



03.09.2020

To,  
The Manager  
BSE Ltd.  
25<sup>th</sup> floor, P.J. Towers,  
Dalal Street, Mumbai – 400 001.

**Subject: Annual Report for the financial year 2019-20**

**Scrip Code: 532102**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2019-20.


Annual Report for the year 2019-20 including the Audited Financial Statements (Standalone & Consolidated) for the year ended March 31, 2020 being sent by electronically to those members whose email address are registered with the Company/RTA/Depository Participant(s). The requirement of sending physical copy of the Annual Report to the Members have been dispensed with vide MCA Circulars and SEBI Circulars.

The Annual Report for the FY 2019-20 is also being uploaded on Company's website i.e. [www.sbecsugar.com](http://www.sbecsugar.com)

Kindly take the same on record.

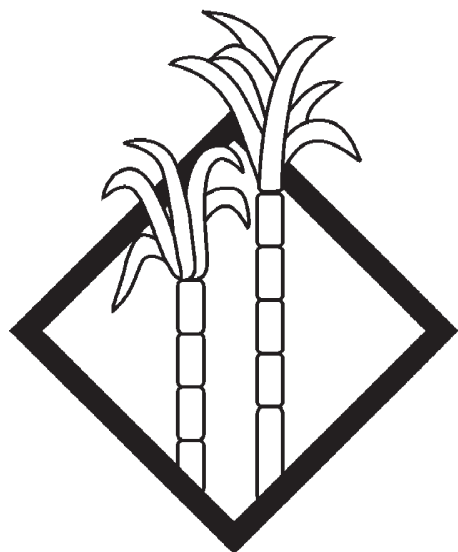
Thanking You,

**For SBEC Sugar Limited**

  
**Ankit K. Srivastava**  
**Company Secretary & Compliance Officer**

**Encl: A/a**

# ***SBEC Sugar Limited***



**T W E N T Y   S I X T H   A N N U A L   R E P O R T**

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**2020**

**BOARD OF DIRECTORS**

Shri. Umesh K Modi	- Chairman & President
Smt. Kum Kum Modi	
Shri. Abhishek Modi	- Whole Time Director
Shri. Jayesh Modi	
Shri. Vijay Kumar Modi	
Shri. Narayan Prakash Bansal	
Shri. Rajeev Kumar Agarwal	
Shri. Jagdish Chandra Chawla	
Shri. Shyam Babu Vyas	
Shri. Rohit Garg	

**CHIEF FINANCIAL OFFICER**

Shri. A.K. Goel

**COMPANY SECRETARY**

Shri. Ankit K. Srivastava

**AUDITORS**

M/s K.K. Jain & Co.  
184, Garud Apartments,  
Pocket-IV, Mayur Vihar,  
Phase-1, Delhi-110 091

**BANKERS**

Axis Bank Ltd.  
Punjab National Bank  
State Bank of India

**REGISTERED OFFICE & PLANT**

Village : Lohan Malakpur,  
Tehsil : Baraut - 250 611,  
Distt. Baghpat,  
Uttar Pradesh

**REGISTRAR & SHARE TRANSFER AGENT**

M/s Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3rd Floor, 99 Madangir,  
Near Dada Harsukhdas Mandir,  
Behind Local Shopping Centre,  
New Delhi-110062

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## DIRECTORS' REPORT

To,  
The Shareholders,  
SBEC Sugar Limited

Dear Members,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2020.

### FINANCIAL RESULTS

The summarised financial results of SBEC Sugar Ltd. as well as Consolidated with its subsidiaries i.e. SBEC Bioenergy Limited and SBEC Stockholding and Investment Limited for the financial year ended 31<sup>st</sup> March, 2020.

(Rs. in Lacs)

Financial Parameters	STANDALONE		CONSOLIDATED	
	Period ended 31.03.2020	Period ended 31.03.2019	Period ended 31.03.2020	Period ended 31.03.2019
Revenue from operations	47,093.66	40,098.78	48,180.79	41,743.73
Other Income	16.31	31.20	36.40	40.00
<b>Total Revenue</b>	<b>47,109.97</b>	<b>40,129.98</b>	<b>48,217.18</b>	<b>41,783.73</b>
Profit before interest, Depreciation, exceptional items and tax	3923.27	(2,428.04)	4057.97	(1,810.06)
<b>Interest</b>	<b>1,603.29</b>	<b>506.43</b>	<b>2,103.82</b>	<b>1,228.29</b>
Depreciation	1823.43	1,811.89	2044.71	2,043.49
Exceptional Items - Income	-	-	-	-
Profit before tax	496.55	(4,746.36)	(90.56)	(5,081.84)
<b>Provision for taxation</b>	<b>-</b>	<b>1.30</b>	<b>(169.61)</b>	<b>4.56</b>
Profit after tax	496.55	(4,747.66)	79.05	(5,086.4)
<b>Other Comprehensive Income</b>	<b>(29.57)</b>	<b>0.69</b>	<b>(33.69)</b>	<b>0.57</b>
Total Comprehensive Income	466.98	(4,748.35)	45.36	(5,086.97)

### COVID-19 PANDEMIC

The Ministry of Home Affairs, Government of India on March 24, 2020 notified first ever nationwide lock down in India to contain the outbreak of Covid-19. The operations of the manufacturing facilities had been suspended for few days. After resumption of the operations, the manufacturing activities were carried out in normal course with the adoption of enhanced safety, security and other required measures. There has been no material impact on the business of the company though the sale and movement of finished products was affected for a short period of time initially due to lockdown.

### DIVIDEND & RESERVES

Although the company has earned profit during the current year after continuous losses in previous years. In view of accumulated losses, your Directors do not recommend any dividend for the year ending March 31, 2020.

### SHARE CAPITAL

The paid up equity capital as on March 31, 2020 was Rs.4765.38 Lacs. During the year under review, the Company has not issued any shares or any other security.

### OPERATIONS

The crushing for the season 2019-20 started on October 24, 2019 and ended on May 30 2020 and cane crushed during season 2019-20 was 152.06 Lac Qtls as compared to 129.78 Lac Qtls in the last season.

Particulars	Unit	Sugar Season		
		2017-18	2018-19	2019-2020
Cane Crush	Lac Qtl	146.27	129.78	152.06
Recovery	%	9.73	11.10	11.25
Sugar Production	Lac Qtl	14.24	14.43	17.12

Company crushed 152.06 lakh Qtls sugarcane and increased recovery by 0.15% over the previous Sugar Season. With gradual acceptance of sugarcane variety Co-0238 by the farmers of the area, the cane production throughout the state gradually increased, resulted in excess sugar production leading to decline in current sugar prices as compared to last year.



our Company's sugar factories is in U.P. where state governments announce the Sate Administrative Price (SAP), which is much higher than the Fixed Remunerative Price (FRP). This creates a distortion in the industry because SAP is neither linked to sugar recovery nor it takes in to account domestic and global prices and other relevant parameters. As a result, when sugar prices are low, mill owners are unable to pay to farmers resulting in delayed payment, huge cane arrears and trust deficit between farmers and millers.

As per Indian Sugar Mills Association (ISMA), the production in the sugar season 2019-20 is expected to 26.5 MMT. The season started in October 2019 with 14.5 MMT of opening stock. The Domestic consumption and export in 2019-20 is estimated to 26 MMT and exports nearly 5 MMT respectively resulting in closing stock of about 10 MMT. The scenario may not undergo any significant change. During the forthcoming sugar season it is expected that the pressure on the sugar price would continue to remain given the over-supply scenario.

Despite several challenges, your company continuous thrust on strong farmer relationship, cost control, efficiency improvement and continued to focus on cane development activities, comprising clean cane, varietal change and modern agriculture practices that is expected to improve productivity in the coming years.

#### **MATERIAL CHANGES AND COMMITMENTS**

No material changes or commitments have occurred between the end of the financial period to which the financial statements relate and the date of this report, affecting the financial position of the Company.

#### **SUBSIDIARY COMPANIES**

As on March 31<sup>st</sup> 2020, the Company has one Wholly Owned Subsidiary i.e. SBEC Stockholding & Investments Limited and one Subsidiary i.e. SBEC Bio-energy Limited. There are no associates companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies are annexed in Form AOC-1 and marked as "**Annexure-A**" to the Annual Financial Statements.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing standalone and consolidated financial statements has been placed on the website of the Company, [www.sbecsugar.com](http://www.sbecsugar.com). Further, the audited accounts of the Subsidiary Companies and the related detailed information have also been placed on the website of the Company [www.sbecsugar.com](http://www.sbecsugar.com). A copy of annual accounts of subsidiaries will be made available to shareholders seeking such information at any point of time.

On the basis of Audited Financials Accounts of the Company for the FY. 19-20 the Company has two Material Subsidiaries Company i.e. SBEC Bioenergy Limited and SBEC Stockholding & Investment Limited. The Minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company. Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board. The Audit Committee of the Company reviews the financial Statement of the subsidiary companies including investments made.

There has been no change in relationship of any subsidiary company during the financial year.

#### **CONSOLIDATED FINANCIAL STATEMENT**

The consolidated financial statements of the Company for the financial period 2019-20, are prepared in compliance with applicable provisions of the Companies Act, 2013, Indian Accounting Standard (Ind AS) and SEBI (LODR) Regulations, 2015.

#### **DIRECTORS**

Shri. Raj Kumar Sharma had resigned from the post of Director, Manager and Occupier of the Company w.e.f. 25th August, 2019.

During the year 2019-20, Shri. Rohit Garg has been re-appointed as an Independent Non-Executive director of the Company not liable to retire by rotation and he hold office for a second term of 5(five) consecutive year w.e.f 24th September, 2019.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Smt. Kumkum Modi (DIN 00522904), Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Shri. Rajeev Kumar Agarwal (DIN: 00298252), Shri. Jagdish Chander Chawla (DIN: 05316202) and Shri. Shyam Babu Vyas (DIN: 02025415) were appointed as an Independent Director of the company at the 21st Annual General Meeting of the company held on 24th September, 2015 for a consecutive period of five years (first term) and they hold office as Independent Director of the Company upto 24th September, 2020.

Pursuant to the provisions of Section 149 (10) read with Section 149(11) of the Companies Act, 2013, the Independent Director shall hold office for two consecutive term of 5 (five) consecutive years each. They are eligible for re-appointment upon completion of the first term on passing of special resolutions by the company and disclosure of such appointment in the report of the Board of Directors. They shall meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board of Directors, the aforesaid Directors fulfill the conditions laid down in the Companies Act, 2013 read with rules made there under and other applicable regulations.

Based on the performance evaluation & recommendation of Nomination & Remuneration Committee, necessary special resolutions have been placed before the members in the ensuing Annual General Meeting for the re-appointment of Shri Rajeev Kumar Agarwal, Shri Jagdish Chander Chawla and Shri Shyam Babu Vyas as Independent Directors for a second term of five consecutive years i.e. from 24th September 2020 to 23rd September, 2025.

Particulars of Directors seeking appointment/re-appointment have been given in the explanatory statement annexed to this notice for the Annual General Meeting.

All the Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### **KEY MANAGERIAL PERSONNEL (KMP)**

During the financial period ended 31.03.2020, following persons are Whole Time Key Managerial personnel (KMP) of the Company in terms of provisions of Section 203 of the Companies Act, 2013:



SI. No.	Name	Designation
1.	Shri Abhishek Modi	Whole Time Director
2.	Shri Anil Kumar Goel	Chief Financial Officer

\*Shri Raj Kumar Sharma had resigned from the post Manager w.e.f. 25th August, 2019.

\*\* Shri Shobit Nehra had resigned from the post of Company Secretary & Compliance Officer of the Company w.e.f. 31st December, 2019.

#### **BOARD MEETINGS**

The Board met Six times during the financial year 2019-20, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015.

#### **FORMAL ANNUAL EVALUATION**

Pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board has carried out a performance evaluation of itself, its Committees, the Chairman and each of the other Directors.

A structured questionnaire was prepared after taking into consideration the inputs received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board. The performance evaluation of Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at their meeting held separately.

At the conclusion of the evaluation exercise, the Members of the Board assessed that the Board as a whole together with each of its Committees was working effectively in performance of its key functions.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the provisions contained in Section 134 (5) of the Companies Act, 2013, your Directors to the best of their knowledge and belief and according to information and explanations obtained from the management, confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;
- the Board of Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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, 2020 and the statement of profit and loss of the Company for the year ended on that date;
- the Board of Directors have taken proper and sufficient care 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;
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **DECLARATION FROM INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015.

#### **INTERNAL FINANCIAL CONTROLS**

Your company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against the perils of unauthorized use or disposition. Towards enhancing the efficiency of internal controls, services of consultants are hired wherever necessary, and their suggestions are reviewed and implemented. Your Company has in place an Internal Audit system, whereby an independent professionals firm of Internal Auditors conducts regular audit across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise the management on corrective policies, if any.

#### **AUDITORS AND AUDITORS REPORT**

##### **Statutory Auditors**

M/s. K. K. Jain & Co. Chartered Accountants (FRN.02465N) were appointed as Statutory Auditors of the Company for a term of 5 Years to hold office from the conclusion of 23<sup>rd</sup> Annual General Meeting (AGM) held on August 29, 2017 till the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company, subject to annual ratification of their appointment by the members at the every AGM of the Company, on such remuneration as may be decided by the Audit Committee of the Board.

Due to amendment to Section 139 of the Companies Act, 2013, which became effective from May 7, 2018, the annual ratification of statutory auditors is no longer required.

Accordingly, the notice of ensuing Annual General Meeting does not include the proposal for seeking shareholders' approval for ratification of appointment of Statutory Auditors of the company.

**STATUTORY AUDITORS' REPORT**

The Auditors Report contains qualifications and the Company has given its comments on Auditor Qualified Opinion for the Financial Year 2019-20. The details are mentioned here under:

**Response to Qualified Opinion (i)**

Under the power vested with the Cane Commissioner (U.P) for waiver of interest under U.P. Sugar Cane (Regulation of Supply and purchase) Act, 1953 in respect of loss making/ sick companies, the Company had made an application to Cane Commissioner (U.P.) for waiver of interest on Cane Dues. Pending receipt of the Cane Commissioner decision, no interest has been provided on the cane dues. The Company has decided to account for the same on actual payment basis.

**Response to Qualified Opinion (ii)**

The management is of the opinion that no provision for doubtful debts is required as subsidiary company is the major secured creditor of Modi Industries Limited which owns substantial properties which are quite sufficient to take care of its entire liabilities. In view of that the management is confident for recovery of whole amount.

**Response to qualified opinion (iii)**

The management is of the opinion that the Government of India has fixed the minimum selling price of sugar at Rs. 3100/-per quintal vide its order no. 1(2)/2019-SP-I dated 14th February, 2019. In view of the above, the closing stock of sugar has been valued at Rs. 3100/- per quintal, as the sale price is still higher.

**COST AUDITORS**

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company's cost records are subject to Cost Audit.

The Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. M.K. Singhal & Co., Cost Accountants, as the Cost Auditors to audit the cost accounting records maintained by the Company for the financial year 2020-21 on a remuneration of Rs.60,000/- plus taxes as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval of the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

**SECRETARIAL AUDITOR**

The Board appointed M/s R. Singhal & Associates, Practicing Company Secretaries, as the Secretarial Auditor to undertake the Secretarial Audit of the Company for Financial Year 2019-20. The Report of the Secretarial Audit is given in "**Annexure-B**" to this Report.

The observation in secretarial audit report are self-explanatory and therefore not call for any further explanation.

**FIXED DEPOSITS**

During the financial year, Company has not accepted any deposit from public within the meaning of section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

**RISK MANAGEMENT POLICY**

As per Section 134(3) (n) of the Companies Act, 2013, the Company has adopted a Risk Management Policy which is reviewed on a periodic basis in order to recognize and reduce exposure to risks wherever possible. The Company's risk management policies are based on the philosophy of achieving substantial growth while mitigating and managing risks involved. Major risks identified are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

**AUDIT COMMITTEE**

The Audit Committee comprises of five Independent Directors, viz., Shri. R.K. Agarwal as Chairman, Shri. J.C. Chawla, Shri. Vijay Kumar Modi, Shri. Shyam Babu Vyas & Mr. N.P. Bansal as Members. The details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

**NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rules made there under, the Board has constituted a Nomination & Remuneration Committee and the details of terms of reference, number & dates of meeting held, attendance and other details are given separately in the attached Corporate Governance Report. The Board on the recommendation of Nomination & Remuneration Committee framed a policy i.e. Nomination and Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

**REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The Non-Executive Directors do not draw any remuneration from the Company except sitting fee paid to them for each meeting of the Board/ Committee thereof attended by them. The aforesaid policy can be accessed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com)

**CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES.**

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), the CSR provisions are not applicable as per immediately preceding year financials of the Company. The CSR Committee constituted by the Board of Directors have been dissolved **w.e.f. 9<sup>th</sup> August, 2018.**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed in "**Annexure-C**" and forms part of this Report.



## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2020 are given in "Annexure –D" to this Report.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The details of Loans, Guarantees and Investment covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to financial statements.

## **RELATED PARTY TRANSACTIONS**

The transactions entered with related parties during the year under review were on Arm's Length basis and in the ordinary course of business and complied the provisions of Section 188 of the Companies Act, 2013. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note No. 30 of the Financial Statements for the financial year ended 31.3.2020.

However, there was a transaction between the Company and SBEC Bioenergy Limited which was on arm's length basis but the same was a material transaction. All the relevant details of the said transaction have been given in AOC-2 which is enclosed as "Annexure E" and forms part of this director report.

The Board has framed a Policy on related party transactions and placed the same on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

## **VIGIL MECHANISM & WHISTLE BLOWER POLICY**

The Company has formulated and implemented the Whistle Blower Policy/ vigil mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

## **EXTRACT OF THE ANNUAL RETURN**

The details of the extract of the Annual Return in Form MGT-9 as per the provisions of Section 92 of Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith and marked as "Annexure-F" to this Report and also available on the website of the Company at [www.sbecsugar.com](http://www.sbecsugar.com).

## **COMPLIANCE OF SECRETARIAL STANDARD**

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

## **LISTING OF SECURITIES**

The equity shares of your Company are listed on the BSE Limited and the Calcutta Stock Exchange Association Limited. The Company's application for delisting of shares with The Calcutta Stock Exchange Association Limited is still pending.

## **BOARD DIVERSITY**

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website ([www.sbecsugar.com](http://www.sbecsugar.com)). More detail on diversity is available in the corporate governance report that forms part of this Annual Report.

## **CORPORATE GOVERNANCE**

In Compliance with Regulation 17 to 27 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, a detailed Corporate Governance Report has been given elsewhere in this report, along with Management Discussion and Analysis Report, which form an integral part of the Annual Report.

A certificate from R. Singhal & Associates, a firm of Company Secretaries in practice confirming compliance by the Company with the conditions of Corporate Governance as stipulated under part E of schedule V of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 is attached to this report.

The Whole Time Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under SEBI (LODR), Regulations, 2015.

## **PERSONNEL RELATIONS**

Your directors hereby place on record their appreciation for the services rendered by the executives, staff and workers of the Company for their hard work, dedication and commitment. During the year under review, relations between the employees and the management continued to remain cordial.

## **APPRECIATION**

Your directors thank the various Central and State Government Authorities and Agencies for the continued help and cooperation extended by them. The Directors gratefully acknowledge all stakeholders of the Company viz., farmers, customers, members, dealers, vendors and banks for their excellent support during the year. The Directors also place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued cooperation to the Company.

**For & behalf of the Board  
SBEC Sugar Limited**

**Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)**

**Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)**

**Place: New Delhi**

**Date: 31st August, 2020**



"Annexure-A"

## ANNEXURE TO BOARD'S REPORT

## "FORM- AOC-1"

Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014.

Statement containing salient features of The Financial Statements of Subsidiaries or associate companies or Joint ventures.

## PART A – SUBSIDIARIES

S. No.	Name of the Subsidiary Company	Date on which when Subsidiary was acquired	Financial period ended	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Profit after Taxation	Proposed Dividend	% of Share-holding
1	SBEC Bioenergy Limited	12.03.1997	31-Mar-20	INR	230000000	507872733	1095867091	1095867091	109356580	110721379	(58529195)	(41555540)	NIL	55%
2	SBEC Stockholding Investments Limited	09.06.2001	31-Mar-20	INR	45500000	(5052499)	379445976	379445976	379251000	-	(182321)	194685	NIL	100%

For & behalf of the Board  
SBEC Sugar Limited

Sd/-

Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)

Sd/-

Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)Place: New Delhi  
Date: 31st August, 2020

"ANNEXURE-B"

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

## For The Financial Year Ended On 31st March, 2020

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of  
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014To,  
The Members

## SBEC SUGAR LIMITED

Vill. Loyan Malakpur, Baraut, Distt Baghpat, Uttar Pradesh

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SBEC SUGAR LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2020 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; as amended from time to time;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period) and;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).

**(vi) OTHER APPLICABLE ACTS,**

- (a) The Factories Act, 1948
- (b) The Payment of Wages Act, 1936, and rules made thereunder,
- (c) The Minimum Wages Act, 1948, and rules made thereunder,
- (d) The Payment of Gratuity Act, 1972
- (e) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
- (f) The Payment of Bonus Act, 1965, and rules made thereunder,
- (g) The Industrial Dispute Act, 1947
- (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
- (i) The Air (Prevention & Control of Pollution) Act, 1981 Read with the Air (Prevention & Control of Pollution) Rules, 1982
- (j) The Contract Labour (Regulation and Abolition) Act, 1970
- (k) The Industrial Employment (Standing Orders) Act, 1946
- (l) The Sugar Cess Act, 1982
- (m) The Levy Sugar Price Equilisation Fund Act, 1976
- (n) The Food & Safety Standards Act, 2006
- (o) The Essential Commodities Act, 1955
- (p) Indian Boilers Act, 1923
- (q) The Uttar Pradesh Vacuum Pan Sugar Factories Licensing Order 1969
- (r) Sugar Control Order, 1966
- (s) The Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013,

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations Guidelines, Standards, etc mentioned above except to the extent as mentioned below :

1. During the year under review, the Securities Exchange Board of India on September 17, 2018 had issued directions to the Promoter Group of the Company (namely Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri Jayesh Modi, Longwell Investments Pvt. Ltd., A to Z Holdings Pvt. Ltd, Moderate Leasing and Capital Services Limited and SBEC Systems (India) Ltd), severally or jointly, make a public announcement in order to acquire the shares of the Target Company (i.e. SBEC Sugar Limited) in accordance with the provisions of the Takeover Regulations, 2011, within a period of 45 days from the date of above mentioned order. The shareholding/voting rights of the Promoter Group had increased from 54.46% (2,59,51,083 shares) as on June 30, 2014 to 63.86% (3,04,32,117 shares) as on September 30, 2014. In addition to the aforesaid acquisition, one of the lending promoter i.e. Moderate Leasing & Capital Services Ltd. had also acquired 1.31% shares of SBEC Sugar Limited during March 18, 2015 to March 23, 2015, which increased the shareholding of the Promoter Group to 65.17%. As per the said impugned order, the Promoter Group have violated the provisions of Regulation 3(2) of the Takeover Regulations, 2011 by acquiring shares in excess of the prescribed limit without making an announcement for open offer.

Against the said impugned SEBI order, M/s SBEC System (India) Limited had filed appeal No.1 (No.443/2018) before the Securities Appellate Tribunal, Mumbai. Whereas the Promoter Group namely (Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri Jayesh Modi, Longwell Investments Pvt. Ltd, A to Z Holdings Pvt. Ltd and Moderate Leasing and Capital Services Limited) had filed appeal No.2 (No. 444/2018) before the Securities Appellate Tribunal, Mumbai

The Securities Appellate Tribunal vide its order dated 29.01.2020, has allowed the Appeal No.1 (No.443/2018) filed by M/s. SBEC Systems (India) Limited and also set aside the directions issued by the SEBI qua open offer.

Further, the Securities Appellate Tribunal has partly allowed Appeal No.2 (No.444/2018), whereby, the directions issued by SEBI for open offer qua Appellant nos. 1-4 i.e. Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri. Jayesh Modi and M/s. Longwell Investment Private Limited has been set aside and the directions for Open Offer issued qua the Appellants no. 5 & 6 i.e. A to Z Holdings Pvt. Ltd. and Moderate Leasing & Capital Services Ltd. (the acquirer of the shares) has been modified in terms of Regulation 32(1)(b) and they have been directed to sell the shares acquired in violation of the SAST Regulation and to transfer the proceeds of the same to the Investor Protection Fund established under the SEBI (Investor Protection and Education Fund), 2009 within a period of 6 (Six) months from the date of the order i.e. from 29.01.2020. The Company is in process of complying to the said directions as on date of audit.

2. During the course of verification, it was observed that the BSE Limited had imposed a penalty of Rs. 5900/- (Five Thousand Nine Hundred Only) on the Company for delay in filing of its Financial Results for the quarter ended 31st December 2019, as per Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The meeting of the Board of Director of the Company was scheduled on 14th February, 2020 to consider and approve the unaudited Financial Results for the quarter and nine months ended 31st December 2019 and intimation and publication



of Board Meeting was also submitted on the BSE Limited site but due to want of required quorum within prescribed time the Board Meeting had to be adjourned and with the approval of all the Directors present, it was decided to hold the adjourned meeting on 17th February, 2020. The Company has paid the fine of Rs. 5900/- levied by the Stock Exchange vide Cheque No. 931600 dated 16.03.2020.

3. As per examination of records and information available to us, the Company has not maintained the structured digital database as on the date of the signing of this report. However, the Company has maintained all requisite documents and registers manually and is in the process of its digitalization.
4. The Company has not confirmed in its Board Report that it has constituted any separate 'Internal Complaints Committee' under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. However, they have taken note and confirmed that no complaint of sexual harassment of women at workplace was received during the year under review.

We further report that,

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report as under:

1. As on March 31st 2020, the Company has one Wholly Owned Subsidiary i.e. SBEC Stockholding & Investments Limited and one Material Subsidiary i.e. SBEC Bioenergy Limited. As per SEBI Circular No. CIR/CFD/CMD1/27/2019, separate Secretarial Audit Report have been issued for both the subsidiary Companies.
2. During the year under review, the previous Company Secretary and the Compliance Officer of the Company, CS Shobit Nehra had resigned from the post w.e.f. 31st December 2019. The Company has appointed new Company Secretary and the Compliance Officer CS Ankit Kumar Srivastava in Board Meeting held on 28.07.2020 with retrospective effect i.e. 19.05.2020 and the same has been duly intimated to Stock Exchange.

**For R. Singhal & Associates  
Company Secretaries**

**(Rahul Singhal)  
Prop.  
M. No. 29599**

**Place: Meerut**

**Dated: 13.08.2020**

**UDIN: A029599B000575881**

**Note: This report is to be read with the note given below which forms an integral part of this report.**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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. We have relied on the audited financial statements for the year ended on 31.03.2020 for the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. That the details of disputed liabilities and demands raised by various authorities including UP VAT, Central Excise, Service Tax Authorities, Corporate Guarantee given to Govt. of Jharkhand against soft loan given to group company Bihar Sponge Iron Ltd., Guarantee given on behalf of SBEC Bio Energy Ltd., Interest and RCC charges on Cane Arrears payment that have not been acknowledged as debts by the company have been detailed in Notes to the Financial Statements. We have relied on the statement issued by the company and as incorporated in the audited Financial Statements for the year ending 31.03.2020.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R. Singhal & Associates  
Company Secretaries**

**(Rahul Singhal)  
Prop.  
M. No. 29599**

**Place: Meerut**

**Dated: 13.08.2020**

**UDIN :A029599B000575881**

**ANNEXURE-C**

Information to be given under Section 134 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

**A. CONSERVATION OF ENERGY****(i) The steps taken or impact on conservation of energy**

1. Installation of VFD on:
  - a) Sulphited Juice Pumps.
  - b) Air Compressor for So2 gas.
  - c) Mechanical circulator pan.
  - d) B.W. boiler bagasse feeder
2. Complete replacement of conventional lights with LED Light at Guest house, admin office, store, compressor room & work shop.
3. Auto Control system on submersible pumps at guest house.
4. In phases we are replacing conventional reduction gear boxes with planetary gears to reduce power consumption.

**(ii) Steps taken by the Company for utilising alternate sources of energy: NIL****(iii) Capital investment on energy conservation equipment: Nil****B. TECHNOLOGY ABSORPTION:****(i) Efforts made towards technology absorption:**

1. Installation of 1 No. universal make vacuum filter with VFD.
2. Installation of 1 No. 3 compartment juice clarifier
3. Duplex automatic sugar weighing machine installed for bagging of M-31 sugar.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

1. Installation of vacuum filter helps in improving boiling house efficiency.
2. Installation of juice clarifier helps in improving crushing and juice quality.
3. Duplex automatic machine helps in increasing bagging rate.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO****(Rs. In Lacs)**

	<b>2019-20</b>	2018-19
The foreign exchange earned in terms of actual inflows during the year and the Foreign exchange outgo during the year in terms of actual outflows.		
Foreign Exchange earned	-	-
Foreign Exchange outgo	<b>25.99</b>	25.67

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi

Date: 31st August, 2020

Sd/-  
**Umesh Kumar Modi**  
(Chairman & President)  
(DIN: 00002757)

Sd/-  
**Abhishek Modi**  
(Whole Time Director)  
(DIN: 00002798)

**"ANNEXURE-D"**

STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

**(1) Information as per Section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:**

- (a) The median remuneration of employees of the Company during the financial year was Rs.2,24,417 (12 months). The Ratio of the Remuneration of each Director to the Median Remuneration of the Employees of the Company for the financial year 2019-20 are as under:

<b>Directors</b>	<b>Designation</b>	<b>Remuneration Of Directors In Financial Period 2019-20 (Rs.)</b>	<b>Ratio Of Remuneration To Median Remuneration Of Employees</b>
Shri. Umesh Kumar Modi*	Non-Executive Director	N.A.	N.A.
Smt. Kumkum Modi*	Non-Executive Director	N.A.	N.A.
Shri. Abhishek Modi#	Whole Time Director	N.A.	N.A.
Shri. Jayesh Modi*	Non-Executive Director	N.A.	N.A.



Shri. Vijay Kumar Modi*	Non- Executive &Independent Director	N.A.	N.A.
Shri. N.P. Bansal*	Non- Executive &Independent Director	N.A.	N.A.
Shri. R.K. Agarwal*	Non- Executive &Independent Director	N.A.	N.A.
Shri. J.C. Chawla*	Non- Executive &Independent Director	N.A.	N.A.
Shri. Shyam Babu Vyas*	Non- Executive &Independent Director	N.A.	N.A.
Shri. Rohit Garg*	Non- Executive &Independent Director	N.A.	N.A.

\*All the non-executive Directors of the Company were not paid any remuneration and were paid only sitting fee for attending the meetings of the Board/ Committee of Directors. Therefore, the said ratio of remuneration of each director to median remuneration of the employees of the company is not applicable.

# Mr. Abhishek Modi was appointed as Whole time Director but not drawing any remuneration from the Company.

(b) The percentage increase in Remuneration of each Director, Whole Time Director, Chief Financial Officer and Company Secretary in the financial year:

#### Directors

Directors	Remuneration of Director in Financial Period 2018-19 (Rs.)	% Increase in Remuneration
Shri. Umesh Kumar Modi*	Non-Executive Director	N.A.
Smt. Kumkum Modi*	Non-Executive Director	N.A.
Shri. Abhishek Modi#	Whole Time Director	N.A.
Shri. Jayesh Modi*	Non-Executive Director	N.A.
Shri. Vijay Kumar Modi*	Non- Executive &Independent Director	N.A.
Shri. N.P. Bansal*	Non- Executive &Independent Director	N.A.
Shri. R.K. Agarwal*	Non- Executive &Independent Director	N.A.
Shri. J.C. Chawla*	Non- Executive &Independent Director	N.A.
Shri. Shyam Babu Vyas*	Non- Executive &Independent Director	N.A.
Shri. Rohit Garg*	Non- Executive &Independent Director	N.A.

\*All the non-executive Directors of the Company were not paid any remuneration and were paid only sitting fee for attending the meetings of the Board/ Committee of Directors. Therefore, the percentage increase in remuneration of each Director is not applicable.

# Mr. Abhishek Modi was appointed as Whole time Director but not drawing any remuneration from the Company.

#### Key Managerial Personnel's (KMPs)

Key Managerial Personnel's	Designation	Remuneration Of KMP In Financial Period 2019-20 (Rs.)	% Increase In Remuneration
Shri. A. K. Goel	Chief Financial Officer	32,91,756	5%
Shri. Shobit Nehra*	Company Secretary	6,74,718	N.A.
Shri. Raj Kumar Sharma**	Manager	6,37,490	N.A.

\*Resigned as a Company Secretary of the Company w.e.f. 31.12.2019.

\*\* Resigned as a Manager of the Company w.e.f. 25.08.2019

(c) The percentage increase in the Median Remuneration of Employees in the financial period was 5%.

(d) The number of Permanent Employees on the Rolls of the Company:

The number of Permanent Employees on the Rolls of Company as on 31st March, 2020 was 265.

(e) Average percentage increase already made in the salaries of employees other than managerial personnel in the last financial period and its comparison with percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

The average increase in salaries of employees in 2019-20 was 5%.

(f) Affirmation that the Remuneration is as per the Remuneration Policy of the Company:

The Company affirms that the Remuneration paid during the period were as per the Remuneration Policy of the Company.

(2) **Information as per Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

(a) Name of employee employed throughout the financial year and was in receipt of remuneration Rs.1,02,00,000/- or more: NIL



(b) Name of employee employed for a part of the financial year and was in receipt of remuneration not less than Rs.8,50,000/- per month: NIL

(c) Details of Top Ten Employees in terms of remuneration drawn:

Name/Age	Designation of Employees	Remuneration (Rs.)	Qualification/Experience (Years)	Date of Commencement of Employment	Previous Employment
Shri A.K. Goel/67	Chief Financial Officer	3291756	FCA, FCS/45	01.11.2017	Modipon Limited
Shri Satish Gupta/63	General Manager (Technical)	2273708	B.Sc. ANSI Kanpur /39	05.02.2004	Bajaj Hindustan Ltd.
Shri Vipin Kumar/51	Vice President	1986541	B. Tech. BOE / Energy Mgr./30	01.07.2017	Modi Sugar Mill Modinagar U.P
Shri Vijay Kumar Jain/43	Dy. General Manager (Commercial)	1567091	B.Ed. MBA LLB MA (Eco.)/20	01.04.2000	N.A.
Shri Mukesh Malik/ 55	General Manager (Cane)	1567082	B.Sc. (AG)/28	20.12.2011	Titawi Sugar Complex Titawi
Shri Pritam Singh/ 54	Add. Chief Chemist	1200176	M.Sc. ANSI (Kanpur)	27.05.2006	Shakumbari Sugar & Allied Todarpur
Shri Preet Pal Singh/61	Dy. General Manager (Elect.)	1186556	BE (Electrical)/ 34	05.09.2016	Bajaj Hindustan Ltd.
Smt. Renu/43	OSD	1069725	Graduate/3	01.07.2017	N.A.
Shri. L.C. Sharma/ 63	Senior Manager Accounts	972543	B.Com./43	20.05.1995	Modi Industries Limited
Shri. Vineet Kr. Singh	SR. MGR (INST.)	945000	BE (Electronics & Inst.)/13	13.08.2016	Kwale Sugar International Co. Ltd.

**Notes:**

1. The nature of employment of all employees above is whole time in nature and terminable with 1 months' notice on either side.
2. The above mentioned employees are not relatives (in terms of the Companies Act, 2013) of any Director of the Company.
3. Mr. L.C. Sharma holds 500 Equity Shares except that no employee mentioned above is holding shares in the Company.

**For & behalf of the Board**

**SBEC Sugar Limited**

**Place: New Delhi**

**Date: 31st August, 2020**

**Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)**

**Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)**

**ANNEXURE-E**

**FORM NO. AOC.2**

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

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

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

Name of Related Party	<b>NONE</b>
Name of Relationship	
Nature and Duration of the Contracts/arrangements/transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	



Justification for entering into such contracts or arrangements or transactions
Date of approval by the Board
Amount paid as advances, if any:
Date of Shareholder Resolution Passed if any.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

<b>Name of Related Party</b>	<b>Smt. Nandini Modi</b>
Nature of Relationship	Wife of Shri. Abhishek Modi
Duration of the contracts/ arrangements/ transactions	01-04-2019 to 31-03-2020
Salient terms of the contracts or arrangements or transactions including the value, if any	As per section 118(1)(f) of the Companies Act, 2013 holds place of profit in SBEC Bioenergy Limited a subsidiary of the Company
Date of approval by the Board	29-05-2018
Amount paid as advances, if any:	NIL
Date of Shareholders Resolution Passed if any.	24-09-2018

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 31st August, 2020

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

**ANNEXURE-F**

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i	CIN	L15421UP1991PLC019160
ii	Registration Date	03/05/1991
iii	Name of the Company	SBEC SUGAR LIMITED
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered Office & contact details	Village: Lohan Malakpur, Teh: Baraut, Baghpat, Uttar Pradesh-250611 email: investors@sbecsugar.com / web: www.sbecsugar.com Ph.: 01234-259206, 259273
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Beetal Financial & Computer Services Pvt. Ltd Beetal House, 3rd Floor, Behind Local Shopping Complex, 99, Madangir, New Delhi-11006

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Sugar	10721- Manufacturing or refining of sugar (sucrose) from sugarcane.	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (As on 31<sup>st</sup> March, 2020)**



Sr. No.	Name and Address of The Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares Held	Applicable Section
1.	SBEC Bioenergy Limited	U40105UP1996PLC037250	Subsidiary	55%	2(87)(ii)
2.	SBEC Stockholding and Investment Limited	U67120DL2001PLC112424	Wholly Owned Subsidiary	100%	2(87)(ii)

#### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as percentage to Total Equity)

##### i. Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual / HUF	83787	-	83787	0.18	83787	-	83787	0.18	-
b) Central Govt. & State Govt. (s)	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	29400452	-	29400452	61.70	29400452	-	29400452	61.70	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (1):-</b>	<b>29484239</b>	<b>-</b>	<b>29484239</b>	<b>61.88</b>	<b>29484239</b>	<b>-</b>	<b>29484239</b>	<b>61.88</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	1571213	10	1571223	3.29	1571213	10	1571223	3.29	0.00
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2):-</b>	<b>1571213</b>	<b>10</b>	<b>1571223</b>	<b>3.29</b>	<b>1571213</b>	<b>10</b>	<b>1571223</b>	<b>3.29</b>	<b>0.00</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)</b>	<b>31055452</b>	<b>10</b>	<b>31055462</b>	<b>65.17</b>	<b>31055452</b>	<b>10</b>	<b>31055462</b>	<b>65.17</b>	<b>0.00</b>
<b>B. PUBLIC SHARE-HOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investors	-	959700	959700	2.01	-	959700	959700	2.01	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):-</b>	<b>-</b>	<b>959700</b>	<b>959700</b>	<b>2.01</b>	<b>-</b>	<b>959700</b>	<b>959700</b>	<b>2.01</b>	<b>-</b>
<b>(2) Non- Institutions</b>									



a) Bodies Corp.									
i) Indian	7798539	814850	8613389	18.07	7800707	814850	8615557	18.08	0.01
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	560780	4423830	4984610	10.46	571607	4409830	4981437	10.45	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	93064	1911700	2004764	4.21	93064	1911700	2004764	4.21	0
c) Others (specify)									
(i) NRI	1072	-	1072	0	1072	-	1072	0	0
(ii) HUF	31783	3100	34883	0.07	31792	3100	34892	0.07	0
(iii) Clearing Members	-	-	-	-	996	-	996	-	0
<b>SUB TOTAL (B)(2):-</b>	<b>8485238</b>	<b>7153480</b>	<b>15638718</b>	<b>32.82</b>	<b>8499238</b>	<b>7139480</b>	<b>15638718</b>	<b>32.82</b>	<b>0.00</b>
<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	<b>8485238</b>	<b>8113180</b>	<b>16598418</b>	<b>34.83</b>	<b>8499238</b>	<b>8099180</b>	<b>16598418</b>	<b>34.83</b>	<b>0.00</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>39540690</b>	<b>8113190</b>	<b>47653880</b>	<b>100.00</b>	<b>39554690</b>	<b>8099190</b>	<b>47653880</b>	<b>100.00</b>	<b>0.00</b>

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	% change In share holding during the period
1	Umesh Kumar Modi	1571223	3.30	0.00	1571223	3.30	0.00	0.00
2	KumKum Modi	28300	0.06	0.00	28300	0.06	0.00	0.00
3	Jayesh Modi	55487	0.12	0.00	55487	0.12	0.00	0.00
4	Longwell Investment Pvt Ltd	2721500	5.71	0.00	2721500	5.71	0.00	0.00
5	A to Z Holdings Pvt Ltd	3382500	7.1	0.00	3382500	7.1	0.00	0.00
6	Moderate Leasing and Capital Services Ltd	9065568	19.02	0.00	9065568	19.02	0.00	0.00
7	SBEC Systems (India) Ltd	14230884	29.86	0.00	14230884	29.86	0.00	0.00
	<b>Total</b>	<b>31055462</b>	<b>65.17</b>	<b>0.00</b>	<b>31055462</b>	<b>65.17</b>	<b>0.00</b>	<b>0.00</b>

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of Total Shares of the company
1	Shareholding at the beginning				



2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	<b>NO CHANGE</b>			
3	Shareholdings at the end				

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Abhikum Leasing and Investments Pvt Ltd	5624844	11.81	-	-
2.	T C Healthcare Pvt Ltd	2047782	4.3	-	-
3.	Occident Orient Company Limited	959700	2.01	-	-
4.	Karvy Consultants Ltd	760500	1.60	-	-
5.	Paras Mal Jain	711400	1.49	-	-
6.	Jitendra Kumar	212700	0.45	-	-
7.	Pramod Kumar	151100	0.32	-	-
8.	Sarvamangal Mercantile Co. Ltd.	100000	0.21	-	-
9.	Atul R Desai	80000	0.17	-	-
10.	Vijay Mahajan	68500	0.14	-	-

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No	For Each of the Directors & KMP	Shareholding at the begning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Umesh K. Modi, Director &amp; Chairman</b>				
	At the beginning of the year	1571223	3.3	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	1571223	3.3	-	-
<b>2</b>	<b>KumKum Modi, Director</b>				
	At the beginning of the year	28300	0.06	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	28300	0.06	-	-
<b>3</b>	<b>Abhishek Modi, Whole Time Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>4</b>	<b>Jayesh Modi, Director</b>				
	At the beginning of the year	55487	0.12	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-



	At the end of the year	55487	0.12	-	-
<b>5</b>	<b>R.K Sharma, Manager*</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>6</b>	<b>Vijay Kumar Modi, Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>7</b>	<b>Narayan Prakash Bansal, Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>8</b>	<b>Rajeev Kumar Agarwal, Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>9</b>	<b>Jagdish Chandra Chawla, Director</b>				
	At the beginning of the year	250	0	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	250	0	-	-
<b>10</b>	<b>Shyam Babu Vyas, Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
<b>11</b>	<b>Rohit Garg, Director</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-
	<b>Other KMP's</b>				
<b>12</b>	<b>Anil Kumar Goel, Chief Financial officer</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-



<b>13</b>	<b>Shobit Nehra, Company Secretary*</b>				
	At the beginning of the year	NIL	NIL	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	NIL	NIL	-	-

\*Mr R.K. Sharma, Manager & Mr. Shobit Nehra, Company Secretary resigned w.e.f. 25.08.2019, 31.12.2019 respectively

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	2,010,000,000	366,805,621	3,369,244	2,380,174,865
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,010,000,000	366,805,621	3,369,244	2,380,174,865
Change in Indebtedness during the year				
Additions	594,245,825	171,413,595	3,921,487	769,580,907
Reduction	416,964,041	261,044,785	310,000	678,318,826
Net Change	177,281,784	(89,631,190)	3,611,487	91,262,081
Indebtedness at the end of the financial year				
i) Principal Amount	2,187,281,784	277,174,431	6,980,731	2,471,436,946
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2,187,281,784</b>	<b>2,77,174,431</b>	<b>69,80,731</b>	<b>2,471,436,946</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director, Whole-time Directors : NIL

##### B. Remuneration to other directors (i.e. Independent and Non-Executive Directors):

Company provides Rs. 1000 per meeting as Sitting fees, according to their presence in the Meeting.

No fees or commission was paid to Non-executive Directors during the year.

##### C. Remuneration To Key Managerial Personnel

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	R. K. Sharma, Manager	A. K. Goel, CFO	Shobit Nehra, Company Secretary	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6,37,490	32,91,756	6,74,718	45,96,119
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of Salary under Section 17(3) Income Tax Act, 1961.	-	-	-	-
2	Stock Option	-	-	-	-



3	Sweat Equity	-	-	-	-
4	Commission As % of Profit	-	-	-	-
5	Others, Please Specify	-	-	-	-
	<b>TOTAL</b>	<b>6,37,490</b>	<b>32,91,756</b>	<b>6,74,718</b>	<b>45,96,119</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

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

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 31st August, 2020

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)



## MANAGEMENT DISCUSSION & ANALYSIS

### Sugar Industry- Scenario in India

India has of late become the world's largest sugar producer beating Brazil and is also the largest sugar consumer. According to ICMR data, in the year 2019-20 the sugar production dropped by about 20% with estimated production of 27 MMT.

The COVID-19 pandemic has caused massive disruption in all form of economic activities including sugar. The Government of India prescribed several preventive measures to control the spread of COVID -19, including a complete lockdown for the entire country for more than 2 months, which caused substantial adverse effect on demand for sugar during this period.

### Government Policies for Sugar Industry

The Central Government came out with a slew of corrective measures and supportive mechanisms during the year 2018-19, providing much needed succor to the sugar industry reeling under pressure to be rescued from the mounting cane arrears and the high debt burden. Most of these measures continued during 2019-20 as the Government continued to cap the quantity of sugar, which mills in the country could sell and at a minimum selling price. These measures stabilized sugar price in the country with greater degree of transparency, discipline and accountability. Some of the important policy directions issued pertaining to the sugar industry are as follows:

### Scheme for creation and maintenance of Buffer stock:

In order to maintain demand supply balance in the domestic market and to stabilize sugar prices, the Government has notified a scheme on July 31, 2019 for creation of buffer stock of 40 LMT of sugar for a period of one year from August 01, 2019 to July 31, 2020. The Government will reimburse the carrying cost of Rs.1,674 Crore to sugar mills for maintaining such buffer stock.

### Maximum Admissible Export Quantity (MAEQ):

In view of the high inventory levels with the sugar Industry and to facilitate achievement of financial liquidity, mill-wise MAEQ of 60 Lakh Metric Tonne (LMT) have been fixed for the sugar season 2019-20. Sugar mills are required to export their MAEQ entitlement by September 30, 2020. The Government vide notification dated September 12, 2019 has notified a scheme for providing a lump sum assistance at Rs.10,448 / MT to sugar mills to facilitate the export during the sugar season 2019-20.

### Minimum Sugar Price

The Central Government on February 14, 2019, notified "Sugar Price Control Order 2019". Under the said order, Central Government directed that no producer of sugar shall sell or agree to sell white/refined sugar in the domestic market at a rate below Rs. 31/kg till further orders.

Also, the Government came out with quota system for sale of sugar which restricted the sugar mills in terms of sales volumes in order to ensure that the price did not go below the MSP levels.

### Soft Loan by Central Government

On March 02, 2019, the Central Government announced a scheme of soft loan of Rs. 10,540 Crore with interest subvention of 7% on actual rate of interest charged by bank, for a period of one year. The Government also provided that all loans sanctioned & disbursed by May 31, 2019 would be covered by the scheme. The Company was granted a loan of Rs. 46.50 crores under the Central Government Scheme.

### Overview- Sugarcane

The sugar season 2019-20 started with record opening stocks of 14.5 MMT. This led to crash in sugar prices leading to a liquidity crisis for sugar mills which in turn resulted in the accumulation of huge cane dues. In order to support the industry and cane farmers, various measures were taken both by the Central Government in the form of soft loans, cane production subsidy, transport subsidy on sugar exports, fixing of minimum sugar price (MSP) and interest subvention for setting up of ethanol capacities and the State governments in the form of soft loans and cane subsidies which provided some respite to the sugar industry.

Despite the various policies and incentives by the Government, unless the surplus stock is cleared from the country, the scenario may not undergo any significant change. It is expected that the pressure on the sugar price would continue to remain given the over-supply scenario.

### COMPANY STRUCTURE AND DEVELOPMENT

The Company is located at Village Malakpur, District Baghpat, Uttar Pradesh. The plant started with an initial crushing capacity of 3500 tons of cane crushed per day (TCD), which has been gradually increased to 8000 TCD. The Company has one of the most modern and efficient sugar factories in the country.

### COMPANY STRUCTURE AND DEVELOPMENT

The Company is located at Village Malakpur, District Baghpat, Uttar Pradesh. The plant started with an initial crushing capacity of 3500 tons of cane crushed per day (TCD), which had been gradually increased to 8000 TCD over time. The Company has one of the most modern and efficient sugar factories in the country.

### OPERATIONAL PERFORMANCE

The crushing for the season 2019-20 started on 24th October, 2019 and cane crushed during season 2019-20 was 152.06 Lac Qtls as compared to 129.78 Lac Qtls in the last season.

Particulars	Unit	Sugar Season		
		2019-20	2018-19	2017-18
Cane Crush	Lac Qtls	152.06	129.78	146.27
Recovery	%	11.25	11.10	9.73
Sugar Production	Lac Qtls	17.12	14.43	14.24

### FINANCIAL PERFORMANCE

(In Lacs)

Particulars	2019-20	2018-19
Revenue	47109.97	40129.98
EBITDA**	3923.27	(2428.04)

\*\* Earning before interest, tax, depreciation and amortization.

### RISK AND CONCERNS-SWOT

**Analysis Strengths**

- Located in sugarcane rich belt of Western UP with high sucrose varieties of cane.
- The Company has continued its focus on cane quality promotion and is continually investing in cane variety development. The same are also visible in form of increased availability of high yield variety of cane and higher Sugar recovery.

**Weaknesses**

- The Central and State Governments decide sugarcane prices in a manner that is not linked to sugar prices. Unviable sugarcane prices may impact the profitability of the Company.
- High Cane arrears due to low sugar prices.
- Risk of coercive measures by the State Government on account of huge cane arrears.

**Opportunities**

- Higher recovery, Higher rates of by-products of Sugar.
- Government support towards production of Ethanol.

**Threats**

- Due to domestic surplus, there could be a softening in the sugar prices affecting the profitability.
- Increase in State Administrative Price of Sugarcane by the State Government.
- Reduction of Co-generation tariffs.

**FUTURE OUTLOOK**

The sugar industry will be a major player in producing cost effective energy and fuel from its by-products bagasse and molasses. Bagasse can be processed for co-generation of power, ethanol produced from molasses can be used for blending with petrol for motor fuel.

**INTERNAL CONTROLS AND SYSTEMS**

Your company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against the perils of unauthorized use or disposition. Towards enhancing the efficiency of internal controls, services of consultants are hired wherever necessary, and their suggestions are reviewed and implemented. Your Company has in place an Internal Audit system, whereby an independent professionals firm of Internal Auditors conducts regular audit across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise the management on corrective policies, if any.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company considers human capital as a critical asset and success factor for smooth organizational work flow. Efforts are made to improve skills, knowledge and performance of employees by timely training, job satisfaction and enrichment. The Company has added to its fold, experienced manpower in line with future areas of growth.

**DETAILS OF SIGNIFICANT CHANGES**

Details of significant changes as required under SEBI (LODR) Regulations, 2015 are as under;

SI. NO.	Particulars	As on 31.03.2020	As on 31.03.2019
1.	Debtors Turnover	60.65 times	45.30 times
2.	Inventory Turnover	2.88 times	4.75 times
3.	Interest Coverage Ratio	1.37 times	(8.37) times
4.	Current Ratio	0.56 times	0.44 times
5.	Debt Equity Ratio	(82.33) times	(44.59) times
6.	Operating Profit Margin (%)	4.46% times	(10.57%) times
7.	Net Profit Margin (%)	0.99% times	(11.84%) times
8.	Return on net worth	(0.57) times	(3.71) times

**CAUTIONARY STATEMENT**

The above Management Discussion and Analysis Report contains "forward looking statements" within the meaning of applicable laws, and regulations and is futuristic in nature. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. Investors are requested to make their own independent judgments before taking any investment decisions and the Company assumes no responsibility.



## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

SBEC Sugar Limited ("SBEC Sugar"), a member of Umesh Modi Group of Companies, firmly believes in effective Corporate Governance practices and follow all the applicable laws in true and letter spirit. Corporate Governance is an ethically driven process that constitute the strong foundation on which successful commercial enterprise are built and enhancing the organization wealth generating capacity. The company also has a strong believe in fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its Board of Directors and its Senior Management persons which are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the SBEC Sugar Code of Conduct for Prevention of Insider Trading. The Company's corporate governance philosophy is based on the following broad principles;

- Comply all applicable Laws in true and letter Sprit;
- Independence and bias free Board of Directors;
- Simple and transparent corporate structure for enhancing overall shareholder value;
- Delegation of decision-making authority with clearly defined roles, responsibilities and accountability

The Company is in compliance with the requirements of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

### II. BOARD OF DIRECTORS

#### (a) Composition

- As on March 31, 2020, the Company has 10 Directors of which 9 are Non-Executive Directors. 6 of the 10 Board Members are Independent Directors. The Chairman of the Board is a Non-Executive Director. The Composition of the Board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015. As required under Section 149(1) of the Companies Act, 2013, Mrs. Kumkum Modi, is a Woman Director on the Board of Directors of the Company.
- The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Sec 149(7) of the Companies Act, 2013. Independent Directors do not serve in more than 7 listed companies.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships (including SBEC Sugar Limited) held by them in Public Companies as on March 31, 2020 are given below. Other directorships do not include alternate directorships, Section 8 Companies, Private Companies and foreign companies. Chairmanships/ Memberships in Committees includes only Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies.

Name of the Director	Category	Number of Board meetings during the year 2019-20		Attendance at the Last AGM (Held on September 24, 2019)	No of Directorships including this Company (as on March 31, 2020)	Number of membership/ chairmanship in other Board committee (as on March 31, 2020)	
		Held	Attended			Chairman	Member
Shri. Umesh Kumar Modi	NED	6	5	Not Present	6	Nil	Nil
Smt. Kumkum Modi	NED	6	1	Not Present	3	Nil	Nil
Shri. Abhishek Modi*	ED	6	5	Not Present	5	Nil	Nil
Shri. Jayesh Modi	NED	6	1	Not Present	4	Nil	Nil
Shri. Vijay Kumar Modi	INED	6	6	Not Present	3	1	2
Shri. N.P. Bansal	INED	6	5	Present	3	-	2
Shri. R.K.Agarwal	INED	6	6	Present	8	5	6
Shri. J.C. Chawla	INED	6	6	Present	4	1	7
Shri. Shyam Babu Vyas	INED	6	1	Not Present	3	-	3
Shri. Rohit Garg	INED	6	1	Not Present	3	-	-
Shri. R. K. Sharma#	ED & MAN-AGER	3	1	NA	NA	NA	NA

Note:

(i) (a) ED: Executive Director (b) NED: Non-Executive Director (c) INED: Independent Non-Executive Director (d) CEO: Chief Executive Officer

(ii) None of the Directors used Video/tele-conferencing facilities to participate in the meetings.

\* Shri. Abhishek Modi was appointed as Whole Time Director of the Company w.e.f. 25th May, 2019 for a period of five (5) years in the Annual General Meeting held on 24th September, 2019.

# Mr. R.K. Sharma was resigned w.e.f. 25.08.2019

#### (b) Board Meetings

The Board meets atleast once in a quarter to review the financial results and other items on the agenda. The Agenda of Board Meeting is circulated to



all the Directors well in advance and contains all relevant information which is distributed to the Directors in advance.

Six (6) Board meetings were held during the year ended March 31, 2020. These were held on May 25, 2019, July 15, 2019, August 14, 2019, November 13, 2019, February 14, 2020 and February 17, 2020 (Adjourned Meeting) the maximum gap between the two Board Meetings did not exceed 120 days. Necessary quorum was present for all meetings.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

**(c) Name of other listed entities where Directors of the company are Directors and the category of Directorship:**

Name of Director	DIN	Name of Listed entity in which the concerned Director is Director	Category of Directorship
Shri. Umesh Kumar Modi	00002757	1. Bihar Sponge Iron Limited	Non-Independent Non-Executive Director
Smt. Kumkum Modi	00522904	1. Bihar Sponge Iron Limited	Non-Independent Non-Executive Director
Shri. Abhishek Modi*	00002798	1. Bihar Sponge Iron Limited	Non-Independent Non-Executive Director
Shri. Jayesh Modi	02849637	1. Bihar Sponge Iron Limited	Non-Independent Non-Executive Director
Shri. Vijay Kumar Modi	00004606	1. SBEC Systems (India) Limited	Non-Independent Non-Executive Director
Shri. N.P. Bansal	00010587	-	-
Shri. R.K. Agarwal	00298252	1. Bihar Sponge Iron Limited 2. SBEC Systems (India) Limited	Independent Non- Executive Director Independent Non- Executive Director
Shri. J.C. Chawla	05316202	1. Bihar Sponge Iron Limited 2. SBEC Systems (India) Limited	Independent Non- Executive Director Independent Non- Executive Director
Shri. Shyam Babu Vyas	02025415	1. Bihar Sponge Iron Limited 2. SBEC Systems (India) Limited	Independent Non- Executive Director Independent Non- Executive Director
Shri. Rohit Garg	03296571	1. Bihar Sponge Iron Limited	Independent Non-Executive Director

**(d) Details of Shareholding of Non-Executive Directors**

Shri. Umesh Kumar Modi holds 15,71,223 equity Shares, Smt. Kumkum holds 28,300 equity Shares, Shri. Jayesh Modi holds 55,487 equity Shares and Shri. Jagdish Chander Chawla holds 250 equity Shares of the Company as on 31<sup>st</sup> March, 2020.

**(e) Familiarization programme for Independent Director**

At the time of appointment, the Director is explained in detail the compliances required from him under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and other relevant regulations and his affirmations taken. By way of an introduction to the Company, the Chairman/CEO interacts with the newly appointed Director and explains the functioning of various divisions/departments, the Company's market share, governance and internal control processes and other relevant information pertaining to the Company's business. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfil his role as a Director of the Company. The familiarization programme for Directors is also placed on the Company's website [www.sbecsugar.com](http://sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/DETAILS-OF-FAMILIRIZATION-PROGRAME-SUGAR.pdf>

**(f) Information supplied to the Board**

The Company provides the information to the Board and Board Committees as set out in Regulation 17 read with Part A of Schedule II of Listing Regulations, 2015 to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers of the respective meetings or by way of presentations and discussions during the meeting.

**(g) Skills/Expertise/Competence of the Board of Directors**

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

1. Knowledge on Company's businesses (Manufacturing sugar from sucrose from sugar cane) policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
2. Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
3. Business Strategy, Sales & Marketing, Corporate Governance, Administration, Decision Making.
4. Financial and Management skills.
5. Technical / Professional skills and specialized knowledge in relation to Company's business.

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

	Areas of Skills, Expertise and Competencies				
Name of Director	Knowledge on Company's business, policies & Culture	Behavioral Skills	Business Strategy, Sales & Marketing etc.,	Financial & Management Skills	Technical/ Professional skills



Shri Umesh Kumar Modi	YES	YES	YES	YES	YES
Shri Abhishek Modi	YES	YES	YES	YES	YES
Smt. Kumkum Modi	YES	YES	YES	YES	YES
Shri Jayesh Modi	YES	YES	YES	YES	YES
Shri Shyam Babu Vyas	YES	YES	YES	YES	YES
Shri Rohit Garg	YES	YES	YES	YES	YES
Shri Rajeev Kumar Agarwal	YES	YES	YES	YES	YES
Shri Jagdish Chander Chawla	YES	YES	YES	YES	YES
Shri N.P. Bansal	YES	YES	YES	YES	YES
Shri Vijay Kumar Modi	YES	YES	YES	YES	YES

### 3. Audit Committee

#### (a) Terms of Reference

The Audit Committee acts as a link between the Statutory and the Internal Auditors and Board of Directors. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's Statutory and Internal Audit Activities. The powers, roles, delegation, responsibilities and terms of reference of the Audit Committee are prescribed under Section 177 of the Companies Act, 2013 and also as provided in Regulation 18 of SEBI (LODR) Regulations, 2015.

#### (b) Composition

As on March 31, 2020 the Audit Committee of the Board comprises Four Directors. All Five directors are Independent Directors and have sound knowledge of finance and accounting. Shri R. K. Agarwal, Chairman of the Audit Committee was present at the Annual General Meeting held on September 24, 2019. The Company Secretary acts as the Secretary to the Audit Committee.

The Head of Departments, Internal Auditors and Statutory Auditors are also invited to the meeting of the Audit Committee as and when required by the Committee. Besides them Chief Financial Officer of the Company is permanent invitee of the Audit Committee.

During the financial year ended 31<sup>st</sup> March, 2020, the Audit Committee met five times on May 25, 2019, August 14, 2019, November 13, 2019, February 14, 2020 and February 17, 2020 (Adjourned Meeting) and the maximum gap between the two Audit Committee Meetings did not exceed 120 days. The necessary quorum was present for all the meetings.

The composition of the Audit Committee and particulars of meetings held and attended by the members of the Audit Committee are given below:

S. No.	Name of the Member	Designation	Category	Number of meetings during the year 2019-20	
				Held	Attended
1.	Shri. R.K. Agarwal	Chairman	Independent Director	5	5
2.	Shri. J.C. Chawla	Member	Independent Director	5	4
3.	Shri. Shyam Babu Vyas	Member	Independent Director	5	1
4.	Shri. V. K. Modi	Member	Independent Director	5	4
5.	Shri N.P. Bansal*	Member	Independent Director	4	3

\* Shri N.P. Bansal has been appointed as member of the Audit Committee w.e.f. 25th May, 2019

### 4. Nomination and Remuneration Committee

#### (a) Terms of Reference

The Company has a Board Committee namely "Nomination and Remuneration Committee" as required under Section 178 (1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee looks terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Whole Time Directors & Directors etc. Remuneration Committee recommends the remuneration for Executive Directors to the Board of Directors for its approval and such remuneration is also subject to the approval of shareholders and such other approvals as may be required. In its recommendations, the remuneration committee considers parameters like performance and contribution, practices and norms and followed by companies of similar size and industry standards.



Shri J. C. Chawla, Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting held on September 24, 2019. The Company Secretary acts as Secretary to the Committee.

During the period ended March 31, 2020, 2 meetings of the Committee were held on May 25, 2019 and August 14, 2019.

- (b) The Composition of the Nomination and Remuneration Committee and details of the Meetings of the Committee held and attended during the year 2019-2020 are as under:

S. No	Name of the Member	Category	Number of meetings during the year 2019-20	
			Held	Attended
1.	Shri. J. C. Chawla- Chairman	Independent Director	2	2
3.	Shri. V. K. Modi	Independent Director	2	2
4.	Shri. N. P. Bansal	Independent Director	2	2
5.	Shri. R. K. Agarwal	Independent Director	2	2

#### Performance Evaluation of Independent Directors

The details of the performance evaluation of Independent directors are provided in the "Director Report" forming part of this Annual Report.

#### Remuneration Policy

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The remuneration policy of the Company is also placed on the website: [www.sbecsugar.com](http://www.sbecsugar.com).

(i). **Remuneration to Managing/ Whole –time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

(ii). **Remuneration to Non-Executive/ Independent Director:**

#### Sitting Fee

The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board/ Committee meetings thereof in accordance with the provisions of Act.

#### Remuneration

The Companies Act, 2013, under Section 197 allows a company to pay remuneration to its NED depending upon the role and the degree, quality of their engagement with the Board, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other as per the Company's criteria for making payment to Non-executive Directors. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or/committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

The Company does not have any Employees Stock Option Scheme.

#### 5. Stakeholders Relationship Committee

(a) **Terms of Reference**

The Company has a Board Committee namely "Stakeholder Relationship Committee" as required under the provisions of Section 178 (1) of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 to look into various issues relating to delay in transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends/share certificates, dematerialization of shares, replacement of lost/stolen/ mutilated share certificates, etc.

(b) **The Composition of Stakeholders Relationship Committee and details of the Meetings of the Committee held and attended during the year 2019-20**

As on March 31, 2020, the Stakeholders Relationship Committee of the Board comprises of 3 Directors. All three directors are Independent Directors. The Company Secretary acts as the Secretary of the Committee.

During the financial year 2019-20, the Committee met four times on May 25, 2019, August 14, 2019, November 13, 2019 and February 12, 2020.

**The Particulars of meetings held and attended by the members of the Committee are given below:**

S. No	Name of the Member	Category	Number of meetings during the year 2019-20	
			Held	Attended



1.	Shri. R.K. Agarwal Chairman	Independent Director	4	4
2.	Shri. N.P. Bansal	Independent Director	4	4
3.	Shri. J.C. Chawla	Independent Director	4	4

**Mr. Ankit Kumar Srivastava, Company Secretary is the Compliance Officer.**

**The Compliance Officer can be contacted at:**

SBEC Sugar Limited  
Village Lohan, Malakpur,  
Tehsil Baraut,  
Dist. Baghpat- 250611  
Uttar Pradesh  
Email: [investors@sbecsugar.com](mailto:investors@sbecsugar.com)

During the period ended March 31, 2020, No complaint was received from the shareholders. No complaints are pending at the end of the financial period.

## 7. VIGIL MECHANISM

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, the Company has a Whistle-Blower Policy and Vigil Mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The said mechanism also provides for adequate safeguards against victimization of the persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No employee of the Company was denied access to the Audit Committee. The said whistle blower policy and vigil mechanism has been hosted on the website of the Company at: [www.sbecsugar.com](http://www.sbecsugar.com)

No complaints were received under this policy during the year.

## 8. General Body Meetings:

### (a) Annual General Meetings

Location and time of the last three Annual General Meetings:-

Year	Date & Time of Meeting	Location	Special Resolution passed (Yes/ No)
2018-19	September 24, 2019 At 11:30 A.M.	Village: Lohan Malakpur, Tehsil Baraut, Distt. Baghpat, Uttar Pradesh	1. Re-appointment of Mr. Rohit Garg as an Independent Director.  2. Approval of Loan, Investment, Guarantee or security under Section 185 of Companies Act, 2013.
2017-18	September 24, 2018 at 11.30 A.M.	---do--	No
2016-17	August 29, 2017 at 11.30 A.M.	---do--	1. Appointment of Shri. Raj Kumar Sharma as Manager designated as "General Manager-Personnel and Administration".  2. Alteration/Adoption of Object Clause of the Memorandum of Association of the Company as per Companies Act, 2013.  3. Alteration/Adoption of New Set of Articles of Association of Company as per Companies Act, 2013.

### (b) Extraordinary General Meetings

No Extraordinary General Meeting of the Members was held during the year 2019-20.

### (c) Postal Ballot

No resolution requiring a postal ballot was proposed at the last Annual General Meeting of the Members.

## 9. Means of Communication

### (a) Quarterly Results

The Company's quarterly results in the proforma prescribed by the Stock Exchange pursuant to Regulation 33 & 47 of the Listing Regulations are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all the Stock Exchanges on which the Company's shares are listed. These results are being published in national and local newspapers, namely The Financial Express in English and Awam-e-hind



or Hari Bhoomi in Hindi, having wide circulation.

The Annual Reports, notices and other communications have been sent to each shareholder through the permitted mode. As per the statutory requirements under Regulation 33 & 47 of the Listing Regulations, the quarterly/annual financial results are generally published in "Financial Express" in English and "Awam-e-hind" or "Hari Bhoomi" in Hindi. The financial results, shareholding pattern and other updates on the working of the Company have been posted on the Company's website: [www.sbecsugar.com](http://www.sbecsugar.com). Besides the above, the Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; quarterly report on corporate governance; quarterly/ yearly financial results; quarterly shareholding pattern; quarterly secretarial audit report; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. The Company has also designated the email id: investors@sbecsugar.com exclusively for investor servicing.

**(b) Website**

As per the requirements of Regulation 46 of the Listing Regulations, all the data related to quarterly financial results, shareholding pattern etc. is filled with stock exchanges and also disseminated on the Company's website: ([www.sbecsugar.com](http://www.sbecsugar.com)) within the time prescribed in this regard. The Company's website also displays the official news releases.

**(c) Annual Report**

Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and other entitled thereto. The Management Discussion and Analysis (MDAR) Report forms part of the Annual Report.

**10. General Shareholder Information**

**(i). Annual General Meeting is to be held on** Monday, 28<sup>th</sup> September, 2020 at 11:30 IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")

**(ii). Financial Year**

The Financial Year covers the period from April 1, 2019 to March 31, 2020 (Both days Inclusive)

**(iii). Date of Book Closure**

22<sup>nd</sup> September, 2020 to 28<sup>th</sup> September, 2020 (Both days inclusive)

**(iv). Dividend Payment Date**

Not Applicable

**(v). Listing on Stock Exchanges**

The company is listed on the following Stock Exchanges:-

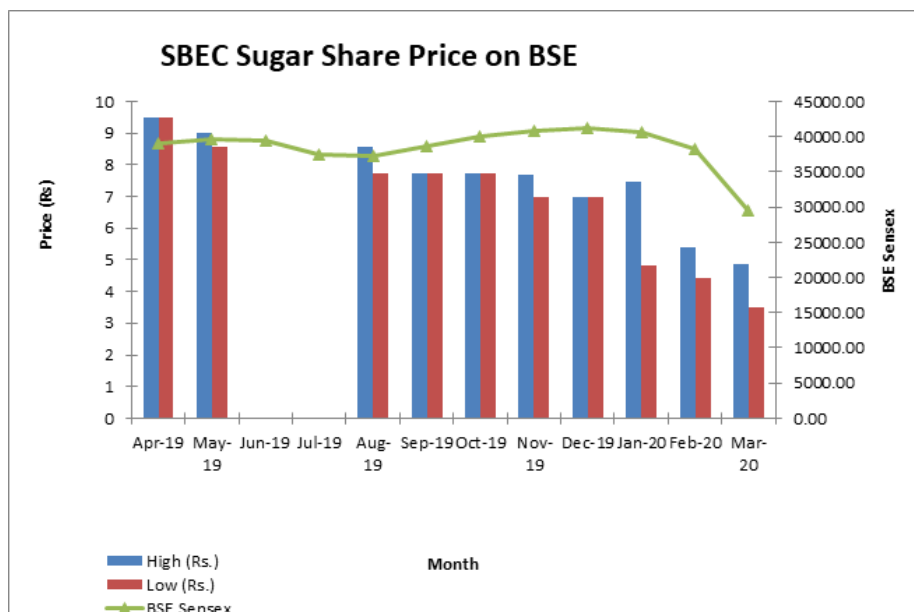
Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532102
The Calcutta Stock Exchange Association Limited	----

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the year 2020-21.

The Company had initiated steps to get the shares delisted from The Calcutta Stock Exchange Association Limited. However, application for delisting of the shares is still pending with the Calcutta Stock Exchange Association Limited.

**(vi). Market Price Data:**

Month	High Price	Low Price	Close Price	Volume
April 2019	9.49	9.49	9.49	4
May 2019	9.02	8.57	8.57	104
June 2019	-	-	-	-
July 2019	-	-	-	-
August 2019	8.57	7.75	7.75	1506
September 2019	7.75	7.75	7.75	11
October 2019	7.75	7.75	7.75	1
November 2019	7.70	6.99	6.99	403
December 2019	6.99	6.99	6.99	11
January 2020	7.45	4.80	4.90	27702
February 2020	5.39	4.43	4.65	2406
March 2020	4.48	3.51	3.69	4526



**(vii). Registrar & Share Transfer Agent:**

The physical transfer of Equity Shares and Electronic Connectivity for the Depository mode for both NSDL and CDSL is being provided by M/s Beetal Financial & Computer Services Pvt. Limited, Registrar & Transfer Agents of the company whose address is given below:

M/s Beetal Financial & Computer Services Pvt. Ltd.  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, Near Dada Harsukhdas Mandir,  
Behind Local Shopping Complex  
New Delhi –110062  
Ph. No. 011- 29961281-83  
Fax: 011-29961284 Email: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

**(viii). Share Transfer System:**

The Equity shares of the Company are in dematerialized form. In respect of the Shares held in physical form the transfers and transmission are done by the Registrar and Share Transfer Agent of the Company viz. M/s Beetal Financial & Computer Services Pvt. Ltd.

The Company obtains half yearly certificate from a Company Secretary in Practice relating compliance with the shares transfer formalities as required under Regulation 40 (9) of the SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges, from time to time.

**(ix). Distribution of Shareholdings as on 31<sup>st</sup> March, 2020.**

No of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 5000	2327	870103	1.83
5001 - 10000	459	417241	0.88
10001 – 20000	185	309606	0.65
20001- 30000	309	813895	1.71
30001 – 40000	56	202460	0.42
40001 – 50000	144	703791	1.48
50001 – 100000	134	1021957	2.14
100001 and above	90	43314827	90.89
Total	3704	47653880	100

**x). Shareholding Pattern as on March 31, 2020**

SI No.	Category of Shareholder	Total No. of Shares	% of Shareholding
<b>A</b>	<b>PROMOTER AND PROMOTER GROUP</b>	31055462	65.17
	<b>Sub Total (A)</b>	31055462	65.17
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>		



<b>I</b>	<b>INSTITUTIONS</b>		
	a Foreign Institutional Investor	959700	2.01
<b>II</b>	<b>NON-INSTITUTIONS</b>		
	a Bodies Corporate	8615557	18.08
	b Individuals	6986201	14.66
	c NRI/ OCB	1072	0.00
	d HUF	34892	0.07
	<b>Sub-Total [B=(BI + BII)]</b>	<b>996</b>	<b>0.00</b>
	<b>Total (A+B)</b>	<b>47653880</b>	<b>100.00</b>

**(xi). Dematerialization of equity Shares and liquidity**

The trading in Equity Shares of the Company is permitted in dematerialized form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. Accordingly, it may kindly be requested to all the shareholders who are holding the shares in physical form to get their shares converted into demat form and thereby avail the option of scrip less trading. For this purpose, Shareholders can open a de-mat account with a depository participant (DP) to avail the facility of dematerialization of shares or shareholders having de-mat account can surrender their share certificate to their respective DPs. As on 31st March 2020, 83.00% of the Company's total listed capitals representing 39554700 shares were held in dematerialized form and the balance 17.00 % comprising 8099180 shares were held in physical form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company is **INE948G01019**.

**(xii). Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity**

The Company has no outstanding GDRs / ADRs / Warrants or any Convertible Instruments.

**(xiii). Plant Location of the Company**

Village: Loyan Malakpur, Tehsil Baraut, Dist. Baghpat, Uttar Pradesh-250611

**(xiv). Investor's Correspondence may be addressed to**

All the queries of investors regarding the Company's shares may be sent at the following address:

Mr. Bhawendra Jha, M/s Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Near Dada Harsukhdas Mandir, Behind Local Shopping Complex New Delhi-110062 Ph. No. 011-29961281-83 Fax: 011-29961284 Email: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

**11. Disclosures**

**(i) Related Party Transactions**

The transactions entered with related parties during the year under review were on Arm's Length basis and in the ordinary course of business and complied the provisions of Section 188 of the Companies Act, 2013. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note No. 30 of the Financial Statements for the financial year ended 31.3.2020.

The Board has framed a Policy on related party transactions and placed the same on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/Related-Party-Transacion-Policy.pdf>

**(ii) Subsidiary**

The Company has two material subsidiaries Companies i.e. M/s. SBEC Bioenergy Limited and M/s. SBEC Stockholding and Investment Limited as defined under regulation 24 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Policy for Determining Material Subsidiaries has been formulated and uploaded on the website of the Company i.e. [www.sbecsugar.com](http://www.sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/Material-Subsidiary-Policy.pdf>

**(iii) There are no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under except;**

a) The Securities Exchange Board of India on September 17, 2018 had issued directions to the Promoter Group of the Company (namely Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri Jayesh Modi, Longwell Investments Pvt. Ltd., A to Z Holdings Pvt. Ltd, Moderate Leasing and Capital Services Limited and SBEC Systems (India) Ltd), severally or jointly, make a public announcement to acquire the shares of the Target Company (i.e. SBEC Sugar Limited) in accordance with the provisions of the Takeover Regulations, 2011, within a period of 45 days from the date of above mentioned order. The shareholding/voting rights of the Promoter Group had increased from 54.46% (2,59,51,083 shares) as on June 30, 2014 to 63.86%



(3,04,32,117 shares) as on September 30, 2014. In addition to the aforesaid acquisition, one of the lending promoter i.e. Moderate Leasing & Capital Services Ltd. had also acquired 1.31% shares of SBEC Sugar Limited during March 18, 2015 to March 23, 2015, which increased the share-holding of the Promoter Group to 65.17%. As per the said impugned order, the Promoter Group have violated the provisions of Regulation 3(2) of the Takeover Regulations, 2011 by acquiring shares in excess of the prescribed limit without making an announcement for open offer.

Against the said impugned SEBI order, the Promoter Group namely (Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri Jayesh Modi, Longwell Investments Pvt. Ltd, A to Z Holdings Pvt. Ltd and Moderate Leasing and Capital Services Limited) had filed an appeal before the Securities Appellate Tribunal, Mumbai. Whereas, M/s. SBEC Systems (India) Ltd. had filed a separate appeal before the Securities Appellate Tribunal, Mumbai.

Vide order dated January 29, 2020, Hon'ble Securities Appellate Tribunal set aside the direction passed against Shri. Umesh Kumar Modi, Smt. Kumkum Modi, Shri Jayesh Modi, Longwell Investments Private Limited and SBEC System (India) Limited. And A to Z Holdings Private Limited and Moderate Leasing and Capital Services Limited were directed to sell the shares acquired in violation of the Regulation and to transfer the proceeds of the same to the Investor Protection Fund established under the Securities and Exchange Board of India (Investor Protection and Education Fund) 2009 within a period of six months from the date of the order.

- b) The BSE Limited (Stock Exchange) vide its letter LIST/COMP/532102/Reg. 33-DEC-1-/323/2019-20 dated 03rd March, 2020 had imposed a penalty of Rs. 5900/- (Rupees Five Thousand Nine Hundred) in respect of delayed submission of financial results of quarter and Nine Months ended on December 31, 2019.

The Company has paid the said penalty amount within the time period prescribed in the BSE letter.

**(v) Disclosure of Accounting Treatment**

The financial statements have been prepared in accordance with applicable Indian Accounting Standards (Ind AS) and relevant presentational requirements of the Companies Act, 2013, as applicable.

**(vi) Insider Trading**

As required under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of practices and procedures for fair disclosures of unpublished price sensitive information, to inter alia, prevent insider trading in the shares of the Company.

**(vii) Code of Conduct**

The Company has adopted the code of conduct for all Board members and Senior Management as required under Regulation 17 of the Listing Regulations. The Code is posted on the Company's website: [www.sbecsugar.com](http://www.sbecsugar.com). All Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis and a declaration to this effect signed by Mr. Abhishek Modi, Whole Time Director forms part of this Report.

**Declaration**

I, Abhishek Modi, Whole Time Director of SBEC Sugar Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 17 of the SEBI (LODR) Regulation, 2015, for the year ended March 31, 2020.

Place: New Delhi  
Date: 31st August, 2020

sd/-  
Abhishek Modi  
Whole Time Director

**(viii) CEO/ CFO CERTIFICATION**

Mr. Abhishek Modi, Whole Time Director and Mr. Anil Kumar Goel, Chief Financial Officer of the Company have furnished a certificate relating to financial statement and internal controls systems as per the format prescribed under SEBI (LODR), Regulations, 2015 and the Board took the same on record.

**(ix) Details of utilization of funds through preferential allotment:**

During the Financial Year ended 31st March, 2020, the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

**(x) Compliance Certificate from Practicing Company Secretary:**

Certificate from Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated in Regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

**(xi) Recommendation of any Committee;**

There have been no instances of non-acceptance of any recommendations of the any Committee by the Board during the Financial Year under review.

**(xii) Fees paid by Company and its subsidiaries, to its Statutory Auditor**

Total fees of Rs.4,67,700 for financial year 2019-20, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part.

**(xiii) Directors with materially pecuniary or business relationship with the Company**



There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors for the period under report.

**(xiv) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

During the year from April 1, 2019 to March 31, 2020 the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the end of March 31, 2020, no complaint was pending for redressal.

**12. Non-mandatory Clauses**

The Company has not adopted any of the non-mandatory requirements as provided in SEBI (LODR), Regulations, 2015.

**For & behalf of the Board  
SBEC Sugar Limited**

**Place: New Delhi  
Date: 31<sup>st</sup> August, 2020**

**Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
(DIN: 00002757)**

**Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)**

## REPORT ON CORPORATE GOVERNANCE

To,

**The Members of SBEC Sugar Limited**

We have examined the compliance of the conditions of Corporate Governance by SBEC Sugar Limited ("the Company") for the year ended on 31st March 2020, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the documents and records maintained by the Company and the report on Corporate governance as adopted by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. 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 expression of an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to 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.

We further state that such compliance is neither an assurance as to future viability of the Company nor efficiency and effectiveness with which the management has conducted the affairs of the Company.

**For R. Singhal & Associates  
Company Secretaries**

**Place: Meerut  
Dated: 14<sup>th</sup> August, 2020  
UDIN-A029599B000580534**

**(Rahul Singhal)  
Prop.  
M. No. 29599**

## 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

**M/s. SBEC Sugar Limited**

Village Lohan Malakpur,  
Baraut, Distt. Baghpat. U.P.-250611

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SBEC Sugar Limited** having **CIN: L15421UP1991PLC019160** and having registered office at Village Lohan Malakpur, Distt. Baghpat, U.P.-25061 (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 ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.



Sr. No.	Name of Director	DIN	Date of Appointment
1	Umesh Kumar Modi	00002757	03-02-1995
2	Kumkum Modi	00522904	26-05-2000
3	Abhishek Modi	00002798	13-05-1994
4	Jayesh Modi	02849637	18-06-2010
5	Vijay Kumar Modi	00004606	06-02-2015
6	Narayan Prakash Bansal	00010587	18-10-2003
7	Rajeev Kumar Agarwal	00298252	29-04-2015
8	Jagdish Chander Chawla	05316202	27-05-2015
9	Shyam Babu Vyas	02025415	27-05-2015
10	Rohit Garg	03296571	25-03-2016

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 is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R. Singhal & Associates  
Company Secretaries**

**(Rahul Singhal)  
Prop.  
M. No. 29599**

**Place: Meerut  
Dated: 14<sup>th</sup> August, 2020  
UDIN: A029599B000580512**



## INDEPENDENT AUDITORS' REPORT

### To The Members of SBEC Sugar Limited

#### Qualified Opinion

We have audited the accompanying standalone financial statements of M/s SBEC SUGAR LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the **Basis for Qualified Opinion** section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, the profit and total comprehensive income(loss), changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

**1) During the year ended 31st March 2020, the company has not made provision for interest on late payment of cane dues amounting to Rs.797.84 lacs for the sugar season 2019-20 and Rs.1923.37 for sugar season 2018-19, had the company made provisions the profit for the quarter and year would have been lower by Rs.2721.21 lacs and its consequential impact on EPS.**

**2) The company has taken the debt of IDBI, PNB & IFCI in Modi Industries Limited. As at 31st March, 2020 the company has net exposure of Rs.14685 lacs. No Interest on the said amount has been provided as there is no reasonable certainty of its collection since the net worth of Modi Industries Limited has been completely eroded. Recoverability of the above balance is also doubtful. However, no provisions for doubtful debts were made in the financial statements of the company and consequently we are unable to opine on the appropriateness of the same and its consequential impact on the financial statements.**

**3) The company has valued the closing stock of Inventory (Sugar) at Minimum selling price fixed by Government of India instead of "the lower of cost and net realisable value" as required under IND AS-2 "Inventories". This has resulted in overstatement of Inventories (Finished Goods-Sugar) by Rs. 1119.67 lacs, profit for the year by Rs. 1119.67 lacs and its consequential impact on EPS.**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made 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 audit opinion on the standalone Ind AS financial statements.

#### Emphasis of Matters

We draw attention to note no 34 (V) of the standalone audited financial statement regarding interest payment on cane dues where the High Court vide its order dated 9th March, 2017 has set aside the decision of State Government for the waiver of Interest for the year 2012-13, 2013-14 and 2014-15 and asked the Cane Commissioner to take a final call in the matter, pending final order the Company has not made provision for interest, on the late payment of cane dues for years 2012-13, 2013-14 and 2014-15. The Hon'ble Supreme Court vide its order dated 23.04.2018 has upheld the Hon'ble High Court order dated 9th March, 2017. The matter is still sub-judice.

Under the power vested with the Cane Commissioner (U.P.) for waiver of interest under UP Sugar Cane (Regulation of Supply & Purchase) Act, 1953 in respect of loss making/sick companies, the company had made an application to Cane Commissioner (U.P.) for waiver of interest on cane dues. Pending receipt of the Cane Commissioner's decision, no interest has been provided on the cane dues. The company has decided to account for the same upon decision in the matter/payment.

Our opinion is not qualified in respect of this matter

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. We have determined that except for the matter described in the "Basis for Qualified Opinion" section, there are no other key audit matters to communicate in our report.

#### Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

#### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive



income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the Accounting Standards 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 financial controls 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 and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Auditor's Responsibilities for the Audit of the Standalone 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, 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 purpose 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, 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 standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the Directors as on 31st March 2020 taken on record by the Board of directors, none of the Directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

(g) With respect to the other matters to be included in the

Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:



In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For K. K. Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 002465N**

**(Simmi Jain)**  
**Partner**

**Membership No. 086496**

**Place: New Delhi**  
**Date: 28th July, 2020**  
**UDIN-20086496AAACL9465**

**"Annexure A" to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of SBEC Sugar Limited**  
**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section**

We have audited the internal financial controls over financial reporting of SBEC Sugar Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal fi-



financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For K. K. Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 002465N**

**Place: New Delhi**  
**Date: 28th July, 2020**

**(Simmi Jain)**  
**Partner**  
**Membership No.086496**

**"Annexure B" to the Independent Auditor's Report to the members of SBEC Sugar Limited dated May 28th, 2020.**

**Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section**

i.	(a)	The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
	(b)	Though the Company has a programme of physical verification of its fixed assets in phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, however the Fixed assets have not been physically verified by the management during the year therefore discrepancies, if any, could not be determined.
	(c)	According to 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 included in fixed assets are held in the name of the company. Some of these title deeds are given as security for securing various facilities and accordingly these original title deeds are kept as security for the lenders.
ii.		The inventory has not been physically verified by the management during the year.
iii.		According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the company and hence not commented upon.
iv.		In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
v.		The Company has not accepted any fresh deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable.
vi.		We have broadly reviewed the records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of company's products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
vii.	(a)	According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities.
	(b)	According to the information and explanations given to us and as per the books and records examined by us, the particulars of statutory dues of the specified statute as at the year, which have not been deposited on account of a dispute are referred to in "Annexure C".
viii.		According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to Governments, banks and financial institutions. The Company has not taken any loans from debenture holders.
ix.		Based on our audit procedures and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer / further public offer. Further, based on our audit procedures and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
x.		During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.
xi.		Based on our audit and according to the information and explanations given to us, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
xii.		In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
xiii.		Based on our audit procedures and according to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



xiv.		According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
xv.		Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
xvi.		According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For K. K. Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 002465N**

(Simmi Jain)

Partner

Membership No.086496

**Place: New Delhi**  
**Date: 28th July, 2020**

### "ANNEXURE C" TO AUDITORS' REPORT

Referred in Paragraph VII(B) of Annexure "A" a statement on the matters specified in the Companies (Auditors' Report) Order, 2016 for the year ended 31<sup>st</sup> March 2020.

Name of The Statute	Name of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
UP VAT Act, 2008	VAT imposed on Bagasse given to M/s SBEC Bioenergy Ltd	43.47	2008-09	Appeal filed before Honorable High Court by Commercial Tax department against order passed by Member Commercial Tax, Tribunal, Meerut
Finance Act, 1994	Service Tax on Commission	150.88	2003-04	CESTAT has sent back the case to Commissioner Central Excise and Service Tax, Meerut-1 for Remand
Finance Act, 1994	Service tax Credit taken in invoice beyond 6 month	44.90	Dec 2013 – Dec 2014	Application filed before Assistant Commissioner, Central Excise & Service Tax, Division-1 Meerut on 25.02.2016
Finance Act, 1994	Service Tax on Lease Rent	16.83	01.04.2008-01.12.2010	Appeal Allowed by way of Remand by CESTAT, Delhi
Finance Act, 1994	Service Tax on Lease Rent	7.24	2012-13	Appeal Allowed by way of Remand by CESTAT, Delhi
Central Excise, 1944	Cenvat Credit taken on HR plates, Angles, Shape section	15.54	2015-17	SCN Reply Submitted before Deputy Commissioner, CGST Division Shamli.
Central Excise, 1944	Excise Duty on removal of Bagasse and Press-mud	42.21	01.12.2016 to 31.01.2017	SCN Reply Submitted on 18.12.18 before Deputy Commissioner, CGST Division Shamli.
Central Excise, 1944	Excise Duty on removal of Bagasse and Press-mud	24.90	01.02.2017 to 28.02.2017	SCN Reply Submitted on 12.02.19 before Deputy Commissioner, CGST Division Shamli.
Central Excise, 1944	Excise Duty on removal of Bagasse and Press-mud	25.34	Mar-17	SCN Reply Submitted on 25.04.2019 before Joint Commissioner, CGST Division Shamli.
Central Excise, 1944	Excise Duty on removal of Bagasse and Press-mud	27.34	Apr-17 to June-17	SCN Reply Submitted on 15.05.2019 before Joint Commissioner, CGST Division Shamli.

**BALANCE SHEET AS AT 31.03.2020****(Amount in Rs.)**

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Property, Plant and Equipment	3	2,20,08,97,071	2,26,18,01,479
(b) Other intangible assets	3(a)	1,84,808	2,30,894
(c) Capital work - in - progress	3(b)	2,05,69,523	2,96,99,146
(d) Financial assets			
- Investments	4	17,25,82,515	17,25,82,515
- Others	4A	1,46,85,97,682	1,46,85,97,682
(e) Other non - current assets	5	4,24,600	4,88,379
		<b>3,86,32,56,258</b>	<b>3,93,34,00,095</b>
<b>(2) Current assets</b>			
(a) Inventories	6	2,34,05,82,990	1,32,80,98,229
(b) Financial assets			
(i) Trade receivables	7	8,39,88,070	7,13,17,234
(ii) Cash and cash equivalents	8	6,01,74,797	8,39,94,568
(iii) Loans	9	24,60,66,715	24,92,89,135
(iv) Other Bank Balances	10	3,2,27,891	20,91,665
(c) Other current assets	5	10,28,12,337	10,72,58,728
		<b>2,83,68,52,801</b>	<b>1,84,20,49,559</b>
(d) Non Current assets held for sale		-	-
		<b>2,83,68,52,801</b>	<b>1,84,20,49,559</b>
<b>Total assets</b>		<b>6,70,01,09,059</b>	<b>5,77,54,49,654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) EQUITY</b>			
(a) Equity share capital	11	47,69,40,175	47,69,40,175
(b) Other equity	12	(55,83,26,071)	(60,50,24,395)
		<b>(8,13,85,896)</b>	<b>(12,80,84,220)</b>
<b>LIABILITIES</b>			
<b>(2) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	1,71,32,40,814	1,74,74,59,032
(ii) Trade payables	16		
- Total Outstanding dues of micro enterprises and small enterprises		-	-
- Total Outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Provisions	14	3,80,69,853	3,00,92,058
(c) Other non-current liabilities	15	11,06,200	12,26,200
		<b>1,752,416,867</b>	<b>1,77,87,77,290</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	27,17,15,399	36,13,46,589
(ii) Trade payables	16		
- Total Outstanding dues of micro enterprises and small enterprises		39,77,059	18,74,180
- Total Outstanding dues of creditors other than micro enterprises and small enterprises		3,99,25,10,355	3,00,61,71,022
(iii) Other financial liabilities	17	74,62,52,682	73,22,87,998
(b) Other current liabilities	15	1,11,21,602	1,99,36,572
(c) Provisions	14	35,00,992	31,40,224
		<b>50,290,78,089</b>	<b>4,12,47,56,585</b>
<b>Total Equity &amp; Liabilities</b>		<b>6,70,01,09,059</b>	<b>5,77,54,49,654</b>

The accompany note no. (3 to 26) are integral part of the financial statement.

Summary of Significant Accounting Policies

2

As per our report of even date, attached

For K.K.JAIN & CO.  
Chartered Accountants  
Firm Registration No 02465N  
Sd/-  
(Simmi Jain)  
Partner  
Membership No. : 086496  
Place : New Delhi  
Date : 28th July 2020

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
DIN : 00002757  
Sd/-  
Rajeev Kumar Agarwal  
(Director)  
DIN : 00298252

Sd/-  
Abhishek Modi  
(Whole-Time Director)  
DIN : 00002798  
Sd/-  
J.C. Chawla  
(Director)  
DIN : 05316202  
Sd/-  
A.K. Goel  
(Chief Financial Officer)

Sd/-  
Vijay Kumar Modi  
(Director)  
DIN : 00004606  
Sd/-  
N.P. Bansal  
(Director)  
DIN : 00010587  
Sd/-  
Ankit K. Srivastava  
(Company Secretary)


**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020**
**(Amount in Rs.)**

Particulars	Note No.	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
I Revenue from operations	18	<b>4,70,93,65,669</b>	4,00,98,78,291
II Other income	19	<b>16,31,228</b>	31,20,099
III <b>Total income (I + II)</b>		<b>4,71,09,96,896</b>	4,01,29,98,390
IV <b>Expenses</b>			
Cost of materials consumed	20	<b>4,76,08,63,729</b>	4,26,06,46,620
Changes in inventories of finished goods, stock - in - trade and work - in - progress	21	<b>(1,00,61,99,194)</b>	(51,38,36,960)
Employee benefits expenses	22	<b>15,14,93,369</b>	13,94,28,955
Finance costs	23	<b>16,03,29,337</b>	5,06,42,869
Depreciation and amortization expenses	24	<b>18,23,42,651</b>	18,11,89,338
Other expenses	25	<b>41,25,11,572</b>	36,95,63,969
Total expenses		<b>4,66,13,41,464</b>	4,48,76,34,791
V <b>Profit / (loss) before exceptional items and tax (I - IV)</b>		<b>4,96,55,432</b>	(47,46,36,401)
VI Exceptional items		-	-
VII <b>Profit / (loss) before tax (V - VI)</b>		<b>4,96,55,432</b>	(47,46,36,401)
VIII Tax expense			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Adjustment of Tax for Earlier Years		-	1,30,580
		-	1,30,580
IX <b>Profit / (loss) from continuing operations (VII - VIII)</b>		<b>4,96,55,432</b>	(47,47,66,981)
X Profit / (loss) from discontinued operations (VII - VIII)		-	-
XI Tax expense of discontinued operations		-	-
XII Profit / (loss) from discontinued operations (after tax) (X - XI)		-	-
XIII <b>Profit / (loss) for the period (IX + XII)</b>		<b>4,96,55,432</b>	(47,47,66,981)
XIV <b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		<b>(29,57,108)</b>	(68,993)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		<b>(29,57,108)</b>	(68,993)
XV <b>Total comprehensive income for the period (XIII + XIV)</b>		<b>4,66,98,324</b>	(47,48,35,974)
XVI <b>Earnings per equity share (for continuing operations)</b>			
(1) Basic	26	<b>1.04</b>	(9.96)
(2) Diluted	26	<b>1.04</b>	(9.96)

The accompany note no. (3 to 26) are integral part of the financial statement.

**Summary of Significant Accounting Policies**

As per our report of even date, attached

For K.K.JAIN & CO. Chartered Accountants Firm Registration No 02465N	Sd/- Umesh Kumar Modi (Chairman & President) DIN : 00002757	Sd/- Abhishek Modi (Whole-Time Director) DIN : 00002798	Sd/- Vijay Kumar Modi (Director) DIN : 00004606
Sd/- (Simmi Jain) Partner Membership No. : 086496	Sd/- Rajeev Kumar Agarwal (Director) DIN: 00298252	Sd/- J.C. Chawla (Director) DIN : 05316202	Sd/- N.P. Bansal (Director) DIN : 00010587
Place : New Delhi Date : 28th July 2020		Sd/- A.K. Goel (Chief Financial Officer)	Sd/- Ankit K. Srivastava (Company Secretary)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020****(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>A. Cash flow from operating activities</b>		
Profit for the year before tax	4,96,55,432	(47,46,36,401)
Adjustments for:		
Finance costs	16,03,29,337	5,06,42,869
Interest income	(3,17,512)	(2,27,269)
Depreciation and amortisation expense	18,23,42,651	18,11,89,338
Loss/(Profit) on sale of Fixed Assets	(1,47,368)	-
Provision for Bad & doubtful debts/Advances	17,42,926	24,45,772
Provision written back	(177,218)	(28,25,789)
Dividend Income	(60,000)	(60,000)
<b>Operating Profit/(Loss) before working capital changes</b>	<b>39,33,68,247</b>	<b>(24,34,71,480)</b>
<b>Movements in working capital:</b>		
Trade receivables	(1,26,70,837)	3,44,18,984
Other assets	33,73,884	(1,49,58,82,475)
Inventories	(1,01,24,84,762)	(50,67,43,090)
Loans	32,22,421	99,45,98,210
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	98,84,42,212	(1,28,33,85,200)
Other liabilities	(89,34,970)	(1,76,49,218)
Other financial liabilities	1,39,64,684	55,47,58,367
Provisions/other items	38,15,747	51,37,776
<b>Cash generated from operations</b>	<b>37,20,96,627</b>	<b>(1,95,82,18,125)</b>
Income tax paid	-	(1,30,580)
<b>Net cash generated by operating activities (A)</b>	<b>37,20,96,627</b>	<b>(1,95,83,48,706)</b>
<b>B. Cash flow from investing activities</b>		
Investment	-	-
Purchases of fixed assets (including WIP)	(11,23,18,639)	(3,43,53,254)
Interest received	3,17,512	2,27,269
Dividend received	60,000	60,000
Proceeds from Sales of Fixed Assets	2,03,474	2,17,496
Non Current assets held for sale	-	-
<b>Net cash generated by/(used in) investing activities (B)</b>	<b>(11,17,37,653)</b>	<b>(3,38,48,489)</b>
<b>C. Cash flow from financing activities (refer note 44)</b>		
Proceed /Repayment of term loan	(12,38,49,408)	2,01,19,99,003
Interest paid	(16,03,29,337)	(5,06,42,869)
<b>Net cash generated by/(used in) financing activities (C)</b>	<b>(28,41,78,745)</b>	<b>1,96,13,56,134</b>
<b>Net Increase/decrease in Cash and cash equivalents (A+B+C)</b>	<b>(2,38,19,770)</b>	<b>(3,08,41,061)</b>
Cash and cash equivalents at the beginning of the year	8	8
Cash and cash equivalents at the end of year end	8	8
In terms of our report of even date, attached		

**In terms of our report of even date, attached**

For K.K.JAIN & CO.  
Chartered Accountants  
Firm Registration No 02465N

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
DIN : 00002757

Sd/-  
Abhishek Modi  
(Whole-Time Director)  
DIN : 00002798

Sd/-  
Vijay Kumar Modi  
(Director)  
DIN : 00004606

Sd/-  
(Simmi Jain)  
Partner  
Membership No. : 086496

Sd/-  
Rajeev Kumar Agarwal  
(Director)  
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J.C. Chawla  
(Director)  
DIN : 05316202

Sd/-  
N.P. Bansal  
(Director)  
DIN : 00010587

Place : New Delhi  
Date : 28th July, 2020

Sd/-  
A.K. Goel  
(Chief Financial Officer)

Sd/-  
Ankit K. Srivastava  
(Company Secretary)



## Statement of Changes in equity for the year ended March 31, 2020

Particulars	Equity Share Capital	Other Equity					Total Equity
		Reserves & Surplus			Item of Other Comprehensive Income		
		Capital reserve*	Surplus in the Statement of profit and loss	Storage fund for molasses account	Actuarial gain / (loss) on employee benefit plans through OCI	Total Other Equity	
As at March 31, 2018	47,69,40,175	49,16,625	(13,48,57,603)	15,69,316	(18,16,759)	(13,01,88,421)	34,67,51,754
Add: Profit for the year	-	-	(47,47,66,981)	-	-	(47,47,66,981)	(47,47,66,981)
Add: Transfer to/(from) storage fund for molasses	-	-	(2,86,351)	2,86,351	-	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(68,993)	(68,993)	(68,993)
As at March 31, 2019	47,69,40,175	49,16,625	(60,99,10,935)	18,55,667	(18,85,752)	(60,50,24,395)	(12,80,84,220)
Add: Profit for the year	-	-	4,96,55,432	-	-	4,96,55,432	4,96,55,432
Add: Transfer to/(from) storage fund for molasses	-	-	(10,37,844)	10,37,844	-	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(29,57,108)	(29,57,108)	(29,57,108)
As at March 31, 2020	47,69,40,175	49,16,625	(56,12,93,347)	28,93,511	(48,42,860)	(55,83,26,071)	(8,13,85,896)

As per our report of even date, attached

**For K.K.JAIN & CO.**  
Chartered Accountants  
Firm Registration No 02465N

**Sd/-**  
**(Simmi Jain)**  
Partner  
Membership No. : 086496

**Place : New Delhi**  
**Date : 28th July 2020**

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN: 00298252

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
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(Chief Financial Officer)

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**N.P. Bansal**  
(Director)  
DIN : 00010587

**Sd/-**  
**Ankit K. Srivastava**  
(Company Secretary)



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

### Note : 1. Company Overview

SBEC Sugar Limited ('the Company') is a Public Limited Company incorporated in India under the provisions of the Companies Act and its shares are listed on BSE Ltd (Stock Exchange). The registered office of the Company is situated at Village-Loyan, Malakpur, Baraut, District- Baghpat, 250611 (UP), and its principal place of business is at Malakpur, Baraut District- Baghpat, 250611 (UP), the Company is engaged in production of sugar, incorporated in the year 1991, the Company commenced its operations in 1990-2000 with capacities of 3125 TCD and increase to 8000 TCD.

### Note : 2. Significant Accounting Policy

#### 2.1 Basis of preparation of financial information

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time)

The preparation of financial statements requires the use of certain significant accounting estimates and judgements. It also requires the management to exercise judgement in applying the Company's accounting policies.

#### 2.2 Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

a. Certain financial assets and liabilities.

#### 2.3 Summary of Significant Accounting Policies

##### Current and non-current classification:

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

**An asset is treated as current when it is:**

- i) expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realized within twelve months after the reporting period,
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or
- v) Carrying current portion of non-current financial assets. All other assets are classified as non-current.

**A liability is current when:**

- i) It is expected to be settled in normal operating cycle,
- ii) It is held primarily for the purpose of trading,
- iii) It is due to be settled within twelve months after the reporting period,
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, or
- v) It includes current portion of non-current financial liabilities.

**All other liabilities are classified as non-current.**

##### a) Inventory Valuation

- (i) Finished Goods (Sugar): Sugar - at minimum selling price fixed by the govt. of India.
- (ii) Goods in Process - at cost
- (iii) Raw material - at cost
- (iv) Stores and spares - at cost (computed on FIFO basis)
- (v) Molasses (By-product) is valued at net realizable value.
- (vi) Provision for obsolescence and other anticipated losses are made on the stocks, whenever identified / considered necessary.

##### b) Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

##### c) Intangible assets

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

##### d) Depreciation

Depreciation on Tangible fixed assets other than Land and Building, Plant & Machinery is charged on straight line method so as to write off the cost/carrying amount of assets. The useful life of assets as prescribed under Part C of Schedule II of the Companies Act 2013 and depreciation is charged on that are on the following basis:-

- (i) Depreciation on All Assets is charged at Straight Line Method basis in the manner as prescribed in Companies Act 2013 and rate as per prescribed useful life.
- (ii) Intangible assets are amortized over a period of 5 year on a straight line basis.

The management has estimated the useful life is different as below:



Assets	Useful Life (Years)
Plant & Machinery	25-32
Building	30-60

**e) Expenditure during Construction**

In respect of new projects, all expenses including interest incurred up to the date of commencement of commercial production are capitalized.

In respect of substantial expansion of business, at existing locations, only direct costs are capitalized together with interest on the funds relating to them up to the date of commercial production.

**f) Impairment of Non- Financial Assets**

The carrying amount of any property, plant and equipment and intangible assets with infinite lives are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factor. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount. At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**g) Recognition of Revenues & Expenses**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, including excise duty and excluding taxes or duties collected on behalf of the government (other than excise duty).

Revenue is recognized only if the following conditions are satisfied:-

The Company has transferred risks and rewards incidental to ownership to the customer; -

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; -

It is probable that the economic benefit associated with the transaction will flow to the Company; and -

It can be reliably measured and it is reasonable to expect ultimate collection

(i) Dividends income is recognized when the shareholders right to receive payment was established by the balance sheet date.

**h) Foreign Currency Transactions**

(i) Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the statement of profit and loss.

(ii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

**i) Investments**

(i) Long term Investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.

(ii) Unquoted investments are stated at cost.

(iii) Current investments are valued at carrying value without any adjustment for increase/diminution, if any is accounted at the time of sale of such investments.

**j) Borrowing Cost**

Borrowing Cost attributable to the acquisition or construction of qualifying assets is capitalized as part of cost of that asset. Other borrowing costs are recognized as expense in the period in which they relate.

**k) Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS) -19 – 'Employee Benefits'.

**(i) Provident Fund and ESI**

The Company makes contribution to statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**(ii) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in Other Comprehensive Income. The effect of any plan amendments is recognized in net profits in the Statement of Profit and Loss.

**(iii) Compensated Absence**

Liability in respect of compensated absence becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

**(iv) Leave Encashment**

The Liability on account of un-availed earned leave at the yearend is fully provided for on actuarial valuation basis.

**(v) Other Short Term Benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.



## I) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

### The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## m) Financial instruments:

### i) Financial assets

#### A) Initial recognition

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognized when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through statement of profit and loss, which are initially measured at fair value, excluding transaction costs (which is recognized in statement of profit and loss).

#### B) Subsequent measurement

##### a) Financial assets carried at amortized cost (AC)

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### c) Financial assets at fair value through statement of profit and loss (FVTPL)

###### Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value either as at FVTOCI or FVTPL. The Company makes such election on instrument-by-instrument basis. For equity instruments measured as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Investment in subsidiaries and associates Investment in subsidiaries and associates are carried at cost.

##### d) Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

1. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
2. Financial assets that are debt instruments and are measured as at FVTOCI
3. Lease receivables
4. Trade receivables or any contractual right to receive cash or another financial asset
5. Loan commitments which are not measured as at FVTPL



The Company follows 'simplified approach' for recognition of impairment loss allowance on: Trade receivables or contract revenue receivables; and all lease receivables. The application of simplified approach does not require the Company to track changes in credit risk rather; it recognizes impairment loss allowance based on 12 months ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**ii) Financial liabilities**

**A. Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognized in statement of profit and loss as finance cost.

**B. Subsequent measurement:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

- a) **Loans and borrowings after initial recognition**, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in statement of profit and loss when liabilities are derecognized. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit and loss.
- b) **Compound financial instruments** at the issue date the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortized cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognized in equity, net of income tax effects, and is not subsequently re-measured.

**iii) De-recognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**iv) Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

**v) Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges which is recognized in Other Comprehensive Income and later to statement of profit or loss when the hedge item effects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

**n) Accounting for Taxation**

- (i) Provision for Current Tax is made on the basis of applicable Income Tax Act, 1961.
- (ii) Deferred Tax assets and liabilities are accounted for in accordance with IND AS-12.

**o) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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.

**p) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

**q) Cash and Cash Equivalent**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at Bank, cash in hand and demand deposits with bank with an original maturity of three months or less than the date of acquisition.

**r) Cash Flow Statement**

Cash flow are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future 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 based on the available information.

**s) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**i) Depreciation and useful lives of property, plant and equipment:**

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

**ii) Recoverability of trade receivable:**

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**iii) Provisions:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

**iv) Impairment of non-financial assets:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**v) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**vi) Fair value measurement of financial instruments:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**vii) Estimation uncertainty relating to COVID-19 outbreak**

The company has taken into account the possible impact of COVID-19 in preparation of financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non financial assets, impact on revenues etc. The company has considered internal and certain external sources of information including reliable credit reports, economic forecast upto the date of approval of the financial results.


**NOTE:3 PROPERTY, PLANT AND EQUIPMENT**

(Amount in Rs.)

GROSS BLOCK											
	Freehold	Land Leasehold	Buildings	Lease Hold Improvements	Plant & Machinery	Office Equipment	Computer Equipment	Factory Approach Ro.	Furniture & Fixtures	Vehicles	Total
As at 31st March 2018	16,71,98,000	43,22,74,674	31,38,61,280	84,740	2,60,87,66,897	42,01,973	1,07,15,063	2,44,32,136	70,97,427	64,77,750	3,57,51,09,940
Additions	-	-	-	-	69,79,641	1,83,091	5,35,835	-	-	-	76,98,567
Disposals	-	-	-	-	-	-	-	-	-	12,98,476	12,98,476
As at 31st March 2019	16,71,98,000	43,22,74,674	31,38,61,280	84,740	2,61,57,46,538	43,85,064	1,12,50,898	2,44,32,136	70,97,427	51,79,274	358,15,10,031
Additions	-	-	-	-	11,92,71,729	5,16,801	5,62,374	-	-	1051595	12,14,02,499
Disposals	-	-	-	-	-	-	-	-	-	8,51,277	8,51,277
As at 31st March 2020	16,71,98,000	43,22,74,674	31,38,61,280	84,740	2,73,50,18,267	49,01,865	1,18,13,272	2,44,32,136	70,97,427	53,79,592	3,70,20,61,253
DEPRECIATION											
	Freehold	Land Leasehold	Buildings	Lease Hold Improvements	Plant & Machinery	Office Equipment	Computer Equipment	Factory Approach Ro.	Furniture & Fixtures	Vehicles	Total
As at 31st March 2018	-	5,57,47,548	7,81,93,508	84,740	95,74,60,625	32,63,638	86,00,403	2,44,32,136	63,90,897	55,20,459	1,13,96,93,953
Charged for the year	-	2,72,72,596	1,34,17,375	-	13,78,42,888	4,11,172	14,65,456	-	2,44,402	4,41,688	18,10,95,577
Disposals	-	-	-	-	-	-	-	-	-	10,80,980	10,80,980
As at 31st March 2019	-	8,30,20,144	9,16,10,882	84,740	1,09,53,03,513	36,74,810	1,00,65,859	2,44,32,136	66,35,299	48,81,167	1,31,97,08,550
Charged for the year	-	2,72,72,596	1,34,17,375	-	13,98,32,348	4,96,067	8,36,429	-	2,07,660	1,88,327	18,22,50,802
Disposals	-	-	-	-	-	-	-	-	-	7,95,171	7,95,171
As at 31st March 2020	-	11,02,92,740	10,50,28,257	84,740	1,23,51,35,860	41,70,878	1,09,02,288	2,44,32,136	68,42,959	42,74,323	1,50,11,64,181
NET BLOCK											
As at 31st, March 2018	16,71,98,000	37,65,27,126	23,56,67,772	-	1,65,13,06,273	9,38,335	21,14,660	-	7,06,530	9,57,291	2,43,54,15,987
As at 31st March 2019	16,71,98,000	34,92,54,530	22,22,50,398	-	1,52,04,43,026	7,10,254	11,85,039	-	4,62,128	2,98,107	2,26,18,01,479
As at 31st March 2020	16,71,98,000	32,19,81,934	20,88,33,023	-	1,49,98,82,407	7,30,988	9,10,984	-	2,54,468	11,05,269	2,20,08,97,071

**NOTE: 3(a) INTANGIBLE ASSETS**

(Amount in Rs.)

Particulars	As At 31.03.2020	As At 31.03.2019
<b>Gross Block</b>		
Opening	19,91,583	19,91,583
Additions	45,763	-
Disposals	-	-
<b>Closing</b>	<b>20,37,346</b>	<b>19,91,583</b>
<b>Depreciation</b>		
Opening	17,60,689	16,66,928
Charge for the year	91,849	93,761
Disposals	-	-
<b>Closing</b>	<b>18,52,538</b>	<b>17,60,689</b>
<b>Net Block</b>	<b>1,84,808</b>	<b>2,30,894</b>

**NOTE:3 (b) CAPITAL WORK -IN-PROGRESS**

(Amount in Rs.)

Particulars	As At 31.03.2020	As At 31.03.2019
Plant and machinery under erection	2,96,99,146	30,44,459
Additions	8,61,64,599	2,66,54,687
Disposals	9,52,94,222	-
<b>Total</b>	<b>2,05,69,523</b>	<b>2,96,99,146</b>

**NOTE:4 INVESTMENTS**

(Amount in Rs.)				
Particulars	Non - current As at 31.03.2020	Current As at 31.03.2020	Non - current As at 31.03.2019	Current As at 31.03.2019
<b>Investment in Susidiary Companies</b>				
1,26,50,000 Equity Shares of Rs.10/-each in SBEC Bioenergy Ltd. (P.Y. 1,26,50,000 Equity Shares of Rs.10/-each )*	<b>12,65,82,500</b>		12,65,82,500	
45,50,000 Equity Shares of Rs.10/-each in SBEC Stockholding & Investment Ltd.(P.Y. 45,50,000 Equity Shares of Rs.10/each)	<b>4,55,00,000</b>		4,55,00,000	
<b>Other Investments:</b>				
20,000 Equity Shares of Rs.25/-each in The SVC Bank Ltd (P.Y. 20,000 Equity Shares of Rs.25/each)	<b>5,00,000</b>		5,00,000	
30 Equity Shares of Rs.10/-each in Modi Casing s and Packaging Pvt Ltd.(P.Y.30 Equity Shares of Rs.10/each)	<b>300</b>		300	
Less: Provision made for diminution in value of investment**	<b>285</b>		285	
<b>Sub Total</b>	<b>15</b>		15	
<b>Total</b>	<b>17,25,82,515</b>	-	17,25,82,515	-
<b>*Including Rs.82500/-Share Transfer Fee</b>				
<b>**Provision for diminution in value of investments.</b>				
Aggregate amount of unquoted investments	<b>17,25,82,515</b>		17,25,82,515	
Aggregate provision for diminution in value of investments	<b>285</b>		285	
# The Company ceases to be subsidiary w.e.f.30.09.2014				

**NOTE 4A : FINANCIAL ASSETS - OTHER**

(Amount in Rs.)				
Particulars	Non - current As at 31.03.2020	Current As at 31.03.2020	Non - current As at 31.03.2019	Current As at 31.03.2019
Debt Assignment Recoverable	<b>1,46,85,97,682</b>	-	<b>1,46,85,97,682</b>	-
<b>Total Financial Assets-Other</b>	<b>1,46,85,97,682</b>		<b>1,46,85,97,682</b>	

**NOTE 5 : OTHER ASSETS**

(Amount in Rs.)				
Particulars	Non - current As at 31.03.2020	Current As at 31.03.2020	Non - current As at 31.03.2019	Current As at 31.03.2019
<b>- Unsecured, considered good</b>				
Advances recoverable in cash or kind or for value to be received	-	93486440	-	68717104
<b>Advances other than Capital Advances -</b>				
Security deposits	2,20,782	-	1,53,782	-
-Prepaid Expenses	-	2154750	-	15,27,446
Balances with statutory authorities		71,71,148	-	3,70,14,178
-Direct tax Recoverable	2,03,878	-	334,597	-
<b>Total other assets</b>	<b>424660</b>	<b>102812337</b>	<b>4,88,379</b>	<b>10,72,58,728</b>


**NOTE: 6 INVENTORIES**
**(Amount in Rs.)**

Particulars	As at 31.03.2020	As at 31.03.2019
Raw Materials	31,322	-
Stores & Spares	7,78,16,081	7,07,64,043
Work - in - progress	5,04,99,956	94,64,242
Finished goods	1,98,63,88,549	1,15,69,81,448
others	22,58,47,182	9,08,88,495
<b>Total</b>	<b>2,34,05,82,990</b>	<b>1,32,80,98,229</b>

**NOTE: 7 TRADE RECEIVABLES**
**(Amount in Rs.)**

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Exceeding 6 months from payment due date</b>		
- Unsecured, considered good	17,607,234	1,48,25,348
- Unsecured, considered Doubtful	1,01,83,898	91,26,093
- Allowance for bad & doubtful debts	(1,01,83,898)	(91,26,093)
	<b>17,607,234</b>	<b>1,48,25,348</b>
<b>Less than 6 months</b>		
- Unsecured, considered good from related party	-	-
- Unsecured, considered good	66,380,837	5,64,91,886
<b>Total</b>	<b>8,39,88,070</b>	<b>7,13,17,234</b>

**NOTE: 8 CASH & CASH EQUIVALENTS**
**(Amount in Rs.)**

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with banks		
- in Current Accounts	5,99,57,218	8,37,90,240
Cheques, drafts in hand	-	-
Cash in hand	2,17,579	2,04,328
<b>Total</b>	<b>6,01,74,797</b>	<b>8,39,94,568</b>

**NOTE: 9 LOANS**
**(Amount in Rs.)**

Particulars	Current As at 31.03.2020	Current As at 31.03.2019
Security Deposits		
- Unsecured, considered good	-	-
Loans to related parties	24,28,87,523	24,28,87,523
Less : Expected Credit loss	(1,28,37,523)	(1,28,37,523)
Advance to vendors	1,79,25,502	2,02,47,664
LESS: Provision for Doubtful Debts	(19,08,787)	(10,08,528)
<b>Total</b>	<b>24,60,66,715</b>	<b>24,92,89,135</b>

**NOTE: 10 OTHER BANK BALANCES**
**(Amount in Rs.)**

Particulars	As at 31.03.2020	As at 31.03.2019
Margin Money	1,97,438	1,84,204
Balance with Govt dept.	-	-
Fixed Deposit	30,30,453	19,07,461
<b>Total</b>	<b>32,27,891</b>	<b>20,91,665</b>

**NOTE 11 : SHARE CAPITAL**
**(Amount in Rs.)**

Particulars	As at 31.03.2020	As at 31.03.2019
Authorised Share Capital:		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs.10/- each.	1,00,00,00,000	1,00,00,00,000
Issued, Subscribed Capital :		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs.10/- each.	47,81,44,300	47,81,44,300
Paid Up Capital :		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs.10/- each.	47,65,38,800	47,65,38,800
Share Forfeiture Account	4,01,375	4,01,375
<b>TOTAL</b>	<b>47,69,40,175</b>	<b>47,69,40,175</b>


**a) Terms/rights attached to Equity Shares**

Company has only one class of equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Detail of Shareholders holding more than 5% Equity Shares in the company**

(Amount in Rs.)

Name of Shareholder	As at 31.03.2020		As At 31.03.2019	
	No. of shares Held	%age of Holding	No. of shares Held	%age of Holding
Equity Shares				
M/s SBEC Systems (India) Ltd.	1,42,30,884	29.86%	1,42,30,884	29.86%
M/s Moderate Leasing & Capital Services Ltd	90,65,568	19.02%	90,65,568	19.02%
Abhikum Leasing and Investment Pvt. Ltd.	55,31,994	11.80%	55,31,994	11.80%
M/s A to Z Holding Pvt. Ltd.	33,82,500	7.10%	33,82,500	7.10%
M/s Longwell Investments Pvt. Ltd.	27,21,500	5.71%	27,21,500	5.71%

**c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2020		As At 31.03.2019	
	No. of shares	(Rs.)	No. of shares	(Rs.)
At the beginning of the year	4,76,53,880	47,65,38,800	4,76,53,880	47,65,38,800
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>4,76,53,880</b>	<b>47,65,38,800</b>	<b>4,76,53,880</b>	<b>47,65,38,800</b>

d) The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash nor has allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

**NOTE 12 : OTHER EQUITY**

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Surplus / (Deficit)		
Balance as per last financial statement	(61,17,96,687)	(13,66,74,362)
Balance in Statement of Profit & Loss	4,96,55,432	(47,47,66,981)
Less: Transfer to Reserves	(10,37,844)	(2,86,351)
Add: Remeasurement of defined benefit obligation (net of tax)	(29,57,108)	(68,993)
<b>Closing Balance</b>	<b>(56,61,36,207)</b>	<b>(61,17,96,687)</b>
Capital Reserve		
Balance as per last financial statement	49,16,625	49,16,625
<b>Closing Balance</b>	<b>49,16,625</b>	<b>49,16,625</b>
Other Reserve		
Molasses Storage Fund		
Balance as per last financial statement	18,55,667	15,69,316
Add: Additions during the year	10,37,844	2,86,351
<b>Closing Balance</b>	<b>28,93,511</b>	<b>18,55,667</b>
<b>TOTAL</b>	<b>(55,83,26,071)</b>	<b>(60,50,24,395)</b>


**NOTE:13 BORROWINGS**
**(Amount in Rs.)**

Particulars	Non - Current As at 31.03.2020	Current As at 31.03.2020	Non - Current As at 31.03.2019	Current As at 31.03.2019
Term Loan /Unsecured Loans				
- Secured				
From Banks	2,18,54,94,452	-	2,01,00,00,000	-
Less : Current maturities of long term debt	47,95,00,002		26,80,00,000	
<b>Net Balance</b>	<b>1,70,59,94,450</b>		<b>1,74,20,00,000</b>	
- Unsecured				
Deposits From Selling Agents	54,59,032	-	54,59,032	-
Vehicle Loans	17,87,332	-	-	-
Inter Corporate Deposit	-	27,17,15,399	-	36,13,46,589
<b>Total</b>	<b>1,71,32,40,814</b>	<b>27,17,15,399</b>	<b>1,74,74,59,032</b>	<b>36,13,46,589</b>

**Note : Terms of repayment/details of security are as follows :**

Landing Institution	Outstanding as at 31.03.2020	2020-21	2021-22	2022-23 & Above
Uttar Pradesh Co-operative Bank Ltd.	2,18,54,94,452	4,79,500,002	5,57,000,004	1,14,89,94,446

\* During the year ended March 2020, the Company has received a Soft Loan of Rs. 46.50 Crores from Uttar Pradesh Co-operative Bank Ltd, Lucknow, under a Scheme namely "Scheme for Extending soft loan to sugar mills to facilitate payment of cane dues of the farmers for the sugar season 2018-19" as notified by Ministry of Consumers Affairs, Food and Public Distribution, Govt. of India vide notification no. G.O. No. 1(4)/2019-SP-1 dated 02.03.2019, G.O. No. 1(4)/2019-SP-1 dated 03.06.2019 to clear the outstanding Cane Dues of the Farmers for the Sugar Season 2018-19. The Soft Loan is secured by way of First Charge over the Moveable and Immoveable Assets of the Company inclusive of equitable mortgage of Land and Buildings. The Soft Loan shall be further secured by way of Corporate Guarantee, Personal Guarantee and such other securities as per Sanction Letter. The interest on the Soft Loan shall be applicable at the rate of 12% simple interest per annum with interest subvention upto 7%. The duration for the repayment of the Soft Loan shall be 3 years, payable in monthly instalments starting from the Oct., 2020.

**NOTE: 14 PROVISIONS**
**(Amount in Rs.)**

Particulars	Non - Current As at 31.03.2020	Current As at 31.03.2020	Non - Current As at 31.03.2019	Current As at 31.03.2019
Provision for employee benefits				
- Gratuity	3,32,63,816	33,06,553	2,60,34,825	29,22,315
- Leave Encashment	48,06,037	1,94,439	40,57,233	2,17,909
<b>Total</b>	<b>3,80,69,853</b>	<b>35,00,992</b>	<b>3,00,92,058</b>	<b>31,40,244</b>

**NOTE: 15 OTHER LIABILITIES**
**(Amount in Rs.)**

Particulars	Non - Current As at 31.03.2020	Current As at 31.03.2020	Non - Current As at 31.03.2019	Current As at 31.03.2019
Security Deposits	11,06,200	-	12,26,200	-
Statutory Payables	-	5,24,70,71	-	1,77,93,528
Retention money	-	58,74,531	-	21,43,044
<b>Total</b>	<b>11,06,200</b>	<b>1,11,21,602</b>	<b>12,26,200</b>	<b>1,99,36,572</b>

**NOTE:16 TRADE PAYABLE**
**(Amount in Rs.)**

Particulars	Non - Current As at 31.03.2020	Current As at 31.03.2020	Non - Current As at 31.03.2019	Current As at 31.03.2019
Due to parties registered under MSMED Act	-	39,77,059	-	18,74,180
Due to other parties	-	3,99,25,10,355	-	3,00,61,71,022
Due to related parties	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,99,64,87,414</b>	<b>-</b>	<b>3,00,80,45,202</b>

**NOTE:17 OTHER FINANCIAL LIABILITIES****(Amount in Rs.)**

Particulars	Non - Current As at 31.03.2020	Current As at 31.03.2020	Non - Current As at 31.03.2019	Current As at 31.03.2019
Current maturities of long term debt	-	47,95,00,002	-	26,80,00,000
Employees related dues	-	1,97,98,421	-	2,34,39,649
Advance from Customer	-	81,16,306	-	2,17,48,928
Other Liabilities for Expenses	-	41,80,922	-	40,49,513
Other Payables	-	23,46,57,032	-	41,50,49,909
<b>Total</b>	<b>-</b>	<b>74,62,52,682</b>	<b>-</b>	<b>73,22,87,998</b>

**NOTE: 18 REVENUE FROM OPERATIONS****(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A. Sale of Goods	4,70,22,30,649	4,00,51,70,150
Gross Sales		
Less:Excise Duty	-	-
Net Sales	4,70,22,30,649	4,00,51,70,150
B. Other Operating Revenue	71,35,020	47,08,141
<b>Total</b>	<b>4,70,93,65,669</b>	<b>4,00,98,78,291</b>

**NOTE: 19 OTHER INCOME****(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest income	3,17,512	2,27,269
Provision written back	1,77,218	28,25,789
Dividend	60,000	60,000
Net Gain on sale of fixed assets	1,47,368	-
Subsidy from State Govt.	-	-
Misc. Income	9,29,129	7,041
<b>Total</b>	<b>16,31,228</b>	<b>31,20,099</b>

**NOTE: 20 COST OF MATERIALS CONSUMED****(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Raw materials consumed	4,76,08,63,729	4,26,06,46,620
<b>Total</b>	<b>4,76,08,63,729</b>	<b>4,26,06,46,620</b>

**NOTE: 21 CHANGED IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS****(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Inventories at the end of the year</b>		
Finished Goods	2,21,12,03,796	1,24,60,40,316
Work-in-progress	5,04,99,956	94,64,242
Stock in trade	-	-
<b>Sub Total</b>	<b>2,26,17,03,751</b>	<b>1,25,55,04,557</b>
<b>Inventory at the beginning of the year</b>		
Finished Goods	1,24,60,40,316	71,73,85,852
Work-in-progress	94,64,242	2,42,81,746
Sub Total	12,55,50,45,577	74,16,67,597
<b>Total</b>	<b>(1,00,61,99,194)</b>	<b>(51,38,36,960)</b>


**NOTE: 22 EMPLOYEE BENEFIT EXPENSES**
**(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Salary & Wages & Bonus	13,75,84,622	12,52,62,111
Contribution to provident & other funds	83,78,915	96,62,283
Workman and staff welfare	55,29,832	45,04,561
<b>Total</b>	<b>15,14,93,369</b>	<b>13,94,28,955</b>

**NOTE: 23 FINANCE COSTS**
**(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest Expenses	15,81,11,220	4,87,46,346
Interest Impact on Gratuity	22,18,117	18,96,523
Interest on amortisation of Loans	-	-
<b>Total</b>	<b>16,03,29,337</b>	<b>5,06,42,869</b>

**NOTE:24 DEPRECIATION AND AMORTIZATION EXPENSES**
**(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Depreciation of tangible assets	18,22,50,802	18,10,95,577
Amortization of intangible assets	91,849	93,761
<b>Total</b>	<b>18,23,42,651</b>	<b>18,11,89,338</b>

**NOTE:25 OTHER EXPENSES**
**(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Consumption of stores & spare parts	15,25,61,900	16,62,56,517
Power & fuel	-	-
Material Handling Expenses	2,14,19,803	1,66,88,640
Repairs & maintenance	-	-
-Plant & Machinery	11,15,01,107	10,62,73,327
-Building	88,66,513	78,31,957
-Others	1,93,18,594	63,36,356
Insurance (Net)	(16,98,223)	(16,81,342)
Rent	13,87,824	3,36,975
Rates & Taxes	17,74,455	41,12,500
Legal & Professional Charges	1,20,51,882	1,34,21,951
Telephone,Postage & Telegram	8,12,464	8,65,792
Travelling & Conveyance	79,42,692	77,39,587
Director's Sitting Fee	48,000	55,000
Auditor's Remuneration :		
-As Audit Fee	2,25,000	2,25,000
-Certification & Company Law	1,00,000	1,00,000
-Expenses Reimbursement	-	1,416
Prior Period Adjustments	-	-
Freight & Forwarding	32,99,399	17,91,231
Commission to selling agents	1,23,38,565	1,22,22,370
Other selling expenses	3,97,13,750	12,44,347
Excise duty on Increase/(Decrease)in stock	-	-
Other expenses	1,13,89,102	1,54,46,287
Provision for Bad & doubtful debts/Advances	17,42,926	24,45,772
Security Guard Expenses	54,35,426	53,75,254
Job Work Expenses	-	-
Vehicle Expenses	22,80,393	24,75,033
<b>Total</b>	<b>41,25,11,572</b>	<b>36,95,63,969</b>

**NOTE:26 EARNINGS PER SHARE**
**(Amount in Rs.)**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)	4,96,55,432	(47,47,66,981)
Weighted average number of equity shares in calculating basic EPS	4,76,53,880	4,76,53,880
Basic earning per share	1.04	(9.96)
Diluted earning per share	1.04	(9.96)

**NOTE 27: Contingent Liabilities**

Claims against the Company not acknowledged as debts are as under:

(Rs in Lakhs)

S.No.	Particulars	As at 31.03.2020	As at 31.03.2019
i)	Outstanding against Guarantee given to SVC Co-operative Bank Limited on behalf of SBEC Bio-energy Ltd.	1582.65	2,215.91
ii)	Duties and Tax liabilities disputed by the Company	398.65	424.70

Corporate Guarantee given to the Government of Jharkhand dated 26<sup>th</sup> May, 2004 against the Soft Loan of Rs. 32.50 Crores plus interest, given to the Bihar Sponge Iron Limited.

Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favor in respect of all the items listed at (i) to (ii) above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

**Note 28. Commitment****28.1 Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) : **Rs. 194.63 Lakhs (P.Y. Rs. 629.83 Lakhs).**

28.2 Other Commitments: Nil (P.Y. Nil).

**Note 29: Employee Benefits**

The disclosure of 'Employee Benefits' as defined in IND AS-19 is as under:

**Expenses recognized in the statement of Profit & Loss****i) Defined Contribution Plan**

(Amount in Rs.)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	80,40,184/-	7,426,208/-

**(ii) Defined Benefits Plans**

Particulars	Gratuity Unfunded		Leave Encashment Unfunded	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Current service cost	31,39,577	2,676,776	2,80,465	2,46,017
Interest cost	22,18,117	1,896,523	2,43,767	2,14,370
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain)/loss	-	-	2,45,739	(39,436)
Past service cost	-	-	-	-
Re-measurements recognized in OCI (Gain)/Loss	-	-	-	-
Comprehensive Income on Gratuity	(29,57,108)	(68,993)	-	-
Expenses recognized in the statement of Profit & Loss	(31,39,577)	(2,676,776)	7,69,971	4,20,951
Interest Impact on Gratuity	(22,18,117)	(1,896,523)	-	-

**a) The assumptions used to determine the benefit obligations:**

Particulars	Gratuity		Leave Encashment	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Discount Rate	6.80%	7.66%	6.80%	7.66%
Expected Rate of increase in Compensation Levels	5.50%	5.50%	5.50%	5.50%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Expected Average remaining working lives of employees (years)	15.83 years	16.15 years	12.47 years	13.75 years

**(b) Reconciliation of Opening and Closing balances of benefit obligations:**

Particulars	Gratuity Unfunded		Leave Encashment Unfunded	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Benefit obligation at beginning of the year	28,957,140	24,534,578	3,182,336	2,773,216
Current service cost	3,139,577	2,676,776	280,465	246,017



Interest Cost	2,218,117	1,896,523	243,767	214,370
Benefits paid	(701,573)	(219,730)	(36,449)	(11,831)
Past service cost Curtailment Gains/Losses	-	-	-	-
Contribution by plan participants	-	-	-	-
Re-measurements Recognized in OCI (gain)/ loss	-	-	-	-
Actuarial (gain)/ loss	2,957,108	68,993	245,739	(39,436)
Projected benefit obligation at end of the year	-	-	-	-
Net amount recognized in the balance sheet as at the end of the year	36,570,369	28,957,140	3,915,858	3,182,336

(c) There is no plan asset at the beginning and at the closing of the year.

### Note 30: RELATED PARTY DISCLOSURE

(A) Name of Related Parties where control exists and with whom transactions have taken place during the year:

S.No.	Name of Related Party	Nature of Relationship
<b>A</b>	<b>(i)</b>	<b>A person or a close member of that person's family of a reporting entity has control or joint control over the reporting entity</b>
1	Umesh Kumar Modi	Promoters having voting control
2	Kumkum Modi	Promoters having voting control
3	Jayesh Modi	Promoters having voting control
4	Abhishek Modi	
	<b>(ii)</b>	<b>A person or a close member of that person's family of a reporting entity is a member of the Key Management Personnel of the reporting entity or of a parent of the reporting entity.</b>
1	Abhishek Modi	Whole Time Director
2	Raj Kumar Sharma	Manager (Resigned w.e.f. 25.08.2019)
3	Anil Kumar Goel	Chief Financial Officer
4	Shobit Nehra	Company Secretary (Resigned w.e.f. 31-12-2019)
<b>B</b>	<b>(i)</b>	<b>The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)</b>
1	SBEC Stockholding & Investment Limited	Wholly Owned Subsidiary
2	SBEC Bioenergy Limited	Subsidiary
	<b>(ii)</b>	<b>The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity</b>
	SBEC Sugar EPF Trust	Trust
	<b>(iii) (a)</b>	<b>The entity is controlled or jointly controlled by a person identified in (a).</b>



(iii) (b) **A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).**

1. A to Z holdings Pvt. Limited
2. Bihar Sponge Iron Limited
3. Jai Abhishek Investments Pvt. Ltd.
4. Longwell Investment Pvt. Ltd.
5. Modi Goods and Retail Services Pvt. Ltd.
6. Modi Hitech India Limited
7. Modi Ilva India Pvt. Ltd.
8. Modi Industries Limited
9. Modi – Mundipharma Healthcare Pvt. Ltd.
10. Modi-Mundipharma Beauty Products Private Limited
11. Modi-Mundipharma Pvt. Ltd.
12. SBEC Bioenergy Ltd
13. SBEC Stockholding & Investment Limited
14. SBEC Systems (India) Ltd.
15. Umesh Modi Corp Pvt. Ltd
16. Win-Medicare Private Limited
17. Modi-Senator (India) Pvt. Ltd.
18. Abhikum Leasing & Investments Pvt. Ltd.
19. ABC Holding Pvt. Ltd
20. Kumabhi Investments Pvt. Ltd
21. Meghkum Leasing & Investment Pvt. Ltd.
22. Trimium Advisors LLP (Formerly Known as Trimium Advisors Private Limited)
23. Jayesh Tradex Pvt. Ltd.
24. M First Trading Pvt. Ltd.
25. Meghna Autoworks Pvt. Ltd
26. MG Mobiles India Trading Pvt. Ltd
27. Modi Arts Pvt. Ltd
28. Modi Diagnostics Pvt. Ltd
29. Modi Motors Pvt. Ltd.
30. PHD Chamber of Commerce and Industry
31. H.M. Tubes & Containers Pvt. Ltd
32. Swasth Investment Private Limited
33. Modiline Travel Services Pvt. Ltd.
34. G S Pharmabutor Pvt. Ltd.
35. Arvind Continental Pvt. Ltd.
36. Mahabir Export & Import Co. Ltd.

**Directorship and Shareholding along with relatives in the Company.**

(iv) **Reporting entity being an associate of the other entity**

- 1 SBEC SYSTEMS (India) Limited

**(B) Details of transactions with related parties**

Transactions		Other Related parties	Key managerial personnel	Total
<b>i. Sitting Fees paid to :</b>				
Umesh Kumar Modi	31-Mar-20	5,000	-	<b>5,000</b>
	31-Mar-19	6,000	-	<b>4,000</b>
Kumkum Modi	31-Mar-20	1,000	-	<b>1,000</b>
	31-Mar-19	1,000	-	<b>1,000</b>
Abhishek Modi	31-Mar-20	-	-	-
	31-Mar-19	1,000	-	<b>1,000</b>
Jayesh Modi	31-Mar-20	1,000	-	<b>1,000</b>
	31-Mar-19	1,000	-	<b>1,000</b>
<b>Total F.Y. 2019-20</b>		<b>7,000</b>	-	<b>7,000</b>
<b>Total F.Y. 2018-19</b>		<b>9,000</b>	-	<b>9,000</b>
<b>ii. Remuneration paid to :</b>				
<b>Company Secretary</b>				
- Salary and Allowances (Including Perquisites)	31-Mar-20	-	6,42,264	<b>6,42,264</b>
	31-Mar-19	-	8,04,162	<b>8,04,162</b>
- Contribution to PF and superannuation	31-Mar-20	-	32,454	<b>32,454</b>
	31-Mar-19	-	40,500	<b>40,500</b>
<b>Chief Financial Officer</b>				
- Salary and Allowances (Including Perquisites)	31-Mar-20	-	30,46,887	<b>30,46,887</b>
	31-Mar-19	-	28,83,159	<b>28,83,159</b>
- Contribution to PF and superannuation	31-Mar-20	-	2,37,024	<b>2,37,024</b>
	31-Mar-19	-	2,25,720	<b>2,25,720</b>



<b>Manager</b>				
- Salary and Allowances (Including Perquisites)	31-Mar-20	-	6,08,017	<b>6,08,17</b>
	31-Mar-19	-	14,03,251	<b>14,03,251</b>
- Contribution to PF and superannuation	31-Mar-20	-	29,473	<b>29,473</b>
	31-Mar-19	-	70,884	<b>70,884</b>
<b>Total F.Y. 2019-20</b>		-	<b>45,96,119</b>	<b>45,96,119</b>
<b>Total F.Y. 2018-19</b>		-	<b>5,427,676</b>	<b>5,427,676</b>
<b>iii. Job Charges Paid/ Reversed</b>				
SBEC Bio-Energy Ltd	31-Mar-20	0.00	-	<b>0.00</b>
	31-Mar-19	(2,11,99,684)	-	<b>(2,11,99,684)</b>
<b>Total F.Y. 2019-20</b>		<b>0.00</b>	-	<b>0.00</b>
<b>Total F.Y. 2018-19</b>		<b>(21,199,684)</b>	-	<b>(21,199,684)</b>
<b>iv. Reimbursement of expenses paid to :</b>				
Win Medicare Pvt. Ltd.	31-Mar-20	20,036	-	<b>20,036</b>
	31-Mar-19	28,510	-	<b>28,510</b>
<b>Total F.Y. 2019-20</b>		<b>20,036</b>	-	<b>20,036</b>
<b>Total F.Y. 2018-19</b>		<b>28,510</b>	-	<b>28,510</b>
<b>v. Purchase of materials/Paid for Exp.</b>				
Modiline Travels Service Pvt. Ltd.	31-Mar-20	7,17,988	-	<b>7,17,988</b>
	31-Mar-19	1,493,233	-	<b>1,493,233</b>
Modi Hitech India Ltd.	31-Mar-20	10,80,850	-	<b>10,80,850</b>
	31-Mar-19	657,152	-	<b>657,152</b>
Modi Industries Ltd (Modi Sugar section)	31-Mar-20	4,70,337	-	<b>4,70,377</b>
	31-Mar-19	1,034,566	-	<b>1,034,566</b>
Jayesh Tradex Pvt. Ltd.	31-Mar-20	21,18,557	-	<b>21,18,557</b>
	31-Mar-19	1,215,810	-	<b>1,215,810</b>
MM Printers Division of Modi Motors	31-Mar-20	67,894	-	<b>67,894</b>
	31-Mar-19	101,149	-	<b>101,149</b>
SBEC Bioenergy Ltd (GST Recoverable)	31-Mar-20	3,61,06,714	-	<b>3,61,06,714</b>
	31-Mar-19	59,833,056	-	<b>59,833,056</b>
Umesh Modi Corp. P Ltd.	31-Mar-20	2,95,000	-	<b>2,95,000</b>
	31-Mar-19	5,42,800	-	<b>5,42,800</b>
MG Mobiles (I) P Ltd.	31-Mar-20	58,900	-	<b>58,900</b>
	31-Mar-19	-	-	<b>-</b>
<b>Total F.Y. 2019-20</b>		<b>4,09,16,240</b>	-	<b>4,09,16,240</b>
<b>Total F.Y. 2018-19</b>		<b>6,48,77,766</b>	-	<b>6,48,77,766</b>
<b>vi. Sales of Materials</b>				
GS Pharmbutor Pvt. Ltd.	31-Mar-20	133,416,966	-	<b>133,416,966</b>
	31-Mar-19	466,278,483	-	<b>466,278,483</b>
Modi Industries Ltd (Modi Sugar section)	31-Mar-20	3,823,663	-	<b>3,823,663</b>
	31-Mar-19	1,530,500	-	<b>1,530,500</b>
SBEC Bioenergy Ltd (GST Payable)	31-Mar-20	13,292,091	-	<b>13,292,091</b>
	31-Mar-19	21,500,830	-	<b>21,500,830</b>
<b>Total F.Y. 2019-20</b>		<b>150,532,720</b>	-	<b>150,532,720</b>
<b>Total F.Y. 2018-19</b>		<b>489,309,813</b>	-	<b>489,309,813</b>
<b>vii. Commission paid to</b>				
GS Pharmbutor Pvt. Ltd.	31-Mar-20	856,651	-	<b>856,651</b>
	31-Mar-19	2,408,852	-	<b>2,408,852</b>
<b>Total F.Y. 2019-20</b>		<b>856,651</b>	-	<b>856,651</b>
<b>Total F.Y. 2018-19</b>		<b>2,408,852</b>	-	<b>2,408,852</b>
<b>viii. Interest paid</b>				
Arvind Continental Pvt. Ltd.	31-Mar-20	212,933	-	<b>212,933</b>
	31-Mar-19	1,037,466	-	<b>1,037,466</b>
Mahabir Export & Import Co. Ltd.	31-Mar-20	0.00	-	<b>0.00</b>
	31-Mar-19	12,329	-	<b>12,329</b>
Longwell Investment Pvt. Ltd.	31-Mar-20	8,542,966	-	<b>8,542,966</b>
	31-Mar-19	7,530,280	-	<b>7,530,280</b>
GS Pharmbutor Pvt. Ltd.	31-Mar-20	8,704,604	-	<b>8,704,604</b>
	31-Mar-19	9,033,461	-	<b>9,033,461</b>
<b>Total F.Y. 2019-20</b>		<b>17,460,503</b>	-	<b>17,460,503</b>
<b>Total F.Y. 2018-19</b>		<b>17,613,536</b>	-	<b>17,613,536</b>
<b>ix. Amount Received against Loan</b>				
SBEC Bio-Energy Ltd.	31-Mar-20	0.00	-	<b>0.00</b>
	31-Mar-19	153,514,709	-	<b>153,514,709</b>
GS Pharmbutor Pvt. Ltd.	31-Mar-20	0.00	-	<b>0.00</b>



	31-Mar-19	102,165,130	-	<b>102,165,130</b>
<b>Total F.Y. 2019-20</b>		<b>0.00</b>	-	<b>0.00</b>
<b>Total F.Y. 2018-19</b>		<b>255,679,839</b>	-	<b>255,679,839</b>
<b>x. Amount Paid against Loan</b>				
GS Pharmbutor Pvt. Ltd.	31-Mar-20	34,200,000	-	<b>34,200,000</b>
	31-Mar-19	22,666,750	-	<b>22,666,750</b>
<b>Total F.Y. 2019-20</b>		<b>34,200,000</b>	-	<b>34,200,000</b>
<b>Total F.Y. 2018-19</b>		<b>22,666,750</b>	-	<b>22,666,750</b>
<b>xi. Debt Assignment Receivable from MIL</b>				
Modi Industries Limited	31-Mar-20	1,468,597,682	-	<b>1,468,597,682</b>
	31-Mar-19	1,468,597,682	-	<b>1,468,597,682</b>
<b>Total F.Y. 2019-20</b>		<b>1,468,597,682</b>	-	<b>1,468,597,682</b>
<b>Total F.Y. 2018-19</b>		<b>1,468,597,682</b>	-	<b>1,468,597,682</b>
<b>xii. Outstanding " Receivables"</b>				
SBEC stockholding & Investment Ltd.	31-Mar-20	230,050,000	-	<b>230,050,000</b>
	31-Mar-19	230,050,000	-	<b>230,050,000</b>
Modi Industries Ltd (Sugar section)	31-Mar-20	62,353,239	-	<b>62,353,239</b>
	31-Mar-19	64,298,550	-	<b>64,298,550</b>
Modi Industries Ltd (Debt Assignment)	31-Mar-20	1,468,597,682	-	<b>1,468,597,682</b>
	31-Mar-19	1,468,597,682	-	<b>1,468,597,682</b>
SBEC System (I) Ltd. 12837523/-	31-Mar-20	-	-	-
Less-(Loss on Impairment on Assets ) 12837523/-	31-Mar-19	-	-	-
Modi Hitech India Ltd.	31-Mar-20	2,261,998	-	<b>2,261,998</b>
	31-Mar-19	3,342,848	-	<b>3,342,848</b>
<b>Total F.Y. 2019-20</b>		<b>1,763,262,919</b>	-	<b>1,763,262,919</b>
<b>Total F.Y. 2018-19</b>		<b>1,766,289,080</b>	-	<b>1,766,289,080</b>
<b>xii. Outstanding " Payables"</b>				
Modiline Travels Service Pvt. Ltd.	31-Mar-20	122,930	-	<b>122,930</b>
	31-Mar-19	169,585	-	<b>169,585</b>
Company Secretary	31-Mar-20	-	0.00	<b>0.00</b>
	31-Mar-19	-	91,102	<b>91,102</b>
Chief Financial Officer	31-Mar-20	-	46,837	<b>46,837</b>
	31-Mar-19	-	37,768	<b>37,768</b>
Manager	31-Mar-20	-	(1,393)	<b>(1,393)</b>
	31-Mar-19	-	89,209	<b>89,209</b>
SBEC Bio-Energy Ltd.	31-Mar-20	234,657,032	-	<b>234,657,032</b>
	31-Mar-19	415,049,909	-	<b>415,049,909</b>
Win Medicare Pvt. Ltd.	31-Mar-20	32,575	-	<b>32,575</b>
	31-Mar-19	12,539	-	<b>12,539</b>
Arvind Continental Pvt. Ltd.	31-Mar-20	0.00	-	<b>0.00</b>
	31-Mar-19	2,500,000	-	<b>2,500,000</b>
Longwell Investment Pvt. Ltd.	31-Mar-20	54,276,696	-	<b>54,276,696</b>
	31-Mar-19	47,460,939	-	<b>47,460,939</b>
GS Pharmbutor Pvt. Ltd.	31-Mar-20	136,057,316	-	<b>136,057,316</b>
	31-Mar-19	115,570,920	-	<b>115,570,920</b>
Bihar Sponge iron Ltd.	31-Mar-20	805,566	-	<b>805,566</b>
	31-Mar-19	805,566	-	<b>805,566</b>
Modi Mundi Pharma Beauty Products Pvt. Ltd.	31-Mar-20	269,597	-	<b>269,597</b>
	31-Mar-19	269,597	-	<b>269,597</b>
Jayesh Tradex Pvt. Ltd.	31-Mar-20	0.00	-	<b>0.00</b>
	31-Mar-19	525	-	<b>525</b>
Umesh Modi Corp P Ltd.	31-Mar-20	133,850	-	<b>133,850</b>
	31-Mar-19	0.00	-	<b>0.00</b>
<b>Total F.Y. 2019-20</b>		<b>426,355,562</b>	<b>45,444</b>	<b>426,401,006</b>
<b>Total F.Y. 2018-19</b>		<b>581,839,580</b>	<b>218,079</b>	<b>582,057,659</b>

**Note 31: Segment Reporting**

The Company is a single location single product company and hence the requirement of Ind As-108 On segment reporting is not required.

**Note 32: Outstanding dues to micro, small and medium Enterprises :**

The disclosure of dues details relating to enterprises covered under micro, small and medium enterprises Development Act 2006, to the extent the information are available with the company, are as under :



S.No.	Particulars	As at 31.03.2020	As at 31.03.2019
a)	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year. (ii) Interest due thereon.	3,977,059 -	1,874,180 -
b)	(i) The amount of interest paid in terms of sec.16 of MSMED Act, 2006 beyond the respective due date during the year. (ii) The amount of principal paid beyond the due date during the year.	-	-
c)	The amount of interest due and payable for delay period (where principal has already been paid after due date.)	-	-
d)	The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-
e)	The amount of interest accrued and remaining unpaid as at the end of the accounting year.	-	-

### Note 33: Financial Instruments

#### a) Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimize potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarized ahead.

#### b) Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

#### c) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks, investments and security deposits. The credit risk on bank balances is limited because the counter parties are banks with good credit ratings.

#### d) Trade Receivables

Credit risk is managed through credit approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

#### e) Investments

The Company limits its exposure to credit risk by generally investing with counter parties that have a good credit rating. The Company has funded defined-benefit gratuity plans. The funded status of these plans is influenced by movements in financial market. A negative performance of the financial markets could have a material impact on cash funding requirements.

#### f) Cash & cash equivalents

With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, the Company's risk exposure arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Since the counter party involved is a bank, Company considers the risks of non-performance by the counter party as non-material.

#### g) 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 a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### h) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

##### As at 31.03.2020

Particulars	Less than 1 year	1 to 5 years	Total
Non-Current borrowings	479,500,002	1,713,240,814	2,192,740,816
Current borrowings	271,715,399	-	271,715,399
Trade payables	3,996,487,414	-	3,996,487,414
Other financial liabilities	746,252,682	-	746,252,682

##### As at 31.03.2019

Particulars	Less than 1 year	1 to 5 years	Total
Non-Current borrowings	268,000,000	1,747,459,032	2,015,459,032
Current borrowings	361,346,589	-	361,346,589
Trade payables	3,008,045,202	-	3,008,045,202
Other financial liabilities	732,287,998	-	732,287,998



- i) The Company manages its capital to ensure that the entities in the Company will be able to continue as going concern while maximizing the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimization of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

j) **Gearing ratio**

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 31 March, 2020 (Rs.)	As at 31 March, 2019 (Rs.)
Debt (See note 'i' below)	2,464,456,215	2,376,805,621
Cash and bank balances	63,402,688	86,086,233
<b>Net debt</b>	<b>2,401,053,527</b>	<b>2,290,719,388</b>
<b>Total equity</b>	<b>(81,385,896)</b>	<b>(128,084,220)</b>
<b>Net debt to equity ratio (times)</b>	<b>(29.50)</b>	<b>(17.88)</b>

**Note:**

- i. Debt is defined as long and short-term borrowings (excluding derivative, financial guarantee contracts), as described in notes 13 and 17.
- ii. In order to achieve this overall objective, the Group'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. Breaches in meeting the financial covenants would permit the bank to call loans and borrowings or charge some penal interest. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.
- No changes were made in the objectives, policies or processes for managing capital during the current years and previous years.

k) **Categories of financial instruments**

Particulars	As at 31 March, 2020 (Rs.)	As at 31 March, 2019 (Rs.)
<b>Financial assets</b>		
<b>Measured at amortized cost</b>		
Other non-current assets	424,660	488,379
Other financial assets (non current)	1,468,597,682	1,468,597,682
Trade receivables	83,988,070	71,317,234
Cash and cash equivalents	60,174,797	83,994,568
Bank Balances other than Cash and cash equivalents	3,227,891	2091,665
Other current assets	102,812,337	107,258,728
Other financial assets (current)	-	-
Loans	246,066,715	249,289,135
<b>Measured at fair value through Profit &amp; Loss</b>		
Investments		
<b>Financial liabilities</b>		
<b>Measured at amortized cost</b>		
Borrowings (non-current)	1,713,240,814	1747,459,032
Borrowings (current)	271,715,399	361,346,589
Trade payables	3,996,487,414	3,008,045,202
Other financial liabilities (non-current)	-	-
Other financial liabilities (current)	746,252,682	732,287,998
Other current liabilities	11,121,602	19,936,572
Other Non-Current liabilities	11,06,200	1,226,200

l) **Fair value of the financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)**

Particulars	As at 31 March, 2020 (Rs.)		As at 31 March, 2019 (Rs.)	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Financial Assets at amortized cost :	1,965,292,153		1,918,738,841	



<b>Financial Liabilities</b>				
Financial Liabilities held at amortized cost:	6,739,924,111		5,806,003,043	

**Exposure to credit risk****Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)**

Particulars	As at 31 March, 2020 (Rs.)	As at 31 March, 2019 (Rs.)
Investments	172,582,515	172,582,515
Cash and bank balances	60,174,797	83,994,568
Bank deposit	3,227,891	2091,665
Short-term loans and advances	246,066,715	249,289,135

**Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.**

**Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)**

Particulars	As at 31 March, 2020 (Rs.)	As at 31 March, 2019 (Rs.)
Trade Receivable	83,988,070	71,317,234

**The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.**

Particulars	
<b>As at 31.03.2020</b>	
Up to 6 months	66,380,837
More than 6 months	17,607,234
<b>As at 31.03.2019</b>	
Up to 6 months	56,491,886
More than 6 months	14,825,348

During the year the Company has recognized loss allowance of Rs. 10,183,898/- under 12 months expected credit loss model.

No significant changes in estimation techniques or assumptions were made during the reporting period.

**Note 34. Other Disclosures**

- (i) During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 was signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB's letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company had agreed to make payment of Rs. 2,810.60 lacs together with interest to PNB. In consideration of the same, PNB had agreed to assign all its claims, interest and charges against the Steel Section of MIL in favour of the Company. The Company has made full payment of the settlement amount together with interest aggregating to Rs. 3,351.21 lacs to PNB. As per expert legal opinion, during the year interest amounting to Rs. 417.63lacs (previous year Rs. 417.63 lacs for the period from 22<sup>nd</sup> January, 2007 to 31<sup>st</sup> March, 2012) has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowing of the company were raised to pay for Debt Assignment. PNB thereafter executed a "Deed of Assignment" on 15<sup>th</sup> May, 2012(an event occurring after the date of the Balance Sheet) in favour of the company by which PNB assigned all its claim together with all securities and charges created by MIL in its favour, to the company. The company thereafter executed a "Deed of Assignment" on 31<sup>st</sup> December, 2012 in favour of its subsidiary M/s. SBEC Bioenergy Limited (SBL) by which the company assigned all its claim together with all securities and charges created by PNB for a consideration of Rs. 12,500.00 Lacs. A sum of Rs. 4,200.00 lacs had been paid simultaneously with the execution of this deed and the remaining sum of Rs. 8,300.00 lacs was to be paid as per the mutually agreed installments within a period of five years from the date of execution of this deed. However, upto 31.03.2018, no payment had been received by the Company due to financial distress in SBEC Bioenergy Limited. In the year 2018-19, SBEC Bioenergy Limited being unable to pay the balance amount of Rs. 8300.00 Lacs as per agreed terms and conditions approached the Company with a proposal to return the said debt to the Company at a total consideration of Rs. 12,500 Lacs at which the said assignment was originally acquired. Accordingly, SBL had executed a deed of assignment on 06<sup>th</sup> June, 2018 in favour of the Company and has assigned all its claims together with all securities and charges created. As per Assignment Deed, a sum of Rs. 7530.00 Lacs has been paid simultaneously at the time of execution of the Deed, and the balance amount of Rs. 4970.00 Lacs shall be payable in the mutually agreed instalments within a period of 10 years from the date of execution of this Deed.
- (ii) M/s. SBEC Bioenergy Limited (SBL), a Subsidiary of the Company had negotiated, settle and acquired the Debt of IDBI in Modi Industries Limited (MIL) and entered into an agreement on 6<sup>th</sup> October, 2007 with IDBI. This agreement was in terms of IDBI's Letter dated 09<sup>th</sup> February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the MIL to IDBI, subject to the OTS amount of Rs. 1232.20 Lacs together with interest. IDBI has executed a Deed of assignment on 05<sup>th</sup> March, 2018 in favour of SBL by which IDBI assigned all its rights together with all securities and charges created by MIL in favour of SBL. The Registrar of Companies has registered the modification of charge in favour of the SBL. In the Year 2018-19, SBL gave a proposal to transfer the above debt by way of assignment to the Company at a total consideration of Rs. 1232.20 Lacs at which the said debt was acquired by SBL from IDBI. Thereafter, SBL has executed a Deed of Assignment on 12<sup>th</sup> June, 2018 in favour of the Company and assigned all its claims together with all securities and charges created in the assets of MIL. The Registrar of Companies has registered the modification of



charge in favour of the Company. The said debts are now receivable by the Company from Modi Industries Limited.

- (iii) M/s. SBEC Bioenergy Limited (SBL), a Subsidiary of the Company had negotiated, settle and acquired the Debt of IFCI in Modi Industries Limited (MIL) and entered into an agreement on 30<sup>th</sup> December, 2009 with IFCI. This agreement was in terms of IFCI's Letter dated 30<sup>th</sup> December, 2007. Under the said agreement IFCI agreed to assign its entire debt due and payable by MIL to IFCI, subject to payment of the OTS amount of Rs. 775 Lacs together with interest and in consideration thereof IFCI executed a Deed of assignment dated 19<sup>th</sup> April, 2012 and assigned all its claims against MIL together with securities and charges in favour of SBL. The Registrar of Companies has registered the modification of charge in favour of the SBL.
- In the Year 2018-19, SBL gave a proposal to transfer the above debt by way of assignment to the Company at a total consideration of Rs. 775 Lacs at which the said debt was initially acquired from IFCI. Thereafter, SBL has executed a Deed of Assignment on 12<sup>th</sup> June, 2018 in favour of the Company and assigned all its claims together with all securities and charges created in the assets of MIL. The Registrar of Companies has registered the modification of charge in favour of the Company. The said debts are now receivable by the Company from Modi Industries Limited.
- (iv) The company has valued the closing stock of Inventory (Sugar) at Minimum selling price fixed by Government of India instead of "the lower of cost and net realisable value" as required under IND AS-2 "Inventories". This has resultant in overstatement of Inventories (Finished Goods-Sugar) by Rs. 1119.67 lacs, profit for the year by Rs. 1119.67 lacs and its consequential impact on EPS.
- (v) The Hon'ble Supreme Court vide its order dated 23.04.2018 has upheld the order passed by the Hon'ble High Court of Judicature at Allahabad dated 9<sup>th</sup> March, 2017 in PIL No. 67617/2004, where the said court has set aside the decision of the state Government for the waiver of interest for the year 2012-13, 2013-14 and 2014-15 and proceeded to ask the Cane Commissioner to take a final call in the matter. Pending final order, the Company has not made provision for interest on the late payment of cane dues for the years 2012-13, 2013-14 and 2014-15. The Matter is Sub-Judice. Under the power vested with the Cane Commissioner (U.P.) for waiver of interest under UP Sugar Cane (Regulation of Supply & Purchase) Act, 1953 in respect of loss making/sick companies, the company had made an application to Cane Commissioner (U.P.) for waiver of interest on cane dues. Pending receipt of the Cane Commissioner's decision, no interest has been provided on the cane dues. The company has decided to account for the same upon decision in the matter/payment.

**Note 35: Additional information pursuant to provisions of Part II of Schedule III of Companies Act 2013:**

**(a) Capacity**

Installed Capacity(as certified by the management)	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Sugarcane Crushing M.T. per day (No License required)	8,000	8,000

**(b) Production Purchase, Turnover & Stock**

Classes of Goods	Opening stock – Quantity (Qtls.)	Production Quantity (Qtls.)	Sales		Closing stock	
			Quantity (Qtls.)	Value (In Lacs)	Quantity (Qtls.)	Value (In Lacs)
Sugar	372,984	1,618,925	1,351,138.50	42,581.34	640,770.50	19,863.89
	(253,530)	(1,390,671)	(1,271,217)	(37,804.76)	(372,984)	(11,569.81)
Molasses (By-product)	399,400	668,100.55	651,894.85	2,421.04	415,605.70	2,009.32
	(350,187.94)	(62,1912.06)	(572,700)	(141.00)	(399,400)	(835.51)
		<b>Purchases</b>				
Sugar Trading	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

**(c) Consumption of Raw Material**

Particulars	Year ended 31 <sup>st</sup> March, 2020		Year ended 31 <sup>st</sup> March, 2019	
	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
Sugar Cane	14,194,453	47,608.64	130,14,674	42,606.47

**(d) Expenditure in foreign currency (On accrual basis)**

(Rs. in lacs)

Particulars	Current year	Previous Year
Interest, Others,	5.00	-

**(e) CIF Value of import**

(Rs. in lacs)

Particulars	Current year	Previous Year
Store & Spares	25.99	25.67

**(f) Earning in foreign currency  
lacs)****(Rs. in**

Particulars	Current year	Previous Year
Export of goods calculated on FOB basis	-	-

**g) Value if imported/Indigenous Raw Materials, Stores and Spares Consumed**

Particulars	Indigenous Value	%age	Imported Value	%age
Raw Materials	47,608.64	100%	-	Nil
Previous Year	42,606.47	100%	-	Nil
Stores & Spares*	3,265.48	99.21%	25.99	0.79%
Previous Year	2,317.02	98.89%	25.67	1.11%

\*Excluding spares used for capitalization.

\* ( ) Show Previous year figures.

**Note: 36.Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standard Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020.

**Note: 37.** The financial statements were approved for issue by the Board of Directors, at its meeting held on July 28, 2020.

**Previous Year Figures have been recast/restated.****Note 1 to 37 Containing Accounting Policies and General Notes from part of the financial statements.**

For K.K.JAIN & CO. Chartered Accountants Firm Registration No 02465N	Sd/- Umesh Kumar Modi (Chairman & President) DIN : 00002757	Sd/- Abhishek Modi (Whole-Time Director) DIN : 00002798	Sd/- Vijay Kumar Modi (Director) DIN : 00004606
Sd/- (Simmi Jain) Partner Membership No. : 086496	Sd/- Rajeev Kumar Agarwal (Director) DIN: 00298252	Sd/- J.C. Chawla (Director) DIN : 05316202	Sd/- N.P. Bansal (Director) DIN : 00010587
Place : New Delhi Date : 28th July, 2020		Sd/- A.K. Goel (Chief Financial Officer)	Sd/- Ankit K. Srivastava (Company Secretary)



## INDEPENDENT AUDITOR'S REPORT

**To the members of SBEC Sugar Limited**

**Report on the Consolidated Ind AS Financial Statements**

### Qualified Opinion

We have audited the accompanying consolidated financial statements of SBEC Sugar Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the **Basis for Qualified Opinion** section of our report, and based on the reports of other auditors as referred in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner, so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its Subsidiaries as at 31 March, 2020, and the consolidated Profit, consolidated Total Comprehensive Income, the consolidated Statement of Changes in Equity and the consolidated Cash Flows for the year ended on that date.

### Basis for Qualified Opinion

- 1) **During the year ended 31st March, 2020 the Company has not made provision for interest, on late payment of cane dues amounting to Rs. 797.84 lacs for the sugar season 2019-20 and Rs. 1923.37 lacs for sugar season 2018-19, had the company made provisions, the profit for the year would have been lower by Rs. 2721.21 lacs respectively and its consequential impact on EPS.**
- 2) **The company has taken the debt of IDBI, PNB & IFCI in Modi Industries Limited. As at 31st March, 2020 the company has net exposure of Rs.14,685 lacs. No Interest on the said amount has been provided as there is no reasonable certainty of its collection since the net worth of Modi Industries Limited has been completely eroded. Recoverability of the above balance is also doubtful. However, no provisions for doubtful debts were made in the financial statements of the company and consequently we are unable to opine on the appropriateness of the same and its consequential impact on the financial statements.**
- 3) **The company has valued the closing stock of Inventory (Sugar) at Minimum selling price fixed by Government of India instead of "the lower of cost and net realisable value" as required under IND AS-2 "Inventories". This has resulted in overstatement of Inventories (Finished Goods-Sugar) by Rs. 1119.67 lacs, profit for the year by Rs. 1119.67 lacs and its consequential impact on EPS.**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated 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 (ICAI) together with the independence requirements that are relevant to our audit of the consolidated Financial Statements under the provisions of the Act and the Rules made 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 audit opinion on the Consolidated financial statements.

### Emphasis of Matters

We draw attention to note no (.....) of the consolidated audited financial statement regarding interest payment on cane dues where the High Court vide its order dated 9th March, 2017 has set aside the decision of State Government for the waiver of Interest for the year 2012-13, 2013-14 and 2014-15 and asked the Cane Commissioner to take a final call in the matter, pending final order the Company has not made provision for interest, on the late payment of cane dues for years 2012-13, 2013-14 and 2014-15. The Hon'ble Supreme Court vide its order dated 23.04.2018 has upheld the Hon'ble High Court order dated 9th March, 2017. The matter is still sub-judice.

Under the power vested with the Cane Commissioner (U.P.) for waiver of interest under UP Sugar Cane (Regulation of Supply & Purchase) Act, 1953 in respect of loss making/sick companies, the company had made an application to Cane Commissioner (U.P.) for waiver of interest on cane dues. Pending receipt of the Cane Commissioner's decision, no interest has been provided on the cane dues. The company has decided to account for the same upon decision in the matter/payment. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that except for the matter described in the "Basis for Qualified Opinion" section, there are no other key audit matters to communicate in our report.

### Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholders' Information Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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.

### Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance, Consolidated Total Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows of the Company including its subsidiaries in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Board of Directors of the Company and of its Subsidiaries are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Company.

In preparing the consolidated financial statements, the Board of Directors of the Company and of its Subsidiaries are responsible for assessing the ability of the Company and of its Subsidiaries 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 and of its Subsidiaries or to cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the Company and of its Subsidiaries are also responsible for overseeing the financial reporting process of the Company and its Subsidiaries

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 financial controls 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 and its Subsidiary Companies which are Companies incorporated in India, has adequate internal financial control system 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its Subsidiaries 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 consolidated 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 and its Subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidences regarding the financial information of the Company and its Subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the Independent Auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the Independent Auditors 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 consolidated 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 Matters**

We did not audit the financial statements/financial information of two subsidiaries included in the consolidated financial results. whose financial statements / financial information reflect total assets of Rs 14753.13lacs (PY Rs. 16379.39 lac) as at 31st March, 2020, total revenues of Rs 1107.21Lacs (PY Rs 1653.75 Lacs), total net loss after tax of Rs 417.50Lacs (PY Rs,338.73 Lacs) total comprehensive income of Rs (4.11) Lacs (PY Rs. 0.12Lac) for the year ended on that date, as considered in the consolidated financial results.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, 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 purpose of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of accounts as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors of the Company and the reports of the Statutory Auditors of its Subsidiaries Companies incorporated in India, none of the Directors of the Company and its Subsidiaries Companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; which is based on the auditor's reports of the Company and its Subsidiaries Companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those Companies, for reasons stated therein.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us and reports of the other auditors, the remuneration paid by the Company and its Subsidiaries Companies to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and reports of the other auditors:
    - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its subsidiary – Refer Note 29 to the consolidated Ind AS financial statements;



- ii. The Group and its subsidiaries did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2020.

**For K. K. Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 002465N**

**Sd/-**  
**(Simmi Jain)**  
**Partner**

**Membership No.086496**

**Place: New Delhi**  
**Date: 28th July, 2020**  
**UDIN-20086496AAACK8472**

**Annexure A to the Independent Auditor's Report on the Consolidated Financial Statement to the members of SBEC Sugar Limited dated March 31 2020.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section**

In conjunction with our audit of the consolidated financial statement of **SBEC Sugar Limited** as of March 31, 2020. We have audited the internal financial controls over financial reporting of SBEC Sugar Limited (hereinafter referred to as the "Holding Company") and two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") incorporated in India, as of the date.

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

The respective Board of Directors of the Holding Company and subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) 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 authorizations of management and directors of the company; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and two subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

**Other matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

**For K. K. Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 002465N**

**Sd/-**  
**(Simmi Jain)**  
**Partner**

**Membership No.086496**

**Place: New Delhi**  
**Date: 28th May, 2020**



## CONSOLIDATED BALANCE SHEET AS AT 31.03.2020

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Property, plant and equipment	3	2,72,04,25,046	2,80,27,06,647
(b) Other intangible assets	3(a)	1,84,807	2,30,988
(c) Capital work - in - progress	3(b)	2,05,69,523	2,96,99,146
(d) Financial assets			
(i) Investments	4	38,03,33,615	38,03,33,615
(ii) Others	5	1,47,28,86,689	1,47,19,54,049
(e) Other non - current assets	6	63,48,207	62,25,110
(f) Deferred tax assets (net)	7	5,69,28,348	3,99,54,692
		<b>4,65,76,76,236</b>	<b>4,73,11,04,247</b>
<b>(2) Current assets</b>			
(a) Inventories	8	2,36,96,09,060	1,36,15,04,228
(b) Financial assets			
(i) Trade receivables	9	20,32,58,664	12,67,04,273
(ii) Cash and cash equivalents	10	6,45,18,912	12,45,73,376
(iii) Loans & other financial assets	11	2,03,01,326	2,42,81,528
(iv) Other Bank Balances	12	32,27,891	20,91,665
(c) Other current assets	6	11,12,66,525	11,71,73,307
		<b>2,77,21,82,379</b>	<b>1,75,63,28,377</b>
(d) Non Current assets held for sale		-	-
		<b>2,77,21,82,379</b>	<b>1,75,63,28,377</b>
<b>Total Assets</b>		<b>7,42,98,58,615</b>	<b>6,48,74,32,624</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	13	47,69,40,175	47,69,40,175
(b) Other equity	14	(28,40,48,569)	(30,74,70,152)
		<b>19,28,91,606</b>	<b>16,94,70,023</b>
<b>Non Controlling Interest</b>		<b>33,20,42,729</b>	<b>35,09,28,048</b>
<b>LIABILITIES</b>			
<b>(1) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	1,81,74,14,641	1,91,49,58,562
(ii) Trade payables	19	-	-
-Total Outstanding dues of micro enterprises and small enterprises -		-	-
-Total Outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Deferred Revenue/Income		-	-
(c) Provisions	16	4,44,72,582	3,42,55,704
(d) Other financial liabilities	17	45,000	45,000
(e) Other non-current liabilities	18	11,06,200	12,26,200
		<b>1,86,30,38,423</b>	<b>1,95,04,85,466</b>
<b>(2) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	15	40,41,75,373	50,00,96,268
(ii) Trade payables	19	-	-
- Total Outstanding dues of micro enterprises and small enterprises		39,77,059	18,74,180
- Total Outstanding dues of creditors other than micro enterprises and small enterprises		4,01,20,47,503	3,02,46,33,359
(iii) Other financial liabilities	17	60,20,13,844	42,68,51,492
(b) Other current liabilities	18	15,19,26,01	5,82,69,335
(c) Provisions	16	44,79,475	48,24,452
		<b>5,04,18,85,854</b>	<b>4,01,65,49,086</b>
<b>Total Equity &amp; Liabilities</b>		<b>7,42,98,58,615</b>	<b>6,48,74,32,624</b>

The accompanying note no. (3 to 28) are integral part of the financial statement.

summary of Significant Accounting Policies

2

As per our report of even date, attached

**For K.K.JAIN & CO.**  
Chartered Accountants  
Firm Registration No 02465N  
Sd/-  
(Simmi Jain)  
Partner  
Membership No. : 086496  
Place : New Delhi  
Date : 28th July, 2020

Sd/-  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

Sd/-  
**Rajeev Kumar Agarwal**  
(Director)  
DIN: 00298252

Sd/-  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

Sd/-  
**J.C. Chawla**  
(Director)  
DIN : 05316202

Sd/-  
**A.K. Goel**  
(Chief Financial Officer)

Sd/-  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

Sd/-  
**N.P. Bansal**  
(Director)  
DIN : 00010587

Sd/-  
**Ankit K. Srivastava**  
(Company Secretary)



### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020

(Amount in Rs.)

Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
I Revenue from operations	20	4,81,80,78,705	4,17,43,73,373
II Other income	21	36,39,571	40,00,034
<b>III Total income (I + II)</b>		<b>4,82,17,18,275</b>	<b>4,17,83,73,407</b>
IV Expenses			
Cost of materials consumed	22	4,76,08,63,729	4,26,06,46,620
Changes in inventories of finished goods, stock - in - trade			
and work - in - progress	23	(1,00,58,16,577)	(51,38,85,614)
Employee benefits expenses	24	17,99,95,431	16,37,13,334
Finance costs	25	21,03,81,916	12,28,29,427
Depreciation and amortization expenses	26	20,44,71,379	20,43,48,908
Other expenses	27	48,08,78,481	44,89,05,138
<b>Total expenses</b>		<b>4,83,07,74,359</b>	<b>4,68,65,57,812</b>
V Profit / (loss) before exceptional items and tax (I - IV)		<b>(90,56,084)</b>	<b>(50,81,84,405)</b>
VI Exceptional items		-	-
<b>VII Profit / (loss) before tax (V - VI)</b>		<b>(90,56,084)</b>	<b>(50,81,84,405)</b>
<b>VIII Tax expense</b>			
(1) Current tax		-	-
(2) Deferred tax	7	(1,69,73,655)	3,25,082
(3) Adjustment of Tax for Earlier Years		12,364	1,30,580
		<b>(1,69,61,291)</b>	<b>4,55,662</b>
IX Profit / (loss) from continuing operations (VII - VIII)		<b>79,05,207</b>	<b>(50,86,40,067)</b>
X Profit / (loss) from discontinued operations (VII - VIII)		-	-
XI Tax expense of discontinued operations		-	-
XII Profit / (loss) from discontinued operations (after tax) (X - XI)		-	-
<b>XIII Profit / (loss) for the period (IX + XII)</b>		<b>79,05,207</b>	<b>(50,86,40,067)</b>
<b>XIV Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		(33,68,942)	(56,749)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		<b>(33,68,942)</b>	<b>(56,749)</b>
<b>XV Total comprehensive income for the period (XIII + XIV)</b>		<b>45,36,265</b>	<b>(50,86,96,816)</b>
Shareholders of the company		<b>2,34,21,583</b>	<b>(49,35,35,091)</b>
Non Controlling Interest		<b>(1,88,85,319)</b>	<b>(1,51,61,725)</b>
<b>Of the total comprehensive income above, profit for the year attributable to:</b>			
Shareholders of the company		<b>(2,66,05,200)</b>	<b>(49,34,72,833)</b>
Non Controlling Interest		<b>(1,86,99,993)</b>	<b>(1,51,67,234)</b>
<b>Of the total comprehensive income above, other comprehensive income attributable to:</b>			
Shareholders of the company		<b>(31,83,617)</b>	<b>(62,259)</b>
Non Controlling Interest		<b>(1,85,325)</b>	<b>5,510</b>
<b>XVI Earnings per equity share (for continuing operations)</b>			
(1) Basic	28	<b>0.17</b>	<b>(10.67)</b>
(2) Diluted	28	<b>0.17</b>	<b>(10.67)</b>

The accompany note no. (3 to 28) are integral part of the financial statement.

#### Summary of Significant Accounting Policies

As per our report of even date, attached

For K.K.JAIN & CO.  
Chartered Accountants  
Firm Registration No 02465N

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
DIN : 00002757

Sd/-  
Abhishek Modi  
(Whole-Time Director)  
DIN : 00002798

Sd/-  
Vijay Kumar Modi  
(Director)  
DIN : 00004606

Sd/-  
(Simmi Jain)  
Partner  
Membership No. : 086496

Sd/-  
Rajeev Kumar Agarwal  
(Director)  
DIN: 00298252

Sd/-  
J.C. Chawla  
(Director)  
DIN : 05316202

Sd/-  
N.P. Bansal  
(Director)  
DIN : 00010587

Place : New Delhi  
Date : 28th July, 2020

Sd/-  
A.K. Goel  
(Chief Financial Officer)

Sd/-  
Ankit K. Srivastava  
(Company Secretary)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

(Amount in Rs.)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. Cash flow from operating activities</b>		
Profit for the year before tax	(90,56,084)	(50,81,84,405)
Adjustments for:		
Finance costs	21,03,81,916	12,28,29,427
Interest income	(4,32,832)	(2,27,269)
Depreciation and amortisation expense	20,44,71,379	20,43,48,908
Loss/(Profit) on sale of Fixed Assets	(11,54,397)	-
Provision for Bad & doubtful debts/Advances	-	-
Provision written back	-	-
Dividend Income	(1,20,000)	(1,20,000)
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(4,04,089,982)</b>	<b>(18,13,53,339)</b>
Movements in working capital:		
Trade receivables	(7,65,54,392)	6,26,04,764
Other assets	37,14,819	(3,36,81,029)
Inventories	(1,00,81,04,833)	(50,71,08,499)
Loans	39,80,203	1,02,86,788
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	98,95,17,023	(1,32,34,14,996)
Other current liabilities	(4,31,96,734)	1,54,33,012
Other financial liabilities	17,51,62,352	18,53,17,874
Provisions/other items	65,02,959	56,59,702
<b>Cash generated from operations</b>	<b>45,51,11,378</b>	<b>(1,76,62,55,724)</b>
Income tax paid	(12,364)	(1,30,580)
<b>Net cash generated by operating activities (A)</b>	<b>45,50,99,014</b>	<b>(1,76,63,86,304)</b>
<b>B. Cash flow from investing activities</b>		
Investment	-	-
Purchases of fixed assets( including WIP)	(11,31,21,787)	(4,29,06,189)
Interest received	4,32,832	2,27,269
Dividend received	1,20,000	1,20,000
Proceeds from Sales of Fixed Assets	12,62,209	2,17,496
Non Current assets held for sale	-	-
<b>Net cash generated by/(used in) investing activities (B)</b>	<b>(11,13,06,746)</b>	<b>(4,23,41,424)</b>
<b>C. Cash flow from financing activities (refer note 44)</b>		
Proceed /Repayment of term loan	(19,34,64,816)	1,93,88,57,881
Interest paid	(21,03,81,916)	(12,28,29,427)
<b>Net cash generated by/(used in) financing activities (C)</b>	<b>(40,38,46,732)</b>	<b>1,81,60,28,456</b>
<b>Net Increase/decrease in Cash and cash equivalents (A+B+C)</b>	<b>(600,54,463)</b>	<b>73,00,727</b>
Cash and cash equivalents at the beginning of the year	10 12,45,73,376	11,72,72,649
<b>Cash and cash equivalents at the end of year end</b>	<b>10 6,45,18,192</b>	<b>12,45,73,376</b>

As per our report of even date, attached

For K.K.JAIN & CO.  
Chartered Accountants  
Firm Registration No 02465N

Sd/-  
Umesh Kumar Modi  
(Chairman & President)  
DIN : 00002757

Sd/-  
Abhishek Modi  
(Whole-Time Director)  
DIN : 00002798

Sd/-  
Vijay Kumar Modi  
(Director)  
DIN : 00004606

Sd/-  
(Simmi Jain)  
Partner  
Membership No. : 086496

Sd/-  
Rajeev Kumar Agarwal  
(Director)  
DIN: 00298252

Sd/-  
J.C. Chawla  
(Director)  
DIN : 05316202

Sd/-  
N.P. Bansal  
(Director)  
DIN : 00010587

Place : New Delhi  
Date : 28th July, 2020

Sd/-  
A.K. Goel  
(Chief Financial Officer)

Sd/-  
Ankit K. Srivastava  
(Company Secretary)

**Consolidate Statement of Changes in equity for the year ended March 31, 2020**

	Equity Share Capital	Other Equity					Total Equity
		Reserves & Surplus			Item of Other Comprehensive Income		
		Capital reserve	Surplus in the Statement of profit and loss	Storage fund for molasses account	Actuarial gain / (loss) on employee benefit plans through OCI	Attributable the equity holders of the Parent	
<b>As at March 31, 2018</b>	47,69,40,175	49,16,625	18,11,39,797	15,69,316	(15,59,754)	18,60,65,983	66,30,06,158
Add: Profit for the year	-	-	(49,34,79,385)	-	-	(49,34,79,385)	(49,34,79,385)
Add: Transfer to/(from) storage fund for molasses	-	-	(2,86,351)	2,86,351	-	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(56,749)	(56,749)	(56,749)
<b>As at March 31, 2019</b>	47,69,40,175	49,16,625	(31,26,25,940)	18,55,667	(16,16,503)	(30,74,70,151)	16,94,70,023
Add: Profit for the year	-	-	2,66,05,200	-	-	2,66,05,200	2,66,05,200
Add: Transfer to/(from) storage fund for molasses	-	-	(10,37,844)	10,37,844	-	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(31,83,617)	(31,83,617)	(31,83,617)
<b>As at March 31, 2020</b>	47,69,40,175	49,16,625	(28,70,58,584)	28,93,511	(48,00,120)	(28,40,48,568)	192891606

**As per our report of even date, attached**

**For K.K.JAIN & CO.**  
Chartered Accountants  
Firm Registration No 02465N

**Sd/-**  
**(Simmi Jain)**  
Partner  
Membership No. : 086496

**Place : New Delhi**  
**Date : 28th July, 2020**

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**J.C. Chawla**  
(Director)  
DIN : 05316202

**Sd/-**  
**A.K. Goel**  
(Chief Financial Officer)

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**N.P. Bansal**  
(Director)  
DIN : 00010587

**Sd/-**  
**Ankit K. Srivastava**  
(Company Secretary)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st, MARCH, 2020****Note: 1. BASIS AND PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements of the company and its subsidiaries "SBEC Bio-Energy Limited.", & and its Wholly Owned Subsidiary "SBEC Stock Holding & Investment Limited" used in the consolidation are drawn for a period of Twelve months ended on 31st March, 2020 (hereinafter referred to as "the subsidiary companies").

**Note: 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of financial information**

- (A) The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.
- (B) The financial statements have been prepared under the historical cost convention on accrual basis.

**2.2 Historical Cost Convention**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a. Defined benefit plan-plan assets measured at fair value.
- b. Certain financial assets and liabilities.

**2.3 Summary of Significant Accounting Policies****(A) Principles of Consolidation**

- (i) The financial statements of the holding company and subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and the unrealized profits.
- The financial statements of the holding company and the subsidiary companies have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except where otherwise stated.
- (ii) The Subsidiary Companies considered in the consolidated financial statement:

Name of the Company	Country of Incorporation	% of Voting Power as on 31.03.2019
SBEC Bio-Energy Limited	India	55
SBEC Stockholding & Investment Limited	India	100

- (iii) Minority Interest's share of net profit of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- (iv) Minority Interest's share of net assets of subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

**(B) Current and non-current classification:**

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

**An asset is treated as current when it is:**

- i) expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realized within twelve months after the reporting period,
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or
- v) Carrying current portion of non-current financial assets. All other assets are classified as non-current.

**A liability is current when:**

- i) it is expected to be settled in normal operating cycle,
- ii) it is held primarily for the purpose of trading,
- iii) it is due to be settled within twelve months after the reporting period,
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, or
- v) it includes current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

**(C) Recognition of Revenues & Expenses**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, including excise duty and excluding taxes or duties collected on behalf of the government (other than excise duty).

Revenue is recognized only if the following conditions are satisfied: -

The Company has transferred risks and rewards incidental to ownership to the customer;

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

It is probable that the economic benefit associated with the transaction will flow to the Company; and

It can be reliably measured and it is reasonable to expect ultimate collection



Dividends income is recognized when the shareholders right to receive payment was established by the balance sheet date.

**(D) Inventory Valuation**

- (i) Finished Goods (Sugar): Sugar - at minimum selling price fixed by Govt. of India.
- (ii) Goods in Process - at cost
- (iii) Raw material - at cost
- (iv) Stores and spares - at cost (computed on FIFO basis)
- (v) Molasses (By-product) is valued at net realizable value.
- (vi) Provision for obsolescence and other anticipated losses are made on the stocks, whenever identified / considered necessary.
- (vii) Closing Stock of Power Banked is valued at lower of cost and market value. (Cost includes raw material, stores and spares consumed and factory overheads.)

**(E) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

**(F) Intangible assets**

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

**(G) Depreciation**

Depreciation on Tangible fixed assets other than land is charged on straight line method so as to write off the cost/carrying amount of assets. The useful life of assets as prescribed under Part C of Schedule II of the Companies Act 2013 and depreciation is charged on that are on the following basis:-

- (i) Depreciation on All Assets is charged at Straight Line Method basis in the manner as prescribed in Companies Act 2013 and rate as per prescribed useful life
- (ii) Intangible assets are amortized over a period of 5 year on a straight line basis.

The management has estimated the useful life is different as below:

Assets	Useful Life (Years)
Plant & Machinery	25-32
Building	30-60

**(H) Impairment of Non Financial Assets**

The carrying amount of any property, plant and equipment and intangible assets with finite lives are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factor. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount. At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(I) Expenditure during Construction**

In respect of new projects, all expenses including interest incurred up to the date of commencement of commercial production are capitalized.

In respect of substantial expansion of business, at existing locations, only direct costs are capitalized together with interest on the funds relatable to them up to the date of commercial production.

**(J) Foreign Currency Transactions**

- (i) Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the statement of profit and loss.
- ii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

**(K) Investments**

- Long term Investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.
- Unquoted investments are stated at cost.
- Current investments are valued at carrying value without any adjustment for increase/diminution, if any is accounted at the time of sale of such investments.

**(L) Borrowing Cost**

Borrowing Cost attributable to the acquisition or construction of qualifying assets is capitalized as part of cost of that asset. Other borrowing costs are recognized as expense in the period in which they relate.

**(M) Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS) -19 – 'Employee Benefits'.

**(i) Provident Fund and ESI**

The Company makes contribution to statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**(ii) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/asset are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in Other Comprehensive Income. The effect of any plan amendments is recognized in net profits in the Statement of Profit and Loss.

**(iii) Compensated Absence**

Liability in respect of compensated absence becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

**(iv) Other Short Term Benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**(v) Leave Encashment**

The Liability on account of un-availed earned leave at the year end is fully provided for on actuarial valuation basis.

**(N) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**The Company as a Lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.



**(O) Financial instruments:**

**i) Financial assets**

**A. Initial recognition**

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognized when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through statement of profit and loss, which are initially measured at fair value, excluding transaction costs (which is recognized in statement of profit and loss).

**B. Subsequent measurement**

- a) Financial assets carried at amortized cost (AC) A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**C. Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**D. Financial assets at fair value through statement of profit and loss (FVTPL)**

**Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value either as at FVTOCI or FVTPL. The Company makes such election on instrument-by-instrument basis. For equity instruments measured as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P & L.

**Investment in subsidiaries and associates**

Investment in subsidiaries and associates are carried at cost.

**E. Impairment of financial assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

1. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
2. Financial assets that are debt instruments and are measured as at FVTOCI
3. Lease receivables
4. Trade receivables or any contractual right to receive cash or another financial asset
5. Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on: Trade receivables or contract revenue receivables; and all lease receivables. The application of simplified approach does not require the Company to track changes in credit risk rather; it recognizes impairment loss allowance based on 12 months ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**ii) Financial liabilities**

**A. Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognized in statement of profit and loss as finance cost.

**B. Subsequent measurement:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

- a) **Loans and borrowings after initial recognition**, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in statement of profit and loss when liabilities are derecognized. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit and loss.

- b) **Compound financial instruments**

At the issue date the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortized cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognized in equity, net of income tax effects, and is not subsequently re-measured.

**iii) De-recognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**iv) Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value and such value may vary from actual realization on future date.

**v) Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured



at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges which is recognized in other Comprehensive Income and later to statement of profit or loss when the hedge item effects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

**(P) Accounting for Taxes**

- (i) Provision for Current Tax is made on the basis of applicable Income Tax Act, 1961.
- (ii) Deferred Tax assets and liabilities are accounted for in accordance with IND AS-12.

**(Q) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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.

**(R) Miscellaneous Expenditure**

Preliminary expenses and deferred revenue expenses are being amortized over a period of ten years from the date of commencement of commercial operations.

**(S) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

**(T) Cash and Cash Equivalent**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at Bank, cash in hand and demand deposits with bank with an original maturity of three months or less than the date of acquisition.

**(U) Cash Flow Statement**

Cash flow are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future 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 based on the available information.

**(V) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**i) Depreciation and useful lives of property, plant and equipment:**

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

**ii) Recoverability of trade receivable:**

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**iii) Provisions:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

**iv) Impairment of non-financial assets:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**v) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Fair value measurement of financial instruments:** The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**NOTE:3 PROPERTY, PLANT AND EQUIPMENT**

(Amount in Rs.)

GROSS BLOCK											
	Freehold	Lead Leasehold	Buildings	Lease Hold Improvements	Plant & Machinery	Office Equipment	Computer Equipment	Factory Approach Ro.	Furniture & Flextures	Vehicles	Total
As at 31st , March 2018	27,01,90,000	43,22,74,674	35,84,30,855	84,740	3,46,54,29,730	45,31,017	1,14,82,190	2,53,01,694	75,42,940	2,29,56,940	4,59,82,24,780
Additions	-	-	-	-	75,41,131	2,33,091	5,35,835	-	-	84,67,605	1,67,77,662
Disposals    Sold	-	-	-	-	-	-	-	-	-	12,98,476	12,98,476
As at 31st March, 2019	27,01,90,000	43,22,74,674	35,84,30,855	84,740	3,47,29,70,861	47,64,108	1,20,18,025	2,53,01,694	75,42,940	3,01,26,069	4,61,37,03,966
Additions	-	-	-	-	11,98,77,829	6,66,999	6,09,244	-	-	10,51,595	12,22,05,647
Disposals    Sold	-	-	-	-	-	-	-	-	-	53,74,784	53,74,784
As at 31st March, 2020	27,01,90,000	43,22,74,674	35,84,30,855	84,740	3,59,28,48,690	54,31,107	1,26,27,249	2,53,01,694	75,42,940	2,58,02,880	4,73,05,34,829
DEPRECIATION											
As at 31st , March 2018	-	5,57,47,548	9,56,90,205	84,740	1,40,13,16,580	35,39,278	93,18,856	2,52,58,216	68,21,848	1,00,45,880	1,60,78,23,152
Charged for the year	-	2,72,72,596	1,57,02,751	-	15,46,58,340	4,32,904	14,99,500	-	2,45,661	44,43,395	20,42,55,147
Disposals	-	-	-	-	-	-	-	-	-	10,80,980	10,80,980
As at 31st March, 2019	-	8,30,20,144	11,13,92,956	84,740	1,55,59,74,920	39,72,182	1,08,18,356	2,52,58,216	70,67,509	1,34,08,295	1,81,09,97,319
Charged for the year	-	2,72,72,596	1,57,02,751	-	15,66,61,444	5,52,806	8,55,540	-	2,08,916	31,25,383	20,43,79,436
Disposals	-	-	-	-	-	-	-	-	-	52,66,972	52,66,972
As at 31st March, 2020	-	11,02,92,740	12,70,95,707	84,740	171,26,36,364	45,24,989	1,16,73,896	2,52,58,216	72,76,425	112,66,706	2,01,01,09,782
NET BLOCK											
As at 31st March, 2018	27,01,90,000	37,65,27,125	26,27,40,650	-	2,06,41,13,149	9,91,739	21,63,334	43,478	7,21,092	1,29,11,060	2,99,04,01,628
As at 31st March, 2019	27,01,90,000	34,92,54,529	24,70,37,899	-	1,91,69,95,940	7,91,926	11,99,669	43,478	4,75,431	1,67,17,774	2,80,27,06,647
As at 31st March, 2020	27,01,90,000	32,19,81,933	23,13,35,149	-	1,88,02,12,326	9,06,119	9,53,353	43,478	2,66,515	1,45,36,174	2,72,04,25,046

**NOTE: 3(a) INTANGIBLE ASSETS**

Particulars	(Amount in Rs.)	
	As At 31.03.2020	As At 31.03.2019
<b>Gross Block</b>		
Opening	24,02,018	24,02,018
Additions	45,763	-
Disposals	-	-
Closing	24,47,781	24,02,018
<b>Depreciation</b>		
Opening	21,71,030	20,77,270
Charge for the year	91,943	93,761
Disposals	-	-
Closing	22,62,974	21,71,030
<b>Net Block</b>	1,84,807	2,30,988

**NOTE:3(b) CAPITAL WORK -IN-PROGRESS**

Particulars	(Amount in Rs.)	
	As At 31.03.2020	As At 31.03.2019
Plant and machinery under erection	2,96,99,146	35,70,619
Additions	8,61,64,599	2,66,54,687
Disposals	9,52,94,222	5,26,160
<b>Total</b>	<b>2,05,69,523</b>	<b>2,96,99,146</b>


**NOTE:4 INVESTMENTS**
**(Amount in Rs.)**

<b>Particulars</b>	<b>Non - current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - current As at 31.03.2019</b>	<b>Current as at 31.03.2019</b>
<b>Investment</b>				
Of Joint venture companies (3,21,25,000 equity shares @Rs.10/-each of fully paid up in Modi Illva India Pvt.Ltd) (P.Y. 2,74,50,000 as at 31st March, 2019 @ Rs.10/-each)	32,12,50,000		27,45,00,000	
of other entities(100 equity shares @Rs.10/-each of fully paid up in Chandil Power Ltd) (P.Y. 100 as at 31st March,2019 @ Rs.10/-each)	1,000		1,000	
40,000 Equity Shares of Rs.25/-each in The SVC Bank Ltd (P.Y. 40,000 Equity Shares of Rs.25/each)	10,00,000		10,00,000	
<b>Tranfer /Stamp Fee</b>	82,600		82,600	
of Joint venture companies (5,80,000 non transferable compulsorily convertible unsecured zero % debentures of @Rs.100/-each of fully paid up in Modi Illva India Pvt.Ltd) (10,47,500 as at 31st March,2019 @ Rs.100/-each)	5,80,00,000		10,47,50,000	
30 Equity Shares of Rs.10/-each in Modi Casing s and Packaging Pvt Ltd.(P.Y.30 Equity Shares of Rs.10/each)	300		300	
Less: Provision made for diminution in value of investment*	285		285	
<b>Sub Total</b>	<b>15</b>		<b>15</b>	
<b>TOTAL</b>	<b>38,03,33,615</b>	<b>-</b>	<b>38,03,33,615</b>	<b>-</b>

\*Provision for diminution in value of investments.

Aggregate amount of unquoted investments

38,03,33,615

-

38,03,33,615

-

Aggregate provision for diminution in value of investments

285

-

285

-

# The Company ceases to be subsidiary w.e.f. 30.09.2014

**NOTE 5:FINANCIAL ASSETS-OTHER**
**(Amount in Rs.)**

<b>Particulars</b>	<b>Non - current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
Debt Assignment Recoverable	1,46,85,97,682	-	1,46,85,97,682	-
Other Receivable	42,89,007	-	33,56,367	-
<b>TOTAL</b>	<b>14,72,88,86,689</b>	<b>-</b>	<b>1,47,19,54,049</b>	<b>-</b>

\* Other receivable includes recoverable from Related parties Rs. 42,89,007/- (Previous year Rs. 33,56,367/-)

**NOTE :6 OTHER ASSETS**
**(Amount in Rs.)**

<b>Particulars</b>	<b>Non - current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
- Unsecured, considered good				
Advances recoverable in cash or kind or for value to be received	-	9,72,89,293		7,23,91,017
Advances other than Capital Advances -	-	-		-
Security deposits	4,75,994	-	2,42,994	-
-Prepaid Expenses	-	68,06,085	-	77,55,748
Balances with statutory authorities	-	71,71,148		3,70,14,178
-Direct tax Recoverable	58,72,213		59,82,116	12,364
<b>Total other assets</b>	<b>63,48,207</b>	<b>11,12,66,525</b>	<b>62,25,110</b>	<b>11,71,73,307</b>

**NOTE 7 : DEFERRED TAX (ASSETS) / LIABILITY (NET)**

	<b>As at As at 31.03.2020</b>	<b>For the year</b>	<b>As at As at 31.03.2019</b>
Deferred tax assets on account of :			
Depreciation	(1,72,34,980)	1860362.25	(1,53,74,618)
Disallowance u/s 43B	4,65,518	(51,454)	4,14,064
Gratuity	16,74,466	(3,60,383)	13,14,083
Other disallowance under income tax act	-	-	-
Carry Forward Losses	7,20,23,344	(1,84,22,181)	5,36,01,163
<b>Total</b>	<b>5,69,28,348</b>	<b>(1,69,73,656)</b>	<b>3,99,54,692</b>

**NOTE: 8 INVENTORIES****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Raw Materials	31,222	-
Stores & Spares	10,59,36,708	10,28,81,982
Work - in - progress	5,04,99,956	94,64,242
Finished goods	1,98,72,93,992	1,15,82,69,508
others	22,58,47,182	9,08,88,495
<b>Total</b>	<b>2,36,96,09,060</b>	<b>1,36,15,04,228</b>

**NOTE:9 TRADE RECEIVABLES****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Exceeding 6 months from payment due date		
- Unsecured, considered good	5,33,82,938	1,48,25,348
- Unsecured, considered Doubtful	1,01,83,898	91,26,093
- Allowance for bad & doubtful debts	(1,01,83,898)	(91,26,093)
	5,33,82,938	1,48,25,348
Less than 6 months		
- Unsecured, considered good	14,98,75,727	11,18,78,925
	14,98,75,727	11,18,78,925
<b>Total</b>	<b>20,32,58,664</b>	<b>12,67,04,273</b>

**NOTE:10 CASH & CASH EQUIVALENTS****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Balances with banks		
- in Current Accounts	6,41,78,425	12,43,46,332
Cash on hand	3,40,487	2,27,044
<b>Total</b>	<b>6,45,18,912</b>	<b>12,45,73,376</b>

**NOTE:11 LOANS****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Security Deposits		
- Unsecured, considered good	-	-
Loan to realated parties	1,28,37,523	1,28,37,523
Less : Expected Credit loss	(1,28,37,523)	(1,28,37,523)
Advance to vendors	2,24,02,152	2,52,90,057
Less: Provision for Doubtful Advance	(21,00,826)	(10,08,528)
<b>Total</b>	<b>2,03,01,326</b>	<b>2,42,81,528</b>

**NOTE: 12 OTHER BANK BALANCES****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Margin Money	1,97,438	1,84,204
Balance with Govt dept.	-	-
Fixed Deposit	30,30,453	19,07,461
<b>Total</b>	<b>32,27,891</b>	<b>20,91,665</b>

**NOTE 13 : SHARE CAPITAL****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Authorised Share Capital:		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs.10/- each.	1,00,00,00,000	1,00,00,00,000
Issued, Subscribed Capital :		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs.10/- each.	47,81,44,300	47,81,44,300
Paid Up Capital :		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs.10/- each.	47,65,38,800	47,65,38,800
Share Forfeiture Account	4,01,375	4,01,375
<b>TOTAL</b>	<b>47,69,40,175</b>	<b>47,69,40,175</b>


**a) Terms/rights attached to Equity Shares**

Company has only one class of equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Detail of Shareholders holding more than 5% Equity Shares in the company**

Equity Shares	As at 31.03.2020		As At 31.03.2019	
	No. of shares Held	%age of Holding	No. of shares Held	%age of Holding
<b>Name of Shareholder</b>				
1 M/s SBEC Systems (India) Ltd.	1,42,30,884	29.86%	1,42,30,884	29.86%
2 M/s Moderate Leasing & Capital Services Ltd	90,65,568	19.02%	90,65,568	19.02%
3 Abhikum Leasing and Investment Pvt. Ltd.	55,31,994	11.80%	55,31,994	11.80%
4 M/s A to Z Holding Pvt. Ltd.	33,82,500	7.10%	33,82,500	7.10%
5 M/s Longwell Investments Pvt. Ltd.	27,21,500	5.71%	27,21,500	5.71%

**c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31.03.2020		As At 31.03.2019	
	No. of shares	(Rs.)	No. of shares	(Rs.)
At the beginning of the year	4,76,53,880	47,65,38,800	4,76,53,880	47,65,38,800
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	4,76,53,880	47,65,38,800	4,76,53,880	47,65,38,800

- d) The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash nor has allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

**NOTE 14 : OTHER EQUITY**

Particulars	(Amount in Rs.)	
	As at 31.03.2020	As at 31.03.2019
Balance as per last financial statement	(31,25,05,281)	18,12,53,902
Balance in Statement of Profit & Loss	26,605,200	(49,34,72,833)
Less: Transfer to Reserves	10,37,844	2,86,351
Closing balance	(28,69,37,925)	(31,25,05,281)
Actuarial gain/loss on employee benefit plans		
Opening balance	(17,37,163)	(16,74,904)
Change during the year	(31,83,617)	(62,259)
Closing balance	(49,20,780)	(17,37,163)
Capital Reserve		
Balance as per last financial statement	49,16,625	49,16,625
Closing balance	49,16,625	49,16,625
Other Reserve		
Molasses Storage Fund		
Balance as per last financial statement	18,55,667	15,69,316
Add: Additions during the year	10,37,844	2,86,351
Closing balance	28,93,511	18,55,667
<b>TOTAL</b>	<b>28,40,48,569</b>	<b>30,74,70,152</b>

**NOTE:15 BORROWINGS****(Amount in Rs.)**

<b>Particulars</b>	<b>Non - Current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - Current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
<b>Term Loan /Unsecured Loans :</b>				
- Term Loan				
From Banks	2,34,37,59,756	-	2,23,15,91,007	-
Less : Current maturities of long term debt	54,20,00,004		33,32,58,978	-
Net Balance	1,80,17,59,752		1,89,83,32,029	
From Others	-		-	
	1,80,17,59,752	-	1,89,83,32,029	-
Vehicle Loan	1,01,95,857		1,11,67,501	
Total	1,81,19,55,609	-	1,90,94,99,530	-
- Unsecured				
Deposits from selling agent	54,59,032		54,59,032	
From Body Corporates	-	-	-	-
Inter Corporate Deposits	-	27,17,15,399	-	36,13,46,589
Working capital loan from banks repayable on demand				
Others	-	13,24,59,974	-	13,87,49,679
<b>Total</b>	<b>1,81,74,14,641</b>	<b>40,41,75,373</b>	<b>1,91,49,58,562</b>	<b>50,00,96,268</b>

**NOTE:16 PROVISIONS****(Amount in Rs.)**

<b>Particulars</b>	<b>Non - Current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - Current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
Provision for employee benefits				
- Gratuity	3,87,40,557	42,70,066	3,05,10,718	35,00,589
- Leave Encashment	57,32,025	2,09,409	37,44,986	13,23,863
<b>Total</b>	<b>4,44,72,582</b>	<b>44,79,475</b>	<b>3,42,55,704</b>	<b>48,24,452</b>

**NOTE: 17 OTHER FINANCIAL LIABILITIES****(Amount in Rs.)**

<b>Particulars</b>	<b>Non - Current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - Current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
Security Deposits ( Retention Money)	45,000	-	45,000	-
Current maturities of long term debt	-	54,20,00,004	-	33,32,58,978
Employees related dues	-	2,19,45,199	-	2,60,94,687
Advance from Customer	-	81,16,306	-	2,17,48,928
Other Liabilities for Expenses	-	1,33,02,001	-	1,25,03,423
Other Payables	-	1,66,50,335	-	3,32,45,477
<b>Total</b>	<b>45,000</b>	<b>6,02,13,844</b>	<b>45,000</b>	<b>42,68,51,492</b>

**NOTE: 18 OTHER LIABILITIES****(Amount in Rs.)**

<b>Particulars</b>	<b>Non - Current As at 31.03.2020</b>	<b>Current As at 31.03.2020</b>	<b>Non - Current As at 31.03.2019</b>	<b>Current As at 31.03.2019</b>
Other Liabilities	-	80,495	-	1,83,966
Security Deposits	11,06,200	-	12,26,200	-
Statutory Payables	-	89,23,665	-	5,57,14,974
Retention money	-	61,88,441	-	23,70,395
<b>Total</b>	<b>11,06,200</b>	<b>1,51,92,601</b>	<b>12,26,200</b>	<b>5,82,69,335</b>


**NOTE:19 TRADE PAYABLE**
**(Amount in Rs.)**

Particulars	Non - Current		Current	
	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019	As at 31.03.2019
Due to parties registered under MSMED Act	-	39,77,059	-	18,74,180
Due to other parties	-	4,01,20,47,503	-	3,02,46,33,359
Due to related parties	-	-	-	-
<b>Total</b>	-	<b>4,01,60,24,562</b>	-	<b>3,02,65,07,539</b>

**NOTE:20 REVENUE FROM OPERATIONS**
**(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year ended 31.03.2019
A. Sale of Goods	4,81,09,43,865	4,16,96,65,232
Gross Sales		
Less:Excise Duty	-	-
Net Sales	4,81,09,43,865	4,16,96,65,232
B. Other Operating Revenue	71,35,020	47,08,141
<b>Total</b>	<b>4,81,80,78,705</b>	<b>4,17,43,73,373</b>

**NOTE:21 OTHER INCOME**
**(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year ended 31.03.2019
Interest income	4,32,832	2,27,269
Provision written back	1,96,712	28,41,724
Dividend	1,20,000	1,20,000
Net Gain on sale of fixed assets	11,54,397	-
Misc. Income	9,31,629	7,041
Hire Charges	8,04,000	8,04,000
<b>Total</b>	<b>36,39,571</b>	<b>40,00,034</b>

**NOTE:22 COST OF MATERIALS CONSUMED**
**(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year ended 31.03.2019
Raw materials consumed	4,76,08,63,729	4,26,06,46,620
<b>Total</b>	<b>4,76,08,63,729</b>	<b>4,26,06,46,620</b>

**NOTE:23 CHANGED IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS**
**(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year ended 31.03.2019
Inventories at the end of the year		
Finished Goods	2,21,21,09,239	1,24,73,28,376
Work-in-progress	5,04,99,956	94,64,242
Stock in trade	-	-
Sub Total	2,26,26,09,194	1,25,67,92,617
Inventories at the beginning of the year		
Finished Goods	1,24,73,28,376	71,86,25,258
Work-in-progress	94,64,242	2,42,81,746
Stock in trade	-	-
Sub Total	1,25,67,92,617	74,29,07,003
<b>Total</b>	<b>(1,00,58,16,577)</b>	<b>51,38,85,614</b>

**NOTE: 24 EMPLOYEE BENEFIT EXPENSES**
**(Amount in Rs.)**

Particulars	Year Ended 31.03.2020	Year ended 31.03.2019
Salary & Wages & Bonus	16,34,91,997	14,72,97,353
Contribution to provident & other funds	1,03,65,351	1,13,87,429
Workman and staff welfare	55,50,979	45,25,127
Gratuity	5,87,104	5,03,425
<b>Total</b>	<b>17,99,95,431</b>	<b>16,37,13,334</b>

**NOTE:25 FINANCE COSTS****(Amount in Rs.)**

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Interest Expense	20,44,14,975	11,05,08,358
EIR Adjustment on Borrowing	-	-
Interest Impact on Gratuity	26,05,266	22,23,933
Other Interest	33,61,675	1,00,97,136
Interest on amortisation of Loans	-	-
<b>Total</b>	<b>21,03,81,916</b>	<b>12,28,29,427</b>

**NOTE:26 DEPRECIATION AND AMORTIZATION EXPENSES****(Amount in Rs.)**

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Depreciation of tangible assets	20,43,79,436	20,42,55,147
Amortization of intangible assets	91,943	93,761
<b>Total</b>	<b>20,44,71,379</b>	<b>20,43,48,908</b>

**NOTE:27 OTHER EXPENSES****(Amount in Rs.)**

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Consumption of stores & spare parts	15,88,36,257	17,43,39,359
Power & fuel	52,21,800	43,36,306
Material Handling Expenses	2,14,19,803	1,66,88,640
Repairs & maintenance		
-Plant & Machinery	13,66,33,114	13,43,09,946
-Building	89,02,030	79,80,772
-Others	1,94,44,528	64,72,313
Insurance (Net)	92,251	(6,27,479)
Rent	13,87,824	3,36,975
Rates & Taxes	20,38,735	46,69,114
Legal & Professional Charges	1,51,04,851	1,93,08,047
Telephone, Postage & Telegram	8,97,628	9,91,026
Travelling & Conveyance	1,27,85,950	1,33,08,671
Director's Sitting Fee	67,000	78,000
Auditor's Remuneration	-	1,47,500
-As Audit Fee	3,67,700	2,42,700
-As Tax Audit Fee	-	-
-Certification & Company Law	1,00,000	1,00,000
-Expenses Reimbursement	-	1,416
Prior Period Adjustments	-	-
Freight & Forwarding	32,99,399	17,91,231
Commission to selling agents	1,23,38,565	1,22,22,370
Other selling expenses	3,97,13,750	12,44,347
Excise duty on Increase/(Decrease) in stock	-	-
Other expenses	1,88,90,695	3,12,56,438
Provision for Bad & doubtful debts/Advances	68,52,668	24,45,772
Security Guard Expenses	70,60,826	72,92,857
Bank Charges	10,387	29,508
Fee for GST	3,000	1,600
Bagasse and Ash Handling Charges	67,69,553	67,82,813
Vehicle Expenses	26,40,167	31,54,897
<b>Total</b>	<b>48,08,78,481</b>	<b>44,89,05,138</b>

**NOTE:28 EARNINGS PER SHARE****(Amount in Rs.)**

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)	79,05,207	(50,86,40,067)
Weighted average number of equity shares in calculating basic EPS	4,76,53,880	4,76,53,880
Basic earning per share	0.17	(10.67)
Diluted earning per share	0.17	(10.67)


**NOTE 29: Contingent Liabilities**

Claims against the Company not acknowledged as debts are as under:

In the case of the Holding Company:

(Rs in Lakhs)

S. No.	Particulars	As at 31.03.2020	As at 31.03.2019
i)	Outstanding against Guarantee given to SVC Co-operative Bank Limited on behalf of SBEC Bio-energy Ltd.	1,582.65	2,215.91
ii)	Duties and Tax liabilities disputed by the Company	398.65	424.70

Corporate Guarantee given to the Government of Jharkhand dated 26th May, 2004 against the Soft Loan of Rs. 32.50 Crores plus interest, given to the Bihar Sponge Iron Limited.

**In the case of the Bio-Energy Limited: N.A.**

Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favour in respect of all the items listed at (i) to (ii) above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

**NOTE 30: Commitments**
**30.1 Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 194.63 Lakhs (P.Y. Rs. 629.83 Lakhs).

**30.2 Other Commitments: Rs. Nil (P.Y. Nil)**
**Note 31: Employee Benefits**

The disclosure of 'Employee Benefits' as defined in IND AS-19 is as under:

**Expenses recognized in the statement of Profit & Loss**
**(i) Defined Contribution Plan**

(Amount in Rs.)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	98,73,812/-	90,05,684/-

**(ii) Defined Benefits Plans**

Particulars	Gratuity Unfunded		Leave Encashment Unfunded	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Current service cost	3,726,681	3,180,201	343,288	301,171
Interest cost	2,605,266	2,223,933	292,336	257,806
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain)/loss	-	-	281,598	(65,874)
Past service cost	-	-	-	-
Re-measurements recognized in OCI (Gain)/Loss	-	-	-	-
Comprehensive Income on Gratuity	(3,368,942)	(56,749)	-	-
Expenses recognized in the statement of Profit & Loss	(3,726,681)	(3,180,201)	622,720	348,799
Interest Impact on Gratuity	(2,605,266)	(2,223,933)	-	-

**(a) The assumptions used to determine the benefit obligations:**

Particulars	Gratuity		Leave Encashment	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Discount Rate	6.80%	7.66%	6.80%	7.66%
Expected Rate of increase in Compensation Levels	5.50%	5.50%	5.50%	5.50%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Expected Average remaining working lives of employees (years)	15.83 years	16.15 years	14.68 years	15.68 years

**(c) Reconciliation of Opening and Closing balances of benefit obligations:**

Particulars	Gratuity Unfunded		Leave Encashment Unfunded	
	C. Yr.	P. Yr.	C. Yr.	P. Yr.
Benefit obligation at beginning of the year	34,011,307	28,770,154	3,816,400	3,335,128



Current service cost	3,726,681	3,180,201	343,288	301,171
Interest Cost	2,605,266	2,223,933	292,336	257,806
Benefits paid	(701,573)	(219,730)	(36,449)	(11,831)
Past service cost Curtailment Gains/Losses	-	-	-	-
Contribution by plan participants	-	-	-	-
Re-measurements Recognized in OCI (gain)/ loss	-	-	-	-
Actuarial (gain)/ loss	3,368,942	56,749	281,598	(65,874)
Projected benefit obligation at end of the year				
Net amount recognized in the balance sheet as at the end of the year	43,010,623	34,011,307	4,697,173	3,816,400

(e) There is no plan asset at the beginning and at the closing of the year.

**NOTE 32: RELATED PARTY DISCLOSURE**

(A) Name of Related Parties where control exists and with whom transactions have taken place during the year:

S. No.	Name of Related Party	Nature of Relationship
(i)	<b>A person or a close member of that person's family of a reporting entity has control or joint control over the reporting entity</b>	
	Umesh Kumar Modi	Promoters having voting control
	Kumkum Modi	Promoters having voting control
	Jayesh Modi	Promoters having voting control
	Abhishek Modi	Relative of promoter having voting control
(ii)	<b>A person or a close member of that person's family of a reporting entity is a member of the Key Management Personnel of the reporting entity or of a parent of the reporting entity.</b>	
	Abhishek Modi	Whole Time Director
	Raj Kumar Sharma	Manager (Resigned w.e.f. 25.08.2020)
	Anil Kumar Goel	Chief Financial Officer
	Shobit Nehra	Company Secretary (Resigned w.e.f. 31.12.2020)
	Ajay Gupta	Chief Financial Officer
(i)	<b>The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)</b>	
1	SBEC Bioenergy Limited	Subsidiary
2	SBEC Stockholding & Investment Limited	Wholly Owned Subsidiary
(ii)	<b>The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity</b>	
	SBEC Sugar EPF Trust	Trust

(iii) (a) The entity is controlled or jointly controlled by a person identified in (a).

(iv) (b) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A to Z holdings Pvt. Limited  
 Bihar Sponge Iron Limited  
 Jai Abhishek Investments Pvt. Ltd.  
 Longwell Investment Pvt. Ltd.  
 Modi Goods and Retail Services Pvt. Ltd.  
 Modi Hitech India Limited  
 Modi Ilva India Pvt. Ltd.  
 Modi Industries Limited  
 Modi – Mundipharma Healthcare Pvt. Ltd.  
 Modi-Mundipharma Beauty Products Private Limited  
 Modi-Mundipharma Pvt. Ltd.



SBEC Bioenergy Ltd  
 SBEC Stockholding & Investment Limited  
 SBEC Systems (India) Ltd.  
 Umesh Modi Corp Pvt. Ltd  
 Win-Medicare Private Limited  
 Modi-Senator (India) Pvt. Ltd.  
 Abhikum Leasing & Investments Pvt. Ltd.  
 ABC Holding Pvt. Ltd  
 Kumabhi Investments Pvt. Ltd  
 Meghkum Leasing & Investment Pvt. Ltd.  
 Jayesh Tradex Pvt. Ltd.  
 M First Trading Pvt. Ltd.  
 Meghna Autoworks Pvt. Ltd  
 MG Mobiles India Pvt. Ltd  
 Modi Arts Pvt. Ltd  
 Modi Diagnostics Pvt. Ltd  
 Modi Motors Pvt. Ltd.  
 PHD Chamber of Commerce and Industry  
 H.M. Tubes & Containers Pvt. Ltd  
 Swasth Investment Private Limited  
 G S Pharmabutor Pvt. Ltd.  
 Arvind Continental Pvt. Ltd.  
 Mahabir Export & Import Co. Ltd.

Directorship and Shareholding along with relatives in the Company.

**(v) Reporting entity being an associate of the other entity**

SBEC Sugar Limited is the associate Company of SBEC SYSTEMS (India) Limited

SBEC Bioenergy is the Associate Company of Moderate Leasing and Capital Services Limited

**(B) Details of transactions with related parties**

(Rs. in Lacs)

Transactions		Other Related Parties	Key Managerial personnel	Total
<b>i. Sitting Fees paid to :</b>				
Umesh Kumar Modi	31-Mar-20	8,000		<b>8,000</b>
	31-Mar-19	10,000		<b>10,000</b>
Abhishek Modi	31-Mar-20	-		-
	31-Mar-19	1,000		<b>1,000</b>
Kumkum Modi	31-Mar-20	1,000		<b>1,000</b>
	31-Mar-19	1,000		<b>1,000</b>
Jayesh Modi	31-Mar-20	2,000		<b>2,000</b>
	31-Mar-19	2,000		<b>2,000</b>
<b>Total F.Y. 2019-20</b>		<b>11,000</b>	-	<b>11,000</b>
<b>Total F.Y. 2018-19</b>		<b>14,000</b>	-	<b>14,000</b>
<b>ii. Remuneration paid to :</b>				
<b>Whole Time Director</b>				
-Salary and Allowances (Including Perquisites)	31-Mar-20	8,426,153	-	<b>8,426,153</b>
	31-Mar-19	6,712,435	-	<b>6,712,435</b>
-Contribution to PF and superannuation	31-Mar-20	576,705	-	<b>576,705</b>
	31-Mar-19	465,372	-	<b>465,372</b>
<b>Vice President</b>				-
-Salary and Allowances (Including Perquisites)	31-Mar-20	3,767,009	-	<b>3,767,009</b>
	31-Mar-19	3,133,079	-	<b>3,133,079</b>
-Contribution to PF and superannuation	31-Mar-20	392,393	-	<b>392,393</b>
	31-Mar-19	316,644	-	<b>316,644</b>



<b>Company Secretary</b>		-	-	-
-Salary and Allowances (Including Perquisites)	31-Mar-20	-	642,264	<b>642,264</b>
	31-Mar-19	-	804,162	<b>804,162</b>
-Contribution to PF and superannuation	31-Mar-20	-	32,454	<b>32,454</b>
	31-Mar-19	-	40,500	<b>40,500</b>
<b>Chief Financial Officer</b>		-	-	-
-Salary and Allowances (Including Perquisites)	31-Mar-20	-	3,046,887	<b>3,046,887</b>
	31-Mar-19	-	2,883,159	<b>2,883,159</b>
-Contribution to PF and superannuation	31-Mar-20	-	237,024	<b>237,024</b>
	31-Mar-19	-	225,720	<b>225,720</b>
<b>Manager</b>		-	-	-
-Salary and Allowances (Including Perquisites)	31-Mar-20	-	608,017	<b>608,017</b>
	31-Mar-19	-	1,403,251	<b>1,403,251</b>
-Contribution to PF and superannuation	31-Mar-20	-	29,473	<b>29,473</b>
	31-Mar-19	-	70,884	<b>70,884</b>
<b>Company Secretary(Bio)</b>		-	-	-
-Salary and Allowances (Including Perquisites)	31-Mar-20	-	33,700	<b>33,700</b>
	31-Mar-19	-	177,495	<b>177,495</b>
-Contribution to PF and superannuation	31-Mar-20	-	-	-
	31-Mar-19	-	9,650	<b>9,650</b>
<b>Chief Financial Officer(Bio)</b>		-	-	-
-Salary and Allowances (Including Perquisites)	31-Mar-20	-	543,909	<b>543,909</b>
	31-Mar-19	-	528,917	<b>528,917</b>
-Contribution to PF and superannuation	31-Mar-20	-	34,488	<b>34,488</b>
	31-Mar-19	-	33,228	<b>33,228</b>
<b>Total F.Y. 2019-20</b>		<b>13,162,260</b>	<b>5,208,216</b>	<b>18,370,476</b>
<b>Total F.Y. 2018-19</b>		<b>10,627,530</b>	<b>6,176,966</b>	<b>16,804,496</b>
<b>iii. Reimbursement of expenses paid to :</b>				
Win Medicare Pvt. Ltd.	31-Mar-20	20,036	-	<b>20,036</b>
	31-Mar-19	28,510	-	<b>28,510</b>
<b>Total F.Y. 2019-20</b>		<b>20,036</b>	-	<b>20,036</b>
<b>Total F.Y. 2018-19</b>		<b>28,510</b>	-	<b>28,510</b>
<b>iv. Purchase of materials/Paid for Exp.</b>				
Modiline Travels Service Pvt. Ltd.	31-Mar-20	1,979,046	-	<b>1,979,046</b>
	31-Mar-19	2,815,328	-	<b>2,815,328</b>
Modi Hitech India Ltd.	31-Mar-20	1,080,850	-	<b>1,080,850</b>
	31-Mar-19	657,152	-	<b>657,152</b>
Modi Industries Ltd (Sugar section)	31-Mar-20	470,337	-	<b>470,337</b>
	31-Mar-19	1,034,566	-	<b>1,034,566</b>
Jayesh Tradex Pvt. Ltd.	31-Mar-20	2,194,557	-	<b>2,194,557</b>
	31-Mar-19	1,215,810	-	<b>1,215,810</b>
MM Printers Division of Modi Motors	31-Mar-20	67,894	-	<b>67,894</b>
	31-Mar-19	101,149	-	<b>101,149</b>
Modi Illva India Pvt Ltd	31-Mar-20	0.00	-	-
	31-Mar-19	19,614	-	<b>19,614</b>
MG Mobile India Pvt Ltd	31-Mar-20	58,900	-	<b>58,900</b>
	31-Mar-19	-	-	-
Moderate leasing & capital service ltd	31-Mar-20	1,618,393	-	<b>1,618,393</b>
	31-Mar-19	2,471,151	-	<b>2,471,151</b>
Umesh Modi Corp. P Ltd	31-Mar-20	295,000	-	<b>295,000</b>
	31-Mar-19	542,800	-	<b>542,800</b>
<b>Total F.Y. 2019-20</b>		<b>7,764,977</b>	-	<b>7,764,977</b>
<b>Total F.Y. 2018-19</b>		<b>8,857,570</b>	-	<b>8,857,570</b>



<b>v. Sales of Materials</b>			
GS Pharbutor Pvt. Ltd.	31-Mar-20	133,416,966	<b>133,416,966</b>
	31-Mar-19	466,278,483	- <b>466,278,483</b>
Modi Industries Ltd (Sugar section)	31-Mar-20	3,823,663	<b>3,823,663</b>
	31-Mar-19	1,530,500	<b>1,530,500</b>
<b>Total F.Y. 2019-20</b>		<b>137,240,629</b>	- <b>137,240,629</b>
<b>Total F.Y. 2018-19</b>		<b>467,808,983</b>	- <b>467,808,983</b>
<b>vi. Commission paid to</b>			
GS Pharbutor Pvt. Ltd.	31-Mar-20	856,651	<b>856,651</b>
	31-Mar-19	2,408,852	<b>2,408,852</b>
<b>Total F.Y. 2019-20</b>		856,651	- <b>856,651</b>
<b>Total F.Y. 2018-19</b>		2,408,852	- <b>2,408,852</b>
<b>vii. Interest paid</b>			
Arvind Continental Pvt. Ltd.	31-Mar-20	212,933	<b>212,933</b>
	31-Mar-19	1,037,466	<b>1,037,466</b>
Mahabir Export & Import Co. Ltd.	31-Mar-20	-	-
	31-Mar-19	12,329	<b>12,329</b>
Longwell Investment Pvt. Ltd.	31-Mar-20	8,542,966	<b>8,542,966</b>
	31-Mar-19	7,530,280	<b>7,530,280</b>
GS Pharbutor Pvt. Ltd.	31-Mar-20	8,704,604	<b>8,704,604</b>
	31-Mar-19	9,033,461	<b>9,033,461</b>
Moderate leasing & capital service ltd	31-Mar-20	980,757	<b>980,757</b>
	31-Mar-19	8,695,845	<b>8,695,845</b>
<b>Total F.Y. 2019-20</b>		<b>18,441,260</b>	- <b>18,441,260</b>
<b>Total F.Y. 2018-19</b>		<b>26,309,381</b>	- <b>26,309,381</b>
<b>viii. Amount Received against Loan</b>			
Moderate leasing & capital service ltd	31-Mar-20	2,945,988	- <b>2,945,988</b>
	31-Mar-19	82,143,151	- <b>82,143,151</b>
GS Pharbutor Pvt. Ltd.	31-Mar-20	-	-
	31-Mar-19	102,165,130	<b>102,165,130</b>
<b>Total F.Y. 2019-20</b>		<b>2,945,988</b>	- <b>2,945,988</b>
<b>Total F.Y. 2018-19</b>		<b>184,308,281</b>	- <b>184,308,281</b>
<b>ix. Amount Paid against Loan</b>			
GS Pharbutor Pvt. Ltd.	31-Mar-20	34,200,000	- <b>34,200,000</b>
	31-Mar-19	22,666,750	- <b>22,666,750</b>
Moderate leasing & capital service ltd	31-Mar-20	37,605,667	- <b>37,605,667</b>
	31-Mar-19	51,509,499	- <b>51,509,499</b>
<b>Total F.Y. 2019-20</b>		<b>71,805,667</b>	- <b>71,805,667</b>
<b>Total F.Y. 2018-19</b>		<b>74,176,249</b>	- <b>74,176,249</b>
<b>x. Lease Rent Received from</b>			
Modi Industries Ltd (Sugar Section)	31-Mar-20	948,720	- <b>948,720</b>
	31-Mar-19	948,720	- <b>948,720</b>
<b>Total F.Y. 2019-20</b>		<b>948,720</b>	- <b>948,720</b>
<b>Total F.Y. 2018-19</b>		<b>948,720</b>	- <b>948,720</b>
<b>xi. Debt Assignment Receivable from MIL</b>			
Modi Industries Ltd (Sugar section)	31-Mar-20	0.00	<b>0.00</b>
	31-Mar-19	1,468,597,682	<b>1,468,597,682</b>
<b>Total F.Y. 2019-20</b>		-	-
<b>Total F.Y. 2018-19</b>		<b>1,468,597,682</b>	- <b>1,468,597,682</b>
<b>xii. Outstanding " Receivables"</b>			
SBEC stockholding & Investment Ltd.	31-Mar-20	230,050,000	- <b>230,050,000</b>



	31-Mar-19	230,050,000	-	<b>230,050,000</b>
	31-Mar-20	64,313,344	-	<b>64,313,344</b>
	31-Mar-19	65,326,015	-	<b>65,326,015</b>
<b>Modi Industries Ltd (Sugar section)</b>	31-Mar-20	1,468,597,682		<b>1,468,597,682</b>
	31-Mar-19	1,468,597,682		<b>1,468,597,682</b>
Modi Industries Ltd (Debt Assignment)	31-Mar-20	2,328,902	-	<b>2,328,902</b>
SBEC System (I) Ltd. 15166425.00				
Less-(Loass on Impairment on Assets )12837523				
Balance <b>2328902</b>				
	31-Mar-19	2,328,902	-	<b>2,328,902</b>
	31-Mar-20	2,261,998		<b>2,261,998</b>
Modi hitech India Ltd.	31-Mar-19	3,342,848		<b>3,342,848</b>
<b>Total F.Y. 2019-20</b>		<b>1,767,551,926</b>	-	<b>1,767,551,926</b>
<b>Total F.Y. 2018-19</b>		<b>1,769,645,447</b>	-	<b>1,769,645,447</b>
<b>xiii. Outstanding " Payables"</b>				
Modiline Travels Service Pvt. Ltd.	31-Mar-20	303,706	-	<b>303,706</b>
	31-Mar-19	247,968	-	<b>247,968</b>
Company Secretary	31-Mar-20	-	-	-
	31-Mar-19	-	91,102	<b>91,102</b>
Chief Financial Officer	31-Mar-20	-	46,837	<b>46,837</b>
	31-Mar-19	-	37,768	<b>37,768</b>
Manager	31-Mar-20		(1,393)	<b>(1,393)</b>
	31-Mar-19		89,209	<b>89,209</b>
Arvind Continental Pvt. Ltd.	31-Mar-20	0.00	-	-
	31-Mar-19	2,500,000	-	<b>2,500,000</b>
Mahabir Export & Import Co. Ltd.	31-Mar-20	-	-	-
	31-Mar-19	-	-	-
Longwell Investment Pvt. Ltd.	31-Mar-20	54,276,696	-	<b>54,276,696</b>
	31-Mar-19	47,460,939	-	<b>47,460,939</b>
GS Pharmbutor Pvt. Ltd.	31-Mar-20	136,057,316	-	<b>136,057,316</b>
	31-Mar-19	115,570,920	-	<b>115,570,920</b>
Bihar Sponge iron Ltd.	31-Mar-20	1,826,999	-	<b>1,826,999</b>
	31-Mar-19	1,826,999	-	<b>1,826,999</b>
Modi Mundi Pharma Beauty Products Pvt. Ltd.	31-Mar-20	280,257	-	<b>280,257</b>
	31-Mar-19	280,257	-	<b>280,257</b>
Jayesh Tradex Pvt. Ltd.	31-Mar-20	-	-	-
	31-Mar-19	525	-	<b>525</b>
Whole Time Director	31-Mar-20	-	-	-
	31-Mar-19	176,855	-	<b>176,855</b>
Vice-President	31-Mar-20	-	-	-
	31-Mar-19	207,854	-	<b>207,854</b>
Company Secretary (Bio)	31-Mar-20		-	-
	31-Mar-19		10,760	<b>10,760</b>
Win Medicare Pvt Ltd	31-Mar-20	64,845	-	<b>64,845</b>
	31-Mar-19	44,809	-	<b>44,809</b>
Moderate leasing & capital Service ltd	31-Mar-20	188,559	-	<b>188,559</b>
	31-Mar-19	38,571,830	-	<b>38,571,830</b>
Chief Financial Officer(Bio)	31-Mar-20		24,647	<b>24,647</b>
	31-Mar-19		24,407	<b>24,407</b>
Umesh Modi Corp. P Ltd	31-Mar-20	133,850		<b>133,850</b>
	31-Mar-19	-		-
<b>Total F.Y. 2019-20</b>		<b>193,132,228</b>	<b>70,091</b>	<b>193,202,319</b>
<b>Total F.Y. 2018-19</b>		<b>206,888,956</b>	<b>253,246</b>	<b>207,142,202</b>



### Note 33: Segment Reporting

The Company is a single location single product company and hence the requirement if Ind As-108 on segment reporting are not required.

### Note 34: Outstanding dues to micro, small and medium Enterprises:

The disclosure of dues details relating to enterprises covered under micro, small and medium enterprises Development Act 2006, to the extent the information are available with the company, are as under:

S.No.	Particulars	As at 31.03.2020	As at 31.03.2019
a)	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year. (ii) Interest due thereon.	3,977,059	1874,180
b)	(i) The amount of interest paid in terms of sec.16 of MSMED Act, 2006 beyond the respective due date during the year. (ii) The amount of principal paid beyond the due date during the year.	-	-
c)	The amount of interest due and payable for delay period (where principal has already been paid after due date.)	-	-
d)	The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-
e)	The amount of interest accrued and remaining unpaid as at the end of the accounting year.	-	-

### Note 35: Financial Instruments

#### i) Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimize potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarized ahead.

#### ii) Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

#### iii) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks, investments and security deposits. The credit risk on bank balances is limited because the counter parties are banks with good credit ratings.

#### iv) Trade Receivables

Credit risk is managed through credit approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

#### v) Investments

The Company limits its exposure to credit risk by generally investing with counter parties that have a good credit rating. The Company has funded defined-benefit gratuity plans. The funded status of these plans is influenced by movements in financial market. A negative performance of the financial markets could have a material impact on cash funding requirements.

#### vi) Cash & cash equivalents

With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, the Company's risk exposure arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Since the counter party involved is a bank, Company considers the risks of non-performance by the counter party as non-material.

#### vii) 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 a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies

Related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### viii) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

##### As at 31.03.2020

Particulars	Less than 1 year	1 to 5 years	Total
Non-Current borrowings	542,000,004	1,817,414,641	2,359,414,645
Current borrowings	404,175,373	-	404,175,373
Trade payables	4,016,024,562	-	4,016,024,562
Other financial liabilities (Current)	602,013,844	-	602,013,844



Other financial liabilities (Non-Current)	45,000	-	45,000

**As at 31.03.2019**

Particulars	Less than 1 year	1 to 5 years	Total
Non-Current borrowings	333,258,978	1914,958,562	2,248,217,540
Current borrowings	500,096,268	-	500,096,268
Trade payables	3,024,633,359	-	3,024,633,359
Other financial liabilities (Current)	426,851,492	-	426,851,492
Other financial liabilities (Non-Current)	45,000	-	45,000

- a) The Company manages its capital to ensure that the entities in the Company will be able to continue as going concern while maximizing the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 15 offset by cash and bank balances as detailed in note 10 & 12) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

**b) Gearing ratio**

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 31 March, 2020 (Rs.)	As at 31 March, 2019 (Rs.)
Debt (See note 'i' below)	2,763,590,018	2,748,313,808
Cash and bank balances	67,746,803	126,665,041
<b>Net debt</b>	2,695,843,215	2,621,648,767
<b>Total equity</b>	192,891,606	169,470,023
<b>Net debt to equity ratio (times)</b>	13.98	15.47

Note:

- Debt is defined as long and short-term borrowings (excluding derivative, financial guarantee contracts), as described in notes 15 and 17.
- In order to achieve this overall objective, the Group'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. Breaches in meeting the financial covenants would permit the bank to call loans and borrowings or charge some penal interest. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the current years and previous years.

**c) Categories of financial instruments**

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Financial assets</b>		
<b>Measured at amortized cost</b>		
Other noncurrent assets	6,348,207	6,225,110
Other financial assets (non current)	1,472,886,689	1,471,954,049
Trade receivables	203,258,664	126,704,273
Cash and cash equivalents	64,518,912	124,573,376
Bank Balances other than Cash and cash equivalents	3,227,891	2,091,665
Other current assets	111,266,525	52,874,757
Other financial assets (current)	-	-
Loans	20,301,326	24,281,528
<b>Measured at fair value through Profit &amp; Loss</b>		
Investments		
<b>Financial liabilities</b>		
<b>Measured at amortized cost</b>		
Borrowings (non-current)	1,817,414,641	1,914,958,562
Borrowings (current)	404,175,373	500,096,268
Trade payables	4,016,024,562	3,024,633,359
Other financial liabilities (non-current)	45,000	45,000
Other financial liabilities (current)	602,013,844	426,851,492



Other current liabilities	15,192,601	58,269,335
Other Non-Current liabilities	1,106,200	1,226,200

d) **Fair value of the financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)**

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Financial Assets at amortized cost :	1,881,808,215		1,873,003,309	
<b>Financial Liabilities</b>				
Financial Liabilities held at amortized cost:	6,855,972,221		5,927,954,396	

**Exposure to credit risk**

Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Investments	380,333,615	380,333,615
Cash and bank balances	64,518,912	124,573,376
Bank deposit	3,227,891	2,091,665
Short-term loans and advances	20,301,326	24,281,528

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Receivable	203,258,664	126,704,273

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Particulars	
<b>As at 31.03.2020</b>	
Up to 6 months	149,875,727
More than 6 months	53,382,937
<b>As at 31.03.2019</b>	
Up to 6 months	111,878,925
More than 6 months	14,825,348

During the year the Company has recognized loss allowance of Rs. 10,183,898/- under 12 months expected credit loss model.

No significant changes in estimation techniques or assumptions were made during the reporting period.

**Note 36. Other Disclosures**

**In Case of Holding Company**

- (i) During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 was signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB's letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company had agreed to make payment of Rs. 2,810.60 lacs together with interest to PNB. In consideration of the same, PNB had agreed to assign all its claims, interest and charges against the Steel Section of MIL in favour of the Company. The Company has made full payment of the settlement amount together with interest aggregating to Rs. 3,351.21 lacs to PNB. As per expert legal opinion, during the year interest amounting to Rs. 417.63 lacs (previous year Rs. 417.63 lacs for the period from 22<sup>nd</sup> January, 2007 to 31<sup>st</sup> March, 2012) has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowing of the company were raised to pay for Debt Assignment.

PNB thereafter executed a "Deed of Assignment" on 15<sup>th</sup> May, 2012 (an event occurring after the date of the Balance Sheet) in favour of the company by which PNB assigned all its claim together with all securities and charges created by MIL in its favour, to the company.

The company thereafter executed a "Deed of Assignment" on 31<sup>st</sup> December, 2012 in favour of its subsidiary M/s. SBEC Bioenergy Limited (SBL) by which the company assigned all its claim together with all securities and charges created by PNB for a consideration of Rs. 12,500.00 Lacs. A sum of Rs. 4,200.00 lacs had been paid simultaneously with the execution of this deed and the remaining sum of Rs. 8,300.00 lacs was to be paid as per the mutually agreed installments within a period of five years from the date of execution of this deed. However, upto 31.03.2018, no payment had been received by the Company due to financial distress in SBEC Bioenergy Limited.

In the year 2018-19, SBEC Bioenergy Limited being unable to pay the balance amount of Rs. 8300.00 Lacs as per agreed terms and conditions approached the Company with a proposal to return the said debt to the Company at a total consideration of Rs. 12,500 Lacs at which the said assignment was originally acquired. Accordingly, SBL had executed a deed of assignment on 06<sup>th</sup> June, 2018 in favour of the Company and has assigned all its claims together with all securities and charges created. As per Assignment Deed, a sum of Rs. 7530.00 Lacs has been paid simultaneously at the time of execution of the Deed, and the balance amount of Rs. 4970.00 Lacs shall be payable in the mutually agreed instalments within a period of 10 years from the date of execution of this Deed.



- (ii) M/s. SBEC Bioenergy Limited (SBL), a Subsidiary of the Company had negotiated, settle and acquired the Debt of IDBI in Modi Industries Limited (MIL) and entered into an agreement on 6<sup>th</sup> October, 2007 with IDBI. This agreement was in terms of IDBI's Letter dated 09<sup>th</sup> February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the MIL to IDBI, subject to the OTS amount of Rs. 1232.20 Lacs together with interest. IDBI has executed a Deed of assignment on 05<sup>th</sup> March, 2018 in favour of SBL by which IDBI assigned all its rights together with all securities and charges created by MIL in favour of SBL. The Registrar of Companies has registered the modification of charge in favour of the SBL.

In the Year 2018-19, SBL gave a proposal to transfer the above debt by way of assignment to the Company at a total consideration of Rs. 1232.20 Lacs at which the said debt was acquired by SBL from IDBI. Thereafter, SBL has executed a Deed of Assignment on 12<sup>th</sup> June, 2018 in favour of the Company and assigned all its claims together with all securities and charges created in the assets of MIL. The Registrar of Companies has registered the modification of charge in favour of the Company. The said debts are now receivable by the Company from Modi Industries Limited.

- (iii) M/s. SBEC Bioenergy Limited (SBL), a Subsidiary of the Company had negotiated, settle and acquired the Debt of IFCI in Modi Industries Limited (MIL) and entered into an agreement on 30<sup>th</sup> December, 2009 with IFCI. This agreement was in terms of IFCI's Letter dated 30<sup>th</sup> December, 2007. Under the said agreement IFCI agreed to assign its entire debt due and payable by MIL to IFCI, subject to payment of the OTS amount of Rs. 775 Lacs together with interest and in consideration thereof IFCI executed a Deed of assignment dated 19<sup>th</sup> April, 2012 and assigned all its claims against MIL together with securities and charges in favour of SBL. The Registrar of Companies has registered the modification of charge in favour of the SBL.

In the Year 2018-19, SBL gave a proposal to transfer the above debt by way of assignment to the Company at a total consideration of Rs. 775 Lacs at which the said debt was initially acquired from IFCI. Thereafter, SBL has executed a Deed of Assignment on 12<sup>th</sup> June, 2018 in favour of the Company and assigned all its claims together with all securities and charges created in the assets of MIL. The Registrar of Companies has registered the modification of charge in favour of the Company. The said debts are now receivable by the Company from Modi Industries Limited.

- (iv) The company has valued the closing stock of Inventory (Sugar) at Minimum selling price fixed by Government of India instead of "the lower of cost and net realisable value" as required under IND AS-2 "Inventories". This has resultant in overstatement of Inventories (Finished Goods-Sugar) by Rs. 1119.67 lacs, profit for the year by Rs. 1119.67 lacs and its consequential impact on EPS.
- V) The Hon'ble Supreme Court vide its order dated 23.04.2018 has upheld the order passed by the Hon'ble High Court of Judicature at Allahabad dated 9<sup>th</sup> March, 2017 in PIL No. 67617/2004, where the said court has set aside the decision of the state Government for the waiver of interest for the year 2012-13, 2013-14 and 2014-15 and proceeded to ask the Cane Commissioner to take a final call in the matter. Pending final order, the Company has not made provision for interest on the late payment of cane dues for the years 2012-13, 2013-14 and 2014-15. The Matter is Sub-Judice. Under the power vested with the Cane Commissioner (U.P.) for waiver of interest under UP Sugar Cane (Regulation of Supply & Purchase) Act, 1953 in respect of loss making/sick companies, the company had ade an application to Cane Commissioner (U.P.) for waiver of interest on cane dues. Pending receipt of the Cane Commissioner's decision, no interest has been provided on the cane dues. The company has decided to account for the same upon decision in the matter/payment.

#### NOTE 37: MANAGERIAL REMUNERATION

##### In Case of Bio-Energy Limited

Mr. Abhishek Modi, Executive director was paid remuneration in accordance with Schedule V to the Companies Act, 2013. The same having been included under different heads of expenditure is as follows:

Particulars	Current Year	Current Year
Salary & Bonus	8,089,741	6,608,794
Cont. to Provident Fund	576,705	465,372
Others	336,412	103,641

Note: Remuneration excludes provision for gratuity determined on actuarial basis as these are determined for the company as a whole.

##### Computation of Profit in accordance with Section 198 of the Companies Act, 2013 is as under:-

Particulars	Current Year	Previous year
Profit (Loss) for the year before taxation (as per Profit & Loss Account)	(58,529,195)	(33,379,884)
<b>Add:-</b>		
(a) Depreciation provided in the Accounts	22,128,728	23,159,570
(b) Director and Manager Remuneration	9,002,858	7,177,807
(c) Loss on sale of Fixed Assets	-	-
<b>Less:-</b>		
(a) Depreciation as per section 123 of the Companies Act, 2013	22,128,728	23,159,570
(b) Profit on sale of Fixed Assets	-	-
<b>Profit(Loss) u/s 198</b>	<b>(49,526,337)</b>	<b>(26,202,077)</b>

#### Note 38: Additional information

In Case of Holding Company

##### (a) Capacity

Installed Capacity(as certified by the management)	Year Ended 31st March, 2020	Year Ended 31st March, 2018
Sugarcane Crushing M.T. per day (No License required)	8000	8000

##### (b) Production Purchase, Turnover & Stock



Classes of Goods	Opening stock – Quantity	Production Quantity	Sales		Closing stock	
	(Qtls.)	(Qtls.)	Quantity (Qtls.)	Value (In Lacs)	Quantity (Qtls.)	Value (In Lacs)
Sugar	372,984	1,618,925	1,351,138.50	42,581.34	640,770.50	19,863.89
	(253,530)	(1,390,671)	(1,271,217)	(37,804.76)	(372,984)	(11,569.81)
Molasses (By-product)	399,400	668,100.55	651,894.85	2,421.04	415,605.70	2,009.32
	(350,187.94)	(621,912.06)	(572,700)	(141.00)	(399,400)	(835.51)
		<b>Purchases</b>				
Sugar Trading	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

(c) Consumption of Raw Material

	Year ended 31 <sup>st</sup> March, 2020		Year ended 31 <sup>st</sup> March, 2019	
Particulars	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
Sugar Cane	14,194,453	47,608.64	130,14,674	42606.47

(d) Expenditure in foreign currency (On accrual basis)

Particulars	Current year	Previous Year
-	5.00	-

(e) CIF Value of import

Particulars	Current year	Previous Year
Store & Spares	25.99	25.67

(f) Earning in foreign currency

Particulars	Current year	Previous Year
Export of goods calculated on FOB basis	-	-

(g) Value if imported/Indigenous Raw Materials, Stores and Spares Consumed

Particulars	Indigenous Value	% age	Imported Value	% age
Raw Materials	47,608.64	100%	-	Nil
Previous Year	42,606.47	100%	-	Nil
Stores & Spares*	3,265.48	99.21%	25.99	0.79%
Previous Year	2,317.02	98.89%	25.67	1.11%

\*Excluding spares used for capitalization.

\* () Show Previous year figures.

In Case of Bio-Energy Limited

a. Statement of Installed & Licensed Capacity and Generation Quantity: @

Description	Licensed Capacity	Installed Capacity	Actual Generation*
Power	Not Applicable	24MW (24MW)	80,664,400 kwh (71,512,830 kwh)
Steam	Not Applicable	77 tph (77 tph)	326,154 tones (305,980 tones)



Figures in brackets are for Previous Year.

\* Transmission losses have not been considered in arriving at generation quantity.

@ The plant operated for 206 days in the current year (previous year 185 days).

**b. Details of Sales/Conversions.**

Description	Op. Stock				Conversion			
	Sales				Cl. Stock			
	Quantity	Value	Quantity	Val-ue	Quantity	Value	Quantity *	Value
Power	1,139,423 kwh	1,288,060	37,726,540 kwh	----	37,047,124 kwh	108,713,036	831,456 kwh	905,443
	(1,133,406 kwh)	(1,239,406)	(32,936,679 kwh)	----	(33,054,474 kwh)	(164,495,082)	(1,139,423 kwh)	(1,288,060)
Steam	----	----	326,154 tonnes (305,980 tonnes)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets are for previous Year.

\* Includes 1,42,428 kwh (Previous Year 1,41,676 kwh) charged as banking fee by UPPCL.

**c. Consumption of Imported and Indigenous Raw Material and Stores & Spares**

Particulars	Indigenous		Imported	
	Value	%	Value	%
Store / Spares	21,900,436 (28,557,980)	100 (100)	NIL (NIL)	NIL (NIL)

Figures in brackets are for previous year.

**d. Value of Import on CIF Basis**

Particulars	Current year	Previous year
Store & Spares	Nil	Nil

**e. Expenditure in Foreign Currency (Paid)**

Particulars	Current year	Previous year
Purchase of stores and spares)	NIL	NIL
Others	56,84,036	50,22,492

**Note: 40. Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020.

**Note: 41**

The financial statements for the year ended 31 March, 2020 were approved by the Board of Directors and authorize for issue on 28th July, 2020.

Previous Year Figures have been recast/restated.

Note 1 to 41 Containing Accounting Policies and General Notes from part of the financial statements.

**For K.K.JAIN & CO.**  
Chartered Accountants  
Firm Registration No 02465N

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**(Simmi Jain)**  
Partner  
Membership No. : 086496

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**J.C. Chawla**  
(Director)  
DIN : 05316202

**Sd/-**  
**N.P. Bansal**  
(Director)  
DIN : 00010587

**Place : New Delhi**  
**Date : 28th July, 2020**

**Sd/-**  
**A.K. Goel**  
(Chief Financial Officer)

**Sd/-**  
**Ankit K. Srivastava**  
(Company Secretary)

*If undelivered, please return to:-*  
**SBEC SUGAR LIMITED**  
**REGISTERED OFFICE & PLANT**  
Village : Loyan Malakpur,  
Tehsil : Baraut - 250 611,  
Distt. Baghpat,  
Uttar Pradesh