

- The Company manufactured 3.94 crore bulk litres of alcohol compared to 2.54 crore bulk litres of alcohol in the previous year.
- The Company manufactured 2.51 crore litres of ethanol through the B-Heavy and 1.08 Crores litres through the syrup routes.
- The Company's distilleries were being operated at more than 100% capacity utilisation

<b>Our distinctive features</b>	Regional first-mover	Commissioned a new distillery	Revamped the existing plant	High operational efficiency	State-of-the-art technology	Low steam consumption
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Business segment review

# Our power business review

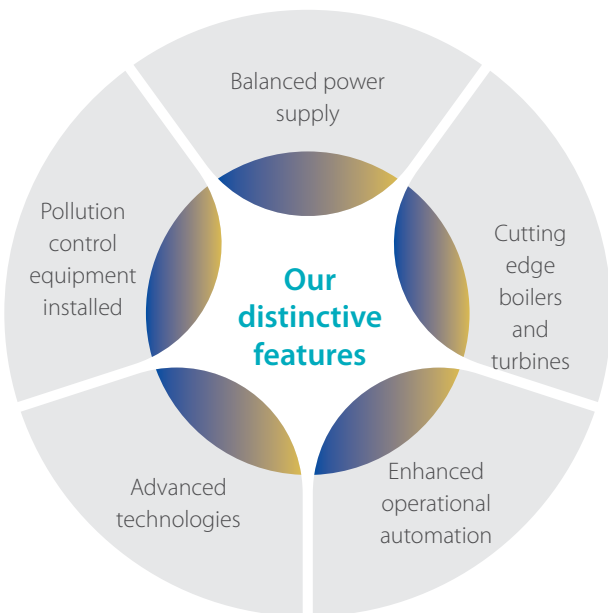


28.39

₹ Crores, revenue from power business in 2022-23

2.98

%, share of power business in total revenue in 2022-23



## Challenges and countermeasures

The plant's boiler tube encountered technical issues that resulted in an eight-hour interruption on account of steam unavailability. The Company's team took proactive measures to address the challenge and resume operations.

## Highlights, 2022-23

- The business produced 8.6 crore units compared to 7.37 crore units in 2021-22

- The business exported 5.32 crore units compared to 4.60 crore units in 2021-22.
- The average realisations stood at ₹5.33 per unit compared to ₹5.43 per unit in 2021-22.
- The Company generated power through an eco-friendly process using the bagasse generated in-house.
- The Company had a power purchase agreement with Bihar state electricity grid.



Responsibility

# Our social responsibility and commitment



## The areas of our presence

- Education
- Healthcare
- Sanitation
- Water distribution

### Overview

At Magadh Sugar, corporate social responsibility means responsible business practices through the involvement of all stakeholders in the decision-making process and in operations. It entails implementing business policies that are ethical, equitable, environmentally conscious, gender sensitive and sensitive towards the differently abled.

Magadh Sugar commits itself to creating an equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration. The Company shall implement partnerships with the government, NGOs and other organisations to promote rural education.

The Board of Magadh Sugar constituted a CSR committee (3 Directors including 1 Independent Director). The CSR committee recommends initiatives to the Board every financial year; the Board is responsible for ensuring that funds committed by the Company for CSR activities are utilised and monitored.

### CSR activities in 2022-23

**Education:** Magadh Sugar perceives education as a destiny transformer. The Company undertook initiatives to improve the education infrastructure of various schools in the rural areas of Bihar. During the year under review, the Company supplied furniture to the schools in the villages around its manufacturing units. The Company's education initiatives benefitted students across villages in Bihar, contributing to the literacy improvement in the State.

**Healthcare:** The Company provided health care assistance to the backward and downtrodden societies by extending their support towards various hospitals and community health care centres. The Company organised eye and health camp for the villagers living in and around its units situated at Narkatiaganj, Sidhwalia and Hasanpur. The Company health care initiatives benefitted the villagers during 2022-23.

**Sanitation:** The Company promoted hygienic environment through the prevention of open defecation and reducing the incidence of water-borne diseases. The Company undertook the work of construction/repairing old toilets in the villages near the Narkatiaganj unit during the year under review, improving the health and sanitation standards in local communities.

**Water distribution:** The Company undertook initiatives towards water distribution creating goodwill and developing strong relationships with local households. The Company supplied and installed hand pumps in its nearby villages households benefitting families living therein. The Company installed water coolers at different places during the year under review.

**Rural development:** The Company constructed a yatri shed in Gopalganj district during the year under review.

### CSR disbursement (in ₹ Crores)

2018-19	2019-20	2020-21	2021-22	2022-23
0.81	1.17	1.26	1.42	1.51

# Corporate Information

## BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany, Chairperson  
Mr. Padam Kumar Khaitan  
Mr. Yashwant Kumar Daga  
Mr. Ishwari Prosad Singh Roy  
Mr. Raj Kumar Bagri  
Mrs. Shashi Sharma  
Mr. Chandra Mohan, Wholetime Director

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Raj Kumar Bagri, Chairperson  
Mr. Yashwant Kumar Daga  
Mr. Ishwari Prosad Singh Roy  
Mrs. Shashi Sharma

### Stakeholders' Relationship Committee

Mr. Raj Kumar Bagri, Chairperson  
Mr. Yashwant Kumar Daga  
Mr. Padam Kumar Khaitan

### Nomination and Remuneration Committee

Mr. Yashwant Kumar Daga, Chairperson  
Mr. Padam Kumar Khaitan  
Mr. Ishwari Prosad Singh Roy  
Mr. Raj Kumar Bagri

### Risk Management Committee

Mrs. Shashi Sharma, Chairperson  
Mr. Chandra Mohan  
Mr. Chand Bihari Patodia  
Mr. Sudershan Bajaj

### Corporate Social Responsibility Committee

Mr. Chandra Shekhar Nopany, Chairperson  
Mr. Padam Kumar Khaitan  
Mr. Chandra Mohan

### Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany  
Mr. Yashwant Kumar Daga  
Mr. Ishwari Prosad Singh Roy  
Mr. Chandra Mohan

## EXECUTIVES

Mr. Chandra Mohan, Wholetime Director & Executive President, Narkatiaganj  
Mr. Shashi Kedia, Executive President, Sidhwalia  
Mr Ravindra Kumar Tewari, Executive President, Hasanpur  
Mr. Sudershan Bajaj, Chief Financial Officer  
Mr. S Subramanian, Company Secretary

## AUDITORS

B S R & Co. LLP  
Chartered Accountants  
Godrej Waterside, Unit No. 603  
6th Floor, Tower 1, Plot No 5, Block – DP,  
Sector V, Salt Lake Kolkata - 700 091

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

State Bank of India  
ICICI Bank Limited  
DCB Bank Limited  
HDFC Bank Limited  
The South Indian Bank Limited  
AXIS Bank Limited

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(Unit : Magadh Sugar & Energy Limited)  
502 & 503, 5th Floor,  
Vaishno Chambers, 6, Brabourne Road,  
Kolkata - 700 001  
Tel: 91 033 4004 9728 / Fax : 91 033 4073 1698  
E-mail: kolkata@linkintime.co.in

## REGISTERED OFFICE

P.O. Hargaon District – Sitapur, (U. P.)  
Pin Code – 261 121  
Tel. No.: (05862) 256220, Fax No.: (05862) 256225  
E-mail : magadhsugar@birlasugar.org  
Website : www.birla-sugar.com  
CIN – L15122UP20152PLC069632

## CORPORATE & HEAD OFFICE

Birla Building  
9/1, R.N. Mukherjee Road, 5th Floor  
Kolkata - 700 001  
Tel. No.: (033) 2243 0497/8,  
Fax No.: (033) 2248 6369  
E-mail : magadhsugar@birlasugar.org  
Website : www.birla-sugar.com

## SUGAR MILLS

1. Narkatiaganj, Dist. West Champaran, Bihar
2. Sidhwalia, Dist. Gopalganj, Bihar
3. Hasanpur, Dist West Champaran, Bihar

## DISTILLERIES

1. Narkatiaganj, Dist. West Champaran, Bihar
2. Sidhwalia, Dist. Gopalganj, Bihar

## CO-GENERATION POWER PLANT

1. Narkatiaganj, Dist. West Champaran, Bihar
2. Sidhwalia, Dist. Gopalganj, Bihar
3. Hasanpur, Dist West Champaran, Bihar

# Directors' Report

## Dear Members,

Your Directors present herewith the 9th Annual Report on the business & operations of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2023.

## 1. FINANCIAL RESULTS

(₹ in lakhs)

	Year ended March 31, 2023		Year ended March 31, 2022	
Revenue from Operations (Gross)		95,341.98		99,505.83
Profit before Finance Costs, Tax, Depreciation and Amortization		13,264.53		12,714.88
Less: Depreciation & Amortization Expenses	2,519.49		2,092.01	
Finance Costs	3,035.97		3,977.97	
Profit/(Loss) Before Tax		7,709.07		6,644.90
Less: Provision for Tax				
Current Tax		1,337.85		1,147.06
Deferred Tax Charge		1,345.07		896.05
Profit/(Loss) After Tax		5,026.15		4601.71

## 2. OPERATING PERFORMANCE

A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as "Annexure A".

## 3. FINANCIAL PERFORMANCE 2022-23

The Company recorded Total Revenue of ₹ 95,522.34 lakhs (including other income aggregating to ₹180.36 lakhs) during the financial year ended 31st March, 2023. The Revenue from Operations (Gross) of the Company for the year 2022-23 stood at ₹ 95,341.98 lakhs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at ₹ 13,264.53 lakhs representing 13.89% of the total revenue.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operation in future.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2023 and date of this report.

## 4. DIVIDEND

Your Board has recommended a dividend of ₹7/- per share

on Equity Shares (70%) for the financial year 2022-23 to the Members of your Company. The proposal is subject to the approval of the Members at the 9th Annual General Meeting (AGM) of your Company scheduled to be held on July 27, 2023. The dividend will entail a cash outflow of ₹ 986.41 lakhs (previous year ₹ 915.96 lakhs).

As permitted under the provisions of the Companies Act, 2013("the Act"), the Board does not propose to transfer any amount to General Reserve

## 5. PUBLIC DEPOSITS

During the year, the Company has not accepted any deposits from the public under Chapter V of the Act. There was no public deposit outstanding as at the beginning and at end of the financial year 2022-23.

## 6. SHARE CAPITAL

The Authorized Share Capital of the Company stood at ₹40,10,00,000/-(Rupees Forty crore and ten lakhs) divided into 2,51,00,000 (Two crore fifty one lakhs) Equity Shares of ₹ 10/- (Rupees ten) each and 15,00,000 (Fifteen lakhs) Preference Shares of ₹100/- and there is no change in the authorised capital. The Issued and Subscribed Share Capital of your Company, as on 31st March, 2023, stands at ₹ 14,09,16,300/- (Rupees Fourteen crores nine lakhs sixteen thousand three hundred only) divided into 1,40,91,630 Equity Shares of ₹10/- each.

## 7. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE

The Company does not have any subsidiary company or any associate company or any joint venture with any person. However, the Company has in place a policy for determining material subsidiaries in line with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time. The said Policy is being disclosed on the Company's website at the weblink <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>.

## 8. CREDIT RATING

India Ratings and Research - a Credit Rating Agency, has assigned the Credit Rating IND A with respect to long-term bank facilities whereas short-term bank facilities rating has been assigned rating of IND A1.

## 9. HUMAN RESOURCES

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes, fair transparent performance evaluation and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business.

## 10. DIRECTORS

The Board of Directors comprises of six Non-Executive Directors having experience in varied fields and a Whole time Director. Out of six Non-Executive Directors, five are Independent Directors and one is Promoter Director. Mr Chandra Shekhar Nopany is the Promoter Chairperson of the Company.

Mr. Chandra Shekhar Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company.

The Company has received necessary declaration from each Independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 25 of the Listing Regulations.

The Board of Directors is of the opinion that the Independent Directors are persons of integrity with high level of ethical standards, they possess requisite expertise and experience for appointment as Independent Director of the Company. All the Independent Directors are exempt from the requirement to undertake online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Other information on the Directors including required particulars of Director retiring by rotation is provided in the Notice convening the Annual General Meeting.

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Listing Regulations the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the format / questionnaires containing various parameters to evaluate the performance of Board and its committee(s), Individual Directors and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, individual Directors including the Chairperson of the Company was carried out for the Financial Year 2022-23. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 13th March, 2023 carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director.

The Chairperson of Nomination and Remuneration Committee has submitted report of the respective evaluations to the Chairperson of the Company. Based on the questionnaires received from the Directors and considering the reports of Chairperson of Nomination and Remuneration Committee, the Board has evaluated its own performance and that of its committees and individual directors including independent directors.

A certificate obtained by the Company from a company secretary in practice, confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority, is enclosed as "Annexure E" to this Report.

## 11. KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as on 31st March, 2023 are as under:

- a. Mr. Chandra Mohan, Whole time Director

- b. Mr. Sudershan Bajaj, Chief Financial Officer
- c. Mr. S Subramanian, Company Secretary

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Whole-time Director is made part of Corporate Governance Report which forms part of this report. There has been no change in this policy during the year under review. The Code is available on the Company's website at the weblink <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Code-of-Conduct.pdf>. All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

## 12. FAMILIARISATION PROGRAMME

Periodic presentations are made at the Board Meetings, business, performance updates & business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink <http://www.birla-sugar.com/Assets/Magadh/MSEL-Famprog%2022-23.pdf>

## 13. REMUNERATION POLICY

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Remuneration Policy. There has been no change in this policy during the year under review and a copy of the said Policy is available at the website of the Company at the weblink <http://www.birla-sugar.com/Assets/Magadh/Magadh%20Sugar%20-%20Nomination%20and%20Remuneration%20Policy.pdf>

The Remuneration Policy, inter-alia, includes the appointment criterion & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the Listing Regulations. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

## 14. CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company believes in long term strategy to contribute to the well-being and development of the society especially the rural population around its plants at Narkatiaganj, Sidhwalia and Hasanpur. As part of its CSR initiatives, the Company is working mainly in the areas of imparting School Education, Technical & Vocational Education, Rural Development, Community Healthcare etc. This multi-pronged CSR approach is showing notable improvement in the quality of life of rural population. The Company continues to spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibilities. The CSR Policy as approved by the Board is available on Company's weblink <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf> There has been no change in this policy during the year under review.

The composition and terms of reference of Corporate Social Responsibility Committee are given in the Corporate Governance Report. The Annual Report on CSR activities (including the details of the development and implementation of the Corporate Social Responsibility Policy) as prescribed under Section 135 of the Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as "Annexure I" to this Report.

For the purpose of Section 135 of the Companies Act, 2013, the amount equivalent to 2% of the average net profits of the Company made during the immediately preceding three financial years works out to ₹148.10 lakhs. As against this, the Company has spent ₹ 150.50 lakhs on CSR projects / programs during the Financial Year 2022-23.

## 15. BOARD MEETINGS

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. During the financial year ended 31st March 2023, 5 (Five) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the year under review are given in the Corporate Governance Report forming a part of this Annual Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

The Company has complied with the applicable Secretarial Standards prescribed under Section 118(10) of the Companies Act, 2013.

## 16. INTERNAL COMPLAINTS COMMITTEE

An Internal Complaints Committee was constituted by

the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said Act aims at protecting women's right to gender equality, life and liberty at workplace to encourage women participation at work. The Committee meets all the criteria including its composition mentioned in the Act and relevant Rules. No complaint has been received by the Committee during the year under review.

## 17. LOANS, GUARANTEE AND INVESTMENTS

It is the Company's policy not to give any loans, directly or indirectly, to any person (other than to employees under contractual obligations) or to other body corporate or person. In compliance with section 186 of the Companies Act, 2013, loans to employees bear applicable interest rates. During the year under review, the Company has not made any investment in securities of other body corporate. The details of Investments, Loans and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 18. RELATED PARTY CONTRACTS / ARRANGEMENTS

All Related Party Transactions entered during the year were on arm's length basis and in the ordinary course of business. There have been no materially-significant related party transactions made by the Company with the Promoters, the Directors or the Key Managerial Personnel which may be in conflict with the interests of the Company at large. Accordingly, disclosure of contracts or arrangements with Related Parties as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at following web-link <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Related-Party-Transaction-Policy.pdf>. The details of related party transactions are set out in the notes to the financial statements.

## 19. RISK MANAGEMENT

In line with the regulatory requirements, the Company has formally framed Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee, has been constituted voluntarily comprising of an Independent Director, Whole time Director, Chief Financial Officer and the Group President to oversee the risk management process in the Company with an objective to review the major risks which effect the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate,

partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. The details of the terms of reference, number and date of meeting, attendance of director and remuneration paid to them are separately provided in the Corporate Governance Report.

## 20. INTERNAL FINANCIAL CONTROLS

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2023, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

## 21. WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a vigil mechanism and adopted whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct policy. During the year under review, there has been change in this policy with respect to leak or suspected leak of Unpublished Price Sensitive Information has been incorporated so that whistle blowers can report concerns. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Whistle-Blower-Policy.pdf>

During the year, the auditors, the secretarial auditors and cost auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

## 22. CORPORATE GOVERNANCE & ANNUAL RETURN

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2022-23 is attached as "Annexure B" to this Report. The declaration of the Whole-time Director

confirming compliance with the 'Code of Conduct' of the Company is enclosed as **"Annexure C"** to this Report and Auditor's Certificate confirming compliance with the conditions of Corporate Governance is enclosed as **"Annexure D"** to this Report.

### 23. RESEARCH & DEVELOPMENT

During the year under review the Company has undertaken Research & Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise increase the sucrose contents in their produce.

### 24. AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

#### STATUTORY AUDITORS

The shareholders of the Company, at the AGM held on July 21, 2022, had appointed M/s B S R & Co LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022), as Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of the Eighth AGM of the Company held on July 21, 2022 till the conclusion of the Thirteenth AGM of the Company.

The Notes to the Financial Statements read with the Auditor's Reports are self-explanatory and therefore, do not call for further comments or explanations. There has been no qualification, reservation, adverse remark or disclaimer in the Auditor's Reports.

#### COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Sugar activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s D Radhakrishnan & Co., Cost Accountants, as the Cost Auditor to audit the cost accounts of the Company for the financial year 2023-24. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

#### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report is annexed herewith as **"Annexure F"** and which is self-explanatory.

There has been no qualification, reservation, observation, disclaimer or adverse remark in the Secretarial Audit Report.

During the year, the auditors, the secretarial auditors and cost auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

### 25. INVESTOR EDUCATION AND PROTECTION FUND

The provisions pertaining to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company are not applicable to your company.

### 26. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **"Annexure G"**.

### 27. PARTICULARS OF EMPLOYEES

The human resource is an important asset which has played pivotal role in the performance and growth of the Company over the years. Your Company maintains very healthy work environment and the employees are motivated to contribute their best in the working of the Company. The information required to be disclosed in pursuance of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **"Annexure H"** to this Report and forms an integral part of this Report.

### 28. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company as at March 31, 2023 and of the profit or loss of the Company for the year ended on that date;

- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 29. CEO/CFO CERTIFICATION

Mr. Chandra Mohan, the Whole time Director and Mr.

Sudershan Bajaj, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the Listing Regulations..

## 30. ACKNOWLEDGEMENT

Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to various ministries in the Central Government and State Government of Bihar, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Board of Directors also convey its sincere appreciation of the commitment and dedication of the employees at all levels.

**For and on behalf of the Board**

Place: Kolkata  
Date: 9th May, 2023

**Chandra Shekhar Nopany**  
Chairperson  
DIN: 0014587



## Annexure-A

# Management discussion and analysis

## GLOBAL ECONOMY

**Overview:** The global economy was estimated to have grown at a slower 3.2% in 2022, compared to 6% in 2021. Some realities that defined the global business and trading sentiment comprised the Russian invasion of Ukraine, return of inflation, pandemic upsurge in China, global liquidity squeeze following higher interest rates, and quantitative tightening by the US Federal Reserve.

The total outcome of these adversities translated into moderated global capital and consumer spending, disrupted trade, increased energy costs and cautious consumer spending. Even as the global conflict remained geographically distant from India, ripples comprised increased oil import bills, cascading inflation, cautionary government and a sluggish equity market.

Global inflation was 8.9% in 2022, among the highest in decades. US consumer prices increased about 7% in 2022, the highest in four decades. The Federal Reserve raised its benchmark interest rate to their highest in 15 years.

The global equities, bonds, and crypto assets reported an aggregated value drawdown of USD 26 trillion from peak, equivalent to 26% of the global gross domestic product (GDP). What made 2022 unique was a concurrent decline in bond and equity markets; 2022 was the only year when the S&P 500 and 10-year US treasuries delivered negative returns of more than 10%.

Gross FDI inflows – equity, reinvested earnings and other capital – declined 8.4% to \$55.3 billion in April-December. The decline was even sharper in the case of FDI inflows as equity – these fell 15% to \$36.75 billion during the first three quarters of FY 2022-23.

Brent crude oil decreased significantly from a peak of around USD 120 per barrel in June 2022 to USD 70 per barrel at the end of the calendar year due to the availability of cheap Russian oil.

The S&P GSCI (benchmark for commodity investments and a measure of global commodity performance) fell from a peak of 4288 in June 2022 to 3233.4. There was a sharp decline in crude oil, natural gas, coal, lithium, lumber, cobalt, nickel and urea realisations.

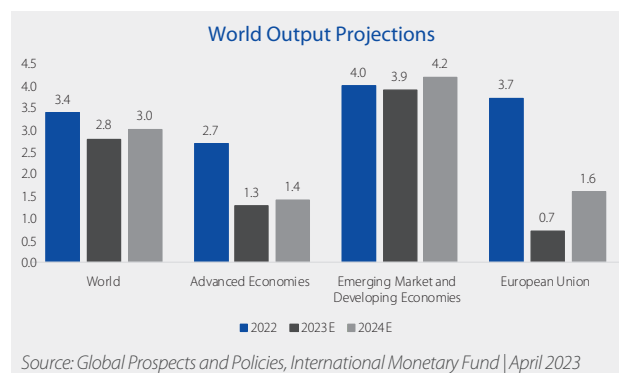
## PERFORMANCE OF MAJOR ECONOMIES

<b>United States:</b>	Reported GDP growth of 2.1% compared to 5.9% in 2021
<b>China:</b>	GDP growth was 3% in 2022 compared to 8.1% in 2021
<b>United Kingdom:</b>	GDP grew by 4.1% in 2022 compared to 7.6% in 2021
<b>Japan:</b>	GDP grew 1.7% in 2022 compared to 1.6% in 2021
<b>Germany:</b>	GDP grew 1.8% compared to 2.6% in 2021

[Source: PWC report, EY report, IMF data, OECD data]

## OUTLOOK

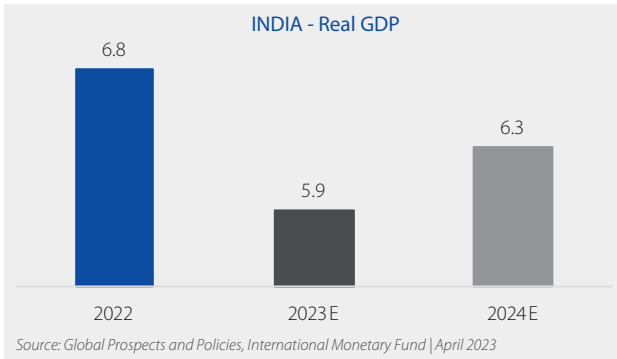
The global economy appears poised for a gradual recovery from the powerful blows of the pandemic and of Russia's unprovoked war on Ukraine. China is rebounding strongly following the reopening of its economy. In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macro prudential tools and strengthen debt restructuring frameworks. Accelerating COVID19 vaccinations in China would safeguard the recovery, with optimistic cross-border spill over. As per IMF, Global growth will bottom out at 2.8 percent this year before rising modestly to 3.0 percent in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent this year and 4.9 percent in 2024. Notably, emerging market and developing economies are already powering ahead in many cases, with growth rates (jumping from 2.8 percent in 2022 to 4.5 percent this year. The slowdown is concentrated in advanced economies, especially the euro area and the United Kingdom, where growth is expected to fall to 0.7 percent and -0.4 percent, respectively, this year before rebounding to 1.8 and 2.0 percent in 2024.



## INDIAN ECONOMY

**Overview:** Despite resilience amid slowing global growth, there are headwinds to India's growth in FY23/24. Recent financial sector turmoil in the US and Europe could reduce appetite for emerging market assets, trigger another bout of capital flight and put pressure on the Indian rupee. Tighter global financial conditions could also weigh on the risk appetite for private investment in India. Notwithstanding external pressures, Indian banks are well capitalized, and the impact of policy tightening on bank balance sheets has been less severe in India due to the relatively modest pace of tightening. Moreover, faster-than-expected inflation due to higher food or fuel prices may also weigh on domestic demand.

These downside risks to growth could affect fiscal consolidation plans. The debt path is highly sensitive to variation in nominal growth rates and further moderation in economic growth could lead to an increase in the already high public debt-to-GDP ratio.



**Outlook:** India is expected to grow 6.8% in FY2024, catalysed in no small measure by 35% capital expenditure growth by the government. The growth could be catalysed by broad-based credit expansion, better capacity utilisation and improving trade deficits. Headline and core inflation rates could down. The private sector's investments could revive, strengthening the economy. India is poised to sustain its outperformance. The landscape favours India: Europe is moving towards a probable recession, US economy is slowing, China's GDP growth forecast of 4.4% is less than India's GDP estimate of 6.1%, America and Europe are experiencing the highest inflation in 40 years.

India emerged as the second fastest growing G20 economy in FY 2022-23. India's production-linked incentive appeared to catalyse downstream sectors. Inflation was steady. India was at the cusp of making significant investments in renewable energy and other sectors and emerging as a suitable industrial supplement to China. India was poised to outpace Germany and Japan and emerge as the third largest economy by the end of the decade.

The outlook for private business investment remained positive despite an increase in policy rates. India was less exposed to Chinese economic weakness, with much less direct trade with China than many Asian peers. As a result, export growth was only about 2%YoY, a smaller decline than the 20% in Korean, Taiwanese and Singapore economies.

Broad-based credit growth, improving capacity utilisation, government's thrust on capital spending and infrastructure should bolster investment activity. According to our surveys, manufacturing, services and infrastructure sector firms are optimistic about the business outlook. The protracted geopolitical tensions, tightening global financial conditions and slowing external demand are the downside risks.

## UNION BUDGET FY 2023-24

The Budget 2022-23 sought to lay the foundation for the future of the Indian economy through projects like PM GatiShakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments.

The capital expenditure of the Indian government expanded 35.4% from ₹ 5.54 lakh crore to ₹ 7.50 lakh crore. An outlay of ₹ 5.25 lakh crore was made to the Ministry of Defence (13.31% of the total Budget outlay). An announcement of nearly ₹ 20,000 crore was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure sector. An expansion of 25,000 km was initiated for the national highways network. An allocation of ₹ 2.37 lakh crore was made towards the procurement of wheat and paddy under the MSP safety net. An outlay of ₹ 1.97 lakh crore was announced for Production Linked Incentive schemes across 13 sectors.

### Global sugar sector review

Sugar business is a significant contributor to national economies worldwide. Sugar production (cane or beet) is likewise capital demanding, necessitating large scale operations to remain competitive. Global sugar production is estimated at 180.43 million tonnes in 2022-23 SS compared to 173.5 million tonnes in 2021-22 SS. Exports are estimated to grow as the decline in India is expected to be more than counterbalanced by increased exports from Brazil and Thailand.

The global sugar market size is expected to reach 217.2 million tons by 2028 from 189.0 million tons in 2022, growing at a CAGR of 1.64% between 2023-2028. The demand of sugar-based products is showing a promising growth in the emerging regions such as India, China and Middle East driven by growing disposable incomes, urbanisation and changing food habits. Global consumption of sugar is pegged at 176 million tonnes as against 172.4 million tonnes in FY 2021-22 on account of a sharp population growth in China, India and Russia. Stocks are estimated lower as an increase in global consumption surpasses the growth in production. (Source: einnews.com, apps. fas. usda.gov)

### Key global sugar producing countries

Name of the country	Production (in lakh tonnes)	Consumption (in lakh tonnes)
Brazil	336	95
Thailand	123.49	252
USA	92.31	113
China	98.88	153
European Union	142.28	170

## GLOBAL ETHANOL SECTOR REVIEW

The global ethanol market is witnessing the growing interest in using ethanol as biofuel across the globe. The sectorial market size is pegged at US\$ 109 billion in 2022 and is expected to report a 4.6% CAGR growth to reach US\$ 170 billion by 2032. The industrial ethanol market is driven by the increased use of the chemical in the food and beverage sector. With the growing demand for alcoholic beverages, the extensive use of industrial ethanol in vodka, beer and gin is strengthening the market growth. Industrial ethanol is also used as a food additive to aid in evenly distributing food colouring. The utilisation of industrial ethanol is increasing as various common extracts such as vanilla extract have alcohol and ethanol base. Besides, the introduction of various initiatives by governments to boost ethanol production is expected to strengthen the growth of the ethanol market.

North America is the largest contributor in the global ethanol market with a market share of 18.6% followed by Europe that accounts for 16.3% of the global ethanol market. Ethanol demand growth in the North American region is mainly driven by United States. The Asia Pacific region is expected to record a faster market growth as developing countries in the region have started their clean renewable energy programme to reduce high crude oil and petrochemical imports. (Source: Future market insights.com)

### Indian sugar sector review

India is expected to produce between 328 to 330 lakh tonne in 2022-23 is after considering diversion of 40 lakh tonnes of sugar for the production of ethanol. India's domestic sugar consumption is pegged at 275 lakh tonnes in SS 2022-23. Top three states (Uttar Pradesh, Maharashtra and Karnataka) contributed for 85% of India's total sugar production. Indian players have received attractive realisations (₹ 36-38 per Kg for export compared to domestic ₹ 33-35 per Kg) for the 60 lakh tonne of announced export quota.

According to Indian Sugar Mills Association, India's export contracts are estimated 45-50 lakh tonnes compared to the quota of 60 lakh tonnes, out of which 6 lakh tonnes of sugar has been dispatched till November 2022. The country is ranked as the second largest exporter of sugar globally. India is expected to report 90 lakh tonnes of sugar in the 2022-23 sugar season. According to the Indian Sugar Mills Association (ISMA), India initiated sugar export contracts of around 35 lakh tonnes of sugar in the 2022-23 sugar season. The sugar export policy announced in November 2022 has permitted the exports of 60 lakh tonnes of sugar on a quota-basis till 31st May. Various exports contracts for the 2022-23 sugar season were initiated much before the government's announcement of the export policy. (Source: Economic Times, reuters, Mongabay.com)

Particulars (lakh tonnes)	SS 2022-23 (E)
Opening balance (as on 1st Oct, 2022)	58
Estimated sugar production	328
Estimated sugar consumption	275
Estimated export	61
Closing balance (as on 30th Sept, 2023)	50
Stock to use ratio	22.5%

(Source: Industry)

### Key sugar producing states

Name of the state	Cane area in lac hectares		Production (in lakh tonnes)	
	2022-23	2021-22	2022-23	2021-22
Uttar Pradesh	23.08	23.01	105	105
Maharashtra	14.50	13.50	105	137
Karnataka	6.50	5.90	56	615

## INDIAN ETHANOL SECTOR REVIEW

India achieved the target of supplying petrol mixed with 10% ethanol ahead of schedule in June 2022. The country has advanced the target of making petrol with 20% ethanol by five years to 2025. 10% ethanol blend translated into a forex impact of over ₹ 41,500 crore, reduced greenhouse gas emissions of 27 lakh tonnes and also led to farmers being paid over ₹ 40,000 crore.

The country is expected to save an estimated \$ 4 billion annually due to the supply of petrol with 20% ethanol. This increased blending is expected to enhance the use of renewable energy in the world's third-biggest oil importer and consumer. Sugar factories aim to convert their manufacturing units into "green energy hubs" to increase ethanol consumption and create an additional revenue stream. These would act as centres of multi-point access to energy for local farmers. Oil marketing companies announced a proposed allocation of around 400 crore litres at different OMCs location across the country. Sugar mills are expected to divert about 50 lakh tons of sugar towards ethanol production. The government is expected to increase the purchase price of ethanol across all categories by up to ~2 per litre for the 2022-23 sugar season. On the contrary, ethanol manufacturing industry is bullish on a sharp increase in the price at which oil marketing companies would purchase ethanol in 2022-23.

### Ethanol capacity requirement to achieve 20%

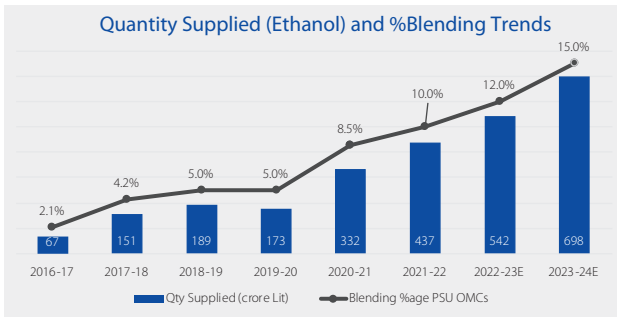
Year	Capacity requirement (in crore litres)		
	Grain	Molasses	Total
2019-20	258	426	684
2020-21	260	450	710
2021-22	300	519	819
2022-23	350	625	975
2023-24	450	725	1175
2024-25	700	730	1430

(Source: ISMA)

**Pricing:** In November 2022, the CCEA approved higher ethanol price derived from different sugarcane based raw materials under

the EBP Programme for the forthcoming sugar season 2022-23 during ESY 2022-23 from 1st December 2022 to 31st October, 2023:

- The price of ethanol from C heavy molasses route be increased from ₹ 46.66 per litre to ₹ 49.41 per litre,
- The price of ethanol from B heavy molasses route be increased from ₹ 59.08 per litre to ₹ 60.73 per litre,
- The price of ethanol from sugarcane juice/sugar/sugar syrup route be increased from ₹ 63.45 per litre to ₹ 65.61 per litre,



## CO-GENERATION

Sugar production is energy concentrated industry and requires steam and electricity. Bagasse is the residue of sugarcane after it is crushed and burnt as a fuel in the sugar mills. The sugar mills' own energy needs are fulfilled through bagasse cogeneration. However, adequate electricity supply to the grid has accelerated globally in the last decade. Bagasse has several benefits like near zero fuel cost, increased feasibility of sugar mills, security of energy, fuel diversity, diminished transmission and distribution losses and reduction of carbon emission. The central government launched a programme to reinforce adequate electricity generation from bagasse cogeneration. Bagasse is useful as a fuel source for sugar mills; when burned in substantial quantity, it generates energy sufficient to meet all the electricity requirements of a typical sugar mill. It is currently being used worldwide as a fuel source to produce energy and electricity and is being sold to electricity grids. Bagasse is a versatile replacement for products derived from trees. Bagasse tends to be a valuable substitute for traditional paper, plastic and foam-based products in an exceedingly growing number of products.

## COMPANY REVIEW

Incorporated in March, 2015, Magadh Sugar and Energy Limited is a major sugar player in Bihar. The Company is a part of the prestigious K.K Birla Group of sugar companies. The Company manufactures sugar, ethanol and spirits, cogeneration and other by products. The Company has three sugar mills in Bihar with a combined crushing capacity of 19,000 TCD, two distilleries with an overall ethanol production capacity of 155 KLPD on B-heavy molasses / syrup and a cogeneration facility that can produce 38 MW power.

## FINANCIAL REVIEW

### Analysis of the profit and loss statement

**Revenues:** Revenues from operations reported a 4.18% decline from ₹ 99,505.83 lakhs in 2021-22 to ₹ 95,341.98 lakhs in 2022-23, due to lower despatches of sugar. Other income of the Company reported a 36.03% decline and accounted for a 0.19% share of the Company's revenues, reflecting the Company's dependence on its core business operations.

**Expenses:** Total expenses decreased by 5.72% from ₹ 93,142.86 lakhs in 2021-22 to ₹ 87,813.27 lakhs in 2022-23. Raw material costs, accounting for a 76.84% share of the Company's revenue from operations in 2022-23. Employees expenses accounting for a 6.47% share of the Company's revenues from operations in 2022-23.

## ANALYSIS OF THE BALANCE SHEET

### Sources of funds

The capital employed by the Company stood at ₹ 1,27,281 lakhs as on 31 March, 2023. Return on capital employed, a measurement of returns derived from every rupee invested in the business remained stable.

The net worth of the Company increased by 6.86% from ₹ 59,831.87 lakhs as on 31 March, 2022 to ₹ 63,936.66 lakhs as on 31 March, 2023 owing to plough back of profits. The Company's equity share capital comprised 1,40,91,630 equity shares of ₹ 10/- each.

Long-term debt of the Company increased by 1.90% to ₹ 18,800.62 lakhs as on 31 March, 2023.

Finance costs of the Company reduced by 23.68% from ₹ 3,977.97 lakhs in 2021-22 to ₹ 3,035.97 lakhs in 2022-23 owing to lower borrowings, especially to fund working capital. The Company's Total debt (including working capital) / equity ratio was a comfortable 0.91 at the close of 2022-23 (1.06 at the close of 2021-22).

### Applications of funds

Fixed assets (net block) of the Company decreased by 2.10% from ₹ 80,658.53 lakhs as on 31 March, 2022 to ₹ 78,967.41 lakhs as on 31 March, 2023. Depreciation on assets increased by 20.43% from ₹ 2,092.01 lakhs in 2021-22 to ₹ 2,519.49 lakhs in 2022-23 owing to implementation of Sidhwalia Distillery.

### Working capital management

Current assets of the Company increased by 14.27% from ₹ 53,797.32 lakhs as on 31 March, 2022 to ₹ 61,472.97 lakhs as on 31 March, 2023 owing to increased inventory. The current ratio of the Company stood at 1.04 at the close of 2022-23 compared to 0.94 at the close of 2021-22.

Inventories including raw materials, work-in-progress and finished goods among others increased to 19.88 % from ₹ 47,129 lakhs as on 31 March, 2022 to ₹ 56,501 lakhs as on 31 March, 2023 owing

to higher inventory. The inventory turnover ratio improved from 1.38 in 2021-22 to 1.42 in 2022-23.

Despite marginal growth in revenues, trade receivables declined by 29.24% from ₹ 4,879.28 lakhs as on 31 March, 2022 to ₹ 3,452.70 lakhs as on 31 March, 2023. Trade receivable turnover ratio stood at 22.88 as on 31 March, 2023 as compared to 30.95 as on 31 March, 2022 owing to declining debtors

### Margins

The EBITDA margin of the Company increased by 1.14% from 12.74% in 2021-22 to 13.89% while the net profit margin of the Company improved by 0.65% due to higher realisation.

Particulars	FY2023	FY2022
Net profit margin (%)	5.26	4.61
Total Debt Equity Ratio	0.91	1.06
Return on equity (%)	8.00	8.00
Return on capital employed (%)	8.00	8.00
Trade Receivable turnover ratio	22.88	30.95
Inventory turnover ratio	1.42	1.38
Interest coverage ratio	4.36	3.20
Current ratio	1.04	0.94
Debt service coverage ratio	1.53	1.46

Change in Trade Receivable Turnover Ratio is 26.07% as compared to the preceding year due to increase in trade receivable towards sale of ethanol to oil companies under credit period.

### RISK MANAGEMENT

**Quality risk:** Inability to maintain the product quality standards might reduce the company's market share.

**Mitigation:** The Company invested in cane variety, equipment, knowledge and process discipline that enhanced product quality.

**Financial risk:** The Company may be challenged by debt.

**Mitigation:** The Company increased the production of ethanol that necessitated lower working capital and lower short-term debt, strengthening the financials.

**Geographical risk:** The Company's cane business could be affected by the distance between mills and cane fields.

**Mitigation:** The Company's manufacturing units are strategically located within a radius of 30 kms from its command areas.

**Demand risk:** The Company's operations may be impacted due to surplus end product supply over demand.

**Mitigation:** The company invested in a higher diversion from sugar to ethanol, which moderated the surplus sugar in its inventory; besides, the company is located in Bohar, a state

marked by a relative shortage of sugar and co-generated power.

**Procurement risk:** Inability to procure the right kind of cane could affect sugar recovery.

**Mitigation:** The Company enjoys enduring relationships with 86,467 cane farmers and undertook various welfare initiatives to increase farm productivity. A major part of its command areas were covered with the successful CO 0238 cane variety, which continued to generate superior yield.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal audit system of the company has been regularly tracked and reformed to make sure that assets are protected, established regulations are complied with and pending issues are addressed on time. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee records the observations of the auditors and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company considers that the value of the employees is the key to its success and is devoted to provide them skills which will enable them to seamlessly evolve with ongoing technological advancements.

The Company's permanent workforce stood at 1234 as at 31st March, 2023. During the year, the Company arranged training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct.

### CORPORATE SOCIAL RESPONSIBILITY

We demonstrate environmental and social responsibility at every step. We aim to benefit the communities around us – workforce, public and environment. We organise regular medical camps, give free medicines and also any emergency medical equipment required by the deprived. We are sowing the seeds for a budding nation by providing education to the underprivileged children and giving them access to free books. We consider ourselves responsible for the environment around us and consciously take efforts for its upliftment.

### CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

**Annexure B**

# Report on Corporate Governance

## 1. Company's Philosophy

Magadh Sugar & Energy Limited (MSEL), a part of K K Birla Group of Sugar Companies, is of the firm conviction that Corporate Governance in essence refers to the rules, procedures, values, systems or laws by which businesses are operated, regulated, and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well to formal laws. Governance practices may vary but the principles are generic and universal. Accordingly the Board of MSEL manages its business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders which term includes every one ranging from the board of directors, management, shareholders, cane growers, customers, employees and society at large.

Given the fact that the business operations of MSEL is well diversified, sound governance practices are indispensable for it to build and sustain trust in all its stakeholders MSEL is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeates throughout the organization. Besides adhering to the prescribed corporate practices as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") from time to time, it voluntarily governs itself as per highest ethical and responsible standards of business.

This chapter, along with the chapters on Management Discussion and Analysis and Shareholders information, reports MSEL's compliance with Listing Regulations, highlighting the additional initiatives taken in line with international best practices.

### Corporate Governance Philosophy

MSEL's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conditions. Being a value driven organization MSEL envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on.

Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved performance and various recognitions achieved by the Company. This has helped MSEL to pay uninterrupted value based services to all its stakeholders.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is the backbone of the ability to meet the aspirations of all stakeholders.

MSEL's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems; and going beyond the mandated Corporate Governance Code requirements of Securities and Exchange Board of India (SEBI). At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

## 2. Board of Directors

- i. The Company has in all 7 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 7 Directors, 5 (71.43%) are Independent Directors (IDs), 1 of them is a Promoter Director and 1 Wholetime Director. The composition of the Board is in conformity with the Listing Regulations. The Board is headed by the Non-Executive Chairperson Mr. Chandra Shekhar Nopany. The composition of Board of Directors is balanced in terms of specialization in one or more areas.
- ii. The Board of Directors takes into account the interest of all stakeholders while discharging its responsibilities and provides leadership and guidance to the Company's management while discharging its fiduciary responsibilities thereby ensuring that the management adheres to the high standards of ethics, transparency and disclosures.
- iii. The non-executive directors bring objective and

independent perspective in the deliberations and decisions of the Board of Directors as they have a wider view of external factors affecting the Company and its business. These directors make a constructive contribution to the Company by ensuring fairness and transparency while considering the business plans devised by the management team. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, promoter group, its directors, management, subsidiaries or associates.

- iv. All the Independent Directors have requisite knowledge of business, in addition to the expertise in their area of specialization. The Company has received declaration from each of the Independent Directors of the Company confirming that he/ she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013, rules framed thereunder and the Listing Regulations. It is confirmed that in the opinion of the Board of Directors, the Independent Directors of the Company fulfill the conditions specified in the Listing Regulations and are independent of the management of the Company.
- v. As per the disclosure received by the Company from the Directors none of them are Director on the Board of more than 7 listed entities as well as the Wholetime Director has no other directorship and none of the Directors are member in more than ten committees, nor as Chairperson of more than five committees across all companies in which they are Directors, in compliance with Regulation 26 of Listing Regulations as well as not have been debarred or disqualified from being appointed or continuing as director by SEBI/ Ministry of Corporate Affairs(MCA) or any other statutory authority. The Directors intimate the Company about the committee positions they occupy in other companies and also notify changes from time to time. The Company has obtained a certificate from a company secretary in practice confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by SEBI/MCA or any such statutory authority. A copy of the said certificate is attached as “Annexure E” to the Board’s Report.
- vi. No Director is related to any other Director on the Board in terms of the definition of ‘relative’ given under the Companies Act, 2013.
- vii. The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company’s operations and the maximum time gap between any two meetings is not more than 120 (One Hundred

Twenty) days.

- viii. The Whole time Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions.
- ix. Mr. Chandra Shekhar Nopany (DIN: 00014587), Director is retiring by rotation at the forthcoming AGM scheduled to be held on July 27, 2023 and is eligible and has offered himself for re-appointment. The brief resume and other requisite details of the Director proposed to be re-appointed is given in the notice of ensuing AGM.
- x. The IDs met on 13th March, 2023 without the presence of the Chairperson, Wholetime Director, the Non-Executive Non-IDs and the Management Team. The meeting was attended by IDs in person and which enabled them to discuss various matters pertaining to the Company’s affairs and thereafter put forth their combined views to the Board. The IDs reviewed the performance of non-IDs, chairperson and the Board as a whole as well as 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.

#### Key Board qualifications, expertise and attributes

The MSEL Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the MSEL Board is in compliance with the highest standards of corporate governance.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

<b>Business</b>	Understanding of Sugar business dynamics across various geographical markets, industry verticals and regulatory jurisdictions.
<b>Strategy and Planning</b>	Ability to think strategically, identify and critically assess strategic opportunities and threats and develop effective strategies in the context of strategic objectives of the Company’s policies and priorities.
<b>Governance</b>	Experience in developing governance practices, serving the best interest of all stakeholders, protecting shareholder interests, maintaining board and management accountability and driving corporate ethics and values.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

#### Key Board Qualifications

Director	Business	Strategy and Planning	Governance
Mr. Chandra Shekhar Nopany (DIN – 00014587)	√	√	√
Mr. Ishwari Prosad Singh Roy (DIN – 00217532)	√	√	√
Mr Padam Kumar Khaitan (DIN – 00019700)	√	√	√
Mr Yashwant Kumar Daga (DIN – 00040632)	√	√	√
Mrs Shashi Sharma (DIN – 02904948)	√	√	√
Mr Raj Kumar Bagri (DIN- 00231766)	√	√	√
Mr Chandra Mohan (DIN – 07760264)	√	√	√

#### Familiarisation Programme

In terms of Regulation 25(7) of SEBI (LODR) Regulations, 2015, the Company is required to conduct Familiarisation Programme for IDs to familiarise them about the Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. As a part of the familiarisation programme, presentation was made to the IDs giving a brief overview of roles, responsibilities and liabilities of IDs under Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013.

In addition to the above, the Directors are continuously encouraged to participate in various training sessions to ensure that the Board members are kept up to date.

At the time of appointment, a new Director is welcomed to the Board of Directors of the Company by sharing an Induction Kit containing inter-alia the Organization Chart, brief profile of all Directors and Key Managerial Personnel (KMPs), Policy Compendium, Investor Presentation, amongst others.

Further, the management of the Company makes various presentations to the IDs on an ongoing basis which inter-alia includes Company overview, various business verticals, latest key

business highlights, financial statements, evolution as well as business model of the various business of the Company, as part of the familiarisation programme for IDs.

Significant statutory updates are circulated as a part of the agenda of the Board Meetings through which Directors are made aware of the significant new developments and highlights from various regulatory authorities viz. SEBI/MCA, other statutory authority etc.

The Board has open channels of communication with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications and other related information. Directors are also informed of the various developments in the Company.

The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the web link- <http://www.birla-sugar.com/Assets/Magadh/MSEL-Famprog%2022-23.pdf>

#### Performance Evaluation

In pursuance of the provisions of the Companies Act, 2013 and Listing Regulations, the Company has laid down a Performance Evaluation Policy. The said policy prescribed in detail the process for effective evaluation of performance of the Board of Directors, the Committees thereof, individual Directors and the Chairperson of the Company. The Nomination and Remuneration Committee (“NRC”) had finalized the proformas / questionnaires containing different parameters to evaluate the performance of Board of Directors and its committee(s), individual Directors and the Chairperson of the Company. The performance evaluation parameters for Independent Directors include level of participation in decision making process, understanding of Company's business and industry, ensuring adequacy and functionality of vigil mechanism, communicating inter-se with Board members and senior management, etc.

As per the Performance Evaluation Policy of the Company, the evaluation of performance of the Board as a whole, Committees of the Board of Directors, individual Directors and Chairperson/ Co-chairperson of the Company was carried out for the Financial Year 2022-23. The Independent Directors in their separate meeting carried out the evaluation of the Board of Directors as a whole, Chairperson/Co-chairperson of the Company and Non-Independent Directors. The IDs have briefed the Board of Directors about performance evaluation by IDs of the Company.

Based on the responses to the questionnaires received from the Directors and considering the evaluations carried out by IDs, the Board of Directors evaluated its own performance and that of its committees and individual Directors including IDs.



### Board Diversity Policy

Board diversity is imperative in view of globalization of business, rapid deployment of technology, greater social responsibility, ever increasing emphasis on corporate governance and increasing need for risk management. Having members of the Board of Directors from different fields enables the Company to keep pace with changing business dynamics and provide financial, reputational and qualitative benefits. The Board of Directors had adopted "Board Diversity Policy" which sets out the basic guidelines to constitute a diverse Board that can, inter alia, draw upon a range of perspectives, experience and knowledge.

### Board meetings

The meetings of the Board of Directors are scheduled in advance.

The Company Secretary prepares the agenda for the meetings in consultation with the Chairperson and other concerned persons in the senior management. The detailed agenda and other relevant notes are circulated to the Directors well in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

During the period under review 5 (Five) Board Meetings were held on 11th May, 2022, 5th August, 2022, 8th November, 2022, 8th February, 2023 and 27th March, 2023 respectively.

The names and categories of the Directors on the Board, their attendance at Board meetings and at the last Annual General Meeting (AGM) held during the financial year and the number of directorships and committee Chairmanships/ Memberships held by them in other public limited companies are given below:

Name of Director	Category of Director	No. of Board Meetings held and attended during FY 2022-23		Whether attended last AGM held on Monday, 21st July 2022	No. of Directorships in other Indian Public Limited Companies (As on 31 March, 2023) <sup>#</sup>	No. of Committee positions held in other Indian Public Companies (As on 31st March 2023) <sup>##</sup>		Number of Equity shares held (As on 31 March, 2023)
		Held	Attended			Chairman	Member	
Mr. Chandra Shekhar Nopany (DIN – 00014587)	P/C/NED	5	5	Yes	8	1	-	37,724
Mr. Ishwari Prosad Singh Roy (DIN –00217532)	NEID	5	5	Yes	-	-	-	-
Mr Padam Kumar Khaitan (DIN – 0019700)	NEID	5	5	Yes	6	1	2	-
Mr Yashwant Kumar Daga (DIN – 0040632)	NEID	5	4	No	5	1	9	-
Mrs Shashi Sharma (DIN – 02904948)	NEID	5	5	Yes	-	-	-	-
Mr Raj Kumar Bagri (DIN-00231766)	NEID	5	5	Yes	2	2	-	-
Mr Chandra Mohan (DIN – 07760264)	WTD	5	5	Yes	-	-	-	-

P – Promoter; C – Chairperson; ID – Independent Director; NED - Non-executive Director; WTD – Whole-time Director

#### Notes:

# The number of directorships held by the Directors does not include Private Limited Companies, Foreign Companies and Companies incorporated under Sec 8 of the Companies Act, 2013.

## In accordance with Regulation 26 of the Listing Regulations, memberships /chairmanships of only Audit Committee and Stakeholders Relationship Committee of other Indian Public Limited Companies have been considered.

The other Indian listed entities where Directors of the Company hold directorship as on 31st March 2023 are as follows:

Name of the Director	Other Indian Listed Entity Directorships	Category of Directorship
Mr Chandra Shekhar Nopany	Avadh Sugar & Energy Limited	Non-Executive Co-Chairperson
	Chambal Fertilisers and Chemicals Limited	Non-Executive Director
	New India Retailing & Investment Limited	Non-Executive Chairperson
	Sutlej Textiles and Industries Limited	Executive Chairperson
	SIL Investments Limited	Non-Executive Chairperson
Mr Padam Kumar Khaitan	Asian Hotels (East) Limited	Independent Non-Executive Director
	Cheviot Co. Limited	Independent Non-Executive Director
	Ramkrishna Forgings Limited	Independent Non-Executive Director
Mr Yashwant Kumar Daga	Mint Investments Limited	Independent Non-Executive Director
	Longview Tea Co. Ltd	Non-Executive Director
	Deepak Spinners Limited	Executive Director
	HGI Industries Limited	Non-Executive Director
	Deepak Industries Limited	Executive Director

*Mr Ishwari Prosad Singh Roy, Mrs Shashi Sharma, Mr Raj Kumar Bagri and Mr Chandra Mohan are not holding any directorship in any other listed entity.*

### Committees of the Board

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory committees viz. Risk Management Committee, Finance & Corporate Affairs Committee of Directors. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

## 3. Audit Committee

### i. Overall purpose/Objective

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of Listing Regulations as amended from time to time, by the Board of Directors, initially at its meeting held on March 14, 2017.

The purpose of the Audit Committee is to assist the Board of Directors ("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

### ii. Terms of Reference

The Terms of Reference of this Committee includes oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommending appointment, remuneration and terms of appointment of auditors, reviewing/ examining quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, evaluate Company's internal financial controls and risk management systems, reviewing performance of statutory and internal auditors, discussing with auditors significant findings, if any, related party transactions and adequacy of internal control systems, reviewing the functioning of the Whistle Blower Mechanism and other matters specified for Audit Committee in Section 177 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations, as amended from time to time. It also deals with matters relating to Company's Code of Conduct for Prohibition of Insider Trading framed in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended and related matters. It also discharges such other functions as may be delegated by the Board of Directors from time to time

Mr. Raj Kumar Bagri, Chairperson of the Audit Committee attended the Annual General Meeting of the Company to provide clarifications and answer queries.

The Company's system of internal controls covering financial

and operational activities, compliances, IT applications, etc. are reviewed by the Internal Auditors and presentations are made to the Audit Committee on the findings of such reviews. Further, in compliance with Section 177(4)(vii) of the Companies Act, 2013 the Audit Committee maintains and evaluates the effectiveness of internal control systems of the Company pertaining to financial reporting, compliance with Accounting Standards, and looks after overall financial activities under applicable laws and regulations governing the Company.

The Audit Committee comprises of Mr. Raj Kumar Bagri, Mr. Yashwant Kumar Daga, Mr. Ishwari Prosad Singh Roy and Mrs Shashi Sharma, Independent Directors. Mr. Raj Kumar Bagri, Independent Director of the Company is the Chairperson of the Audit Committee. All the Members of the Audit Committee are financially literate and have accounting or related financial management expertise. The Chief Financial Officer (CFO) is a permanent invitee to the meetings of the Audit Committee and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors as well as Internal Auditors of the Company are invited to attend the Audit Committee meetings. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee.

4 (Four) meetings of the Audit Committee were held during the year 2022-23 on 11th May, 2022, 5th August, 2022, 8th November, 2022 and 8th February, 2023 respectively. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days. Moreover, the requisite quorum as required by Listing Regulations was present in all the meetings of the Audit Committee held during the year.

Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Raj Kumar Bagri	Chairperson	Independent Director	4
Mrs Shashi Sharma	Member	Independent Director	4
Mr Yashwant Kumar Daga	Member	Independent Director	3
Mr Ishwari Prosad Singh Roy	Member	Independent Director	4

#### 4. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Company was constituted on 14th March, 2017, in line with the provisions of Regulation 20 of Listing Regulations read with Section 178 of the Companies Act, 2013.

#### (i) Terms of Reference:

The Stakeholders Relationship Committee oversees the redressal of complaints/grievances of investors such as transfer/transmission of shares, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, taking note of shares transferred in course of a quarter, status of dematerialized shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter and detail of investors' grievances pending as on the end of each quarter among others. It also approves issuance of duplicate shares and matters incidental thereto. It also discharges such other functions as may be delegated by the Board of Directors from time to time. The Stakeholders Relationship Committee meets at regular intervals to take note of share transfer and other matters.

#### (ii) Composition & Meetings:

The composition of the Stakeholders' Relationship Committee as on 31st March, 2023 is as follows:

- Mr Raj Kumar Bagri - Chairperson
- Mr Yashwant Kumar Daga
- Mr Padam Kumar Khaitan

During the period under review the Committee met four times on 11th May, 2022, 5th August, 2022, 4th November, 2022 and 2nd February, 2023 respectively.

Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Raj Kumar Bagri	Chairperson	Independent Director	4
Mr Yashwant Kumar Daga	Member	Independent Director	4
Mr Padam Kumar Khaitan	Member	Independent Director	4

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of shares in physical form up to 1000 shares. The transfers/ transmissions approved by the Secretary are periodically placed before the Committee.

The Company has in place a comprehensive Investor Grievance Redressal system prescribing the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as by the Company. The shareholders can write to the Company at magadhinvestors@birla-sugar.

com on a day to day basis.

During the financial year ended 31st March, 2023, 2 (two) complaints were received and duly resolved. There were no complaints were pending as on 31st March, 2023.

Further, pursuant to Regulation 13(3) read with Regulation 13(4) of the Listing Regulations, Statements of investor complaints as received from the Registrar & Share Transfer Agents, Link Intime Private Limited, were filed with the Stock Exchanges on a quarterly basis and the said Statements were also placed before the Board of Directors for information and noting.

## 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company was constituted on 14th March, 2017 in line with the provisions of Regulation 19 of Listing Regulations read with Section 178 of the Companies Act, 2013.

### i. Objectives:

The Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statutes, rules and regulations which the Committee deems relevant, makes recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, identifies the persons who are qualified to become Directors and who may be appointed in senior management including their remuneration in accordance with the criteria laid down, recommends to the Board their appointment and removal and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under Listing Regulations.

### ii. Terms of Reference:

The broad terms of reference of the Nomination & Remuneration Committee, inter-alia includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of IDs and the Board;
3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment, remuneration and removal.

It also discharges such other functions as may be delegated by the Board of Directors from time to time.

### iii. Composition and Meetings:

The Committee comprises of the following Directors:

1. Mr Yashwant Kumar Daga - Chairperson
2. Mr Padam Kumar Khaitan
3. Mr Ishwari Prosad Singh Roy
4. Mr Raj Kumar Bagri

During the period under review the Committee met four times on 11th May, 2022, 4th July, 2022, 27th September, 2022 and 2nd February, 2023 respectively.

Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Yashwant Kumar Daga	Chairperson	Independent Director	4
Mr Padam Kumar Khaitan	Member	Independent Director	4
Mr Ishwari Prosad Singh Roy	Member	Independent Director	4
Mr Raj Kumar Bagri	Member	Independent Director	4

### iv. Remuneration Policy:

The Board of Directors of the Company had at its meeting held on 30th March, 2017 adopted the Remuneration Policy as recommended by the Nomination and Remuneration Committee of the Company. The Remuneration Policy is available on the Company website at web link <http://www.birla-sugar.com/Assets/Magadh/Magadh%20Sugar%20-%20Nomination%20and%20Remuneration%20Policy.pdf>

The Remuneration Policy, inter-alia, includes the appointment criteria & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior

management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the Listing Regulations., 2015. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

### Remuneration of Directors

Detail of remuneration paid to the Directors for the financial year 2022-23:

#### a. Wholetime Director (₹ in lakhs)

Name	Salary	Perquisites	Retirement Benefits	Total
Mr. Chandra Mohan	113.20	-	13.02	126.22

*\* It does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole*

Mr. Chandra Mohan's remuneration package includes salary, free furnished accommodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund, reimbursement of medical expenses, leave travel concession, car with driver and telephone etc.

#### b. Non-Executive Directors

The Company pays a sitting fee of ₹ 40,000/- and ₹ 20,000/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively.

The shareholders of the Company, at the Extra-Ordinary General Meeting held on March 14, 2017, had approved payment of commission to non-executive directors with effect from the financial year 2017-18 subject to the aggregate annual limit of one percent of the net profits of the Company determined in accordance with the terms and provisions of Section 198 of the Companies Act, 2013. However, the Board of Directors of the Company within the aforesaid limit has further put forth a ceiling of maximum ₹ 5 lakhs to be paid to each Non-Executive Directors.

The Board of Directors has at its meeting held on May 9, 2023 on the recommendation of the Nomination and Remuneration Committee proposed to pay commission to the Non-Executive Directors with effect from the financial year 2022-23 subject to the aggregate annual limit of one percent of the net profits of the Company determined in

accordance with the terms and provisions of Section 198 of the Companies Act, 2013, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The details of sitting fee paid to the Directors are as follows:

Sl. No.	Name of the Director	Sitting Fee Paid (₹)
1	Mr Chandra Shekhar Nopany	2,60,000
2	Mrs Shashi Sharma	3,00,000
3	Mr Yashwant Kumar Daga	3,80,000
4	Mr Padam Kumar Khaitan	4,20,000
5	Mr Ishwari Prosad Singh Roy	3,60,000
6	Mr Raj Kumar Bagri	4,40,000

There was no other pecuniary relationship or transaction with the Non-executive Directors.

## 6. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company was constituted on 14th March, 2017 in line with the provisions of Listing Regulations read with Section 135 of the Companies Act, 2013. The role of Committee includes formulating and recommending to the Board of Directors a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified under the Companies Act, 2013 recommending the amount of expenditure to be incurred on such activities, instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company etc. The Committee also reviews periodically the progress of CSR projects/ programs/ activities undertaken by the Company. It also discharges such other functions as may be delegated by the Board of Directors from time to time.

The Corporate Social Responsibility Committee comprises of Mr. Chandra Shekhar Nopany, Chairperson, Mr. Padam Kumar Khaitan, Independent Director and Mr. Chandra Mohan, Whole time Director. Mr. Chandra Shekhar Nopany, Chairperson of the Company acts as the Chairperson of the Corporate Social Responsibility Committee. Mr S Subramanian, Company Secretary of the Company acts as the Secretary to the Committee. The Committee is responsible for monitoring the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time the Company's CSR Policy is available on the Company's website at <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf>

During the period under review the Committee met three times on 11th May, 2022, 5th August, 2022 and 8th February, 2023 respectively.

Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Chandra Shekhar Nopany	Chairperson	Non-Executive Director	3
Mr Padam Kumar Khaitan	Member	Independent Director	3
Mr Chandra Mohan	Member	Executive Director	3

## 7. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The Risk Management Committee was constituted on 24th May, 2017 in line with the provisions of Listing Regulations. The Committee comprises of Mrs Shashi Sharma, Independent Director, Mr Chandra Mohan, Wholetime Director, Mr Chand Bihari Patodia, Group President and Mr Sudershan Bajaj, Chief Financial Officer. Mrs Shashi Sharma is the Chairperson of the Committee.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the risk & its mitigation plans within framework and in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee reviews risks trends, exposure, and potential impact analysis and mitigation plan. It also discharges such other functions as may be delegated by the Board of Directors from time to time

One meeting of the Risk Management Committee of the Company was held during the year on 31st March, 2023. The attendance of each member of the Committee is given below:

Name of the Member	Status	Category	No of meetings attended
Mrs. Shashi Sharma	Chairperson	Non-Executive Director	1
Mr. Chandra Mohan	Member	Executive Director	1
Mr. Chand Bihari Patodia	Member	Group President	1
Mr. Sudershan Bajaj	Member	Chief Financial Officer	1

## 8. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee of Board of Directors was constituted on March 14, 2017 and comprises of Mr. Chandra Shekhar Nopany, Chairperson, and Mr. Yashwant Kumar Daga, Mr. Ishwari Prosad Singh Roy and Mr. Chandra Mohan, Whole-time Director. Mr. S Subramanian, Company Secretary of the Company acts as the Secretary to the Committee.

The Terms of Reference of this Committee includes oversight of banking and borrowing related matters, to authorise the Company officials for signing various agreements, deeds and documents etc., to consider, approve and submit various bid documents etc. for participation in ethanol tenders, amongst others and to do such other businesses as may be delegated by the Board of Directors from time to time.

There was no meeting of the Committee during the period under review.

## 9. Subsidiary Companies

The Company does not have any subsidiary, any associate or any joint venture. However, the Board of Directors have formulated a Policy for determining material subsidiaries in its meeting held on 30th March, 2017 and subsequently modified on 26th March 2020 in line with changes envisaged in the Listing Regulations and such modified Policy has been disclosed on the company website at <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

## 10. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Again, there were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Similarly, there were no transaction with person or entity belonging to Promoter/ Promoter Group which holds 10% or more shareholding in the Company. Suitable disclosure as required by the Indian Accounting Standards (IND AS) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which modified in line with amended provisions of Companies Act, 2013 read with Listing Regulations and has been uploaded on the Company's website <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Related-Party-Transaction-Policy.pdf>

## 11. Vigil Mechanism / Whistle Blower Policy

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility and accordingly has formulated Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no

discrimination is meted out to any person for a genuinely raised concern. The said policy has updated with recent amendments w.r.t. Unpublished Price Sensitive Information as mandated by SEBI laws and has been uploaded on the Company's website at <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Whistle-Blower-Policy.pdf>

## 12. Policy Against Sexual and Workplace Harassment

The Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company in its endeavour to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee can realize his / her maximum potential. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee formed for this purpose. The Company affirms that during the year under review adequate access was provided to any complainant who wished to register a complaint under the Policy. During the financial year 2022-23, the Company has not received any complaint on sexual harassment from any of the women employees of the Company, neither there were any pending complaints which were disposed off nor there were any complaints pending as on the end of the FY 2022-23.

## 13. General Body Meetings

### 13.01 The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
2021-22	21-07-2022	11.00 A.M.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2020-21	24-08-2021	11.00 A.M.	and deemed venue: Registered Office of the Company P.O. Hargaon, Dist.
2019-20	22-09-2020	11.00 A.M.	Sitapur Uttar Pradesh - 261 121

The last Annual General Meeting was held on 21st July, 2022, which was chaired by Mr Chandra Shekhar Nopany.

No Special Resolution was passed in the previous three Annual General Meetings.

### 13.02 Postal Ballot

During the year under review, the Company had sought Shareholders' approval by way of Ordinary Resolution through postal ballot as per details given below:

Resolution	Date of Postal Ballot Notice	Date of Announcement of Result	Total No. of Valid Votes	No. of Votes with Assent for the Resolution	No. of Votes with Dissent for the Resolution
Re-appointment of Mr Chandra Mohan as a Wholetime Director	08-02-2023	17-03-2023	93,91,011	93,86,772 (99.95%)	4,239 (0.05%)

Mr. Mohan Ram Goenka, Practising Company Secretary was appointed as scrutinizer for conducting the postal ballot exercise for the aforesaid matters.

There is no immediate proposal for passing a resolution through postal ballot. In case a resolution is proposed to be passed through postal ballot, the procedure of postal ballot and other requisite details shall be provided in the postal ballot notice.

## 14. Means of Communication

- 14.01** The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of the Listing Regulations. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board and also published in 'Business Standard', in English and 'Business Standard' in Hindi in Lucknow edition.
- 14.02** The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.
- 14.03** The Annual Report of the Company, the quarterly/half yearly and annual financial results are simultaneously posted on the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) and can be downloaded.
- 14.04** The Company also displays official press releases as and when released on the above website.
- 14.05** Email id earmarked for redressing Investor queries is [magadhinvestors@birla-sugar.com](mailto:magadhinvestors@birla-sugar.com).
- 14.06** Presentation made to any Institutional Investor or to

### 15.06 Listing on Stock Exchanges and Stock Codes

The names of the Stock Exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under:

Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised Shares)
<b>BSE Ltd. (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	540650	INE347W01011
<b>National Stock Exchange of India Ltd. (NSE)</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	MAGADSUGAR	

The Company has paid annual listing fees for the Financial Year 2023-24 to the above Stock Exchanges.

any Analysts during the period under review is made available on the above website.

## 15. General Shareholders' Information

### 15.01 9th Annual General Meeting

Day & Date	Thursday, July 27, 2023
Time	11.00 A.M.
Venue	9th Annual General Meeting will be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and deemed venue shall be Registered Office of the Company at P.O. Hargaon, Dist. Sitapur Uttar Pradesh – 261121.

### 15.02 Financial Year : April to March

### 15.03 Tentative Financial Calendar

Event	Date
Approval of Audited Annual Results (2022-23)	9th May, 2023
First Quarter Results	On or before 14th August, 2023
Second Quarter Results	On or before 14th November, 2023
Third Quarter Results	On or before 14th February, 2024
Audited Annual Results (2023-24)	On or before 30th May, 2024

### 15.04 Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 21, 2023 to Thursday, July 27, 2023 (both days inclusive) for the purpose of Annual General Meeting. The Record Date for ascertaining the entitlement of Dividend is Thursday, July 13, 2023.

### 15.05 Dividend Payment Date -

Within 30 days of the date of the Annual General Meeting.

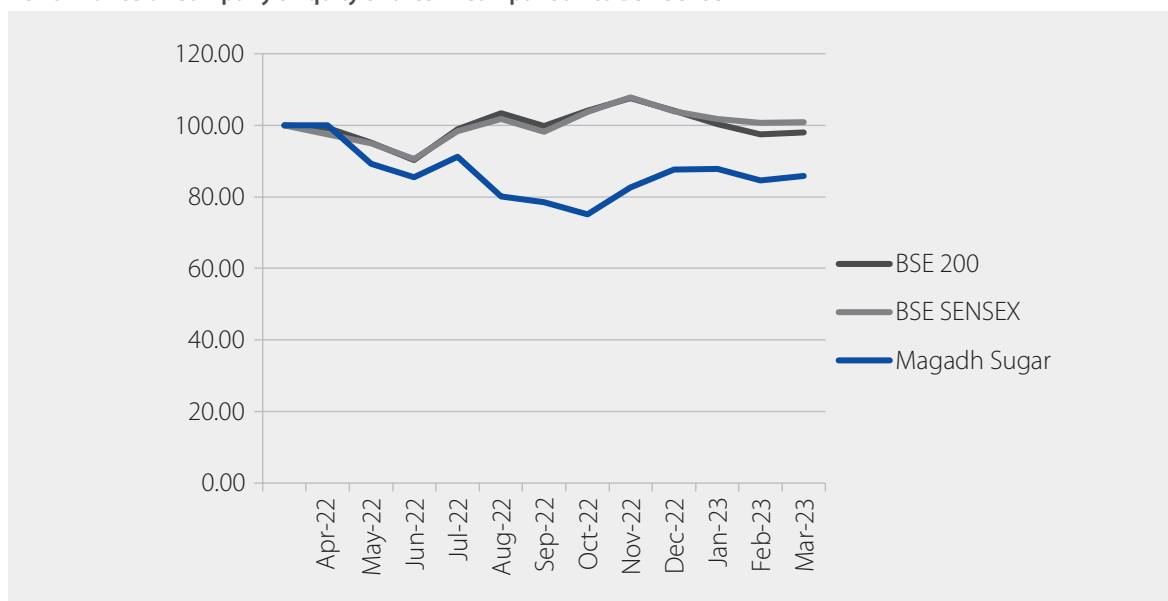


**15.07 Market Price data**

Monthly high/low of market price of the Company's Equity Shares traded on BSE Ltd.(BSE) and National Stock Exchange of India Ltd. (NSE) during the last financial year was as follows:

(Amount in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April, 2022	455.95	305.95	455.95	310.60
May, 2022	393.95	266.95	379.70	267.35
June, 2022	361.20	273.20	357.00	272.00
July, 2022	370.25	307.75	371.70	312.00
August, 2022	354.95	286.35	354.80	286.50
September, 2022	322.75	276.95	323.05	282.25
October, 2022	316.75	275.50	315.00	277.50
November, 2022	312.00	247.00	312.00	275.60
December, 2022	358.50	285.00	358.80	284.00
January, 2023	332.95	302.00	336.45	303.00
February, 2023	339.00	304.40	339.30	307.00
March, 2023	362.25	286.95	362.00	288.00

**15.08 Performance of Company's Equity Shares in comparison to BSE Sensex**

The base of 100 is taken to be the closing price of shares at BSE and values of indices, as on March 31, 2023. The shares of the company were never suspended.

**15.09 Registrar & Share Transfer Agent**

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, share transfer, demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

**Link Intime India Pvt. Ltd.**

Unit: Magadh Sugar & Energy Limited  
502 & 503, 5th Floor, Vaishno Chambers,  
6, Brabourne Road, Kolkata - 700 001  
Tel: 91 033 4004 9728 / Fax : 91 033 4073 1698 / E-mail: kolkata@linkintime.co.in

### 15.11 Distribution of Shareholding

#### a. Equity Share Capital History

The Paid up Capital of the Company consists of 1,40,91,630 Equity shares of ₹10/- each fully paid up and allotted as under:

Date of Allotment	No. of share	Issue Price (₹ per share)
30.03.2017	1,00,65,450	10
02.07.2019	40,26,180	(Bonus) 4:10

#### b. The Distribution of Shareholding as on 31st March, 2023 was as follows:

No of Equity Shares	No. of Shareholders	% of total shareholders	No of shares held	% of total shares
1 to 500	10,460	92.00	7,21,963	5.12
501 to 1000	452	3.98	3,38,062	2.40
1001 to 2000	200	1.76	2,83,544	2.01
2001 to 3000	84	0.74	2,11,183	1.50
3001 to 4000	36	0.32	1,27,313	0.90
4001 to 5000	33	0.29	1,55,895	1.11
5001 to 10000	44	0.39	3,20,680	2.28
10001 and above	60	0.53	1,19,32,990	84.68
<b>Total</b>	<b>11,369</b>	<b>100.00</b>	<b>1,40,91,630</b>	<b>100.00</b>

#### c. Detail of Shareholding pattern of the Company as on 31st March, 2023 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	85,98,482	61.02
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	1,270	0.01
Bodies Corporate	11,47,832	8.15
Individuals/HUF/Trust	42,07,277	29.86
Stock Exchange Clearing Members/Market Maker	3,892	0.03
NRIs / OCBs / FII / Foreign Nationals	77,367	0.55
Unclaimed Shares	55,510	0.39
<b>Total</b>	<b>1,40,91,630</b>	<b>100.00</b>

### 15.12 Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE Ltd. and the National Stock Exchange of India Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. 1,40,21,666 Equity Shares viz. 99.50% of the Equity Share Capital of the Company have already been dematerialized.

**15.13** Outstanding GDRs /ADRs/Warrants or Convertible Instrument : The Company has never issued GDRs/ ADRs/Warrants or any other Convertible Instrument.

**15.14** Commodities price risk or foreign exchange risk and hedging : Not Applicable

### 15.15 Location of Plants:

#### Sugar Mills:

- Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- Sidhwalia, Dist. Gopalganj, Bihar, Pin – 841 428
- Hasanpur, Dist. Samastipur, Bihar, Pin – 848 205

**Distillery:**

- a. Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- b. Sidhwalia, Dist. Gopalganj, Bihar, Pin – 841 428

**Co-generation Power Plants:**

- a. Narkatiaganj, District West Champaran, Bihar, Pin- 845 455.
- b. Sidhwalia, Dist. Gopalganj, Bihar, Pin – 841 428
- c. Hasanpur, Dist. Samastipur, Bihar, Pin – 848 205

**15.16 Address for Correspondence:**

<b>The Company Secretary,</b> Magadh Sugar & Energy Limited 9/1, R.N. Mukherjee Road 5th Floor, Birla Building Kolkata - 700 001, India Tel: 91 - 033 - 2243 0497/8 Fax: 91 - 033 - 2248 6369 e-mail: magadhinvestors@birla-sugar.com	<b>Link Intime India Pvt. Ltd.</b> <b>Registrar &amp; Share Transfer Agent</b> Unit: Magadh Sugar & Energy Limited 502 & 503, 5th Floor, Vaishno Chambers 6, Brabourne Road, Kolkata - 700 001, India Tel : 91-033-4004 9728 Fax : 91-033-4073 1698 e-mail: kolkata@linkintime.co.in
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**15.17 Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund**

The Company is not required to credit any sum to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**15.18 Credit Ratings**

The details of the Credit Rating assigned to the Company as on 31st March 2023 is as under:

Particulars	Amount ₹ in Crore	Agency	Assigned Rating
Term Loan	254.16	India Ratings and Research	IND A STABLE
Fund-based limit	5,250.00		IND A STABLE/IND A1
Non-fund based limit	20.00		IND A1

**15.19 Details of Unpaid Dividend**

The details of amount lying in the unpaid dividend accounts of the Company are as under:

Dividend Year	Amount lying in Unpaid Dividend Account as on March 31, 2023 (in ₹)	Due date for transfer to Investor Education and Protection Fund ("IEPF")
2016-2017	2,16,894.00	07.09.2024
2017-2018	1,16,700.00	01.11.2025
2018-2019	2,21,996.00	10.10.2026
2019-2020	5,55,297.00	28.10.2027
2020-2021	5,31,256.00	30.09.2028
2021-2022	8,08,936.50	27.08.2029

### 15.20 Transfer of shares in Unclaimed Suspense Account

The Company has transferred to the 'Unclaimed Suspense Account' the unclaimed equity shares which were issued in physical form from time to time. The details of such unclaimed shares are as under:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on April 1, 2022	226	55510
Number of shareholders who approached Company for transfer of shares from Unclaimed Suspense Account during the financial year 2022-23		
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the financial year 2022-23		
Aggregate Number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on March 31, 2023	226	55510

### 16. CEO and CFO Certification

The Whole time Director and the Chief Financial Officer of the Company have certified that all the requirements of the Listing Regulations inter-alia, dealing with the review of financial statements and cash flow statements for the year ended 31st March, 2023, transactions entered into by the Company during the said year, their financial reporting and evaluation of the effectiveness of the internal control system and making necessary disclosures to the auditors and the audit committee have been duly complied with.

### 17. Information about directors seeking appointment/ re-appointment

The details of Directors seeking appointment/re-appointment are given in the Annexure to the Notice, under the head Particulars of Directors seeking appointment/re-appointment at the Annual General Meeting.

### 18. Prevention of Insider Trading

The Company has in place a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 2015 for its designated persons. The Company also has in place Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information. This Code is available on Company's website at <http://www.birla-sugar.com/Assets/Magadh/Magadh%20Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>. The Code ensures the prevention of dealing in Company's shares/ securities by persons having access to unpublished price sensitive information. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the designated persons while in possession of unpublished price sensitive information in relation to the Company and

during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. All Board Directors and the designated persons have confirmed compliance with the Code.

### 19. Code of Conduct

The Company has also adopted a Code of Conduct (Code) for the members of Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Code-of-Conduct.pdf>. The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors, Key Managerial Personnel and Senior Management Personnel have affirmed their compliance with the Code, and a declaration to this effect, signed by the Wholetime Director, is attached to this report and which forms an integral part of this report.

### 20. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Wholetime Director which is duly supported by the legal compliance report of the internal auditors, heads of each Unit at Narkatiaganj, Sidhwalia and Hasanpur, as well as by the Chief Financial Officer and Company Secretary. The Board also reviews periodically the steps taken by the Company to rectify instances of non-compliances, if there be any.

### 21. Payment of Dividend etc. in electronic mode

Pursuant to Regulation 12 of the Listing Regulations, listed entity shall use any of the electronic modes of payment facility approved by the Reserve Bank of India (RBI) in the

manner specified in Schedule I of Listing Regulations, for making payments of dividend, interest, redemption or repayment amounts etc. However, where it is not possible to use electronic mode of payment, 'payable at-par' warrants or cheques may be issued. Further, where the amounts payable as dividend exceeds ₹1,500 (Rupees One Thousand and Five Hundred), the 'payable at- par' warrants or cheques shall be sent by speed post.

The Company is using various RBI approved electronic mode of payment for making payments such as dividend, etc. to the investors, failing which the bank details available with the depository participants and the Company's Registrar and Share Transfer Agents (RTA) are printed on the physical payment instruments.

Payment of dividend and other benefits through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants and other instruments such as loss in transit/misplacement/ revalidation etc. can be easily mitigated.

Members who wish to avail of the electronic facility of remittance, may update their bank details with the depository participants for shares held in demat form and Members holding securities of the Company in physical form are requested to update their bank details with the Company or its RTA.

The Company is using NACH mandate for remittance of dividend either through NACH or other electronic modes failing which the bank details available with the depository participants and the Company's RTA are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

Members who wish to receive dividend in a bank account other than the one registered with the depository participants for shares held in demat form and with the Company's RTA for shares held in physical form, may notify their depository participants and the Company or its RTA, respectively, about any change in the bank account details.

## 22. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit 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. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the

aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

## 23. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on Board Meetings and General Meetings. Further, pursuant to Section 118(10) of the Companies Act, 2013, every company shall observe secretarial standards specified by ICSI with respect to Board and General Meetings. The Company confirms that it has duly adhered to the said Secretarial Standards.

## 24. Secretarial Audit & Secretarial Compliance Report

The Secretarial Auditor appointed by the Company undertook the Secretarial Audit of records and documents in accordance with Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. The Secretarial Audit Report for the financial year ended March 31, 2023 is provided in the Annual Report. In addition to the Secretarial Audit Report, SEBI vide its Circular dated 8th February 2021 has mandated on annual basis a check by the company secretary in practice on compliance of SEBI Regulations and circulars/ guidelines issued thereunder and to submit a compliance report to the Company within 60 days of the end of the financial year, which was carried out the M/s Vinod Kothari & Company, Practising Company Secretary and their report was submitted to Stock Exchange in stipulated time Exchange within stipulated time and shall also be uploaded on company's website at [www.birla-sugar.com](http://www.birla-sugar.com)

## 25. Disclosures

- 25.01** There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties is disclosed in Note No. 42 of the Accounts in the Annual Report.
- 25.02** 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 for non-compliance by the Company during the last three years.
- 25.03** Your Company is fully compliant with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations, as applicable and compliance reports on Corporate Governance in the requisite formats have been submitted to the concerned stock exchanges.
- 25.04** The Company has in place the Whistle Blower Policy and no personnel have been denied access to the Audit Committee.
- 25.05** The Company has complied with all the applicable mandatory requirements.
- 25.06** In the preparation of the financial statements, the Company has followed Standards of Accounting notified under Sec 133 of the Companies Act, 2013, as amended. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.
- 25.07** Total fees for all services paid by the listed entity, to the statutory auditor and entities in the network firm/network entity of which the statutory auditor is a part was ₹ 32.07 lakhs.
- 25.08** During the year the Company has not raised any funds through preferential allotment or qualified institutional placement as specified in Reg 32(7A) of the Listing Regulations as amended from time to time.
- 25.09** All the recommendations/ suggestions made by the Committees of Board of Directors which is mandatorily required during the financial year 2022-23 were accepted by the Board of Directors

## 26. Discretionary Requirements

- a. Chairperson's Office:** Chairperson's Office is maintained by the Company and expenses towards performance of the Chairperson's duties are borne by

the Company / reimbursed to him.

- b. Shareholder rights:** The quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Hindi daily newspaper (having circulation in Lucknow) and regularly hosted on Company's website. The Annual Report of the Company for the financial year 2022-23 shall be emailed to the Members whose email addresses are available with the depositories or are obtained directly from the Members, as per Section 136 of the Companies Act, 2013 and Rule 11 of the Companies (Accounts) Rules, 2014. For other Members, who have not registered their email addresses, the Annual Report shall be sent at their registered address. If any Member wishes to get a duly printed copy of the Annual Report, the Company shall send the same, free of cost, upon receipt of request from the Member.

The Company communicates with shareholders through e-mail, telephone etc.

- c. Audit Opinion:** It is always the Company's endeavour to present unmodified audit opinion on the financial statements. There is no audit modified audit opinion on the Company's financial statements for the year ended on 31st March, 2023.
- d. Reporting of Internal Auditor:** The Internal Auditor may report directly to the Audit Committee. The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting audit findings to the Audit Committee.

## 27. Web links to Company policies and programmes

The Company's policies and programmes as prescribed under the Listing Regulations are available at:

- a. Code For Fair Disclosure Of Unpublished Price Sensitive Information :**  
<http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>
- b. Code of Conduct :**  
<http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Code-of-Conduct.pdf>
- c. CSR Policy :**  
<http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf>

**d. Policy for Determining Material Subsidiaries :**

<http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

**e. Policy on Determination of Materiality :**

<http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-on-Determination-of-Materiality.pdf>

**f. Policy on preservation of documents including archival :**

<http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-on-preservation-of-documents-including-archival.pdf>

**g. Policy on Related Party Transaction/s :**

<http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Related-Party-Transaction-Policy-.pdf>

**h. Whistle Blower Policy :**

<http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Whistle-Blower-Policy.pdf>

**i. Familiarisation Programme :**

<http://www.birla-sugar.com/Assets/Magadh/MSEL-Famprog%2022-23.pdf>

**Annexure C**

# Certificate on Code of Conduct

To  
The Members  
**Magadh Sugar & Energy Limited**  
P.O. Hargaon, Dist - Sitapur  
U.P – 261 121

Pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 I, Chandra Mohan, Wholetime Director of Magadh Sugar & Energy Limited, declare that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year 2022-23.

Date : May 9, 2023

**Chandra Mohan**  
Wholetime Director  
DIN - 07760264

## Annexure D

# Independent Auditors' Certificate

## on compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Members of

### Magadh Sugar & Energy Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 10 April 2023 and addendum to the engagement letter dated 10 April 2023
2. We have examined the compliance of conditions of Corporate Governance by **Magadh Sugar & Energy Limited** ("the Company"), for the year ended 31 March 2023, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

### Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2023.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India (the "ICAI"), in so far as

applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-1 00022

**Seema Mohnot**

Partner

Place: Kolkata

Date: 9 May 2023

Membership No:060715

UDIN: 23060715BGQAAD4548



## Annexure E

# Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Magadh Sugar & Energy Limited**  
P.O. - Hargaon, Dist. - Sitapur  
Uttar Pradesh - 261121

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Magadh Sugar & Energy Limited** having CIN : L15122UP2015PLC069632 and having registered office at P.O. - Hargaon, Dist. - Sitapur, Uttar Pradesh – 261121 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Chandra Shekhar Nopany	00014587	29.07.2016
2.	Padam Kumar Khaitan	00019700	14.03.2017
3.	Yashwant Kumar Daga	00040632	14.03.2017
4.	Ishwari Prosad Singh Roy	00217532	14.03.2017
5.	Raj Kumar Bagri	00231766	14.03.2017
6.	Shashi Sharma	02904948	14.03.2017
7.	Chandra Mohan	07760264	09.03.2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate has been issued relying on the documents and information as mentioned herein above and as were made available to us or as came to our knowledge for verification without taking any cognizance of any legal dispute(s) or sub-judice matters which may have effect otherwise, if ordered so, by any concerned authority(ies). This certificate is also 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.

Place: Kolkata  
Date : 09.05.2023

Name : CS Atul Kumar Labh  
Membership No. : FCS 4848  
CP No. : 3238  
PRCN : 1038/2020  
UIN : S1999WB026800  
UDIN : F004848E000274141

**Annexure F**

# Form No. MR-3 Secretarial Audit Report

FOR THE YEAR ENDED MARCH 31, 2023

[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  
**Magadh Sugar & Energy Limited**  
P.O. Hargaon, Dist - Sitapur  
U.P – 261 121

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Magadh Sugar & Energy Limited** [hereinafter called 'the Company'] for the year ended March 31, 2023 [“**Period under Review**”] in terms of Audit Engagement Letter dated 11th August, 2022. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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 the secretarial audit, we hereby report that in our opinion, the Company has, during the Period under Review, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Period under Review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under

the Securities and Exchange Board of India Act, 1992 (“SEBI Act”), to the extent applicable: -

- a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
6. **Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:**
  - a. The Sugar Development Fund Act, 1982 and Rules;
  - b. The Sugarcane (Control) Order, 1966;
  - c. The Food Safety and Standards Act, 2006 and Rules;
  - d. Food Safety and Standards Regulations;
  - e. The Essential Commodities Act, 1955;
  - f. Legal Metrology Act, 2009;
  - g. Petroleum Act, 1934 And Rules;
  - h. Electricity Act, 2003 and Rules;
  - i. Bihar Sugarcane (Regulation of Supply and Purchase) Act, 1981 and Rules;
  - j. Bihar Sugarcane (Distribution and Movement Control) Order, 1966.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

### Management Responsibility:

Kindly refer to our letter of even date which is annexed as **Annexure 'I'** which is to be read along with and forms an integral part of this report.

We report that during the Audit Period, the Company has complied with the provisions of the Act, rules, standards etc. mentioned above.

### Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

### We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company, which commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

**We further report that** during the Period under Review, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above-referred laws, rules, regulations, guidelines, and standards, etc.

**For M/s Vinod Kothari & Company  
Practicing Company Secretaries  
Unique Code: P1996WB042300**

**Place: Kolkata  
Date: 9th May 2023**

**Pammy Jaiswal  
Partner  
Membership No.: A48046  
CP No.: 18059  
UDIN: A048046E000274646  
Peer Review Certificate No.: 781/2020**

## Annexure I

# Annexure to Secretarial Audit Report (Un-qualified)

To

The Members

**Magadh Sugar & Energy Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **"Annexure II"**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have relied upon electronic versions of such books and records, as provided to us through online communication. We have conducted online verification & examination of records, as facilitated by the Company;

5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
  6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
  7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis and sample basis.
  8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
  9. The contents of this Report have to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
  10. 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.
- 

## Annexure II

### List of Documents

1. Draft of the final minutes shared through electronic mode, of the following:
  - a. Board Meeting;
  - b. Audit Committee;
  - c. Nomination and Remuneration Committee;
  - d. Stakeholders Relationship Committee;
  - e. Corporate Social Responsibility Committee;
  - f. Risk Management Committee meeting;
2. Annual Report 2021-22;
3. Notice and Agenda for Board and Committee Meetings on sample basis;
4. Memorandum and Articles of Association;
5. Disclosures under Act, 2013 on sample basis and those under Listing Regulations;
6. Forms and Returns files with the ROC;
7. Policies framed under Act, 2013 and Listing Regulations;
8. Compliance Report obtained by the Company from Internal Auditor for ascertaining the compliance with the specific laws;
9. Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015
10. Disclosures under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

## Annexure G

# Conservation of Energy

Information under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2023.

### A. Conservation of Energy :

#### a) The steps taken or impact on conservation of energy:

The Company has taken various steps towards conservation of energy detailed as under:

- i. Variable Frequency Drive (VFDs) is being installed at Lime Station and various other places in all the Units for reduction of electrical energy consumption.
- ii. LED lights are being installed on a continuous basis in place of SVL/MBL/CFL at all business location.
- iii. Installation of planetary gears at Juice sulphitor and other location in replacement of inefficient worm wheel type gears is also being done on regular basis in all the Units for saving of electrical energy.
- iv. Replacement of Old Main Switches by MCCB to avoid break down and Energy losses.
- v. Installation of Inverter Air Conditioner instead of old Conventional Air Conditioners.
- vi. Installation of Power Capacitor in different location to improve Power factor which help to save energy,
- vii. Bus Bar is used in place of long length cable for branch supply, its help to save energy.
- viii. The change in manufacturing process to produce Syrup- (for production of Ethanol in distillery units of the Company) led to significant reduction in process steam and power consumption and thereby conservation of energy at Narkatiaganj and Sidhwalia Unit.
- ix. Acquiring energy efficient inverter based welding machines in place of old conventional transformer type machine.
- x. Existing tubular Juice heater used as a Condensate juice heater, this reduce steam consumption resulting Energy conservation.

#### b) the steps taken by the company for utilizing alternate sources of energy:

Proposed to install Solar Street lights in place of conventional electrical lighting in Factory, Residential Area, Farm Area and Out Centers

The Company generates green power by using bagasse as raw material instead of using fossil fuels which is harmful for the environment. The renewable power produced is used for captive consumption and is also sold to the Grid.

#### c) the capital investment on energy conservation equipment's: Nil

### B. Technology Absorption:

#### i. the efforts made towards technology absorption

- a) Mobile App developed for educating and disseminating important information to farmers.
- b) For the rapid multiplication and production of disease free planting material (Cane Seed) production of seedlings is being done through Tissue culture and IVPS technique. Single bud cane seed nursery is also being done for further fast multiplication of new promising varieties.
- c) Soil testing laboratory including analysis of micronutrients and providing soil health card to growers for correct nutrient recommendation as per requirement of the soil.
- d) in order to maintain disease free planting material of sugarcane, Hot water treatment units are installed for cane seed treatment to eradicate disease pathogens i.e. fungal, mycoplasma, bacterial and viral contaminants which cause major diseases, affect cane yield and recovery as well. Hot water process improves the cane seed quality and yield of sugarcane. Vacuum Seed set Treatment devices also arranged and installed for same purpose.
- e) To improve the natural fertility of soil, good quality of bio-compost in powder/ granular form and a mixture of seaweed extract, Humic acid, Fulvic acid and amino acids are also being applied to enrich and conditioning of soil.

#### ii. The Company has not imported any new technology during last three years.

#### iii. The Company had incurred an expenditure on research and cane development amounting to ₹ 691.74 lakhs during financial year 2022-23.

#### d) Foreign Exchange Earnings and Outgo :

- a) Activities relating to exports, initiatives taken to increase exports - Nil
- b) Development of new export markets for products and services and export plan - Nil
- c) Earnings in Foreign Exchange (FOB Value) - Nil
- d) Expenditure in Foreign Currency - Nil

## Annexure H

# Particulars of Employees

### A. Particulars of Employees pursuant to Section 134(3)(q) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The percentage increase in remuneration of each Director, Wholetime Director, Chief Financial Officer and Company Secretary in the financial year 2022-23 and the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022-23:

Name	Designation	Remuneration for the year ended 31.03.2023	% age increase in remuneration in the FY 2022-23 as compared to Previous year 2021-22	Ratio of remuneration of each director to the median remuneration of the employees of the Company
Mr Chandra Shekhar Nopany	Chairperson	2.60	(68.29)	1.16
Mr Raj Kumar Bagri	Independent Director	4.40	(55.10)	1.96
Mr Yashwant Kumar Daga	Independent Director	3.80	(62.75)	1.69
Mr Ishwari Prosad Singh Roy	Independent Director	3.60	(62.50)	1.60
Mr Padam Kumar Khaitan	Independent Director	4.20	(52.27)	1.87
Mrs Shashi Sharma	Independent Director	3.00	(64.29)	1.33
Mr Chandra Mohan	Wholetime Director	126.22	9.31	56.10
Mr Subramanian Sathyamurthy	Company Secretary	32.12	10.08	Not Applicable
Mr Sudershan Bajaj	Chief Financial Officer	29.61	59.54	Not Applicable

- ii. The percentage increase in the median remuneration of employees in the financial year 2022-23 : 8.42%
- iii. The number of permanent employees on the rolls of the Company : 1234
- iv. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :
- Average increase in the salaries of employees other than managerial personnel in the financial year 2022-23 is 6.33%. Details of percentage increase in the remuneration of managerial personnel is given in the table above.
- v. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.

## B. Particulars of Employees pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2022-23

Sl. No.	Name of the Employee	Designation	Qualification	Age (years)	Experience (Years)	Date of commencement of Employment	Remuneration Received	Last employment	Equity Shares held
1	Shri Chandra Mohan	Whole Time Director	Diploma in Mechanical Engineering	63	39	18-05-2007	1,26,22,410	The Oudh Sugar Mills Ltd	Nil
2	Shri Chand Bihari Patodia	Group President	Intermediate	74	55	01-04-2017	72,57,600	The Oudh Sugar Mills Ltd	Nil
3	Shri Brij Mohan Agarwal	Vice President Sales	B. Com, MBA (Finance)	53	32	01-04-2017	59,91,942	The Oudh Sugar Mills Ltd	Nil
4	Shri Ravindra Kumar . Tewari	Executive President	B.Sc Ag & Ah	54	29	08-05-2021	56,18,989	Bajaj Hindustan Ltd., Unit - Khambhar Kheda (U.P.)	Nil
5	Shri V. Sivaram	Executive Vice President	BE Mechanical, NSI	52	26	07-12-2020	45,95,140	Sugar Corporation of Uganda	Nil
6	Shri Mainak Ranjan Chaki	Vice President, HR	MBA	50	21	04-07-2022	43,20,736	Skipper Limited	Nil
7	Shri Shashi Kedia	Executive President	MBA	44	22	01-08-2001	39,90,882	The Oudh Sugar Mills Ltd	Nil
8	Shri S Subramanian	Company Secretary	B.Com (Hons) FCS	57	36	01-04-2017	32,11,755	Upper Ganges Sugar & Industries Ltd.	Nil
9	Shri Om Prakash Singh	Executive Vice President (Technical)	Diploma in Mechanical Engineering	57	36	01-05-2013	31,69,635	Lakshmi Sugar Mills Co. Ltd.	Nil
10	Shri Sudershan Bajaj	Chief Financial Officer	B.Com (Hons), C.A	42	18	01-08-2021	29,61,330	Avadh Sugar & Energy Limited	Nil

**For and on behalf of the Board**

Place: Kolkata

Date : May 9, 2023

**Chandra Shekhar Nopany**

*Chairperson*

**Annexure I**

# Annual Report on CSR

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2022-23

1. **A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or programs.**

The Company's CSR policy focuses on practicing its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders and with an intent to make a positive difference to society and to conduct the business in socially responsible, ethical and transparent manner to demonstrate commitment to respect the interest of and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.

2. **Composition of the CSR Committee.**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number meetings of CSR Committee attended during the year
1.	Mr Chandra Shekhar Nopany,	Chairperson	3	3
3.	Mr Padam Kumar Khaitan,	Independent Director	3	3
3.	Mr Chandra Mohan	Whole-time Director	3	3

3. **Provide the web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

The CSR policy is available on the website of the Company viz. <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf>

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)**

Not applicable for the financial year under review

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Not applicable for the financial year under review

6. **Average net profit of the Company as per section 135(5): ₹ 7404.86 lakhs**

7. a. Two percent of average net profit of the company as per section 135(5) : ₹ 148.10 lakhs

b. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

c. Amount required to be set off for the financial year, if any : Nil

d. Total CSR obligation for the financial year (7a+7b-7c) : ₹ 148.10 lakhs

8. (a) CSR amount spent or unspent for the financial year : NIL

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
150.50 lakhs	Not applicable		Not applicable		



8. (b) Details of CSR amount spent against on-going projects for the financial year :

(1) Sl No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the Project		(6) Project Duration	(7) Amount allotted for the project (in ₹)	(8) Amount spent in the current financial year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation – Director (Yes/No)
				State	District					

Not Applicable

8. (c) Details of CSR amount spent against other than on-going projects for the financial year :

1 Sl No	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/ No)	5 Location of the Project		6 Amount allotted for the project (in ₹)	7 Mode of implementation – Direct (Yes/ No)	8 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Director (Yes/No)
				State	District				
1	Eye and Health Camp	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	West Champaran	7,83,125.00	Yes	N/A	N/A
2	Water Cooler for Drinking Water	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	West Champaran	2,29,500.00	Yes	N/A	N/A

1 Sl No	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the Project		6 Amount allotted for the project (in ₹)	7 Mode of implementation – Direct (Yes/No)	8 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	
				State	District			Name	Mode of Implementation – Director (Yes/No)
3	Furniture's in school	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bihar	West Champaran	3,69,840.00	Yes	N/A	N/A
4	Training and Sport Material Distribution	(vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports	Yes	Bihar	West Champaran	3,79,781.00	Yes	N/A	N/A
5	Repairing of Old Toilets	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	West Champaran	1,18,000.00	Yes	N/A	N/A
6	Har Ghar Tiranga	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bihar	West Champaran	62,578.00	Yes	N/A	N/A

1	2	3	4	5		6	7	8		
				State	District			Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Name	CSR registration number
SI No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Amount allotted for the project (in ₹)	Mode of implementation – Direct (Yes/No)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Name	CSR registration number
7	Contribution to Nopany Foundation	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	No	West Bengal	Kolkata	26,00,000.00	No		Nopany Foundation	CSR00047189
8	Contribution to Nopany Education Trust	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	No	West Bengal	Kolkata	25,00,000.00	No		Nopany Education Trust	CSR00019941
9	Contribution to Vishwamangal Education Trust	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	No	West Bengal	Kolkata	6,00,000.00	No		Vishwamangal Education Trust	CSR00019991
10	Sai Baba Sevashram & Yoga Research	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	No	West Bengal	Kolkata	1,00,000.00	Yes		N/A	N/A
11	Supply and Installation of Hand Pump with complete set	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Gopalganj	11,12,583.00	Yes		N/A	N/A

1	2	3	4	5		6	7	8	
				State	District			Amount allotted for the project (in ₹)	Mode of implementation – Direct (Yes/No)
12	Health Camp	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Goalganj	2,52,901.00	Yes	N/A	N/A
13	Water Cooler	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Gopalganj	4,53,815.00	Yes	N/A	N/A
14	Seminar/Workshop/Awareness Meeting of 500 Farmers(10 Nos)	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bihar	Gopalganj	1,15,750.00	Yes	N/A	N/A
15	Yatri Shed	(x) Rural Projects	Yes	Bihar	Gopalganj	8,42,520.00	Yes	N/A	N/A

1	2	3	4	5		6	7	8	
				State	District			Amount allotted for the project (in ₹)	Mode of implementation – Direct (Yes/No)
16	Construction of Pond for Rain Water Harvesting	(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Bihar	Gopalganj	19,06,228.00	Yes	N/A	N/A
17	Furniture's in school	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bihar	Gopalganj	6,45,508.00	Yes	N/A	N/A
18	Installation of Solar Street Light at Local Market(10 Nos)	(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Bihar	Gopalganj	4,36,142.00	Yes	N/A	N/A
19	Supply and Installation of Hand Pump with complete set	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Samastipur	70,800.00	Yes	N/A	N/A

1 SI No	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the Project		6 Amount allotted for the project (in ₹)	7 Mode of implementation – Direct (Yes/No)	8 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) Mode of Implementation – Director (Yes/No)	
				State	District			Name	CSR registration number
20	Health Camp	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Samastipur	5,34,127.00	Yes	N/A	N/A
21	Water Cooler	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Bihar	Samastipur	3,07,706.00	Yes	N/A	N/A
22	Furniture in school	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bihar	Samastipur	1,80,688.00	Yes	N/A	N/A

1 Sl No	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/ No)	5 Location of the Project		6 Amount allotted for the project (in ₹)	7 Mode of implementation – Direct (Yes/ No)	8 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	
				State	District			Name	Director (Yes/No) CSR registration number
23	Cleaning & Maintenance of Pond	(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Bihar	Gopalganj	2,06,500.00	Yes	N/A	N/A
24	Animal Protection(Fodder in cow Shelter)	(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Bihar	Samastipur	1,51,000.00	Yes	N/A	N/A
25	Training and Sport Material Distribution	(vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports	Yes	Bihar	Samastipur	90,620.00	Yes	N/A	N/A

(d) Amount spent in Administrative Overheads : NIL

(e) Amount spent on Impact Assessment, if applicable : NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 150.50 Lakhs

(g) Excess amount for set off, if any : NIL

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	148.10 lakhs
(ii)	Total amount spent for the Financial Year	150.50 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.40 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.40 lakhs

9. (a) Details of Unspent CSR amount for the preceding three financial years :

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not applicable							

9. (b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s) :

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the Project – Completed / On-going
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- Date of creation or acquisition of the capital asset(s): Not applicable
- Amount of CSR spent for creation or acquisition of capital asset: Not applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

Not applicable

Place : Kolkata  
Date : May 9, 2023

**Chandra Mohan**  
Wholetime Director

**Chandra Shekhar Nopany**  
Chairperson, CSR Committee



# Independent Auditor's Report

To  
The Members of  
**Magadh Sugar & Energy Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Magadh Sugar & Energy Limited** (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act.

Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Cost of sugar inventory

See Note 9 to financial statements

The key audit matter	How the matter was addressed in our audit
<p>The cost of sugar inventory is computed separately for each sugar mill of the Company. Further, since sugar industry is seasonal in nature, significant judgement is involved in determination of cost of inventories.</p> <p>We have identified determining cost of inventories of sugar as a key audit matter because of:</p> <ul style="list-style-type: none"> <li>significant judgment involved in determination of cost of conversion. It is affected by variability in seasonal factors including number of sugarcane crushing days, recovery of sugar from cane, syrup produced and allocation of cost to by-products based on net realisable value ('NRV');</li> <li>the voluminous data involved;</li> <li>the relative amount (₹ 42,422 lakhs) of the sugar inventory is significant to financial statements as a whole (30.11% of total assets); and</li> <li>Impact of notifications/orders from regulators on the cost of sugar inventory.</li> </ul>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Evaluated the accounting policy of sugar inventory in terms of relevant accounting standard;</li> <li>Tested the design, implementation and operating effectiveness of the Company's key controls over computation of cost of sugar inventory for each sugar mill;</li> <li>Tested the cost sheet data of each sugar mill. We assessed the adequacy of the method used, relevance and reliability of data and the formula applied for determining the cost of sugar inventory. This included the basis of allocation of cost to by-products based on NRV.</li> <li>In addition, we assessed the impact of notifications/ orders of the regulators on cost of sugar inventory. For cost of conversion, we assessed the impact of variability in seasonal factors including number of sugarcane crushing days, syrup produced and recovery of sugar from cane.</li> </ul>

## Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- a. The financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 11 May 2022.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement

of cash flows dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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:
- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 39(a) to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 19(a) to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Seema Mohnot**

Partner

Membership No.: 060715

ICAI UDIN:23060715BGQAAC5503

Place: Kolkata

Date: 09 May 2023

## Annexure A to the Independent Auditor's Report on the Financial Statements of Magadh Sugar & Energy Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value (₹ in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Freehold Land	71.21	New Swadeshi Sugar Mills (the Erstwhile Company)	No	Since 1 April 2015	Transferred to the Company pursuant to Composite Scheme of Arrangement, mutation in the name of the Company is pending as on the Balance Sheet date

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account (₹ in lakhs)	Amount as reported in the quarterly return/ statement (₹ in lakhs)	Amount of difference (₹ in lakhs)	Whether return/ statement subsequently rectified
31 March 2023	HDFC, ICICI, SBI,	Inventories	56,501.59	55,731.81	769.78	Not applicable, refer to Note 20(iii) of the financial statements.
31 December 2022	DCB, South Indian	Inventories	24,136.41	21,381.61	2,754.80	
30 September 2022	Bank	Inventories	10,455.03	8,897.70	1,557.33	
30 June 2022		Inventories	27,399.75	24,252.12	3,147.63	

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties. The Company has granted loans to other parties, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, companies, firms or limited liability partnership during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to any other parties as below:

Particulars	Amount in ₹ lakhs
Aggregate amount during the year	64.14
Others	
Balance outstanding as at balance sheet date	23.29
Others	

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records

of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST. Also, as explained to us, the Company did not have any dues on account of Employees State Insurance and Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Income-Tax, Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Income-Tax, Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Amount paid* (₹ in lakhs)	Net amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Bihar VAT Act, 2005	Differential VAT on Denatured Spirit. VAT on exempted sales	64.34	8.11	56.23	2010-2011 & 2011-2012	Appellate Tribunal, Patna
Bihar Molasses (Control) Act, 1947	Administration Charges on Molasses	155.05	38.76	116.29	1995-1996 to 1999-2000	Supreme Court of India
The Bihar Electricity Duty Act, 1948	Demand for Electricity Duty on Sale of Electricity	162.99	-	162.99	2009-2010 to 2012-2013	High Court, Patna / Certificate Officer, Samastipur
Central Excise Act, 1944	Disallowance of CENVAT credit on certain input / capital items / input services	563.59	28.52	535.07	2004-2005 to 2007-2008, October 2014 to December 2016	Customs Exice and Service Tax Appellate Tribunal (CESTAT) / Commissioner (Appeal)
Bihar Sugarcane (Supply & Regulation) Act, 1981	Interest on Cane Cess	3.37	-	3.37	1984-1985 to 1986-1987, 1991-1992, 1994-1995 to 1998-1999, 2003-2004 and 2004-2005	Certificate Officer, Samastipur

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records

of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material



uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any

project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Seema Mohnot**

Partner

Place: Kolkata

Date: 09 May 2023

Membership No.: 060715

ICAI UDIN:23060715BGQAAC5503

# Annexure B to the Independent Auditor's Report on the financial statements of Magadh Sugar & Energy Limited for the year ended 31 March 2023

## Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of Magadh Sugar & Energy Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial

statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Seema Mohnot**

Partner

Membership No.: 060715

ICAI UDIN:23060715BGQAAC5503

Place: Kolkata

Date: 09 May 2023

# Balance Sheet

as at 31st March, 2023

(₹ in lakhs)

	Notes	As at 31st March, 2023	As at 31st March, 2022
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	78,967.41	80,658.53
(b) Capital Work-in-Progress	5	239.41	88.28
(c) Intangible Assets	6	14.13	10.75
(d) Intangible assets under development	7	-	3.45
(e) Financial Assets			
(i) Investments	8	0.66	0.66
(ii) Other Financial Assets	15	69.13	71.33
(f) Other Non-current Assets	17	113.98	161.76
<b>Total Non-current Assets</b>		<b>79,404.72</b>	<b>80,994.76</b>
<b>2. Current Assets</b>			
(a) Inventories	9	56,501.59	47,129.92
(b) Biological assets other than bearer plants	10	110.98	105.99
(c) Financial Assets			
(i) Trade Receivables	11	3,452.70	4,879.28
(ii) Cash and Cash Equivalents	12	13.02	22.77
(iii) Bank Balances other than (ii) above	13	29.06	21.04
(iv) Loans	14	23.29	29.98
(v) Other Financial Assets	15	410.11	396.92
(d) Current Tax Assets (net)	16	157.53	108.99
(e) Other Current Assets	17	774.69	1,102.43
<b>Total Current Assets</b>		<b>61,472.97</b>	<b>53,797.32</b>
<b>TOTAL ASSETS</b>		<b>1,40,877.69</b>	<b>1,34,792.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	18	1409.16	1,409.16
(b) Other Equity	19	62,527.50	58,422.71
<b>Total Equity</b>		<b>63,936.66</b>	<b>59,831.87</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	12,240.75	13,781.75
(ii) Lease Liabilities	21	24.36	100.10
(iii) Other Financial Liabilities	23	22.00	22.00
(b) Provisions	25	289.01	95.13
(c) Deferred Tax Liabilities (net)	26	5,132.94	3,789.68
<b>Total Non-current Liabilities</b>		<b>17,709.06</b>	<b>17,788.66</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	45,985.17	49,812.02
(ii) Lease Liabilities	21	15.00	15.00
(iii) Trade Payables			
(A) Total outstanding dues of micro enterprises and small enterprises	22	54.87	83.69
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	22	10,572.71	3,860.01
(iv) Other Financial Liabilities	23	1,268.05	1,899.94
(b) Other Current Liabilities	24	592.89	504.57
(c) Provisions	25	406.67	651.05
(d) Current Tax Liabilities (net)	27	336.61	345.27
<b>Total Current Liabilities</b>		<b>59,231.97</b>	<b>57,171.55</b>
<b>Total Liabilities</b>		<b>76,941.03</b>	<b>74,960.21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,40,877.69</b>	<b>1,34,792.08</b>
<b>Summary of significant accounting policies</b>	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

 For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Seema Mohnot**

Partner

Membership No.: 060715

Place: Kolkata

Date: 9th May, 2023

**Chandra Mohan**  
 Whole-time Director  
 DIN: 07760264

**Chandra Shekhar Nopany**  
 Chairman  
 DIN: 00014587

**Subramanian Sathyamurthy**  
 Company Secretary

**Sudershan Bajaj**  
 Chief Financial Officer

# Statement of Profit and Loss

for the year ended 31st March, 2023

(₹ in lakhs)

	Notes	Year ended 31st March, 2023	Year ended 31st March, 2023
<b>I. Revenue from Operations</b>	28	<b>95,341.98</b>	99,505.83
<b>II. Other Income</b>	29	<b>180.36</b>	281.93
<b>III. Total Income (I + II)</b>		<b>95,522.34</b>	99,787.76
<b>IV. Expenses</b>			
Cost of Materials Consumed	30	73,262.37	54,268.60
Changes in inventories of Finished Goods and Work-in-progress	31	(6,452.03)	20,282.98
Employee benefits expense	32	6,170.95	4,848.83
Finance costs	33	3,035.97	3,977.97
Depreciation and amortization expense	34	2,519.49	2,092.01
Other expenses	35	9,276.52	7,672.47
<b>Total Expenses</b>		<b>87,813.27</b>	93,142.86
<b>V. Profit before tax (III + IV)</b>		<b>7,709.07</b>	6,644.90
<b>VI. Tax expense</b>	36		
Current tax		1,337.85	1,147.14
Deferred tax		1,345.07	896.05
<b>Total tax expenses</b>		<b>2,682.92</b>	2,043.19
<b>VII. Profit for the year (V - VI)</b>		<b>5,026.15</b>	4,601.71
<b>VIII. Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit liability / (asset)		(7.21)	40.19
(b) Income taxes relating to items that will not be reclassified to profit or loss		1.81	(10.11)
Other comprehensive income for the year, net of income tax		<b>(5.40)</b>	<b>30.08</b>
<b>IX. Total comprehensive income for the year (VII + VIII)</b>		<b>5,020.75</b>	<b>4,631.79</b>
<b>X. Earnings per equity share</b>	37		
<b>[Nominal value per equity share ₹ 10 (₹ 10)]</b>			
(a) Basic (₹)		35.67	32.66
(b) Diluted (₹)		35.67	32.66
Summary of significant accounting policies			
The accompanying notes are an integral part of the financial statements.	3		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Chandra Mohan**  
Whole-time Director  
DIN: 07760264

**Chandra Shekhar Nopany**  
Chairman  
DIN: 00014587

**Seema Mohnot**

Partner

Membership No.: 060715

Place: Kolkata

Date: 9th May, 2023

**Subramanian Sathyamurthy**  
Company Secretary

**Sudershan Bajaj**  
Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March, 2023

### A. Equity Share Capital

(₹ in lakhs)

	Notes	As at 31st March, 2023		As at 31st March, 2022	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	18	1,40,91,630	1,409.16	1,40,91,630	1,409.16
Changes in Equity Share Capital during the year		-	-	-	-
<b>Balance at the end of the year</b>	<b>18</b>	<b>1,40,91,630</b>	<b>1,409.16</b>	<b>1,40,91,630</b>	<b>1,409.16</b>

### B. Other Equity

(₹ in lakhs)

	Reserves and Surplus			Total
	Capital Reserve	Capital Redemption Reserve	Retained Earnings	
<b>Balance at 1st April, 2022</b>	<b>36,897.75</b>	<b>747.39</b>	<b>20,777.57</b>	<b>58,422.71</b>
<b>Total comprehensive income for the year</b>				
- Profit for the year	-	-	5,026.15	5,026.15
- Other Comprehensive income for the year	-	-	(5.40)	(5.40)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>5,020.75</b>	<b>5,020.75</b>
<b>Final Dividend paid on equity shares [Note 19]</b>	<b>-</b>	<b>-</b>	<b>(915.96)</b>	<b>(915.96)</b>
<b>Balance at 31st March, 2023</b>	<b>36,897.75</b>	<b>747.39</b>	<b>24,882.36</b>	<b>62,527.50</b>
Balance at 1st April, 2021	36,897.75	747.39	16,709.45	54,354.59
Total comprehensive income for the year				
- Profit for the year	-	-	4,601.71	4,601.71
- Other Comprehensive income for the year	-	-	30.08	30.08
Total comprehensive income	-	-	4,631.79	4,631.79
Final Dividend paid on equity shares [Note 19]	-	-	(563.67)	(563.67)
<b>Balance at 31st March, 2022</b>	<b>36,897.75</b>	<b>747.39</b>	<b>20,777.57</b>	<b>58,422.71</b>

The description, nature and purpose of each reserve within equity are as follows:

#### (a) Capital Reserve

The difference between the net fair value of assets and liabilities of the sugar business undertakings acquired and shares allotted pursuant to the scheme of arrangement in earlier year.

#### (b) Capital Redemption Reserve

The Company had created Capital Redemption Reserve on Non-convertible cumulative redeemable preference shares in accordance with the Companies Act, 2013. The reserve may be applied in accordance with the provisions of Section 69 of the Companies Act, 2013.

#### (c) Retained Earnings

It comprise of accumulated profit of the Company after dividends or other distributions, if any, paid to shareholders.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Seema Mohnot**

Partner

Membership No.: 060715

Place: Kolkata

Date: 9th May, 2023

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

**Chandra Mohan**

Whole-time Director

DIN: 07760264

**Chandra Shekhar Nopany**

Chairman

DIN: 00014587

**Subramanian Sathyamurthy**

Company Secretary

**Sudershan Bajaj**

Chief Financial Officer

# Cash Flow Statement

for the year ended 31st March, 2023

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before tax</b>	<b>7,709.07</b>	<b>6,644.90</b>
Adjustments for:		
Depreciation and amortisation expense	2,519.49	2,092.01
Depreciation in relation to farm assets	9.24	8.66
Finance Costs	3,035.97	3,977.97
Loss allowance on trade receivables	5.68	-
Bad debts, irrecoverable claims and advances written off (net)	7.69	8.77
Loss on sale / discard of Property, Plant and Equipment (net)	16.71	24.86
Interest income	(53.13)	(65.86)
Gain on termination of lease	(15.86)	-
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	(54.73)	(105.89)
	<b>13,180.13</b>	12,585.42
Working capital adjustments:		
(Increase) / Decrease in Inventories	(9,371.67)	18,628.60
(Increase) in Biological assets other than bearer plants	(4.99)	(3.09)
Decrease / (Increase) in Trade Receivables and Loans	1,427.59	(3,396.22)
Decrease / (Increase) in Other Financial Assets	(12.98)	(362.75)
Decrease in Other Assets	323.72	2,799.31
Increase / (Decrease) in Trade Payables	6,738.13	(12,541.72)
Increase in Other Financial Liabilities	563.41	13.37
(Decrease) in Provisions	(57.71)	(62.85)
Increase / (Decrease) in Other Liabilities	88.32	(1,979.37)
Cash generated from Operations	12,873.95	15,680.70
Income tax paid (net of refund received)	(1,395.05)	(1,005.29)
<b>Net Cash generated from Operating Activities</b>	<b>11,478.90</b>	14,675.41
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of Property, Plant and Equipment	3.77	14.43
Capital subsidy received	37.68	-
Acquisition of Property, Plant and Equipment	(2,179.04)	(10,656.61)
Acquisition of Intangible Assets	(3.84)	(2.70)
Interest received	53.13	65.86
Proceeds on maturity of Bank deposits	2.00	-
<b>Net Cash used in Investing Activities</b>	<b>(2,086.30)</b>	(10,579.02)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Non-current Borrowings	(4,668.75)	(3,750.00)
Proceeds from Non-current Borrowings	5,000.00	10,150.00
Repayment of Inter-corporate deposits	(5,000.00)	(2,800.00)
(Repayments of) / Proceeds from Cash Credit including WCDL (net)	(717.97)	(3,006.70)
Repayment of Lease liabilities	(11.06)	(3.28)
Interest on lease liabilities paid	(3.94)	(11.72)
Other Interest paid	(3,084.67)	(4,130.51)
Final dividend paid on Equity Shares	(915.96)	(563.67)
<b>Net Cash used in Financing Activities</b>	<b>(9,402.35)</b>	(4,115.88)
<b>Net Changes in Cash &amp; Cash Equivalents (A + B + C)</b>	<b>(9.75)</b>	(19.49)
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>22.77</b>	42.26
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>13.02</b>	22.77

# Cash Flow Statement

for the year ended 31st March, 2023

## 1. Change in Liability arising from financing activities

(₹ in lakhs)

	As on 1st April, 2022	Change in Current portion of Non-current borrowings	Cash Flow	Fair Value Change	As on 31st March, 2023
Non-current Borrowings [Note 20]	13,781.75	(1,891.12)	331.25	18.87	12,240.75
Current Borrowings [Note 20]	49,812.02	1,891.12	(5,717.97)	-	45,985.17
Lease Liabilities [Note 21]	115.10	-	(15.00)	(60.74)	39.36

(₹ in lakhs)

	As on 1st April, 2021	Change in Current portion of Non-current borrowings	Cash Flow	Fair Value Change	As on 31st March, 2022
Non-current Borrowings [Note 20]	8,408.37	(919.80)	6,400.00	(106.82)	<b>13,781.75</b>
Current Borrowings [Note 20]	54,698.92	919.80	(5,806.70)	-	<b>49,812.02</b>
Lease Liabilities [Note 21]	118.38	-	(15.00)	11.72	<b>115.10</b>

## 2. The Cash Flows Statement has been prepared under the "Indirect Method" as set out in Ind-AS 7 "Statement of Cash Flows".

As per our report of even date attached.

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

 For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Chandra Mohan**  
Whole-time Director  
DIN: 07760264

**Chandra Shekhar Nopany**  
Chairman  
DIN: 00014587

**Seema Mohnot**

Partner

Membership No.: 060715

Place: Kolkata

Date: 9th May, 2023

**Subramanian Sathyamurthy**  
Company Secretary

**Sudershan Bajaj**  
Chief Financial Officer



# Notes to Financial Statements

for the year ended 31st March, 2023

## 1. Reporting entity

Magadh Sugar & Energy Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at Post Office Hargaon, District Sitapur, Uttar Pradesh 261121, India. Its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The Company is primarily engaged in the manufacture and sale of sugar and its by-products (molasses, bagasse and press-mud), denatured spirits (including ethanol) and power. The Company has operations in India.

## 2. Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 ('Act'), other relevant provisions and presentation requirement of Division II of Schedule III to the Act, as applicable.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 9th May, 2023.

Details of the Company's accounting policies are included in Note 3.

### 2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

### 2.3 Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

Items	Measurement basis
(i) Certain financial assets and liabilities	Fair value
(ii) Biological assets other than bearer plants	Fair value less costs to sell
(iii) Employee's defined benefit plan	As per actuarial valuation (present value of defined benefit obligation less fair value of plan assets)

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### 2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

- Note 4 and 6 - Useful life and residual value of property, plant and equipment and intangible assets;
- Note 10 - Determining the fair values of biological assets other than bearer plants on the basis of significant unobservable inputs;

## Notes to Financial Statements for the year ended 31st March, 2023

- Note 25 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 26 - Recognition of deferred tax assets (including MAT credit entitlement): availability of future taxable profit and income tax liabilities thereon against which MAT credit entitlement can be used;
- Note 39 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 44 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

Information about assumptions and judgement uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

- Note 21 - Determination of ROU assets and liabilities; incremental borrowing rate and lease term.
- Note 9 - Valuation of Inventories;

### 2.5 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.4.

## 3. Summary of Significant accounting policies

### 3.1 Classification of assets and liabilities as current and non-current

All assets and liabilities are classified as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

#### Assets

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

- it is expected to be realised in or intended for sale or consumption in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;

## Notes to Financial Statements for the year ended 31st March, 2023

- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

### **Liabilities**

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

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) 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 current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

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

### **Operating cycle**

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

## **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

## **3.3 Financial instruments**

### **Recognition and initial measurement**

Trade Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### **Classification and subsequent measurement**

#### **(i) Financial assets**

On initial recognition, a financial asset is classified as and measured at:

## Notes to Financial Statements for the year ended 31st March, 2023

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL).

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cashflows

### **(ii) Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

### **(iii) Financial assets at fair value through other comprehensive income (FVOCI)**

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The Assets contractual cash flows on specified dates represent SPPI on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

### **(iv) Financial assets at fair value through profit or loss (FVTPL)**

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI).

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

## Notes to Financial Statements for the year ended 31st March, 2023

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### (v) **Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.

### (vi) **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

### (vii) **Financial liabilities through fair value through profit or loss (FVTPL)**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

### (viii) **Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

## Derecognition

### (i) **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### (ii) **Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The

## Notes to Financial Statements for the year ended 31st March, 2023

difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 3.4 Property, plant and equipment [PPE]

#### **Recognition and measurement**

The cost of an item of property, plant and equipment shall be recognised 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.

Items of property, plant and equipment are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is carried at historical cost less any accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection/ commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

#### **Subsequent expenditure**

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

#### **Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets and recognised in the Statement of Profit and Loss.

The useful lives have been determined based on evaluation done by the management's expert and are in line with the useful life specified in Part C of Schedule II to the Companies Act, 2023, except for certain factory building, non-factory buildings and plant and equipment where prescribed rates per Companies Act 2013 are 30 years, 60 years and 15-40 years respectively, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The range of estimated useful lives of items of property, plant and equipment are as follows:

<b>Class of assets</b>	<b>Management estimate of useful life (in years)</b>
Factory buildings	5 - 30
Non factory buildings	5 - 60
Plant and equipment	5 - 40
Computer and data processing equipment	3 - 6
Furniture and fixtures	10
Vehicles	8 - 10
Office equipment	5

## Notes to Financial Statements for the year ended 31st March, 2023

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Depreciation on additions to or disposal of assets is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off). Freehold land is not depreciated.

### **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 recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. [Note 4]

### **Capital work-in-progress (CWIP)**

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds / general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### **3.5 Intangible assets**

Intangible assets including Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on straight line method basis over the estimated useful life. Estimated useful life of the Computer software is considered as five years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

An intangible asset is derecognised 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 are recognised in the Statement of Profit and Loss when the asset is derecognised.

### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets. [Note 6]

### **3.6 Biological assets other than bearer plants**

Biological assets other than bearer plants comprise standing crops of sugarcane and other agriculture products.

On initial recognition and at the end of each reporting period, Biological assets other than bearer plants are measured at fair value less estimated costs to sell. Changes in fair value are recognised in the Statement of Profit and Loss.

The fair value of these assets excludes the land upon which the crops are planted or the items of property, plant and equipment utilised in the upkeep of planted areas.

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date.

When harvested, sugarcane is transferred to inventory at fair value less costs to sell.

### **3.7 Inventories**

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method / moving average method.

## Notes to Financial Statements for the year ended 31st March, 2023

Work-in-progress and Finished goods are valued at lower of cost and net realizable value. Work-in-progress and Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

By products and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount so written-down is adjusted in terms of policy as stated above.

### 3.8 Impairment

#### ***Impairment of financial instruments : financial assets***

At each reporting date, the Company assesses whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables on an individual case to case basis on the basis of its historical credit loss experience.

For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

#### ***(i) Measurement of expected credit losses***

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

#### ***(ii) Presentation of allowance for expected credit losses in the balance sheet***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### ***(iii) Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or



## Notes to Financial Statements for the year ended 31st March, 2023

sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **Impairment of non-financial assets**

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **3.9 Employee benefits**

### **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 recognised for the amount expected to be paid, 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.

### **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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees. The Company makes specified periodically contribution to the following defined contribution plans

- a) Provident / Pension funds;
- b) Superannuation fund.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated 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.

## Notes to Financial Statements for the year ended 31st March, 2023

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 recognised 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 plans ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement 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 recognised in Other comprehensive income (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 recognised in Statement of Profit and 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 recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

### **Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-accumulating compensated absences are recognised in the period in which the absences occur. Since, the employee has unconditional right to avail the leave, the benefit is classified as short term leave.

### **3.10 Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

### **3.11 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

### **3.12 Revenue from contract with customer**

#### **Sale of goods (excluding power)**

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer.

At contract inception, the Company assesses the goods promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold i.e. the Company's performance obligations are satisfied

## Notes to Financial Statements for the year ended 31st March, 2023

on delivery of goods to the customer. The timing of the transfer of control varies depending on individual terms of the sales agreements.

Revenue is measured at transaction price, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

### ***Sale of Power***

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised at the point in time upon delivery of electricity produced to the electricity grid based on the agreed tariff rate (net of discounts for prompt payment of bills). Delivery is deemed complete when control associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

### **3.13 Income from Renewable Energy Certificates (RECs)**

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value on confirmation of RECs by the concerned Authorities.

### **3.14 Recognition of Dividend Income, Interest income or expense, Insurance claim**

#### ***Dividend income***

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

#### ***Interest income***

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest is recognised on time proportion basis.

Interest income is included in "Other Income" in the Statement of Profit and Loss.

#### ***Insurance claims***

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### **3.15 Expenses**

All expenses are accounted for on accrual basis.

### **3.16 Government grants**

Grants from Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with the conditions attached thereto.

Government grants related to revenue are recognised in the Statement of Profit and Loss on a systematic and rational basis in the periods in which the Company recognises the related costs for which the grants are intended to compensate and are netted off with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Operating Revenue".

## Notes to Financial Statements for the year ended 31st March, 2023

Government grants received relating to property, plant and equipment and other intangible assets are deducted from the gross value of the property, plant and equipment and other intangible assets concerned in arriving at the carrying amount of the related property, plant and equipment and other intangible assets. The grant is recognised in the statement of profit or loss over the life of the related depreciable asset as a reduced depreciation expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss by netting with the related finance cost. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### 3.17 Leases

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

#### **As a lessee**

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

#### **(i) Right-of-use assets**

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

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

The right-of-use assets are also subject to impairment (refer to Note 3.8).

The right-of-use assets are disclosed in Property, Plant and Equipment (see Note 4).

#### **(ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

#### **Short-term lease and lease of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that

## Notes to Financial Statements for the year ended 31st March, 2023

are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 3.18 Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### **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 end of the reporting period.

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

#### **Deferred tax**

Deferred tax is recognised 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 recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised 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.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises 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 realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised 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 off set 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 realised simultaneously.

#### **Minimum Alternative Tax (MAT) Credit**

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### 3.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components,

## Notes to Financial Statements for the year ended 31st March, 2023

and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 41 for segment information presented.

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Whole-Time Director (WTD) has been identified as being the chief operating decision maker by the management of the Company.

### 3.20 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 3.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.22 Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 3.23 Earnings per share

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

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

### 3.24 Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **i) Financial assets**

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

## Notes to Financial Statements for the year ended 31st March, 2023

### **ii) Trade and other receivables**

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

### **iii) Financial liabilities**

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

### **3.25 Recent accounting pronouncement**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1st April, 2023, as below. Other amendments included in the notification does not have any significant impact on the financial statements.

#### *- Ind AS 1 Presentation of Financial Statements*

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### *- Ind AS 12 Income Taxes*

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

#### *- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Company does not expect this amendment to have any significant impact in its financial statements.

## Notes to Financial Statements

for the year ended 31st March, 2023

### 4. Property, Plant and Equipment

	Freehold Land [Note 40]	Buildings	Plant and Equipment	Computer and Data Processing Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Right of use - assets	Total
(₹ in lakhs)									
<b>Reconciliation of carrying amount</b>									
<b>Gross carrying amount</b>									
Balance at 1st April, 2021	36,903.68	5,976.01	34,280.14	217.88	157.80	295.39	67.71	124.05	78,022.66
Additions during the year	367.20	2,097.72	11,156.73	49.17	14.32	33.97	17.49	-	13,736.60
Disposal / deduction during the year	-	-	(52.97)	(10.67)	(9.01)	(7.22)	(4.84)	-	(84.71)
Balance at 31st March, 2022	37,270.88	8,073.73	45,383.90	256.38	163.11	322.14	80.36	124.05	91,674.55
<b>Balance at 1st April, 2022</b>	<b>37,270.88</b>	<b>8,073.73</b>	<b>45,383.90</b>	<b>256.38</b>	<b>163.11</b>	<b>322.14</b>	<b>80.36</b>	<b>124.05</b>	<b>91,674.55</b>
Additions during the year	-	671.52	140.27	36.20	34.17	46.92	11.60	50.42	991.10
Disposal / deduction during the year	(37.68)*	(0.73)	(34.25)	(48.72)	(10.51)	(14.30)	(13.31)	(124.05)	(283.55)
<b>Balance at 31st March, 2023</b>	<b>37,233.20</b>	<b>8,744.52</b>	<b>45,489.92</b>	<b>243.86</b>	<b>186.77</b>	<b>354.76</b>	<b>78.65</b>	<b>50.42</b>	<b>92,382.10</b>
<b>Accumulated depreciation</b>									
Balance at 1st April, 2021	-	876.27	7,661.31	177.47	49.88	150.58	33.50	16.54	8,965.55
Depreciation for the year (a)	-	248.42	1,769.62	14.87	15.98	28.77	9.96	8.27	2,095.89
Disposal / deduction during the year	-	-	(18.50)	(8.06)	(7.92)	(6.63)	(4.31)	-	(45.42)
Balance at 31st March, 2022	-	1,124.69	9,412.43	184.28	57.94	172.72	39.15	24.81	11,016.02
<b>Balance at 1st April, 2022</b>	<b>-</b>	<b>1,124.69</b>	<b>9,412.43</b>	<b>184.28</b>	<b>57.94</b>	<b>172.72</b>	<b>39.15</b>	<b>24.81</b>	<b>11,016.02</b>
Depreciation for the year (a)	-	316.47	2,114.39	26.03	18.79	25.28	11.26	12.60	2,524.82
Disposal / deduction during the year	-	(0.10)	(25.18)	(46.18)	(8.80)	(8.71)	(12.37)	(24.81)	(126.15)
<b>Balance at 31st March, 2023</b>	<b>-</b>	<b>1,441.06</b>	<b>11,501.64</b>	<b>164.13</b>	<b>67.93</b>	<b>189.29</b>	<b>38.04</b>	<b>12.60</b>	<b>13,414.69</b>
<b>Carrying amount (net)</b>									
At 31st March, 2022 (b)	37,270.88	6,949.04	35,971.47	72.10	105.17	149.42	41.21	99.24	80,658.53
<b>At 31st March, 2023 (b)</b>	<b>37,233.20</b>	<b>7,303.46</b>	<b>33,988.28</b>	<b>79.73</b>	<b>118.84</b>	<b>165.47</b>	<b>40.61</b>	<b>37.82</b>	<b>78,967.41</b>

\* Subsidy received from State Government of Bihar [Note 43].

(a) Includes ₹ 9.24 lakhs (31st March, 2022 ₹ 8.66 lakhs) in relation to farm assets.

(b) Property, Plant and Equipment other than related to farm assets of ₹ 20,572.99 lakhs (31st March, 2022: ₹ 20,578.77 lakhs) and Right of use - assets given as security for borrowings [Note 20].



## Notes to Financial Statements for the year ended 31st March, 2023

### 5. Capital Work-in-Progress

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	88.28	1,458.94
Add: Additions during the year	890.85	12,022.72
Less: Transfer to Property, Plant and Equipment	739.72	13,393.38
<b>Balance at the end of the year</b>	<b>239.41</b>	<b>88.28</b>

- a) The amount of borrowing costs ₹ 365.07 lakhs was capitalised during the previous year. The annual rate i.e. the effective rate of interest used to determine the amount of borrowing costs eligible for capitalisation was in the range of 7.37% to 8.65% for the borrowings other than specific and 5.04% (post-subvention) for the specific borrowing.
- b) Pre-operative and trial run expenses ₹ 482.49 lakhs, includes salary and wages of ₹ 103.32 lakhs, power and fuel of ₹ 116.04 lakhs and other expenses of ₹ 263.13 lakhs, was capitalised during the previous year.

#### c) Capital Work-in-Progress aging schedule:

(₹ in lakhs)

Capital Work-in-Progress (CWIP)	Amount of CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As on 31st March, 2023</b>					
Projects in progress	239.41	-	-	-	239.41
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>239.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239.41</b>
<b>As on 31st March, 2022</b>					
Projects in progress	88.28	-	-	-	88.28
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>88.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.28</b>

### 6. Intangible Assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Reconciliation of carrying amount</b>		
<b>Gross carrying amount</b>		
Balance at the beginning of the year	57.81	57.81
Additions during the year	7.29	-
<b>Balance at the end of the year</b>	<b>65.10</b>	<b>57.81</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	47.06	42.28
Amortisation for the year	3.91	4.78
<b>Balance at the end of the year</b>	<b>50.97</b>	<b>47.06</b>
<b>Carrying amount (net)</b>	<b>14.13</b>	<b>10.75</b>

# Notes to Financial Statements

for the year ended 31st March, 2023

## 7. Intangible assets under development

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	3.45	0.75
Add: Additions during the year	-	2.70
Less: Transfer to Intangible Assets	3.45	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>3.45</b>

### Intangible assets under development aging schedule:

(₹ in lakhs)

Intangible assets under development (IAUD)	Amount of IAUD for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As on 31st March, 2023</b>					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As on 31st March, 2022</b>					
Projects in progress	2.70	-	0.75	-	3.45
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2.70</b>	<b>-</b>	<b>0.75</b>	<b>-</b>	<b>3.45</b>

## 8. Investments

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Non-current Investments:</b>		
Investment in Government securities carried at amortised cost - unquoted (fully paid) *		
11% Bihar State Development Loan, 2001	0.53	0.53
7 Years National Savings Certificates	0.05	0.05
6 Years National Savings Certificates	0.08	0.08
	<b>0.66</b>	<b>0.66</b>
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	0.66	0.66
Aggregate amount of impairment in value of investments	-	-
* Deposited / pledged with various Government authorities.		

## 9. Inventories

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Value at lower of cost and net realisable value)		
Raw materials	4,500.29	1,437.69
Work-in-progress	388.05	154.47
Finished goods *	43,778.02	38,547.91
Stores, chemicals and spare parts *	1,722.39	1,865.35

## Notes to Financial Statements for the year ended 31st March, 2023

### 9. Inventories (Contd.)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Bio-compost (Valued at estimated net realisable value)	112.41	99.15
By-Products	5,997.66	4,984.97
Scrap	2.77	40.38
	<b>56,501.59</b>	<b>47,129.92</b>
<b>* includes stock in transit:</b>		
Finished goods	-	174.99
Stores, chemicals and spare parts	6.06	16.56

- a) ₹ Nil (31st March, 2022: ₹ 915.31 lakhs) recognised as expenses, being write-down of inventories to net realisable value, included in Changes in inventories of Finished Goods and Work-in-progress. [Note 31]
- b) Inventories are hypothecated against borrowings [Note 20].

### 10. Biological assets other than bearer plants

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Non-current Investments:</b>		
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	105.99	102.90
Expenditure incurred during the year	126.00	92.76
Change in fair value less cost to sale	37.82	28.17
New Crop Plantations	104.91	102.78
Decrease due to harvested sugarcane transferred to inventory	(263.74)	(220.62)
[including captive consumption of ₹ 123.58 lakhs (31st March, 2022: ₹ 98.02 lakhs)]		
<b>Balance at the end of the year</b>	<b>110.98</b>	<b>105.99</b>

#### A. Measurement of fair values

The fair value of the sugarcane and other agriculture products at harvest is determined by the quantities harvested, it is valued at the rate fixed through Association (Level 1). For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date (Level 3).

#### B. Risk management strategy related to agricultural activities

The Company is exposed to a number of risks related to its sugarcane plantations.

##### i. Regulatory and environmental risks

The Company has established environmental policies and procedures, aimed for compliance, with local environmental and other laws.

##### ii. Supply and demand risk

The Company is exposed to risks arising from fluctuations in the sale price and quantity of sugarcane produced. When possible the Company manages this risk by aligning its harvest volume to market supply and demand.

##### iii. Climate and other risks

The Company's sugar cane plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks.

# Notes to Financial Statements

for the year ended 31st March, 2023

## 11. Trade Receivables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Current</b>		
Trade Receivables considered good - Unsecured	3,452.70	4,879.28
Trade Receivables which have significant increase in credit risk	90.82	85.14
	<b>3,543.52</b>	<b>4,964.42</b>
Less: Loss allowance		
Trade Receivables which have significant increase in credit risk	90.82	85.14
	<b>3,452.70</b>	<b>4,879.28</b>

- (a) No debt is due by directors or other officers of the Company or any of them either severally or jointly with any other person or no debt due by firms including limited liability partnerships (LLPs) or private companies respectively in which any director is a partner or a director or a member.
- (b) Information about the Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 44(C).
- (c) Trade Receivables are hypothecated against borrowings [Note 20].

- (d) Trade Receivables ageing schedule:

(₹ in lakhs)

Particulars	Trade Receivables considered good - Unsecured			Trade Receivables which have significant increase in credit risk			Grand Total
	Undisputed	Disputed	Total	Undisputed	Disputed	Total	
<b>As on 31st March, 2023</b>							
<b>Unbilled dues</b>	243.85	-	243.85	-	-	-	243.85
<b>Not due</b>	2,366.80	-	2,366.80	-	7.78	7.78	2,374.58
<b>Outstanding for following periods from due dates of payment</b>							
- Less than 6 months	676.50	-	676.50	-	30.23	30.23	706.73
- 6 months - 1 year	66.94	-	66.94	-	-	-	66.94
- 1 - 2 years	0.84	-	0.84	-	26.95	26.95	27.79
- 2 - 3 years	-	-	-	-	32.81	32.81	32.81
- More than 3 years	-	-	-	-	90.82	90.82	90.82
	<b>744.28</b>	-	<b>744.28</b>	-	<b>180.81</b>	<b>180.81</b>	<b>925.09</b>
	<b>3,354.93</b>	-	<b>3,354.93</b>	-	<b>188.59</b>	<b>188.59</b>	<b>3,543.52</b>
<b>As on 31st March, 2022</b>							
<b>Unbilled dues</b>	360.53	-	360.53	-	-	-	360.53
<b>Not due</b>	2,771.86	-	2,771.86	-	-	-	2,771.86
<b>Outstanding for following periods from due dates of payment</b>							
- Less than 6 months	1,662.79	-	1,662.79	-	41.96	41.96	1,704.75
- 6 months - 1 year	0.99	-	0.99	-	-	-	0.99
- 1 - 2 years	0.32	-	0.32	-	32.81	32.81	33.13
- 2 - 3 years	2.34	-	2.34	-	0.79	0.79	3.13
- More than 3 years	-	-	-	-	90.03	90.03	90.03
	<b>1,666.44</b>	-	<b>1,666.44</b>	-	<b>165.59</b>	<b>165.59</b>	<b>1,832.03</b>
	<b>4,798.83</b>	-	<b>4,798.83</b>	-	<b>165.59</b>	<b>165.59</b>	<b>4,964.42</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 12. Cash and cash equivalents

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Balances with banks		
- Current accounts	2.94	10.48
Cash on hand	10.08	12.29
	<b>13.02</b>	<b>22.77</b>

### 13. Bank balances other than cash and cash equivalents

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Earmarked balances with banks		
- Unpaid dividend accounts	24.51	16.48
- Unpaid fractional share pay-out account	0.85	0.85
- Current accounts	3.58	3.58
In Post office Saving bank account *	0.12	0.13
	<b>29.06</b>	<b>21.04</b>

\* Pledged / lodged with various Government Authorities.

### 14. Loans

Loans

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<i>(Considered good - Unsecured)</i>		
Loans to employees	23.29	29.98
	<b>23.29</b>	<b>29.98</b>

### 15. Other Financial Assets

(₹ in lakhs)

	Non-current		Current	
	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
<i>(Considered good - Unsecured, unless stated otherwise)</i>				
Security and other deposits	69.12	69.32	6.14	8.14
Bank deposits due to mature after twelve months of the reporting date *	-	2.00	-	-
Renewable Energy Certificates Entitlement	-	-	40.50	109.57
Interest accrued on Investments	0.01	0.01	-	-
Claims and Subsidies / Refunds receivable	-	-	362.36	277.81
Other receivables	-	-	1.11	1.40
	<b>69.13</b>	<b>71.33</b>	<b>410.11</b>	<b>396.92</b>

\* Pledged / lodged with a bank as margin money.

## Notes to Financial Statements for the year ended 31st March, 2023

### 16. Current Tax Assets (net)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Advance tax and tax deducted / collected at sources	1,304.51	859.75
Less: Provision for taxation	1,146.98	750.76
	<b>157.53</b>	<b>108.99</b>

### 17. Other Assets

(₹ in lakhs)

	Non-current		Current	
	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
<i>(Considered good - Unsecured, unless stated otherwise)</i>				
<b>Capital Advances</b>	-	44.59	-	-
<b>Advances other than Capital Advances</b>				
Advances to suppliers				
Considered good - Unsecured	-	-	656.30	953.33
Considered doubtful - Unsecured	-	-	3.14	15.72
	-	-	<b>659.44</b>	<b>969.05</b>
Less: Loss allowance	-	-	3.14	15.72
	-	-	<b>656.30</b>	<b>953.33</b>
Other advances				
Deposits against demand under appeal and / or under dispute	101.16	101.16	-	-
Balance with Excise and other Government Authorities	-	-	104.58	135.85
	<b>101.16</b>	<b>101.16</b>	<b>104.58</b>	<b>135.85</b>
<b>Prepaid Expenses</b>	<b>12.82</b>	<b>16.01</b>	<b>13.81</b>	<b>13.25</b>
	<b>113.98</b>	<b>161.76</b>	<b>774.69</b>	<b>1,102.43</b>

### 18. Share Capital

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Authorised:</b>		
2,51,00,000 equity shares of ₹10 each	2,510.00	2,510.00
15,00,000 preference shares of ₹100 each	1,500.00	1,500.00
	<b>4,010.00</b>	<b>4,010.00</b>
<b>Issued, subscribed and fully paid-up:</b>		
1,40,91,630 equity shares of ₹10 each	1,409.16	1,409.16
	<b>1,409.16</b>	<b>1,409.16</b>

#### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>Equity shares</b>				
At the beginning and at the end of the year	1,40,91,630	1,409.16	1,40,91,630	1,409.16

## Notes to Financial Statements for the year ended 31st March, 2023

### 18. Share Capital (Contd.)

#### (b) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares with face value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

#### (c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares:

	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
<b>Equity shares of ₹10 each fully paid up held by</b>				
SIL Investments Limited	16,86,658	11.97%	16,86,658	11.97%
Avadh Sugar & Energy Limited	14,86,154	10.55%	14,86,154	10.55%
New India Retailing & Investment Limited	10,56,490	7.50%	10,56,490	7.50%
Navjeevan Medical Institute	7,83,157	5.56%	7,83,157	5.56%
Yashovardhan Investment & Trading Company Limited	7,17,710	5.09%	7,17,710	5.09%
Hargaon Investment & Trading Company Limited	7,17,358	5.09%	7,17,358	5.09%

#### (d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Equity shares of ₹10 each fully paid-up issued as Bonus share	-	-	-	40,26,180	-

#### (e) Details of shares held by promoters:

Sr. No.	Promoter Name	No. of shares at the beginning of the year	Change during year	No. of shares at the end of the year	% of total shares	% Change during the year
<b>As on 31st March, 2023</b>						
<b>Equity shares of ₹10 each fully paid up held by</b>						
1	SIL Investments Limited	16,86,658	-	16,86,658	11.97%	-
2	Avadh Sugar & Energy Limited	14,86,154	-	14,86,154	10.55%	-
3	New India Retailing & Investment Limited	10,56,490	-	10,56,490	7.50%	-
4	Yashovardhan Investment & Trading Company Limited	7,17,710	-	7,17,710	5.09%	-
5	Hargaon Investment & Trading Company Limited	7,17,358	-	7,17,358	5.09%	-
6	Mr. Chandra Shekhar Nopany [As Trustee of Shekhar Family Trust]	7,10,140	-	7,10,140	5.04%	-
7	RTM Investment & Trading Company Limited	4,49,659	-	4,49,659	3.19%	-

## Notes to Financial Statements for the year ended 31st March, 2023

### 18. Share Capital (Contd.)

#### (e) Details of shares held by promoters:

Sr. No.	Promoter Name	No. of shares at the beginning of the year	Change during year	No. of shares at the end of the year	% of total shares	% Change during the year
8	SCM Investment & Trading Company Limited	3,81,561	-	3,81,561	2.71%	-
9	Champaran Marketing Company Limited	2,84,386	-	2,84,386	2.02%	-
10	OSM Investment & Trading Company Limited	2,56,093	-	2,56,093	1.82%	-
11	Mrs. Nandini Nopany	1,84,164	-	1,84,164	1.31%	-
12	Nilgiri Plantations Limited	1,50,458	-	1,50,458	1.07%	-
13	Sidh Enterprises Limited	1,13,948	-	1,13,948	0.81%	-
14	Narkatiaganj Farms Limited	94,210	-	94,210	0.67%	-
15	Ronson Traders Limited	91,046	-	91,046	0.65%	-
16	Rajpur Farms Limited	72,804	-	72,804	0.52%	-
17	Mr. Chandra Shekhar Nopany	37,724	-	37,724	0.27%	-
18	Shree Vihar Properties Limited	34,382	-	34,382	0.24%	-
19	LA Monde Trading & Investments Private Limited	27,454	-	27,454	0.19%	-
20	Palash Securities Limited	20,238	-	20,238	0.14%	-
21	Mrs. Urvi Mittal	14,838	-	14,838	0.11%	-
22	Mr. Arihant Vikram Nopany	5,451	-	5,451	0.04%	-
23	Uttam Commercial Limited	2,429	-	2,429	0.02%	-
24	Sonali Commercial Limited	1,799	-	1,799	0.01%	-
25	Pavapuri Trading and Investment Company Limited	1,260	-	1,260	0.01%	-
26	Chandra Shekhar Nopany [As Trustee of Shruti Family Trust]					
27	Deepshikha Trading Company Private Limited	68	-	68	0.00%	-
		<b>85,98,482</b>	<b>-</b>	<b>85,98,482</b>	<b>61.02%</b>	<b>-</b>
<b>As on 31st March, 2022</b>						
<b>Equity shares of ₹10 each fully paid up held by</b>						
1	SIL Investments Limited	16,86,658	-	16,86,658	11.97%	-
2	Avadh Sugar & Energy Limited	14,86,154	-	14,86,154	10.55%	-
3	New India Retailing & Investment Limited	10,56,490	-	10,56,490	7.50%	-
4	Yashovardhan Investment & Trading Company Limited	7,17,710	-	7,17,710	5.09%	-
5	Hargaon Investment & Trading Company Limited	7,17,358	-	7,17,358	5.09%	-
6	Mr. Chandra Shekhar Nopany [As Trustee of Shekhar Family Trust]	7,00,140	10,000	7,10,140	5.04%	0.07%
7	RTM Investment & Trading Company Limited	4,49,659	-	4,49,659	3.19%	-
8	SCM Investment & Trading Company Limited	3,81,561	-	3,81,561	2.71%	-
9	Champaran Marketing Company Limited	2,84,386	-	2,84,386	2.02%	-
10	OSM Investment & Trading Company Limited	2,56,093	-	2,56,093	1.82%	-
11	Mrs. Nandini Nopany	1,84,024	140	1,84,164	1.31%	0.00%
12	Nilgiri Plantations Limited	1,50,458	-	1,50,458	1.07%	-
13	Sidh Enterprises Limited	1,13,948	-	1,13,948	0.81%	-
14	Narkatiaganj Farms Limited	94,210	-	94,210	0.67%	-
15	Ronson Traders Limited	91,046	-	91,046	0.65%	-
16	Rajpur Farms Limited	72,804	-	72,804	0.52%	-
17	Mr. Chandra Shekhar Nopany	43,175	(5,451)	37,724	0.27%	(0.04%)
18	Shree Vihar Properties Limited	34,382	-	34,382	0.24%	-



## Notes to Financial Statements for the year ended 31st March, 2023

### 18. Share Capital (Contd.)

#### (e) Details of shares held by promoters:

Sr. No.	Promoter Name	No. of shares at the beginning of the year	Change during year	No. of shares at the end of the year	% of total shares	% Change during the year
19	LA Monde Trading & Investments Private Limited	27,454	-	27,454	0.19%	-
20	Palash Securities Limited	20,238	-	20,238	0.14%	-
21	Mrs. Urvi Mittal	14,838	-	14,838	0.11%	-
22	Mr. Arihant Vikram Nopany	-	5,451	5,451	0.04%	0.04%
23	Uttam Commercial Limited	2,429	-	2,429	0.02%	-
24	Sonali Commercial Limited	1,799	-	1,799	0.01%	-
25	Pavapuri Trading and Investment Company Limited	1,260	-	1,260	0.01%	-
26	Mr. Chandra Shekhar Nopany [As Trustee of Shruti Family Trust]	140	(140)	-	0.00%	0.00%
27	Deepshikha Trading Company Private Limited	68	-	68	0.00%	-
		<b>85,88,482</b>	<b>10,000</b>	<b>85,98,482</b>	<b>61.02%</b>	<b>0.07%</b>

### 19. Other Equity

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Capital Reserve</b>		
Balance at the beginning and at the end of the year	<b>36,897.75</b>	<b>36,897.75</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning and at the end of the year	<b>747.39</b>	<b>747.39</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	20,777.57	16,709.45
Profit for the year	5,026.15	4,601.71
Remeasurement of defined benefit liability / (asset) (net of tax)	(5.40)	30.08
Final dividend paid on equity shares	(915.96)	(563.67)
Balance at the end of the year	<b>24,882.36</b>	<b>20,777.57</b>
	<b>62,527.50</b>	<b>58,422.71</b>

#### (a) Dividend on equity shares

The following dividend was declared and paid by the Company during the year:

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>₹6.50 per equity share</b> (31st March, 2022: ₹4.00 per equity share) as final dividend	915.96	563.67

After the reporting date, the following dividend was proposed by the board of directors subject to the approval at the annual general meeting; the dividend has not been recognised as liabilities.

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Proposed dividend for the year ended 31st March, 2023 <b>₹7.00 per equity share</b> (31st March, 2022: ₹6.50 per equity share)	986.41	915.96

## Notes to Financial Statements for the year ended 31st March, 2023

### 20. Borrowings

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Non-current Borrowings</b>		
<b>Term Loans (secured)</b>		
From banks -	7,801.50	4,037.09
Rupee term loans	2,197.37	4,390.54
Under financial assistance scheme (SOFT 2019 Central)	8,801.75	10,022.87
Under financial assistance scheme (SEFASM 2018 Central)	18,800.62	18,450.50
Less: Current portion of Non-current borrowings disclosed in Current Borrowings stated below	6,559.87	4,668.75
	<b>12,240.75</b>	<b>13,781.75</b>

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Current Borrowings</b>		
<b>Secured</b>		
Current portion of Non-current borrowings	6,559.87	4,668.75
From banks (repayable on demand)	34,725.30	35,443.27
Cash credit including working capital demand loan		
<b>Unsecured</b>		
Short term loan from a bank	3,000.00	3,000.00
Inter-corporate deposits	1,700.00	6,700.00
	<b>45,985.17</b>	<b>49,812.02</b>

The Company's exposure to interest and liquidity risk is disclosed in Note 44(C).

#### Nature of Securities and Terms of repayment

##### (i) Terms and repayment schedule

(₹ in lakhs)

	Interest rate / Interest rate range	Maturity	Carrying amount	
			As at 31st March, 2023	As at 31st March, 2022
Secured rupee term loan	7.95% to 9.00% p.a.	June, 2025	2,843.45	4,037.09
Secured rupee term loan	8.40% p.a.	September, 2027	4,958.05	-
Secured term loan under financial assistance scheme (SOFT 2019 Central)	8.25% to 9.70% p.a.	March, 2024	2,197.37	4,390.54
Secured rupee term loan under financial assistance scheme (SEFASM 2018 Central)	8.55% to 9.30% p.a.	September, 2026	8,801.75	10,022.87
Secured cash credit including working capital demand loan	5.40% to 9.30% p.a.	On demand	34,725.30	35,443.27
Unsecured short term loan	7.75% p.a.	On demand	3,000.00	3,000.00
Unsecured Inter-corporate deposits	7.25% p.a.	On demand	1,700.00	6,700.00
			<b>58,225.92</b>	<b>63,593.77</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 20. Borrowings (Contd.)

#### (ii) Nature of security

- (a) Term loan / Rupee term loans of ₹18,800.62 lakhs (31st March, 2022: ₹18,450.50 lakhs) are secured by first mortgage / charge created on entire property, plant and equipment of the Company, both present and future, ranking pari-passu amongst the various lenders.
- (b) Term loan of ₹8,801.75 lakhs (31st March, 2022: ₹10,022.87 lakhs) under the scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity (SEFASM 2018 - Central) is entitled for interest subvention from the Government of India upto 6% p.a. or 50% of rate of interest charged by banks as per terms of the scheme.
- (c) Cash credit borrowing including Working capital demand loan (WC DL) from bank are secured by hypothecation of all current assets of the Company ranking pari-passu amongst the various lenders and also by 3rd charge created / to be created on all the property, plant and equipment of the Company, both present and future.

- (iii) The Company is filing monthly stock statement to Banks (SBI, ICICI Bank, DCB, HDFC, South Indian Bank) for working capital facilities. The below is summary of reconciliation of quarterly statement filed to the banks and books of accounts :

Quarter ended on	Amount as per books of account (₹ in lakhs)	Amount as reported in the quarterly return / statement (₹ in lakhs)	Amount of difference (₹ in lakhs)
31st March, 2023	56,501.59	55,731.81	769.78
31st December, 2022	24,136.41	21,381.61	2,754.80
30th September, 2022	10,455.03	8,897.70	1,557.33
30th June, 2022	27,399.75	24,252.12	3,147.63
31st March, 2022	47,129.92	45,110.70	2,019.22
31st December, 2021	37,069.28	37,208.47	(139.19)
30th September, 2021	27,982.25	27,753.29	228.96
30th June, 2021	44,148.57	43,992.23	156.34

The above differences are on account of certain inventories which do not form part of stock statements submitted with banks as per the terms and conditions and difference in valuations due to different valuation method followed in stock statements and books of accounts.

### 21. Lease

#### As Lessee

The Company has lease contracts for various items of buildings (including godowns), vehicles and other equipment used in its operations. The Company's obligations under its lease are secured by lessor's title to the leased assets.

The Company also has certain leases of godowns and vehicles with lease term of twelve months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amount of right-of-use assets (Buildings) recognised and its movements during the year are disclosed in Note 4.

Lease liabilities is being measured by discounting the lease payments using the incremental borrowing rate i.e. **8.50% p.a.** (31st March, 2022: 10% p.a.) Movement of the carrying amount of lease liabilities during the year are as under:

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	115.10	118.38
Additions during the year	50.42	-
Derecognition on termination of lease	(115.10)	-

## Notes to Financial Statements for the year ended 31st March, 2023

### 21. Lease (Contd.)

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Finance cost accrued during	3.94	11.72
Payment of lease liabilities (including finance cost)	(15.00)	(15.00)
Balance at the end of the year	<b>39.36</b>	<b>115.10</b>
Non-current	24.36	100.10
Current	15.00	15.00
	<b>39.36</b>	<b>115.10</b>

The maturity analysis of lease liabilities on an undiscounted basis are as under:

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Less than one year	15.00	15.00
One to two years	15.00	15.00
Two to five years	15.00	48.00
More than five years	-	140.25
<b>Total</b>	<b>45.00</b>	<b>218.25</b>

The followings are the amounts recognised during the year in profit or loss:

(₹ in lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Income:</b>		
Gain on termination of lease [Note 29]	15.86	-
<b>Expenses:</b>		
Interest on lease liabilities [Note 33]	3.94	11.72
Depreciation on right-of-use assets [Note 4]	12.60	8.27
Expenses relating to short-term and low-value leases [Note 35] *	19.89	54.76
<b>Total</b>	<b>36.43</b>	<b>74.75</b>

\* excluding ₹22.32 lakhs (31st March, 2022: ₹9.71 lakhs) incurred in relation to farm assets.

There is no significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when due.

### 22. Trade Payables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues of micro enterprises and small enterprises *	54.87	83.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,572.71	3,860.01
	<b>10,627.58</b>	<b>3,943.70</b>

\* Not overdue in terms of section 15 of MSMED Act 2006.

The Company's exposure to currency and liquidity risk related to trade payable are disclosed in Note 44(C).

## Notes to Financial Statements for the year ended 31st March, 2023

### 22. Trade Payables (Contd.)

(a) The following details relating to Micro enterprises and small enterprises are as under: (₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year:		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
Total	-	-
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	59.79	74.53
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

(b) Trade payables aging schedule: (₹ in lakhs)

Particulars	Unbilled dues	Not due	Outstanding for following periods from due dates of payment / date of transaction				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As on 31st March, 2023</b>							
(i) MSME	-	54.87	-	-	-	-	54.87
(ii) Others	22.05	4,821.46	5,549.74	24.55	25.50	9.15	10,452.45
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	120.26	120.26
	<b>22.05</b>	<b>4,876.33</b>	<b>5,549.74</b>	<b>24.55</b>	<b>25.50</b>	<b>129.41</b>	<b>10,627.58</b>
<b>As on 31st March, 2022</b>							
(i) MSME	-	83.69	-	-	-	-	83.69
(ii) Others	44.26	48.87	3,467.19	94.34	68.32	16.77	3,739.75
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	112.45	7.81	120.26
	<b>44.26</b>	<b>132.56</b>	<b>3,467.19</b>	<b>94.34</b>	<b>180.77</b>	<b>24.58</b>	<b>3,943.70</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 23. Other Financial Liabilities

(₹ in lakhs)

	Non-current		Current	
	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
Trade and other deposits	22.00	22.00	-	-
Interest accrued but not due	-	-	149.71	221.22
Payable to employees	-	-	1,049.25	483.08
Liability for capital goods	-	-	40.83	1,172.65
Unclaimed dividend *	-	-	24.51	16.48
Unclaimed Fractional Share Pay-out *	-	-	0.85	0.85
Other payables	-	-	2.90	5.66
	<b>22.00</b>	<b>22.00</b>	<b>1,268.05</b>	<b>1,899.94</b>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

The Company's exposure to liquidity risks related to the above financial liabilities is disclosed in Note 44(C).

### 24. Other Current Liabilities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Advance against Sale of Goods / Property, plant and equipment	209.02	176.59
Statutory dues	383.87	327.98
	<b>592.89</b>	<b>504.57</b>

### 25. Provisions

(₹ in lakhs)

	Non-current		Current	
	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
<b>Provision for employee benefits</b>				
Net defined benefit liability - Gratuity	289.01	95.13	107.34	380.25
Provision for compensated absences	-	-	209.92	181.39
	<b>289.01</b>	<b>95.13</b>	<b>317.26</b>	<b>561.64</b>
<b>Other Provisions</b>				
For litigation, claims and contingencies *	-	-	89.41	89.41
	-	-	<b>89.41</b>	<b>89.41</b>
	<b>289.01</b>	<b>95.13</b>	<b>406.67</b>	<b>651.05</b>

\* There is no movement during the year.

#### Defined benefits - Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed continuously at least five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund of erstwhile companies in respect of transferred business undertakings has been transferred to the Company and which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

## Notes to Financial Statements for the year ended 31st March, 2023

### 25. Provisions (Contd.)

#### Net defined benefit liabilities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Present value of defined benefit obligations	1,601.60	1,546.98
Fair value of plan assets	1,205.25	1,071.60
Net defined benefit liabilities	<b>396.35</b>	<b>475.38</b>

These defined benefit plans expose the Company to actuarial risks, such as interest risk and market (investment) risk.

The Company expects to contribute ₹224.50 lakhs to Gratuity Fund in the next year.

#### Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, fair value of defined plan assets, actuarial gain / (loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information:

#### Reconciliation of the net defined benefit liabilities / (assets):

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>(i) Reconciliation of present value of defined benefit obligations</b>		
(a) Balance at the beginning of the year	1,546.98	1,518.14
(b) Service cost	101.54	92.88
(c) Interest cost	105.35	97.31
(d) Benefits paid	(161.25)	(129.07)
(e) Actuarial (gain) / loss on defined benefit obligations:		
- due to change in financial assumptions	(43.30)	(31.63)
- due to experience changes	52.28	(0.65)
<b>(f) Balance at the end of the year</b>	<b>1,601.60</b>	<b>1,546.98</b>

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>(ii) Reconciliation of fair value of plan assets</b>		
(a) Balance at the beginning of the year	1,071.60	932.31
(b) Actual return on plan assets	74.74	67.67
(c) Contributions by the employer	220.16	200.69
(d) Benefits paid	(161.25)	(129.07)
(e) <b>Balance at the end of the year</b>	<b>1,205.25</b>	<b>1,071.60</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 25. Provisions (Contd.)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>(iii) Actuarial gain / (loss) on plan assets</b>		
(a) Expected Interest Income	72.97	59.76
(b) Actual return on plan assets	74.74	67.67
<b>(c) Actuarial gain / (loss) on plan assets</b>	<b>1.77</b>	<b>7.91</b>
<b>(iv) Expense recognised in Employee benefits expenses</b>		
(a) Service cost	101.54	92.88
(b) Interest cost	105.35	97.31
(c) Interest income	(72.97)	(59.76)
<b>(d) Amount charged to Employee benefits expenses</b>	<b>133.92</b>	<b>130.43</b>
<b>(v) Remeasurement recognised in Other Comprehensive Income</b>		
(a) Actuarial loss on defined benefit obligations	(8.98)	32.28
(b) Actuarial loss on plan assets	1.77	7.91
<b>(c) Amount recognised in Other Comprehensive Income</b>	<b>(7.21)</b>	<b>40.19</b>
<b>(vi) Plan assets</b>		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
<b>(vii) Actuarial assumptions</b>		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	7.36%	6.81%
(b) Future salary growth	5.00%	5.00%
(c) Attrition rates		Less than 40 Years - 4.2%
		40 Years and above - 1.8%
(d) Weighted average duration of defined benefit obligation	<b>6 Years</b>	7 Years

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2012-14).

#### (viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Increase	Decrease	Increase	Decrease
(a) Discount rate (0.50% movement)	39.26	(37.35)	37.76	(39.74)
(b) Future salary growth (1% movement)	(73.52)	79.48	(80.11)	74.14
(c) Withdrawal assumption (4% movement)	(26.54)	33.59	(26.64)	20.92

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown.



## Notes to Financial Statements for the year ended 31st March, 2023

### 25. Provisions (Contd.)

#### (ix) Maturity profile of defined benefit obligations (valued on undiscounted basis)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Within the next 12 months (next annual reporting period)	107.34	380.25
Between 1 and 2 years	362.53	34.99
Between 2 and 3 years	233.87	197.49
Between 3 and 4 years	160.81	206.11
Between 4 and 5 years	138.92	142.79
Between 5 and 6 years	152.92	120.42
Beyond 6 years	1,294.71	1,261.48
	<b>2,451.10</b>	<b>2,343.53</b>

### 26. Deferred Tax Liabilities (net)

(₹ in lakhs)

	As at 31st March, 2021	Recognised in profit or loss	Recognised in OCI	As at 31st March, 2022	Recognised in profit or loss	Recognised in OCI	As at 31st March, 2023
<b>Deferred tax liabilities</b>							
PPE including intangible assets	4,777.30	461.46	-	5,238.76	444.13	-	5,682.89
	4,777.30	461.46	-	5,238.76	444.13	-	5,682.89
<b>Deferred tax assets</b>							
MAT credit entitlement	1,503.80	(351.14)	-	1,152.66	(1,152.66)	-	-
Provisions - employee benefits	191.71	(15.81)	(10.11)	165.79	(14.29)	1.81	153.31
Provisions - others	36.15	(10.77)	-	25.38	(1.73)	-	23.65
Deduction of disallowances allowed on payment / other basis	162.12	(56.87)	-	105.25	267.74	-	372.99
	1,893.78	(434.59)	(10.11)	1,449.08	(900.94)	1.81	549.95
<b>Net deferred tax liabilities / (assets)</b>	<b>2,883.52</b>	<b>896.05</b>	<b>10.11</b>	<b>3,789.68</b>	<b>1,345.07</b>	<b>(1.81)</b>	<b>5,132.94</b>

MAT credit entitlement is the amount which can be recovered and set off in subsequent years as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Year of expiry, based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date		
Assessment Year 2033-2034 [Financial Year 2032-2033]	-	7.38
Assessment Year 2034-2035 [Financial Year 2033-2034]	-	1,145.28
	-	<b>1,152.66</b>

The Company has made an assessment of the impact of the provisions under Section 115 BAA of the Income-tax Act, 1961 and has consequently decided to shift to the new tax regime from the financial year started from 1st April, 2023.

### 27. Current Tax Liabilities (net)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provision for taxation	1,337.93	1,147.06
Less: Advance tax and tax deducted / collected at sources	1,001.32	801.79
	<b>336.61</b>	<b>345.27</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 28. Revenue from Operations

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Sale of Goods</b>		
Finished goods	91,063.33	95,284.07
Power	2,838.50	2,500.59
By products	640.68	142.73
Others (including Bio-compost)	466.25	373.73
	<b>95,008.76</b>	<b>98,301.12</b>
<b>Other operating revenue</b>		
Subsidy towards Export Quota	-	569.96
Renewable Energy Certificates (REC)	30.49	364.60
Production Incentive	-	172.00
Scrap Sales	302.73	98.15
	<b>333.22</b>	<b>1,204.71</b>
<b>Total revenue from operations</b>	<b>95,341.98</b>	<b>99,505.83</b>

#### Disaggregated revenue information

The disaggregation of the Company's revenue from contracts with customers as under:

(₹ in lakhs)

	Segment			Total
	Sugar	Distillery	Co-generation	
<b>Year ended 31st March, 2023</b>				
<b>Revenue based on the type of goods sold to customers:</b>				
<i>Finished goods</i>				
- Sugar	66,823.16	-	-	66,823.16
- Spirits	-	24,240.17	-	24,240.17
	<b>66,823.16</b>	<b>24,240.17</b>	<b>-</b>	<b>91,063.33</b>
<i>Power</i>	-	-	<b>2,838.50</b>	<b>2,838.50</b>
<i>By products</i>				
- Molasses	-	-	-	-
- Bagasse	579.08	-	-	579.08
- Press-mud	61.60	-	-	61.60
	<b>640.68</b>	<b>-</b>	<b>-</b>	<b>640.68</b>
<i>Others (including Bio-compost)</i>	52.86	413.39	-	466.25
	<b>67,516.70</b>	<b>24,653.56</b>	<b>2,838.50</b>	<b>95,008.76</b>
<b>Revenue based on the type of customers:</b>				
- Government concerns (including PSUs)	-	24,238.55	2,838.50	27,077.05
- Export (including through third parties)	14,409.10	-	-	14,409.10
- Others	53,107.60	415.01	-	53,522.61
	<b>67,516.70</b>	<b>24,653.56</b>	<b>2,838.50</b>	<b>95,008.76</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 28. Revenue from Operations (Contd.)

(₹ in lakhs)

	Segment			Total
	Sugar	Distillery	Co-generation	
<b>Year ended 31st March, 2022</b>				
<b>Revenue based on the type of goods sold to customers:</b>				
Type of Goods:				
<i>Finished goods</i>				
- Sugar	82,038.28	-	-	82,038.28
- Spirits	-	13,245.79	-	13,245.79
	<b>82,038.28</b>	<b>13,245.79</b>	-	<b>95,284.07</b>
<i>Power</i>	-	-	<b>2,500.59</b>	<b>2,500.59</b>
<i>By products</i>				
- Molasses	82.96	-	-	82.96
- Bagasse	46.08	-	-	46.08
- Press-mud	13.69	-	-	13.69
	<b>142.73</b>	-	-	<b>142.73</b>
<i>Others (including Bio-compost)</i>	74.72	299.01	-	373.73
	<b>82,255.73</b>	<b>13,544.80</b>	<b>2,500.59</b>	<b>98,301.12</b>
<b>Revenue based on the type of customers:</b>				
- Government concerns (including PSUs)	-	13,241.55	2,500.59	15,742.14
- Export (including through third parties)	17,012.78	-	-	17,012.78
- Others	65,242.95	303.25	-	65,546.20
	<b>82,255.73</b>	<b>13,544.80</b>	<b>2,500.59</b>	<b>98,301.12</b>

The reconciliation of the revenue from contracts with customers and other operating revenue with amount disclosed in the segment information

(₹ in lakhs)

	Segment			Total
	Sugar	Distillery	Co-generation	
<b>Year ended 31st March, 2023</b>				
<b>Sale of Goods</b>				
- External customers	67,516.70	24,653.56	2,838.50	95,008.76
- Inter-segment	21,732.18	53.73	5,140.65	26,926.56
<b>Other Operating Revenue</b>	196.04	137.18	-	333.22
	89,444.92	24,844.47	7,979.15	1,22,268.54
Less: Inter-segment elimination	21,732.18	53.73	5,140.65	26,926.56
Less: Other Operating Revenue	196.04	137.18	-	333.22
	<b>67,516.70</b>	<b>24,653.56</b>	<b>2,838.50</b>	<b>95,008.76</b>
<b>Year ended 31st March, 2022</b>				
<b>Sale of Goods</b>				
- External customers	82,255.73	13,544.80	2,500.59	98,301.12
- Inter-segment	10,986.57	39.13	3,416.79	14,442.49
<b>Other Operating Revenue</b>	1,200.28	4.43	-	1,204.71
	<b>94,442.58</b>	<b>13,588.36</b>	<b>5,917.38</b>	<b>1,13,948.32</b>
Less: Inter-segment elimination	10,986.57	39.13	3,416.79	14,442.49
Less: Other Operating Revenue	1,200.28	4.43	-	1,204.71
	<b>82,255.73</b>	<b>13,544.80</b>	<b>2,500.59</b>	<b>98,301.12</b>

- a) The Company presented disaggregated revenue based on the type of goods sold to customers and type of customers. Further, the Company's sales are made within India including export through third party and revenue is recognised for goods transferred at a point in time. The Company's performance obligations are satisfied on delivery of goods to the customer. Delivery of goods completes when the goods have been dispatched or delivered to the specific location, of the customer, as the case may be.

## Notes to Financial Statements for the year ended 31st March, 2023

### 28. Revenue from Operations (Contd.)

The Company does not have any contracts where the period between the transfer of the promised goods to the customer and payments by the customer exceeds one year and hence, there are no significant financing component included in such contracts.

The Company believes that the above disaggregation depicts the nature, amount, timing and uncertainty of revenues and cash flows effected by industry, market and other economic factors.

- b) For contract balances i.e. trade receivables [Note 11] and advance from customers [Note 24].
- c) The amount of ₹170.11 lakhs included in contract liabilities [Note 24] at 31st March, 2022 has been recognised as revenue during the year ended 31st March, 2023 (31st March 2022: ₹2,052.63 lakhs).
- d) The amount of revenue from contracts with customers recognised in the statement of profit and loss is the contracted price.

### 29. Other Income

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest Income on assets measured at amortised cost:		
- Loans and deposits	53.13	65.86
Insurance and other claims	-	56.99
Gain on termination of lease	15.86	-
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	54.73	105.89
Change in fair value of biological assets other than bearer plants [Note 10]	37.82	28.17
Miscellaneous income	18.82	25.02
	<b>180.36</b>	<b>281.93</b>

### 30. Cost of Materials Consumed

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Inventory of materials at the beginning of the year	1,437.69	402.12
Add: Purchases and procurement expenses	76,324.97	55,304.17
	<b>77,762.66</b>	<b>55,706.29</b>
Less: Inventory of materials at the end of the year	4,500.29	1,437.69
	<b>73,262.37</b>	<b>54,268.60</b>

### 31. Changes in inventories of Finished Goods and Work-in-progress

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Inventories at the end of the year</b>		
Finished goods	43,778.02	38,547.91
By Products	5,997.66	4,984.97
Work-in-progress	388.05	154.47
Bio-compost	112.41	99.15
Scrap	2.77	40.38
	<b>50,278.91</b>	<b>43,826.88</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 31. Changes in inventories of Finished Goods and Work-in-progress (Contd.)

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Inventories at the beginning of the year</b>		
Finished goods	38,547.91	61,802.69
By Products	4,984.97	1,991.99
Work-in-progress	154.47	185.72
Bio-compost	99.15	84.07
Scrap	40.38	45.39
	<b>43,826.88</b>	<b>64,109.86</b>
	<b>(6,452.03)</b>	<b>20,282.98</b>

### 32. Employee benefits expense

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Salaries and wages	5,563.12	4,294.10
Contribution to provident and other funds	349.78	305.43
Expenses related to post-employment defined benefit plans * [Note 25]	133.79	129.08
Staff welfare expenses	124.26	120.22
	<b>6,170.95</b>	<b>4,848.83</b>

\* excluding provision towards liability of ₹0.13 lakhs (31st March, 2022: ₹1.35 lakhs as reversal of excess liability) in relation to biological assets other than bearer plants.

Note: Arrears of ₹424.66 lakhs upto 31st March, 2022 payable towards revision of wages of workmen in sugar and distillery industries covered under wage board with retrospective effect from 1st October, 2018 and 1st September, 2016 respectively by the Government of Bihar included in current year.

### Defined contribution plans

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Contribution to Provident / Pension Funds	343.62	299.96
Contribution to Superannuation Fund	6.16	5.47
	<b>349.78</b>	<b>305.43</b>

### 33. Finance costs

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest expense on financial liabilities measured at amortised cost *	3,028.44	3,948.53
Interest on lease liabilities [Note 21]	3.94	11.72
Interest on income tax	3.59	17.72
	<b>3,035.97</b>	<b>3,977.97</b>

\* Net of Government grants [Note 43] and interest capitalised [Note 5].

## Notes to Financial Statements for the year ended 31st March, 2023

### 34. Depreciation and amortization expense

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation of property, plant and equipment * [Note 4]	2,515.58	2,087.23
Amortisation of intangible assets [Note 6]	3.91	4.78
	<b>2,519.49</b>	<b>2,092.01</b>

\* excluding ₹9.24 lakhs (31st March, 2022: ₹ 8.66 lakhs) in relation to farm assets.

### 35. Other expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Consumption of stores and spares	1,507.83	1,061.09
Packing materials	854.15	726.79
Power and fuel	847.60	401.31
Repairs to:		
- Buildings	261.38	221.55
- Machinery	2,580.28	2,021.85
- Others	48.11	33.02
Rent [Note 21]	19.89	54.76
Rates and taxes	55.40	49.45
Insurance	206.34	162.33
Payment to auditors [refer Note (a) below]	32.07	29.76
Payment to cost auditors	1.25	1.25
Commission on sales	226.40	295.90
Freight and forwarding charges	1,314.77	1,543.48
Charity and donations *	47.07	50.68
Loss allowance on trade receivables	5.68	-
Bad debts, irrecoverable claims and advances written off	19.79	53.36
Less: Adjusted against provisions	12.10	44.59
Loss on sale / discard of Property, Plant and Equipment (net)	16.71	24.86
Corporate Social Responsibility expenses [refer Note (b) below]	150.50	142.21
Director's commission	-	30.00
Director's sitting fees	21.60	25.00
Miscellaneous expenses	1,071.80	788.41
	<b>9,276.52</b>	<b>7,672.47</b>

\* Includes contribution of ₹ Nil (31st March, 2022: ₹50.00 lakhs) to an Electoral trust company.

#### (a) Payment to auditors

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>As Auditors</b>		
- Statutory audit	18.50	14.50
- Tax audit	-	4.35
- Limited review of quarterly results	10.50	8.70
<b>In other capacity</b>		
- For certificates and other services	1.50	1.80
<b>Reimbursement of expenses</b>	1.57	0.41
	<b>32.07</b>	<b>29.76</b>

₹29.76 lakhs of previous year paid to erstwhile auditors.

## Notes to Financial Statements for the year ended 31st March, 2023

### 35. Other expenses (Contd.)

#### (b) Corporate Social Responsibility (CSR) expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>(i) Gross amount required to be spent by the Company during the year</b>	<b>148.10</b>	<b>138.96</b>
<b>(ii) Amount spent during the year on:</b>		
(A) Construction / acquisition of any asset		
- In Cash	-	-
- Yet to be paid in cash	-	-
Total	-	-
(B) On purpose other than (A) above		
- In Cash	150.50	142.21
- Yet to be paid in cash	-	-
<b>Total</b>	<b>150.50</b>	<b>142.21</b>
<b>(iii) Surplus / (shortfall) at the end of the year</b>	<b>2.40</b>	<b>3.25</b>
<b>(iv) Total of previous years surplus / (shortfall)</b>	<b>11.52</b>	<b>8.27</b>
<b>(v) Reason for shortfall, if any</b>	Not Applicable	
<b>(vi) Nature of CSR Activities</b>		
(A) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	59.01	113.36
(B) Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	59.16	25.00
(C) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	27.00	-
(D) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.	4.70	3.85
(E) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts	0.63	-
	<b>150.50</b>	<b>142.21</b>
<b>(vii) The Movements in the provision for CSR expenditure during the year</b>		
Provision for CSR expenditure at the beginning and at the end of the year	-	-

### 36. Tax expense

(₹ in lakhs)

	Year ended 31st March, 2023		Year ended 31st March, 2022	
<b>Current tax</b>				
Provision of tax for the current year	1,337.93		1,147.06	
Adjustments for tax related to earlier years	(0.08)	1,337.85	0.08	1,147.14
<b>Deferred tax</b>				
Attributable to origination and reversal of temporary differences / MAT Credits		1,345.07		896.05
		<b>2,682.92</b>		<b>2,043.19</b>

## Notes to Financial Statements for the year ended 31st March, 2023

### 36. Tax expense (Contd.)

#### Reconciliation of effective tax

(₹ in lakhs)

	Year ended 31st March, 2023		Year ended 31st March, 2022	
<b>Profit before tax</b>		<b>7,709.07</b>		<b>6,644.90</b>
Tax using the Company's domestic tax rate	34.944%	2,693.86	34.944%	2,321.99
Tax effect of:				
- Reversal / Impact of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind-AS 12		3.41		(292.31)
- Others (including permanent differences)		(14.35)		13.51
		<b>2,682.92</b>		<b>2,043.19</b>

### 37. Earnings per equity share (EPS)

Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

	Year ended 31st March, 2023	Year ended 31st March, 2022
(i) Profit attributable to equity shareholders (₹ in lakhs)	5,026.15	4,601.71
(ii) Weighted average number of equity shares for the year		
At the beginning and at the end of the year	1,40,91,630	1,40,91,630
(iii) <b>Earning per equity share [Nominal value of share ₹10] [(i)/(ii)]</b>		
Basic and Diluted (H)	35.67	32.66
There is no dilutive potential equity share		

### 38. Capital and Other Commitments

Estimated amount of contracts remaining to be executed and not provided for (net of advances) ₹155.92 lakhs (31st March, 2022: ₹662.18 lakhs) including ₹12.64 lakhs (31st March, 2022: ₹418.75 lakhs) related to Property, Plant and Equipment.

### 39. Contingent Liabilities (to the extent not provided for)

#### (a) Claims against the Company not acknowledged as debt

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
(i) Excise duty and service tax	4,488.18	4,488.18
(ii) Sales and entry tax	99.34	99.34
(iii) Duty under state acts	321.41	321.41
(iv) Others	140.30	118.80
<b>Total *</b>	<b>5,049.23</b>	<b>5,027.73</b>

\* Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- The land ceiling matter under Bihar Land Reforms (Fixation of Ceiling, Area and Acquisition of Surplus Land) Act, 1961 for acquisition of agriculture land by the Government is pending before the appropriate adjudicating authorities.



## Notes to Financial Statements for the year ended 31st March, 2023

**40.** Title deeds of freehold land of ₹ **71.21 lakhs** (31st March, 2022: ₹ 230.72 lakhs) including land related to farm assets of ₹ **64.28 lakhs** (31st March, 2022: ₹ 223.80 lakhs), which is not part- of security offered to lenders, are not in the name of the Company, details of which are given below:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative # of promoter * / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company
<b>As on 31st March, 2023:</b>						
PPE	Freehold Land	71.21	New Swadeshi Sugar Mills (The erstwhile company)	No	1st April, 2015	Mutation in the name of the Company is pending.
<b>As on 31st March, 2022:</b>						
PPE	Freehold Land	230.72	New Swadeshi Sugar Mills (The erstwhile company)	No	1st April, 2015	Mutation in the name of the Company is pending.

# Relative here means relative as defined in the Companies Act, 2013.

\* Promoter here means promoter as defined in the Companies Act, 2013.

## 41. Operating Segments

### A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments and its operating results are reviewed regularly by the Company's Whole-Time Director (WTD) as the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments as described below, which are the Company's strategic business:

Reportable segments	Operations
Sugar	Manufacture and sale of sugar, molasses and bagasse
Distillery	Manufacture and sale of denatured spirits (including ethanol) and bio-compost
Co-generation	Generation and transmission of power

### B. Information about reportable segments

Information related to each reportable segment is set-out below. The Company's WTD reviews the results of each segment on a quarterly basis. The Company's WTD uses Earning Before Interest and Tax (EBITA) to assess the performance of the operating segments. Segment is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within same industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31st March, 2023				(₹ in lakhs)
<b>Revenue:</b>				
Segment revenue	89,444.92	24,844.47	7,979.15	1,22,268.54
Less: Inter-segment revenue	21,732.18	53.73	5,140.65	26,926.56
<b>Total revenue from operations</b>	<b>67,712.74</b>	<b>24,790.74</b>	<b>2,838.50</b>	<b>95,341.98</b>
<b>Segment profit before income tax</b>	<b>3,989.22</b>	<b>4,750.21</b>	<b>2,537.13</b>	<b>11,276.56</b>
Finance costs				3,035.97
Unallocable expenses (net of unallocable income)				531.52
<b>Profit before tax</b>				<b>7,709.07</b>

# Notes to Financial Statements

for the year ended 31st March, 2023

## 41. Operating Segments (Contd.)

(₹ in lakhs)

Particulars	Reportable segments			Total
	Sugar	Distillery	Co-generation	
<b>As at 31st March, 2023</b>				
<b>Segment assets</b>	<b>98,137.40</b>	<b>35,053.53</b>	<b>7,179.09</b>	<b>1,40,370.02</b>
Unallocated assets				507.67
<b>Total assets</b>				<b>1,40,877.69</b>
<b>Segment liabilities</b>	12,399.22	568.57	68.96	13,036.75
Unallocated liabilities				63,904.28
<b>Total liabilities</b>				<b>76,941.03</b>
<b>Year ended 31st March, 2023</b>				
<b>Other segment information</b>				
Capital expenditure				
- Property, Plant and Equipment	543.20	589.05	9.98	1,142.23
- Intangible assets	7.29	-	-	7.29
Depreciation	1,450.32	809.40	255.86	2,515.58
Amortisation	3.91	-	-	3.91
<b>Year ended 31st March, 2022</b>				
<b>Revenue:</b>				
Segment revenue	94,442.58	13,588.36	5,917.38	1,13,948.32
Less: Inter-segment revenue	10,986.57	39.13	3,416.79	14,442.49
<b>Total revenue from operations</b>	<b>83,456.01</b>	<b>13,549.23</b>	<b>2,500.59</b>	<b>99,505.83</b>
<b>Segment profit before income tax</b>	<b>3,988.15</b>	<b>4,796.90</b>	<b>2,239.11</b>	<b>11,024.16</b>
Finance costs				3,977.97
Unallocable expenses (net of unallocable income)				401.29
<b>Profit before tax</b>				<b>6,644.90</b>
<b>As at 31st March, 2022</b>				
<b>Segment assets</b>	93,059.51	33,273.86	7,984.86	1,34,318.23
Unallocated assets				473.85
<b>Total assets</b>				<b>1,34,792.08</b>
<b>Segment liabilities</b>	5,225.13	1,648.27	7.31	6,880.71
Unallocated liabilities				68,079.50
<b>Total liabilities</b>				<b>74,960.21</b>
Year ended 31st March, 2022				
<b>Other segment information</b>				
Capital expenditure				
- Property, Plant and Equipment	650.42	11,715.52	-	12,365.94
Depreciation	1,437.06	394.32	255.85	2,087.23
Amortisation	4.78	-	-	4.78

## C. Geographical information

The Company primarily operates in India only and the analysis of geographical segments demarcated into its Indian and Overseas Operations are as under:

# Notes to Financial Statements

for the year ended 31st March, 2023

## 41. Operating Segments (Contd.)

(₹ in lakhs)

Particulars	Year ended 31st March, 2023			Year ended 31st March, 2022		
	Reportable segments		Total	Reportable segments		Total
	Indian	Overseas*		Indian	Overseas*	
<b>Revenue:</b>						
Sales (including other operating revenue) to external customers	80,932.88	14,409.10	95,341.98	82,493.05	17,012.78	99,505.83
<b>Segment assets</b>	<b>1,40,370.02</b>	-	<b>1,40,370.02</b>	<b>1,34,162.48</b>	<b>155.75</b>	<b>1,34,318.23</b>
<b>Segment liabilities</b>	<b>13,036.75</b>	-	<b>13,036.75</b>	<b>6,880.71</b>	-	<b>6,880.71</b>

The Company has common property, plant and equipment for producing goods for Indian and Overseas markets. Hence, no separate figures for property, plant and equipment / additions to property, plant and equipment / depreciation and amortisation on property, plant and equipment have been furnished.

\* including export through third parties.

## D. Major customer

**Two** (31st March, 2022: One) customers contributed **27.30%** (31st March, 2022: 13.68%) of the total revenue of the Company.

## 42. Related Party Disclosures

In accordance with the requirements of Indian Accounting Standard (Ind-AS) 24 "Related Party Disclosures", names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have been taken placed during the reported periods are:

### A. Names of related parties and related party relationship

#### Related parties with whom transactions have taken place during the year

Key management personnel	Mr. Chandra Shekhar Nopany	– Chairman / Non-Executive Director
	Mr. Padam Kumar Khaitan	– Independent / Non-Executive Director
	Mr. Yashwant Kumar Daga	– Independent / Non-Executive Director
	Mr. Ishwari Prosad Singh Roy	– Independent / Non-Executive Director
	Mr. Raj Kumar Bagri	– Independent / Non-Executive Director
	Ms. Shashi Sharma	– Independent / Non-Executive Director
	Mr. Chandra Mohan	– Whole-Time Director
	Mr. Sudarshan Bajaj	– Chief Financial Officer w.e.f. 3rd August, 2021
	Mr. Sunil Choraria	– Chief Financial Officer upto 3rd August, 2021
	Mr. Subramanian Sathyamurthy	– Company Secretary
	Relatives of key management personnel	Mrs. Nandini Nopany

The following transactions were carried out with related parties in the ordinary course of business

#### a. Dividend / Director's sitting fees / commission

(₹ in lakhs)

	Year ended 31st March	Dividend on Equity Shares	Director's sitting fees	Director's commission	Amount owed to related parties
<b>Key management personnel</b>					
Mr. Chandra Shekhar Nopany	<b>2023</b>	<b>4.32</b>	<b>2.60</b>	-	-
	2022	1.73	3.20	5.00	4.50

## Notes to Financial Statements for the year ended 31st March, 2023

The following transactions were carried out with related parties in the ordinary course of business

### 42. Related Party Disclosures (Contd)

(₹ in lakhs)

	Year ended 31st March	Dividend on Equity Shares	Director's sitting fees	Director's commission	Amount owed to related parties
Mr. Padam Kumar Khaitan	2023	-	4.20	-	-
	2022	-	3.80	5.00	4.50
Mr. Yashwant Kumar Daga	2023	-	3.80	-	-
	2022	-	5.20	5.00	4.50
Mr. Ishwari Prosad Singh Roy	2023	-	3.60	-	-
	2022	-	4.60	5.00	4.50
Mr. Raj Kumar Bagri	2023	-	4.40	-	-
	2022	-	4.80	5.00	4.50
Ms. Shashi Sharma	2023	-	3.00	-	-
	2022	-	3.40	5.00	4.50
<b>Relatives of key management personnel</b>					
Mrs. Nandini Nopany	2023	18.40	-	-	-
	2022	7.36	-	-	-

### b. Remuneration to key managerial personnel

#### (i) Short term employee benefits

(₹ in lakhs)

	Year ended 31st March	Transaction during the year	Amount owed by related parties	Amount owed to related parties
Mr. Chandra Mohan *	2023	126.22	-	3.24
	2022	115.47	-	4.15
Mr. Sudarshan Bajaj	2023	29.61	-	-
	2022	18.56	-	-
Mr. Sunil Choraria	2023	-	-	-
	2022	8.73	-	-
Mr. Subramanian Sathyamurthy	2023	32.12	-	-
	2022	29.18	-	-

\* excluding ₹15.17 lakhs (31st March, 2022: ₹7.96 lakhs) value of perquisites determined under the provisions of Income Tax Act, 1961.

#### (ii) Post employment benefits

Short term employee benefits as disclosed in point (i) above does not include the provisions made for gratuity and leave benefits ₹25.16 lakhs (31st March, 2022: ₹23.45 lakhs) and ₹23.93 lakhs (31st March, 2022: ₹21.23 lakhs) respectively, as they are determined on an actuarial basis for the Company as a whole.

### C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2023 or year ended 31st March, 2022.

## Notes to Financial Statements for the year ended 31st March, 2023

### 42. Related Party Disclosures (Contd)

#### D. Terms and conditions of transactions with related parties

- (i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- (ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. Neither guarantees have been given nor received.
- (iii) For the year ended 31st March, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.
- (iv) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

### 43. Government Grants

The Company is eligible to receive various government grants by way of export subsidy, incentive on higher recovery and interest subvention / grant on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in lakhs)

Sr No	Particulars	Treatment in Financial Statements	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Revenue related Government Grants:</b>				
(i)	Export Subsidy [Note (a) below]	Shown as Subsidy towards Export Quota in Note 28	-	569.96
(ii)	Incentive on Higher Recovery [Note (b) below]	Shown as "Production Incentive" in Note 28	-	172.00
(iii)	Interest Subvention / grant on term loans [Note (c) below]	Deducted from Finance costs in Note 33	349.04	130.57
<b>Capital Subsidy:</b>				
(iv)	Reimbursement of Stamp duty / Registration fees [Note (d) below]	Deducted from "Freehold Land" in Note 4	37.68	-

- (a) The Central Government, pursuant to notification dated 29th December, 2020 issued by Ministry of Consumer Affairs, Food and Public Distribution, had notified a Scheme for a lump sum financial assistance of ₹6,000 / ₹4,000 per MT for expenses on export of sugar limited to Maximum Admissible Export Quantity (MAEQ) of sugar mills for the sugar season 2020-21. Such financial assistance was subject to fulfilment of certain eligibility conditions as specified in the said notification. The Company had fulfilled the conditions as stipulated in the said scheme and accordingly, the subsidy of ₹569.96 lakhs had been received during the previous year and disclosed as "Subsidy towards Export Quota (net)" under the head Other Operating Revenue.
- (b) The State Government of Bihar under Industrial Promotion Policy, 2014 had announced an incentive on higher recovery of sugar over the recovery in base years. The Company was entitled for Production Incentive of ₹172.00 lakhs for the sugar season 2021-22 during the previous year.
- (c) The Company has obtained certain term loans from banks under financial assistance schemes (SEFASM 2018 - Central). The difference between the fair value of the loans based on prevailing market interest rates and interest paid on such loans has been recognised in the Statement of Profit and Loss by netting with the related finance cost.
- (d) The State Government of Bihar under Industrial Investment Promotion Policy, 2016 had announced incentives on industrial capital investment in Bihar. The Company has received ₹37.68 lakhs as reimbursement of stamp duty / registration fees on purchase of freehold land.

# Notes to Financial Statements

for the year ended 31st March, 2023

## 44. Financial instruments - fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities: (₹ in lakhs)

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
<b>As at 31st March, 2023</b>					
<b>Financial assets not measured at fair value</b>					
Investment in Government Securities	-	-	0.66	0.66	0.66
Trade receivables	-	-	3,452.70	3,452.70	3,452.70
Cash and cash equivalents	-	-	13.02	13.02	13.02
Other bank balances	-	-	29.06	29.06	29.06
Loans	-	-	23.29	23.29	23.29
Other financial assets	-	-	479.24	479.24	479.24
	-	-	<b>3,997.97</b>	<b>3,997.97</b>	<b>3,997.97</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowings *	-	-	58,225.92	58,225.92	58,225.92
Trade payables	-	-	10,627.58	10,627.58	10,627.58
Other financial liabilities	-	-	1,290.05	1,290.05	1,290.05
	-	-	<b>70,143.55</b>	<b>70,143.55</b>	<b>70,143.55</b>
<b>As at 31st March, 2022</b>					
<b>Financial assets not measured at fair value</b>					
Investment in Government Securities	-	-	0.66	0.66	0.66
Trade receivables	-	-	4,879.28	4,879.28	4,879.28
Cash and cash equivalents	-	-	22.77	22.77	22.77
Other bank balances	-	-	21.04	21.04	21.04
Loans	-	-	29.98	29.98	29.98
Other financial assets	-	-	468.25	468.25	468.25
	-	-	<b>5,421.98</b>	<b>5,421.98</b>	<b>5,421.98</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowings *	-	-	63,593.77	63,593.77	63,593.77
Trade payables	-	-	3,943.70	3,943.70	3,943.70
Other financial liabilities	-	-	1,921.94	1,921.94	1,921.94
	-	-	<b>69,459.41</b>	<b>69,459.41</b>	<b>69,459.41</b>

\* measured at level 2.

The management assessed that fair values of trade receivables, cash and cash equivalent, other bank balances, trade payables, investment in Government securities, loans and other financial assets and liabilities approximate their carrying amounts.

### B. Measurement of fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

#### Valuation technique level 2 - Borrowings

Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The own non-performance risk was assessed to be insignificant.

## Notes to Financial Statements for the year ended 31st March, 2023

### 44. Financial instruments - fair values and risk management (Contd)

#### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### Risk management framework

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, other bank balances, investments, loans and other financial assets that derive directly from its operations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Risk Management Committee monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure Arising from	Measurement	Management
<b>Credit risk</b>	Trade receivables	Case to case basis	Credit limit and credit worthiness monitoring, credit based approval process
<b>Liquidity risk</b>	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
<b>Market risk</b>			
Interest rate risk	Long term borrowings at variable rates	Sensitivity analysis Interest rate movements	Fund management
Regulatory risk	Commercial traction	Impact of policies	Monitoring of Policies and assessing impact
Commodity price risk	Commercial traction	Cash flow forecasting Sensitivity analysis	Business diversification Inventory management

#### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### Trade receivables and Loans

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is

## Notes to Financial Statements for the year ended 31st March, 2023

### 44. Financial instruments - fair values and risk management (Contd)

managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of trade receivable on case to case basis and has accordingly created loss allowance on trade receivables.

#### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to trade receivables as low, as the Company sugar sales are mostly on cash. Power and Ethanol are sold to Government entities, thereby the credit default risk is significantly mitigated.

The Company's exposure to credit risk for trade receivables and loans by type of counterparty and loss allowance are as follows.

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Amount	Loss allowance	Net Amount	Amount	Loss allowance	Net Amount
<b>Trade Receivables</b>						
Government concerns (including government undertakings)	3,410.18	-	3,410.18	4,663.14	-	4,663.14
Others	133.34	90.82	42.52	301.28	85.14	216.14
	<b>3,543.52</b>	<b>90.82</b>	<b>3,452.70</b>	<b>4,964.42</b>	<b>85.14</b>	<b>4,879.28</b>
<b>Loans</b>						
Government concerns (including government undertakings)	-	-	-	-	-	-
Others	23.29	-	23.29	29.98	-	29.98
	<b>23.29</b>	<b>-</b>	<b>23.29</b>	<b>29.98</b>	<b>-</b>	<b>29.98</b>

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

#### Movement of loss allowance in respect of trade receivables and loans:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance at the beginning of the year	85.14	85.14
Net remeasurement of loss allowance [Note 35]	5.68	-
Balance at the end of the year	<b>90.82</b>	<b>85.14</b>

The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

#### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.



## Notes to Financial Statements for the year ended 31st March, 2023

### 44. Financial instruments - fair values and risk management (Contd)

As disclosed in Note 20, the Company has secured bank loans that contains covenant. Any future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. The covenant is monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

#### Exposure to liquidity risks

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
(₹ in lakhs)						
<b>As at 31st March, 2023</b>						
Secured term loan from banks and others*	18,800.62	22,053.33	8,066.92	6,000.56	7,985.85	-
Cash credit including WCDL	34,725.30	34,725.30	34,725.30	-	-	-
Unsecured short term loan from a bank	3,000.00	3,000.00	3,000.00	-	-	-
Inter-corporate deposits	1,700.00	1,700.00	1,700.00	-	-	-
Lease Liabilities*	39.36	45.00	15.00	15.00	15.00	-
Trade payables	10,627.58	10,627.58	10,627.58	-	-	-
Other financial liabilities	1,290.05	1,290.05	1,268.05	-	-	22.00
	<b>70,182.91</b>	<b>73,441.26</b>	<b>59,402.85</b>	<b>6,015.56</b>	<b>8,000.85</b>	<b>22.00</b>
<b>As at 31st March, 2022</b>						
Secured term loan from banks and others*	18,450.50	21,944.33	6,158.28	6,943.10	8,842.95	-
Cash credit including WCDL	35,443.27	35,443.27	35,443.27	-	-	-
Unsecured short term loan from a bank	3,000.00	3,000.00	3,000.00	-	-	-
Inter-corporate deposits	6,700.00	6,700.00	6,700.00	-	-	-
Lease Liabilities*	115.10	218.25	15.00	15.00	48.00	140.25
Trade payables	3,943.70	3,943.70	3,943.70	-	-	-
Other financial liabilities	1,921.94	1,921.94	1,899.94	-	-	22.00
	<b>69,574.51</b>	<b>73,171.49</b>	<b>57,160.19</b>	<b>6,958.10</b>	<b>8,890.95</b>	<b>162.25</b>

\* including estimated interest.

#### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

#### Foreign currency risks

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

## Notes to Financial Statements for the year ended 31st March, 2023

### 44. Financial instruments - fair values and risk management (Contd)

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

#### Exposure to interest rate risks

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in lakhs)		
	<b>As at 31st March, 2023</b>	<b>As at 31st March, 2022</b>
<b>Fixed rate instruments</b>		
Financial assets	-	2.00
Financial liabilities	<b>1,700.00</b>	<b>6,700.00</b>
	<b>As at 31st March, 2023</b>	<b>As at 31st March, 2022</b>
<b>Variable rate instruments</b>		
Financial liabilities	56,565.28	57,008.87

#### Cash flow sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in interest rate at the reporting dates would have increased or decreased equity and profit or loss by the amounts shown below:

(₹ in lakhs)				
Particulars	Profit or loss before tax		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2023</b>				
Variable rate instruments	(282.83)	282.83	(184.00)	184.00
<b>31st March, 2022</b>				
Variable rate instruments	(285.04)	285.04	(185.44)	185.44

#### Regulatory and Commodity price risk

Sugar industry, being cyclical in nature, is regulated by both Central Government as well as State Government policies. The Company is exposed to the risk of price fluctuations of its raw material (Sugarcane) as well as its finished goods (Sugar). To counter the raw material risk, the Company worked with development of various cane varieties with the objective to moderate the raw material cost and increase product functionality. The risk towards finished goods (Sugar) has been moderated through the various schemes of the Central Government including but not limited to introduction of Minimum Support Price (MSP), creation of buffer stock and export of excess inventory. The Company has further mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilising its by-products.

## Notes to Financial Statements for the year ended 31st March, 2023

### 45. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

#### The Company's objective when managing capital are to:

- to maximise shareholders value and provide benefits to other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

### 46. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at 31st March, 2023	As at 31st March, 2022	Change (%)
Current Ratio	Current Assets	Current Liabilities	1.04	0.94	10.64%
Debt-Equity Ratio	Total Debts	Shareholder's Equity	0.91	1.06	(14.15%)
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses / (income) + Interest	Debt service = Interest & Lease Payments + Principal Repayments	1.53	1.46	4.79%
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.08	0.08	0.00%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	1.42	1.38	2.90%
Trade Receivable Turnover Ratio	Total Sales	Average Trade Receivable	22.88	30.95	(26.07%) [Explained in Note (a) below]
Trade Payable Turnover Ratio	Total Purchases	Average Trade Payable	10.48	5.40	94.07% [Explained in Note (b) below]
Net Capital Turnover Ratio	Net Sales = Total Sales - Sales Return	Working Capital = Current Assets - Current Liabilities	42.53	(29.16)	(245.85%) [Explained in Note (c) below]
Net Profit Ratio	Net Profits after taxes	Net Sales = Total Sales - Sales Return	0.05	0.05	0.00%
Return on Capital Employed	Earning before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.17	0.08	112.50%

Notes:

- Change in Trade Receivable Turnover Ratio is 26.07% as compared to the preceding year due to increase in trade receivable towards sale of ethanol to oil companies under credit period.
- Change in Trade Payable Turnover Ratio is 94.07% as compared to the preceding year due to higher cane price outstanding as higher crushing season.
- Change in Net Capital Turnover Ratio is 245.85% as compared to the preceding year due to higher working capital on account of increase in inventory levels because of longer sugarcane crushing period.

## Notes to Financial Statements for the year ended 31st March, 2023

**47.** The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date attached.

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

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Chandra Mohan**

Whole-time Director

DIN: 07760264

**Chandra Shekhar Nopany**

Chairman

DIN: 00014587

**Seema Mohnot**

Partner

Membership No.: 060715

Place: Kolkata

Date: 9th May, 2023

**Subramanian Sathyamurthy**

Company Secretary

**Sudershan Bajaj**

Chief Financial Officer





[www.birla-sugar.com](http://www.birla-sugar.com)