

97th ANNUAL REPORT 2019-2020

THE
UNITED PROVINCES SUGAR
COMPANY LIMITED

THE UNITED PROVINCES SUGAR COMPANY LIMITED

BOARD OF DIRECTORS

Shri Vivek M. Pittie
Non-Executive Independent Director

Dr. Anurag K. Kanoria
Non-Executive Director

Shri Girdhari Lal Sultania
Non-Executive Independent Director

Shri Sidharth Prasad
Non-Executive Independent Director

Smt. Lakshmi Iyer
Non-Executive Independent Director

Shri Babu Lal Vijay
Whole Time Director designated as General Manager

Shri Arvind K. Kanoria
Managing Director

Shri R. G. Panchbhai
Chief Financial Officer

Smt. Nisha Chopra
Company Secretary

STATUTORY AUDITORS

M/s. Bansi S. Mehta & Company
Chartered Accountants

BANKERS

Punjab National Bank

REGISTERED OFFICE

Chartered Bank Building, 1st Floor,
4, Netaji Subhash Road,
Kolkata - 700 001

FACTORY

Seorahi
Kushinagar
Uttar Pradesh

NOTICE

NOTICE is hereby given pursuant to the relevant provisions of the Companies Act, 2013 (the “Companies Act”) read with the Companies (Management and Administration) Rules, 2014, (the “Management Rules”), and other applicable provisions, if any, that the Ninety Seventh (97th) Annual General Meeting of the members of The United Provinces Sugar Company Limited will be held on Friday, 25th September, 2020, at 2.00 p.m. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2020 including the Balance Sheet as at 31st March, 2020 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place Shri Arvind K. Kanoria (Director Identification Number (DIN) 00200202) who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and, being eligible, offers himself for reappointment.

SPECIAL BUSINESS

3. Appointment of Shri Sidharth Prasad as a Non-Executive Independent Director of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution “RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act (including any statutory modification(s) or reenactment(s) thereof for the time being in force), the applicable provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time and the Articles of Association of the Company, Shri Sidharth Prasad (DIN- 00074194), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in Regulation 16(1)(b) of the Listing Regulations and who is eligible for appointment, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five (consecutive) years commencing from 6th March, 2020 to 5th March, 2025 on such terms and conditions including commission on profits, if any, as applicable to other Non-Executive Independent Directors of the Company.”

4. Reappointment of Shri Babu Lal Vijay as a Wholetime Director designated as General Manager

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Special Resolutions “RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and read with Companies (Reappointment and Remuneration of Managerial Personnel) Rules, 2014 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification or reenactment thereof, for the time being in force) and all other applicable law(s), regulation(s), guideline(s) and on recommendation of the Nomination and Remuneration Committee, the consent of the Company be and is hereby accorded to the reappointment of Shri Babu Lal Vijay (DIN 06967800) as a Whole Time Director designated as General Manager of the Company for a period of 3 years with effect from 5th May, 2020 up to 4th May, 2023 on the terms and conditions including remuneration as set out hereunder.

This remuneration, subject to the ceiling limits laid down in section 197 read with Schedule V of the Act, by way of salary and perquisites shall be as follows

I Salary

Salary of ₹ 81,000/- (Rupees eighty one thousand) only per month.

II. Perquisites

Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified into three categories ‘A’, ‘B’ and ‘C’ and the ceiling shall apply to Category ‘A’ only.

NOTICE

CATEGORY 'A'

(i) Housing

Furnished accommodation with deduction of house rent of ₹ 200/- (Rupees two hundred) only per month or House Rent Allowance in lieu thereof.

(ii) Bonus and Exgratia

Bonus and Ex gratia equivalent to three months salary per annum.

(iii) Other Allowance

Reimbursement of Special Allowance equivalent to one month salary per annum.

(iv) Medical Reimbursement

₹15,000/- (Rupees fifteen thousand) only per annum for self and family.

(v) Leave Travel Concession

For self and family once a year in accordance with the rules specified by the Company.

For the purpose of Category 'A' 'family' means spouse, dependent children and dependent parents.

CATEGORY 'B'

(i) Provident Fund and Employees' Pension Scheme

The Company's contribution towards Provident Fund and Employees' Pension Scheme shall be as per the rules of the Company but not exceeding 12% of the salary.

(ii) Gratuity

As per the rules of the Company, but shall not exceed the rate of half a month's salary for each completed year of service subject to a maximum of 20 months salary.

(iii) Encashment of Leave

The appointee shall be entitled to encashment of leave at the end of tenure. These shall not be included in the computation of perquisites.

CATEGORY 'C'

(i) Car

Provision of car with driver for use of the business of the Company. Any use of car for private purposes shall be billed separately by the Company.

(ii) Telephone

Telephone at residence with personal long distance calls being billed separately by the Company.

III. Other terms applicable to the entire tenure

(i) Remuneration for a part of the year shall be computed on a pro-rata basis.

(ii) The reappointment may be terminated by either party by giving one month notice in writing.

(iii) The General Manager shall perform his duties and exercise his powers as General Manager subject to directions, limitations or restrictions imposed by the Board of Directors.

(iv) The General Manager shall devote his whole time and attention to the business of the Company. The General Manager, so long he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof from the date of his reappointment.

- (v) The General Manager shall not during the continuance of his employment hereunder or at any time thereafter divulge or disclose to any person whatsoever or make any use whatsoever for his own purpose or for any purpose other than that of the Company, any information or knowledge obtained by him during his employment as to the business or affairs of the Company or its methods or as to any trade secrets or processes of the Company and the General Manager shall during the continuance of his employment hereunder also endeavor to prevent any other person from doing so.
- (vi) The General Manager shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Government.
- (vii) The employment of the General Manager shall forthwith determine if he shall become insolvent or make any compromise or arrangement with his creditors or shall cease to be a Director of the Company.
- (viii) In case the General Manager expires in the course of his employment, the Company shall pay his balance salary and current emoluments, if any, for the relevant month to his legal personal representative.
- (ix) The General Manager shall, upon ceasing to be in the service of the Company for any reason whatsoever, vacate the accommodation provided to him by the Company.
- (x) Notice to be given by the General Manager to the Company shall be sent by Registered Post/Speed Post Acknowledgment Due (AD) to the Company at its Registered Office for the time being. Notice to be given by the Company to the General Manager under the Agreement shall either be delivered to him personally or sent by Registered Post / Speed Post Acknowledgement Due to his last known residential address. All notices given by the General Manager to the Company or to the General Manager by the Company shall be deemed to have been duly served upon the expiration of forty-eight hours from the date of posting.
- (xi) This Agreement represents the entire agreement between the parties hereto in relation to the terms and conditions of the General Manager's employment with the Company and cancels and supersedes all prior agreements, arrangements or undertakings, if any, whether oral or in writing between the parties hereto on the subject matter hereof.

IV. Minimum Remuneration

In the event of loss or inadequacy of profit in any financial year, the said Shri Babu Lal Vijay, will be paid the above remuneration by way of salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT pursuant to the applicable provisions of the Act, approval of the Members of the Company, be and is hereby granted for holding of office as Whole Time Director designated as General Manager of the Company by Shri Babu Lal Vijay who has attained the age of 71 (Seventy One) years as on date.”

“RESOLVED FURTHER THAT the Board of Directors of the Company on the recommendation from the Nomination and Remuneration Committee of the Board, be and is hereby authorized and empowered to approve annual increments and to take such improvements in the terms of remuneration of Shri Babu Lal Vijay, as may be permissible under Schedule V to the Act, (as may be amended from time to time) including that in the event of loss or inadequacy of profit or by way of any governmental guidelines or instructions, if any, the intention being that no further approval of the Company would be required so long as remuneration of the Whole Time Director is not in excess of maximum permissible under the relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable to give effect to the aforesaid Resolution.”

5. Ratification of Remuneration Payable to Cost Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, the remuneration payable to M/s. V.K. Jain & Company, Cost Accountants having (ICWA Firm Registration No.0049), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, amounting to ₹ 30,000.00 (Rupees thirty thousand) only plus all taxes and reimbursement of actual travel and out of pocket expenses be and is hereby ratified and confirmed.”

“RESOLVED FURTHER THAT approval of the Company be and is hereby accorded to the Board of Directors of the Company / a Committee of Directors /persons authorized by the Board to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

6. Authority to Board of Directors of the Company to Contribute to Bonafide Charitable and Other Funds

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

“RESOLVED THAT in supersession of the earlier Ordinary Resolution passed under Section 293(1)(e) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 30th September, 2013 and pursuant to the provisions of Section 181 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and applicable rules and regulations thereto, consent of the Company be and is hereby accorded to the Board of Directors (herein referred to as ‘the Board’ which shall deem to include any committees thereof) to contribute to bonafide charitable and other funds provided that the aggregate amount of contribution to such funds in a financial year shall not exceed the limits as set out in Section 181 or a sum of ₹ 50 lakhs (Rupees fifty lakhs) only whichever is higher.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 181 and other applicable provisions of the Companies Act, 2013 (including any reenactment(s) and amendment(s) made thereto and the applicable rules and regulations thereunder, a one time donation of ₹ 6.00 lakhs (Rupees six lakhs) only towards the Uttar Pradesh Chief Minister Relief Fund made by the Company to support the efforts of the State Government to fight against the dire situation caused by the spread of the Corona Virus Pandemic, be and is hereby ratified.”

Place of Signature : Mumbai

Date : 30th July, 2020

Registered Office

Chartered Bank Building, 1st Floor,
4, Netaji SubhashRoad,
Kolkata - 700 001

By order of the Board

Arvind K. Kanoria

Managing Director

DIN – 00200202

NOTICE

Notes

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for all members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning businesses under Item Nos. 3, 4, 5 and 6 of the accompanying Notice, is annexed hereto. Further additional information with respect to Item Nos. 2, 3 and 4 of this Notice respectively, as required under Regulations 26 (4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by The Institute of Company Secretaries of India ("SS-2"), is also annexed to and may be read as part of this Notice.
6. The Registrar and Share Transfer Agents of the Company for its share registry work (physical and dematerialized) are TSR Darashaw Consultants Private Limited ("TSRDCPL") ("RTA") having their office at 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
7. The Register of Members and Share Transfer books of the Company will remain closed from Saturday 19th September, 2020 to Friday, 25th September, 2020 (both days inclusive) for the purpose of Annual General Meeting.
8. Members are hereby informed that there is no unpaid Dividend of earlier years which has been transferred or is due to be transferred to the Investor Education and Protection Fund during the year under review.
9. The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 94th Annual General Meeting held on 22nd September, 2017.
10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA for assistance in this regard.
11. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.

Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/

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mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA in case the shares are held by them in physical form.

12. Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form SH-13 which can be obtained from the Company's RTA.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 24th September, 2020 through email on upsclmumbai@rediffmail.com. The same will be replied by the Company suitably.
16. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 18th September, 2020, being the cut-off date, are entitled to vote on the Resolutions set forth in the Notice. A person who is not a member as on the cut-off date, Friday, 18th September, 2020 should treat this Notice for information purpose only.
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
18. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM along with Annual Report 2019-20 has been uploaded on the website of the Company at www.unitedprovincessugar.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. The Calcutta Stock Exchange Limited at www.cse-india.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
19. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report 2019-2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-2020 will also be available on the Company's website www.unitedprovincessugar.com, websites of the Stock Exchange i.e. CSE and on the website of NSDL <https://www.evotingindia.com>
20. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
21. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
22. SEBI has mandated the submission of PAN by every participant in securities market. Members who are holding the shares in electronic mode are therefore requested to submit the PAN to their depository participants with whom they are having their demat accounts. Members having shares in physical form can submit their PAN details to the company or its RTA.

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23. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
24. The Notice is being sent to all the Members, whose names appear on the Register of Members/List of Beneficial Owners as received from the RTA of the Company as on 30th July, 2020.
25. A Member can opt for only one mode of voting i.e. either through remote e-voting or e-voting at the AGM. Since the AGM is held through VC/OAVM and voting through ballot paper will not be provided. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.unitedprovincessugar.com and on the website of NSDL www.evoting.nsdl.com within two days of the 97th AGM of the Company and shall be communicated to The Calcutta Stock Exchange Limited and on the website of NSDL.
26. The Board of Directors has appointed Shri Babu Lal Patni, a Practicing Company Secretary (Membership No. FCS 2304, Certificate of Practice No. 1321) or failing him, such other practicing company secretary as the Committee of the Board of Directors of the Company may appoint, as the Scrutinizer for scrutinizing the process of remote e-Voting and e-Voting through VC/OAVM in a fair and transparent manner. The Scrutinizer shall immediately after the conclusion of the Meeting, count the votes cast at the Meeting and thereafter, unblock the votes cast through remote e-Voting in presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a Consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than 48 hours after the conclusion of the Meeting. Thereafter, the Results of remote e-Voting and voting through VC/OAVM shall be declared by the Chairman or by any other director duly authorized in this regard. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website (www.unitedprovincessugar.com) and also be displayed on the Notice Board of the Company at its Registered Office for at least 3 days and on the website of www.evoting.nsdl.com
27. Immediately after the results are declared and simultaneously communicated to the Stock Exchange.
28. In compliance of provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules 2014, the company is pleased to provide its members facility to exercise their votes by electronic means (remote e-voting) and the business may be transacted through e-voting as per the instructions below

29. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER

The remote e voting period begins on Tuesday, 22nd September, 2020 at 9:00 A.M. and ends on Thursday, 24th September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' Section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below

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Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 113292 then user ID is 113292001***

5. Your User ID details are given below
 - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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Details on Step 2 is given below

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” (E-Voting Event Number) of The United Provinces Sugar Company Limited for which is **113292**
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to patnibl@yahoo.com (e-mail ID of Scrutinizer) with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download Section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice

In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to upsclmumbai@rediffmail.com

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to upsclmumbai@rediffmail.com

30. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

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4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

31. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

Place of Signature : Mumbai

Date : 30th July, 2020

Registered Office

Chartered Bank Building, 1st Floor,
4, Netaji SubhashRoad,
Kolkata - 700 001

By order of the Board

Arvind K. Kanoria

Managing Director

DIN – 00200202

NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013 (as amended) the following Explanatory Statement set out all material facts relating to Item Nos. 3 to 6 in the accompanying Notice dated 30th July, 2020

Item No. 3

Appointment of Shri Sidharth Prasad as a Non-Executive Independent Director

Shri Sidharth Prasad (DIN 00074194) was appointed as a Director of the Company by the Board of Directors in its meeting held on 29th January, 2016 and subsequently approved by the shareholders of the Company at the Annual General Meeting held on 29th September, 2016.

Based on the recommendation received from Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 6th March, 2020, pursuant to Section 149 read with Section 152 of the Act and Regulation 16 of the Listing Regulations has appointed him as Non-Executive Independent Director of the Company for a consecutive term of 5 years commencing from 6th March, 2020 and ending on 5th March, 2025, subject to approval of the shareholders in the Annual General Meeting.

Shri Sidharth Prasad has given his consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Act read with Regulation 16 of the Listing Regulations. Further as per the declarations received by the Company, Shri Sidharth Prasad is not disqualified under Section 164 of the Act. The directorships held by Shri Sidharth Prasad are within the limits prescribed under the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

The other details in terms of Regulation 26 (4) and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to clause 1.2.5 of the Secretarial Standard on General Meeting (SS-2) of Directors seeking appointment/re-appointment, Shri Siddharth Prasad, whose appointment is proposed in Item No. 3 of the Notice have been given in the attached Annexure to the Notice

The Board considers that the Company would be benefited by his rich knowledge and experience.

Copy of the letter for appointment of Shri Sidharth Prasad as an Non-Executive Independent Director setting out the terms and conditions of appointment and a copy each of the resolutions passed by the Nomination and Remuneration Committee and the Board of Directors at their respective meetings, as referred to above, are available for inspection by the Members of the Company at the Registered Office of the Company on all working days (except Saturdays), between 10.00 A.M. and 1.00 P.M. upto and including the date of Annual General Meeting and also at the Meeting.

Keeping in view his expertise and knowledge, the Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Shri Sidharth Prasad as a Non-Executive Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Sidharth Prasad as a Non-Executive Independent Director as set out at Item No. 3 of the Notice for approval by the Members of the Company.

Shri Sidharth Prasad is interested in the resolution set out at Item No. 3 of the Notice with regard to his appointment.

The relatives of Shri Sidharth Prasad may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other directors / key managerial personnel of the Company / their relatives are in any way concerned or interested financially or otherwise in the resolution set out at Item No. 3 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

NOTICE

Item No. 4

Reappointment of Shri Babu Lal Vijay as a Whole Time Director designated as General Manager

Shri Babu Lal Vijay was reappointed as a Whole Time Director designated as General Manager by the shareholders of the Company at the Annual General Meetings held on 29th September, 2016.

Further, the members of the Company at the Annual General Meeting held on 27th September, 2019 has approved the reappointment of Shri Babu Lal Vijay as a Whole Time Director designated as General Manager of the Company for a further period of 3 years with effect from 5th May, 2020 up to 4th May, 2023 by an Ordinary Resolution. Since Shri Babu Lal Vijay had attended the age of Seventy years on the date of reappointment, a Special Resolution was required to be passed for such reappointment in place of ordinary resolution. As such, as per the relevant provisions of the Act, as an abundant precaution, the Company seeks re consent of the shareholders by a special resolution for continuation of his holding of existing office.

In view of the above, the Board of Directors of the Company at its meeting held on 30th July, 2020 have pursuant to recommendation of the Nomination and Remuneration Committee approved the reappointment of Shri Babu Lal Vijay as a Whole Time Director designated as General Manager of the Company for a period of 3 years with effect from 5th May, 2020 up to 4th May, 2023 on the remuneration and terms and conditions as set out in the Resolution at Item No.4 of the Notice subject to approval by the Shareholders in the forthcoming Annual General Meeting of the Company.

Shri Babu Lal Vijay has been employed in the Company as Manager (Commercial) from 5th October, 1987 and last promoted to General Manager from 15th December, 2011 upto 4th May, 2014. He was appointed as Whole Time Director designated as General Manager with effect from 5th May, 2014 onwards.

Shri Babu Lal Vijay is an able administrator with a vast experience of over 45 years in the field of commercial matters of sugar industry. He has been looking after the accounts, finance and commercial matters of the sugar factory of the Company under supervision and guidance of the Unit Head at the factory.

The other details in terms of Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to clause 1.2.5 of the Secretarial Standard on General Meeting (SS-2) of Directors seeking appointment/reappointment, Shri Babu Lal Vijay, whose reappointment is proposed in Item No. 4 of the Notice have been given in the attached Annexure to the Notice.

Shri Babu Lal Vijay is interested in the resolution set out at Item No. 4 of the Notice with regard to his reappointment. The relatives of Shri Babu Lal Vijay may be deemed to be interested in the resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 4 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under regulations 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

The Board of Directors, therefore, recommends the resolutions set out at Item No. 4 of the Notice for approval as special resolutions by the shareholders

Item No. 5

Ratification of Remuneration Payable to Cost Auditors

The Board of Directors on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. V.K. Jain & Company, Cost Accountants (ICWA Firm Registration No. 0049) as the Cost Auditors to conduct the audit of the cost records of the Company relating to sugar for the financial year ending 31st March, 2021 at a remuneration of ₹ 30,000/- plus goods & service tax as applicable as well as travelling, boarding, lodging and out of pocket expenses.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTICE

In accordance with the provisions of Section 148 (3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

The Board of Directors therefore recommends the ordinary resolution set out at Item No.5 of the Notice for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No. 6

Authority to Board of Directors of the Company to Contribute to Bonafide Charitable and Other Funds.

The Company, as a corporate citizen, believes in conducting Corporate Social Responsibility (CSR) activities in various areas. As per Section 181 of the Companies Act, 2013, the Board of Directors of the Company can contribute to bona fide charitable and other funds any amount the aggregate of which in any financial year shall not exceed 5% of its average net profits for the three immediately preceding financial years.

The shareholders of the Company at its Annual General Meeting held on 30th September, 2013 had authorized the Board to contribute an amount not exceeding ₹ 25.00 lakhs (Rupees twenty five lakhs) only for various charitable purposes if such it exceeds the limits set out in Section 181 of the Companies Act, 2013. Since the above limit has been fixed several years ago, the Board proposes to enhance the same upto an amount of ₹ 50.00 lakhs (Rupees fifty lakhs) only in any financial year.

In order to continue its CSR activities inspite of losses, consent of the members is sought to enhance the limit that it may continue towards its CSR activities. The Board of Directors, accordingly, recommends the Resolution under Item No. 6 to be passed as an Ordinary Resolution by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Place of Signature : Mumbai

Date : 30th July, 2020

Registered Office

Chartered Bank Building, 1st Floor,
4, Netaji SubhashRoad,
Kolkata - 700 001

By order of the Board

Arvind K. Kanoria

Managing Director

DIN – 00200202

NOTICE

ANNEXURE TO ITEM NOS. 2, 3 AND 4 OF THE NOTICE CONVENING THE 97TH ANNUAL GENERAL MEETING OF THE COMPANY

As per the requirements of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India, a statement containing the requisite details of the concerned Directors is given below

Name of Director	Shri Arvind K. Kanoria (Item No. 2)	Shri Sidharth Prasad (Item No. 3)	Shri Babu Lal Vijay (Item No.4)
Director Identification Number (DIN)	00200202	00074194	06967800
Nationality	Indian	Indian	Indian
Date of first appointment on the Board	12th November, 1990	29th January, 2016	5 th May, 2014
Date of Birth	8th March, 1961	30th March, 1963	3 rd May, 1949
Age	59 Years	57 Years	71 Years
Qualifications	Bachelor of Commerce	Bachelor of Commerce	Bachelor of Commerce
Capacity	Managing Director	Non-Executive Independent Director	Whole Time Director designated as General Manager
Specific area of expertise	Industrialist having rich business expertise in managing diversified industrial enterprises. Area of experience includes administration, strategic enterprises specifically in Finance, planning, corporate strategic management, corporate governance finance management etc.	Industrialist having rich business expertise in managing diversified industrial enterprises specifically in Finance, Accounts, Corporate Financial Planning, Restructuring and Corporate Communication.	Accounts, Finance, Commercial Matters of Sugar Industry and General Administration.
List of Directorship in other Indian companies	Bombay Gas Company Limited	L.H. Sugar Factories Limited ISGEC Heavy Engineering Limited Shrikar Hotels Private Limited Prasad Heritage Projects Private Limited Ganga Heritage Resorts Private Limited Imperial Heritage Hotels Private Limited Shrikar Pharmaceuticals Private Limited	None
Chairmanship / Membership in the Committees of the Boards of companies in which he is a Director	The United Provinces Sugar Co. Ltd. Audit Committee : Member Finance Committee : Chairman Shareholder Relation Committee : Member Share Transfer Committee : Chairman	ISGEC Heavy Engineering Limited Audit Committee: Member Stakeholder Relationship Committee L.H. Sugar Factories Limited Audit Committee: Member	None

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTICE

Name of Director	Shri Arvind K. Kanoria (Item No. 2)	Shri Sidharth Prasad (Item No. 3)	Shri Babu Lal Vijay (Item No.4)
Numbers of shares held in the Company as on 31st March, 2020	21,28,508 Equity Shares	100 Equity Shares jointly with Shri Arvind K. Kanoria	100 Equity Shares jointly with Shri Arvind K. Kanoria
Remuneration last drawn by such person, if applicable	₹ 83,85,036.00	₹ 10,000.00	₹ 13,92,000.00
Terms and conditions of appointment/ reappointment	Reappointed as Managing Director for a further period of 5 years with effect from 20th April, 2018 up to 19th April, 2023 at a remuneration of ₹ 84,00,000.00 per annum at the Annual General Meeting of the Company held on 22nd September, 2017. The Board of Directors of the Company at the meeting held on 6th March, 2020 has altered his terms of appointment for a Director liable to retire by rotation from a Director not liable to retire by rotation. Other terms and conditions of his appointment including remuneration remain unchanged as approved by the shareholders at the said AGM held on 22nd September, 2017.	Appointment as Non-Executive Independent Director not liable to retire by rotation for the term of 5 consecutive years commencing from 6th March, 2020 to 5th March, 2025. Entitled to receive sitting fee as per the provisions of Company Act, 2013.	Refer Item No. 4 of AGM Notice and Explanatory Statement
Details of Remuneration sought to be paid	As approved at the said AGM held on 22nd September, 2017.	(i) Sitting fees for attending Board/ Committee Meetings. (ii) Reimbursement of expenses incurred for attending Board/ Committee Meeting	Refer Item No. 4 of AGM Notice and Explanatory Statement
Number of Board Meeting attended during the year 2019-2020	Six out of Seven	Two out of Seven	One out of seven
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Brother of Dr. Anurag K. Kanoria, Director of the Company.	None	None
Summary of Performance Evaluation Report	The Nomination and Remuneration Committee and the Board evaluated the performance of Shri Arvind K. Kanoria, rated him satisfactory on all parameters and recommended for his appointment.	The Nomination and Remuneration Committee and the Board evaluated the performance of Shri Sidharth Prasad, rated him satisfactory on all parameters and recommended for his appointment.	The Nomination and Remuneration Committee and the Board evaluated performance of Shri Babu Lal Vijay, rated him satisfactory on all parameters and recommended for reappointment.

Place of Signature : Mumbai

Date : 30th July, 2020

Registered Office

Chartered Bank Building, 1st Floor,
4, Netaji SubhashRoad,
Kolkata - 700 001

By order of the Board
Arvind K. Kanoria
Managing Director
DIN – 00200202

DIRECTORS' REPORT

Your Directors present their 97th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2020 as below

	2019-2020	(₹ in Lakhs) 2018-2019
	₹	₹
Financial Results		
Revenue from operations and Other Income	35,178.89	16,245.12
Profit/(Loss) before Finance Costs, Depreciation and Tax	2,646.14	881.10
Less: Finance Costs	2,627.13	1,247.57
Profit/(Loss) before Depreciation and Tax	19.01	(366.47)
Less: Depreciation and Amortisation Expense	633.29	567.75
Profit/(Loss) before Tax	(614.28)	(934.22)
Less: Tax Expense - Deferred Tax (Charge)/ Credit	(206.89)	347.64
Profit/(Loss) for the Year	(821.17)	(586.58)
Other Comprehensive Income/(Loss) Net of Tax		
Items that will not be reclassified to Profit and Loss		
Remeasurement Gain/(Loss) of net defined benefit liability	(23.08)	(6.68)
Income tax relating to above	6.42	2.22
Increase in carrying amount on Revaluation of Land	413.70	NIL
Income tax relating to above	(92.07)	NIL
Other Comprehensive Income/(Loss)	304.97	(4.46)
Total Comprehensive Income/(Loss) for the Year	(516.20)	(591.04)

Dividend

Your Directors do not recommend any dividend for the year ended 31st March, 2020 in view of the losses incurred during this period.

Transfer to Reserves

No amount is proposed to be transferred to the General Reserve during the year.

Impact of Covid-19

The outbreak of the COVID-19 pandemic has caused a significant disturbance and slowdown of economic activity in India. The operations of the Company, however, continued without any significant disruption on account of sugar being treated as an essential commodity by the Government of India.

Operations and Financial Results

During the financial year under review, the factory crushed a total of 77.84 lakh Quintals (Q) of sugarcane and produced a total of 9.18 lakh Q of white crystal sugar at a recovery of 11.79% against a crush of 80.19 lakh Q of sugarcane and a production of 9.26 lakh Q of white crystal sugar at a recovery of 11.54% during the previous financial year.

The crushing season of 2019-2020 at the factory commenced on 28th November, 2019 and ended on 13th April, 2020. During the above season of 138 days, your mill crushed a total of 70.16 lakh Q of sugarcane which produced 8.32 lakh Q of white crystal sugar at a sugar recovery of 11.86% against a crush of 78.98 lakh Q of sugarcane and a production of 9.28 lakh Q of white crystal sugar at a recovery of 11.75% over 157 crop days in the previous season.

The Company has achieved its highest ever sugar recovery during the financial year and season.

There has been a gross turnover of ₹ 35,178.89 lakhs during the financial year under review against ₹ 16,245.12 lakhs in the previous financial year and the EBIDTA for the financial year under review stands at ₹ 2,646.14 lakhs against ₹ 881.10 lakhs in the previous financial year. The Company has incurred a total comprehensive loss of ₹ 516.20 lakhs during the year against a total comprehensive loss of ₹ 591.04 lakhs in the previous year.

DIRECTORS' REPORT

Sugarcane & Sugar Policy

The essential features of the Government Policies related to sugarcane and sugar for 2019-2020 season are as under

(a) The Central Government determined a Fair and Remunerative Price (FRP) for sugarcane at ₹ 275.00/Q linked to a basic recovery of 10.00% subject to a premium of ₹ 2.75/Q for every 0.10% increase in recovery same as previous season 2018-2019.

The FRP for sugarcane for season 2020-2021 is yet to be announced.

(b) The State Government of Uttar Pradesh maintained the State Advised Price at ₹ 315.00/Q for normal variety of sugarcane for season 2019-2020 as for the previous season.

(c) The Central Government has determined Minimum Selling Price (MSP) of sugar at ₹ 31.00 per kg.

Prospects and Outlook for season 2020-2021

The viability of the domestic sugar industry continues to be seriously impaired on a long-term basis due to non-linkage of the price of its raw material i.e. sugarcane to that of its finished product i.e. sugar.

Such unviable operations continue to adversely affect the sugar industry in India. The State of Uttar Pradesh in particular has witnessed sugarcane price arrears rising to alarming levels in spite of some measures taken by the Central and State Governments to improve the situation. In this background, unless the aforesaid fundamental problem of viable sugarcane pricing is addressed by both the Central Government as well as the concerned State Governments, any prediction with regard to the future prospects of the industry is mired in uncertainty.

Directors

There has been no change in the composition of the Board of Directors of the Company during the period. None of the Directors of the Company are disqualified as per applicable provisions of the Act.

The terms of appointment of Shri Arvind K. Kanoria, Managing Director and Shri Babu Lal Vijay, Whole Time Director designated as General Manager, were altered from a Director not liable to retire by rotation to a Director liable to retire by rotation.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 6th March, 2020 has appointed Shri Sidharth Prasad, a Director of the Company, as a Non Executive Independent Director for a period of 5 years commencing from 6th March, 2020 and ending on 5th March, 2025. A special resolution for the approval of the shareholders forms part of the Notice convening the ensuing Annual General Meeting of the Company.

Director Retiring By Rotation

Shri Arvind K. Kanoria, Managing Director of the Company, retires from the Board by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Information Regarding Directors Seeking Appointment/Reappointment

Further information regarding the directors seeking appointment/reappointment as required under Regulation 36 of the Securities and Exchange Board of India ("SEBI") (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("Listing Regulations") has been given in the Notice convening the ensuing Annual General Meeting and in the Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"). The Board of Directors recommends the above appointment(s) /reappointment(s).

Other Information

Appointment of directors is made in accordance with the policy on Selection and Remuneration of Directors, Key Managerial Personnel and other persons in Senior Management as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

Other details pertaining to the directors, their appointment/ cessation during the year under review and their remuneration are given in the Extract of Annual Return annexed hereto which form a part of this Report.

DIRECTORS' REPORT

Declaration by Independent Directors

All Independent Directors of the Company have given written declarations and confirmed that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

Meeting of Independent Directors

The Independent Directors of the Company meet at least once in a financial year without the presence of Non-Independent Directors, the Managing Director and the Chief Financial Officer of the Company.

Such meetings are conducted to enable the Independent Directors to inter alia discuss matters pertaining to the review of the performance of the Non-Independent Directors and the Board as a whole (taking into account the views of the Non-Executive Directors) and to assess the quality, quantity and timely flow of information between the management of the Company and the Board as may be necessary for the Board to effectively and reasonably perform its duties.

During the year under review, the Independent Directors met once on 7th February, 2020 which meeting was attended by all Independent Directors.

Board Evaluation

Pursuant to the applicable provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as reviewed the performance of the Directors individually. During the year under review, the questionnaire for performance evaluation was further elaborated and made comprehensive in alignment with the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India, vide its circular dated 7th February, 2020. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, the culture of the Board, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate evaluation exercise was carried out by the Nomination And Remuneration Committee (NRC) of the Board to evaluate the performance of Individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

The outcome of the performance evaluation of the Board for the year under review was discussed by the NRC and the Board at their respective meetings. All Directors expressed satisfaction with the evaluation process.

Familiarization Program for Independent Directors

Details of familiarization programs imparted to Independent Directors of the Company familiarizing them on their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and number of hours spent by each of them in terms of the requirements of the Listing Regulations are available on the Company's website and can be accessed at the weblink: www.unitedprovincessugar.com

Board Meetings and Annual General Meeting

The Board of your Company meets at least four times in a year and the gap between two meetings does not exceed one hundred and twenty days. An annual calendar of meetings is circulated in advance to all Directors. In case of exigencies, resolutions are passed through circulation in terms of Section 175 of the Act.

During the year ended 31st March, 2020, seven Board Meetings were held and these meetings were well attended by the Directors. The 96th AGM of the Company was held on 27th September, 2019. Details of attendance of meetings of the Board and the AGM are included in the Section titled 'Report on Corporate Governance' which forms a part of this Annual Report.

Directors' Responsibility Statement

The Board of Directors acknowledge its responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) in preparation of the annual accounts for the year ended 31st March, 2020 and state that

DIRECTORS' REPORT

- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a going concern basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f. there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Policy on Selection and Remuneration of Directors

The Board, on the recommendation of Nomination and Remuneration Committee, has framed a policy for selection and appointment of Directors, Key Managerial Personnel and other Senior Managerial Personnel and has also approved a policy for their remuneration. The policy on selection of directors is annexed as Annexure - I. The remuneration policy is detailed in the Corporate Governance Report.

The remuneration paid to the Directors for the financial year 2019-2020 was as per the terms laid down in the said Appointment and Remuneration Policy of the Company.

Key Managerial Personnel

Pursuant to the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Key Managerial Personnel of the Company are Shri Arvind K. Kanoria, Managing Director, Shri R.G. Panchbhai, Chief Financial Officer and Shri Babu Lal Vijay, Whole Time Director designated as General Manager and Smt. Nisha Chopra, Company Secretary. During the year, except resignation and appointment of Company Secretary, there has been no change in the Key Managerial Personnel of the Company.

Other details pertaining to the Key Managerial Personnel of the Company, their appointment/ cessation during the year under review and their remuneration have been provided in the Extract of Annual Return hereto and forming part of this Report.

Particulars of Employees

The particulars of employees as required under Section 197(12) of the Act, read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) are given in a separate annexure attached hereto as Annexure - II and forms a part of this Report.

Share Capital

The paid-up equity share capital of the Company as on 31st March, 2020 stood at ₹ 2,55,00,000/- comprising of 25,50,000 equity shares of ₹ 10/- each. During the year under review the Company has neither issued any shares with differential voting rights nor granted stock options nor sweat equity.

The share holding of the directors of the Company (including the promoter director) is given in the Corporate Governance Report which forms part of this Report.

Credit Rating

CRISIL Limited, a credit rating agency vide its letter dated 30th June, 2020 has assigned the credit rating of the Company as "CRISIL B/Stable" with respect to its long-term loans. The short-term rating has been assigned at "CRISIL A4".

DIRECTORS' REPORT

Cash Flow Analysis

In conformity with the provisions of Regulation 34 of the Listing Regulations, the Cash Flow Statement for the year ended 31st March, 2020 is included in the annual financial statements.

Particulars of Loans, Guarantees or Investments

The Company has not lent any money or made any investment or provided any guarantee during the year under review.

Deposits

The Company has not accepted any deposit from the public and there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Internal Financial Controls

The Company has established internal financial control system for ensuring the orderly and efficient conduct of the business including adherence to policies of the Company, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable Financial Statements. During the year, such controls were reviewed, and no reportable material weakness was observed.

Related Party Transactions

There have been no materially significant related party transactions made by the Company during the financial year with the promoters, the directors, the key managerial personnel or their relatives which may be in conflict with the interest of the Company at large.

All related party transactions placed before the Audit Committee have also received approval from the Board. The details of related party transactions are set out in notes to financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, along with the justification for entering into such contracts or arrangements in Form AOC-2 do not form a part of this Report.

Committees of the Board

Pursuant to various requirements under the Act and Listing Regulations, the Board of Directors has constituted various committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee and Finance Committee. The details of composition, terms of reference etc., pertaining to these committees are given in the Corporate Governance Report.

Audit Committee

Details of the composition, the terms of reference, number and dates of meetings held, attendance, etc. pertaining to the Audit Committee constituted by the Board of Directors of the Company are given separately in the attached Corporate Governance Report and form part of this Report. The Board of Directors of the company in its meeting held on 14th August, 2019 has reconstituted by inclusion of Shri Girdhari Lal Sultania, Non- Executive Independent Director as a Member. The total members of the committee have now increased to five members. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Nomination and Remuneration Committee

Details of the composition, the terms of reference, number and dates of meetings held, attendance etc. are given separately in the attached Corporate Governance Report and form part of this Report.

CSR Committee

As the profits of the Company are presently in adequate, the CSR Committee shall be constituted by the Board as and when required.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy, as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, so as to enable the Directors, Employees and all Stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against

DIRECTORS' REPORT

victimization of persons who use such mechanism and make provisions for direct access to the Chairman of Audit Committee. The details of the said policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company at www.unitedprovincessugar.com

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has put in place a policy on Anti Sexual Harassment in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints have been received during the year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars related to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act are given in Annexure - III attached hereto and form a part of this Report.

Risk Management Policy

The Company has laid down a policy on risk assessment and minimization and the same is periodically reviewed by the Audit Committee and the Board. The policy facilitates identification of risk at an appropriate time and ensures necessary steps to be taken to mitigate such risk. Brief details of such possible risks and concerns are given in the Management Discussion and Analysis Report.

Compliance of Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Auditors

Statutory Auditors and Audit Report

The Members of the Company had, at their 94th Annual General Meeting held on 22nd September, 2017, approved the appointment of Bansi S. Mehta & Co., Chartered Accountants, (Firm Registration No. 100991W) ("BSM") as the Statutory Auditors of the Company to hold office for a term of five years commencing from the conclusion of the 94th Annual General Meeting (AGM) up to the conclusion of 99th AGM of the Company to be held in the year 2022. BSM have provided their consent and confirmed that they meet the eligibility criteria prescribed under Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified to act as Statutory Auditors of the Company.

BSM have confirmed that the firm holds a valid certificate issued by the Peer Review Board of the ICAI. They have also furnished a declaration of independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company. The Auditors' Report for the financial year 2019-2020 is unmodified i.e. it does not contain any qualification(s), reservation(s) or adverse remark(s) and forms part of this Annual Report.

Secretarial Auditors and Audit Report

Pursuant to the provisions of Section 204 of the Act, the Company has appointed Smt. Dipika Jain, a practicing Company Secretary, to undertake the secretarial audit of the Company for the financial year 2019-2020. The Secretarial Audit Report for the financial year ended 31st March, 2020 is attached as Annexure - IV and forms a part of this Report. The comments mentioned in the Secretarial Audit Report are self-explanatory.

Internal Audit

Pursuant to Section 138 of the Act read with the Companies (Accounts) Rules, 2014, Sanghai & Associates, Chartered Accountants was appointed as the Internal Auditor of your Company for the financial year 2019-2020. The Board at its meeting held on 30th June, 2020 reappointed Sanghai & Associates as the Internal Auditor of your Company for the financial year 2020-2021.

DIRECTORS' REPORT

Cost Auditors and Cost Audit Report

The Cost Auditors (V.K. Jain & Company, Cost Accountants) appointed by the Board have submitted the Cost Audit Report within the time limit prescribed under the Act and Rules made thereunder. During the year under review, pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Board appointed V.K. Jain & Company, Cost Accountants, to conduct cost audit of the Company relating to sugar for the financial year ended 31st March, 2020. On the date of the Report, your Directors have, on the recommendation of the Audit Committee, appointed V.K. Jain & Company, Cost Accountants as the Cost Auditors of the Company for the financial year 2020-2021. As required under the Act, a resolution seeking ratification of the remuneration payable to the Cost Auditors forms part of the Notice convening the ensuing AGM.

Reporting of Fraud by Auditors

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported to the Audit Committee or the Board any instance of fraud committed in the Company by its officers or employees as required to be reported under Section 143(12) of the Act.

Extract of Annual Return

Pursuant to Sections 134 (3) and 92(3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as per Form MGT-9 is annexed herewith as Annexure - V and forms a part of this Report.

Corporate Governance

In terms of the provisions of Regulation 34(3) of the Listing Regulation, the Corporate Governance Report and the Auditors' Certificate on the compliance of conditions of Corporate Governance form a part of the Annual Report and are given separately as Annexure - VI.

Management Discussion and Analysis

In terms of the Listing Regulations, a detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Section, which forms a part of this Report.

Material Changes and Commitments between the end of the Financial Year and the Date of Report

There has been no significant changes or commitments affecting the financial position of the Company between the end of the financial year i.e. 31st March, 2020 and the date of this Report.

Significant and Material Orders Passed By Regulator/Court

There are no significant or material orders passed by any regulator/court/tribunal which could impact the going concern status of the Company and its future operations.

Micro Small & Medium Enterprises (MSME) Return

Ministry of Corporate Affairs vide order dated 22nd January, 2019 directed all companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days during the year is required to file MSME Return and in compliance with same, the Company has filed MSME Return wherein in one case there has been delay in payment within prescribed time.

Listing of Equity Shares

The equity shares of the Company are listed on The Calcutta Stock Exchange Limited (CSE) and the annual listing fees for the financial year 2019-2020 have been paid to CSE.

A special resolution through Postal Ballot to delist the equity shares of the Company from CSE was passed by the shareholders of the Company and outcome of the same was declared on 16th April, 2020.

Consolidated Financial Statements

The Company does not have any subsidiary or associate and hence the preparation of consolidated financial statements is not applicable to the Company pursuant to the provisions of Accounting Standard 21 of the Act and the Listing Regulations.

DIRECTORS' REPORT

Employee Stock Option Scheme

The Company does not have a policy for grant of employee stock options.

GENERAL

Your Directors state that no disclosures or reporting(s) are required in respect of the following items, as there were no transactions/events related to these items during the year under review

- i. Change in nature of business of the Company;
- ii. Issue of equity shares with differential rights as to dividend, voting or otherwise;
- iii. Issue of sweat equity shares to employees of the Company under any scheme;
- iv. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future;

Annexures forming a part of this Report

The Annexures referred to in this Report along with all other information which is required to be disclosed are annexed herewith and form a part of this Report.

Annexure Particulars

- I Policy on Selection and Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity.
- II Particulars of Employees.
- III Particulars of Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo.
- IV Secretarial Audit Report.
- V Extracts of Annual Return as per Form MGT-9.
- VI Corporate Governance Report and Management Discussion & Analysis Acknowledgment.

The Board expresses its gratitude to the shareholders, bankers, suppliers and customers of the Company for the confidence they have reposed in the Company.

The Board also records its special appreciation for the dedication and contribution made by all the employees of the Company.

Place of Signature : Mumbai
Dated : 30th July, 2020

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

ANNEXURE I TO THE DIRECTORS' REPORT

Policy on selection and remuneration of Directors, Key Managerial Personnel and other Employees and on Board Diversity

A. Introduction

Sub-Section (3) of Section 178 of the Companies Act, 2013 states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

Part-D of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also mandates the Nomination and Remuneration Committee to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. It further requires the Nomination and Remuneration Committee to devise a policy on diversity of the Board of Directors of the listed entity.

This policy sets out the general guidelines for the selection of candidates on the Board of Directors, key managerial personnel and other persons in senior management to assist the Board in performing its duties as well as to ensure constitution of the Board with an optimum combination of executive and non-executive directors including independent directors who possess diverse experience and expertise in strategic management and governance and provide long term vision and direction to the Company.

B. Selection and Composition of the Board Membership Criteria and Diversity

The Board of Directors should be composed of individuals who have demonstrated significant achievement in the fields of business, education, the professions and/or public service. They should have the requisite intelligence as well as education and experience to make a significant contribution to the deliberations of the Board in light of the business of the Company and should bring a broad range of experience to the Board.

The role of the Nomination and Remuneration Committee is to annually review the appropriate skills and characteristics of the members of the Board in the context of the current structure of the Board. Such assessment should include issues of diversity, age, experience, qualifications, ethics, the willingness to participate in matters of the Board and any other criteria that the Committee may find relevant at that point of time. A variety and balance of skills, background and experience is desirable.

The composition of the Board shall meet the conditions prescribed under the Companies Act, 2013 and the Listing Regulations. The proposed appointee shall possess a director identification number and also meet the criteria laid down in the Companies Act, 2013 and the Listing Regulations.

Attributes

The overall ability and experience of individual board candidates should determine their suitability. The following attributes may be considered as desirable in any candidate for the Board of Directors

- Experience - A candidate should have extensive experience in business, administration, profession, governance and/or public service. An ideal Board candidate may have had experience in more than one of these areas.
- Education - Ideally, it is desirable that a candidate should hold a degree from a respected college or university. In some cases, it is further desirable for the candidate to have also earned a masters or special acumen in governance & administration. However, such criteria are not meant to exclude an exceptional candidate who does not meet the same.
- Personal - The candidate should be of the highest moral and ethical character. The candidate should exhibit independence, objectivity and be capable of serving as a representative of the stakeholders.
- Individual Characteristics - The candidate should have such personal qualities so as to be able to make a substantial and active contribution to the deliberations of the Board. These qualities include intelligence, self-assuredness, high ethics, inter-personal skills, independence, judgment, courage along with willingness to ask difficult questions, communication skills and commitment.
- Availability - The candidate must be willing to commit as well as have sufficient time available to discharge the

ANNEXURE I TO THE DIRECTORS' REPORT

duties of membership. The candidate should not have any prohibited interlocking relationships.

- Compatibility - The candidate should be able to develop a good working relationship with other members of the Board and contribute to the working relationship of the Board with the senior management of the Company.
- Compliance - The candidate should meet the compliance requirements prescribed under the Companies Act, 2013, the Listing Regulations and other rules & regulations or standards set out by the Company.

Predominance of Independent Directors

Independence promotes integrity, accountability and governance. The Board of Directors shall comprise of a requisite number of independent directors as prescribed under the law.

Selection and Orientation of New Directors

The Nomination and Remuneration Committee shall identify candidates for the Board and recommend them for appointment to the Board and subsequently for approval by the shareholders as prescribed under the law. The Board delegates such screening process to the Committee with direct inputs from the Chairman of the Board or Managing Director or any other committee. The management of the Company, working in conjunction with the Committee, shall develop an appropriate familiarization program for a new director that includes background briefings, meetings with senior management and visits to the facilities of the Company etc.

Assessing Performance of the Board and Committees

The Nomination and Remuneration Committee shall evaluate the performance of each director and report annually to the Board on the results of its assessment process. The performance evaluation of independent directors shall be done by the entire Board of Directors. The independent directors in their meeting shall review the performance of non-independent directors and the Board as a whole. While assessing the performance, the Board and the Committee shall take into account the attendance of the directors in the meeting of the Board and the Committee, the performance of the business, the accomplishment of long-term strategic objectives, the role & functioning of various committees, compliances and any other matter it may deem fit. The purpose of such assessment shall be to increase the effectiveness of the Board.

E. Selection of Key Managerial Personnel

The above criteria shall also apply for selection of Key Managerial Personnel (KMP) excepting those which are not applicable for persons in senior management. Where appointment or performance of any KMP requires a specific qualification or degree, the person should also possess such specific qualification or degree. Keeping oneself up to date for performing duties on issues and emerging trends is an important part of the responsibilities. KMP must take reasonable steps to remain current in professional development, corporate governance and discharging duties and responsibilities.

A KMP shall meet the conditions prescribed under the Companies Act, 2013 and other rules and regulations as may be applicable.

F. Review

The Nomination and Remuneration Committee may review this policy periodically and suggest revisions to the Board to ensure that the policy serves its purpose and accurately reflects the sense of the Board and the Company.

Place of Signature: Mumbai
Dated: 30th July, 2020

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

ANNEXURE II TO THE DIRECTORS' REPORT

Statement of Disclosure of Remuneration under Section 197 (12) of Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended)

I. The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-2020

Sr. No.	Name	Designation	Ratio
1	Shri Arvind K. Kanoria	Managing Director	41:28:1
2	Shri Babu Lal Vijay	Whole Time Director	6.73:1

II. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-2020

Sr No.	Name of Directors/KMP	Designation	Remuneration		% Increase (Decrease) in remuneration
			2019-2020	2018-2019	
1	Shri Arvind K. Kanoria	Managing Director	92.49	92.60	(0.12)
2	Shri Ram Gopal Panchbhai	Chief Financial Officer	24.73	24.26	1.94
3	Shri Babu Lal Vijay	Whole Time Director	15.09	13.98	7.94
4.	Smt. Komal Behl	Company Secretary	0.09	--	--
5.	Smt. Nisha Chopra	Company Secretary	0.55	--	--

Remuneration includes salary, contribution to provident fund by the Company, allowances and monetary value of perquisites paid but does not include any provision made for gratuity or leave benefit as same is determined on an actuarial basis for the Company as a whole.

III. The percentage increase in the median remuneration of employees in the financial year 2019-2020

The percentage increase in the median remuneration of the employees is 6.57%.

IV. The number of permanent employees on the rolls of the Company

There is 152 numbers of permanent employees on the rolls of the Company as on 31st March, 2020.

V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration

The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is 9.28%.

The percentile increase in the managerial remuneration is 5.70%.

Justification - remuneration paid to the managerial personnel are in line with industry norms and as per recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors and the shareholders of the Company. There are no exceptional circumstances of increase in managerial remuneration during the year.

The increase in the salaries of the Managerial Personnel is less than the increase in the salaries of employees other than Managerial Personnel and therefore no justification required.

VI. Affirmation that the remuneration is as per the Remuneration Policy of the Company

It is hereby affirmed that the remuneration paid during the year 2019-2020 is as per the Remuneration Policy of the Company.

- Notes:
1. Smt. Komal Behl, Company Secretary, was appointed with effect from 10th April, 2019 and has left the services of the Company with effect from 1st May, 2019 and therefore percentage in change of remuneration is not provided.
 2. Smt. Nisha Chopra, Company Secretary, was appointed with effect from 6th January, 2020 and therefore percentage in change of remuneration is not applicable.

ANNEXURE II TO THE DIRECTORS' REPORT

3. The non-executive Directors of the Company are entitled for sitting fees as per statutory provisions and within the limits approved by the shareholders. The details of remuneration of non-executive Directors are provided in the Report on Corporate Governance and is governed by the Policy on Selection and Remuneration of Directors and Key Managerial Personnel and other employees of the Company. In view of this, the calculation of ratio of remuneration and percentage increase in remuneration of non-executive directors would not be meaningful and hence not provided.
4. Permanent employees on rolls of the Company does not include badli workers, seasonal, retainers, advisors, trainers/apprentices etc.

Statement of particulars of employees as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

- a) Name of employee employed throughout the financial year and was in receipt of remuneration ₹ 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 ₹ 8,50,000/- per month: NIL

Place of Signature: Mumbai
Dated: 30th July, 2020

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

ANNEXURE III TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of Energy

1. The Company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are
 - (i) Installation of a high pressure boiler and a power turbine.
 - (ii) Installation of variable frequency drives.
 - (iii) Inefficient Steam Turbines for Mill Drive replaced by efficient AC VFD drives for two numbers of Mill drives.
 - (iv) Installation of high efficiency fibrizer turbine for improved preparation of sugarcane prior to crushing.
 - (v) Installation of high efficiency fans for high pressure boilers, heat recovery units in boilers, feed water heaters and distributed control system for centralized efficient operation.
 - (vi) Installation of hydraulic sugarcane unloaders, rotary screens, juice flow stabilization system, continuous sulphur burners, high efficiency centrifugal pumps, planetary drives, vaporizer and sugar bag conveying systems, efficient and automatic centrifugal machines, semi kestners and falling film evaporators with double effect evaporators.
 - (vii) DCS controlled operations at various stations such as mill house, boilers and boiling house to achieve maximum efficiency.
 - (viii) Use of capacitors near motor to maintain power factor.
 - (ix) Recycling of process water to conserve natural resources by installing cooling towers and effluent treatment plant.
 - (x) Installation of an efficient DM Plant
 - (xi) Replacement of conventional inefficient bulbs with efficient CFL lights and installation of energy efficient motors.

The impact of the above measures is expected to reduce the consumption of fuel and power and consequently the cost of production.

2. The steps taken by the Company for utilizing alternate sources of energy
 - (i) The sugar plant of the Company has bagasse-based power generation plants which are used for its captive consumption needs during the crushing season.
 - (ii) Recycling of process water to conserve natural resources.
3. The capital investment on energy conservation equipments during the financial year 2019-2020 was ₹ 465.00 lakhs for installation of high pressure boiler, fibrizer turbine, and hot water sugarcane treatment plant.

(B) Technology Absorption

1. The Company continued to deepen its sugarcane development during the year under review. This development comprised the advocacy of early maturing varieties, trench farming, use of advanced pesticides and fertiliser as well as a proactive responsiveness in arresting incidents of disease.

The Company also carried out the following sugarcane development activities during the financial year 2019-2020.

- Distribution of trichoderma, chlorpyrifos and coragen amongst sugarcane growers on landed cost from original manufacturers to control pests and protect sugarcane from disease.
- Motivation of sugarcane growers for adopting inter cropping of sugarcane for multi crop system.
- Education of sugarcane growers for proper use of fertilizers and manure for healthy development & growth of sugarcane.

ANNEXURE III TO THE DIRECTORS' REPORT

- Soil Testing in laboratory including analysis of micronutrients at the G.S. Sugarcane Breeding & Research Institute, Babhnauli (Seorahi).
- Adoption of Ratoon Crop Management to increase yield and recovery.

Due to the above efforts it is expected that a higher yield of disease-free sugarcane will be available resulting in a higher return to the Company and the sugarcane growers of the area.

2. The Company has not imported any technology.
3. Expenditure incurred on Research & Development: NIL

(C) Foreign Exchange Earnings and Outgo

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1. Foreign Exchange earned in terms of actual inflows	NIL	NIL
2. Foreign Exchange outgo in terms of actual outflows	NIL	NIL

Place of Signature: Mumbai
Dated: 30th July, 2020

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

ANNEXURE IV TO THE DIRECTORS' REPORT

Form-MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
The United Provinces Sugar Company Limited,
Chartered Bank Building, 1st Floor,
4, Netaji Subhash Road, Kolkata - 700 001

I have conducted the Secretarial Audit regarding compliance of the applicable statutory provisions and adherence to good corporate practices by The United Provinces Sugar Company Limited (hereinafter called 'the Company'). The said Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct and statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers, agents and authorized representatives during the conduct of my secretarial audit, I hereby report that, in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has a proper process and compliance mechanism in place to such extent subject to the reporting made hereinafter.

I 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

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder.

The 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. (Not applicable to the Company during the audit period).

- (iv) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. (Not applicable to the Company during the audit period).
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. (Not applicable to the Company during the Audit Period).
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the audit period).
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients.

ANNEXURE IV TO THE DIRECTORS' REPORT

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. (Not applicable to the Company during the audit period)
- (v) Laws specifically applicable to the industry to which the Company specifically belongs, as identified by the management, that is to say
 - a) Sugar Cess Act, 1982 and Rules made thereunder.
 - b) Levy Sugar Price Equalisation Fund Act, 1976 (not applicable to the Company during the audit period under review as intimated by the Company).
 - c) Sugar Control Order, 1966.
 - d) Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder.
 - e) Essential Commodities Act, 1955.
 - f) Sugar Development Fund Act, 1982 and Rules made thereunder.
- (vi) Export (Quality Control and Inspection) Act, 1963. (Not applicable to the Company during the audit period under review as intimated by the Company).
- (vii) Agricultural and Processed Food Products Export Act, 1986. (Not applicable to the Company during the audit period under review as intimated by the Company).
- (viii) Legal Metrology Act, 2009.

I have also examined compliance with the applicable clauses of the following

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreement entered into by the Company with The Calcutta Stock Exchange Limited.
- c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has again passed a fresh special resolution through postal ballot on 16th April, 2020 for voluntary delisting of the Equity Shares of the Company from The Calcutta Stock Exchange Limited (CSE).

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

1. The promoters of the Company hold 94.88 percent shares in the Company.
2. I have been informed by the Management that as the public shareholding of the Company is only 5.12 percent, the Company has applied for delisting of its shares from CSE, where these shares are listed. The Company has passed a fresh special resolution through postal ballot on 16th April, 2020 and in process of making a fresh application for delisting of shares.

Reliance has been put by me on the compliance systems prevailing in the Company and the legal compliance certificates received from the unit head as regards to compliance of laws specifically applicable to the industry to which the Company specifically belongs.

I further report that The Board of Directors of the Company is duly constituted with a proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors regarding schedulment of the Board meetings and the Agenda and Detailed Notes on Agenda are sent at least seven days in advance of the meeting and a system exists for seeking and obtaining further information and clarification on the items on agenda before the meeting and for meaningful participation at the meeting.

ANNEXURE IV TO THE DIRECTORS' REPORT

During the audit period under review, all decisions at the Board meetings and the Committee meetings have been carried out unanimously.

I 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.

I further report that during the Audit period there were no other specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., referred to above.

Dipika Jain

Practising Company Secretary
Membership No. 50343
Certificate of Practice No. 18466
UDIN : A050343B000442350

Place: Kolkata
Dated: 13th July, 2020

Note:

This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this Report.

ANNEXURE - 'A'

To,
The Members,
The United Provinces Sugar Company Limited,
Chartered Bank Building, 1st Floor,
4, Netaji Subhash Road,
Kolkata - 700 001

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of the financial records and the books of accounts of the Company.
4. Wherever required, I have obtained the representation of the management regarding 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 and standards are the responsibility of the management. My examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Dipika Jain

Practising Company Secretary
Membership No. 50343
Certificate of Practice No. 18466
UDIN : A050343B000442350

Place: Kolkata
Dated: 13th July, 2020

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE V TO THE DIRECTORS' REPORT

FORM MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st 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	L40100WB1924PLC004929
ii)	Registration Date	10th September, 1924
iii)	Name of the Company	The United Provinces Sugar Company Limited
iv)	Category/Sub-Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered Office and Contact Details	Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata - 700 001 Tel : (033) 22420591 Fax: (033) 22420592 Email: upsclmumbai@rediffmail.com
vi)	Whether Listed Company: Yes/No	Yes
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	TSR Darashaw Consultants Private Limited 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi Mumbai - 400 011 Email: csg-unit@tsrdarashaw.com

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	Manufacture of Sugar	10721-Manufacture of Sugar (Sucrose) from Sugarcane	93.29%

III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
The Company has no holding, subsidiary or associate company.					

ANNEXURE V TO THE DIRECTORS' REPORT

IV) SHARE HOLDING PATTERN (Equity Share Capital Break-Up as percentage of Total Equity)

i) Category-Wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter(s)									
1. Indian									
a) Individual/HUF	22,68,346	1,220	22,69,566	89.00	22,68,346	1,220	22,69,566	89.00	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	1,50,000	1,50,000	5.88	1,47,000	3,000	1,50,000	5.88	-
e) Financial Institutions	-	-	-	-	-	-	-	-	-
f) Banks	-	-	-	-	-	-	-	-	-
g) Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	22,68,346	1,51,220	24,19,566	94.88	24,15,346	4,220	24,19,566	94.88	-
2. Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Foreign-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Bank/Financial Institutions	-	-	-	-	-	-	-	-	-
e) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
f) Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter Group									
(A) = A (1)+A (2)	22,68,346	1,51,220	24,19,566	94.88	24,15,346	4,220	24,19,566	94.88	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks/Financial Institutions	550	5,248	5,798	0.23	550	5,248	5,798	0.23	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1,000	1,000	2,000	0.08	1,000	1,000	2,000	0.08	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
j) Any Other (Specify)	-	-	-	-	-	-	-	-	-
Subtotal (B) (1)	1,550	6,248	7,798	0.31	1,550	6,248	7,798	0.31	-

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE V TO THE DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	3,603	1,605	5,208	0.20	3,603	1,605	5,208	0.20	
ii) Overseas	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Non-Resident Indians									
d) Clearing Members									
e) Trusts									
f) Directors & their Relatives									
g) Qualified Foreign Investor									
h) Any Other (Specify)									
Subtotal (B) (2)	25,721	96,915	1,22,636	4.81	48,521	74,115	1,22,636	4.81	
Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for CDRs & ADRs									
Grand Total (A+B+C)	22,95,617	2,54,383	25,50,000	100.00	24,65,417	84,583	25,50,000	100.00	

ii) Shareholding of Promoters

Sl NO.	Shareholder's Name	Shareholding at the beginning of the year [As on 1st April, 2019]			Shareholding at the end of the year [As on 31st March, 2020]			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Shri Arvind K. Kanoria	21,28,508	83.47	Nil	21,28,508	83.47	Nil	Nil
2	Smt. Vineeta Kanoria	41,460	1.63	Nil	41,460	1.63	Nil	Nil
3	Smt. Shikha Pratik Barasia	87,598	3.43	Nil	87,598	3.43	Nil	Nil
4	Shri Paritosh Arvind Kanoria	12,000	0.47	Nil	12,000	0.47	Nil	Nil
5	Kaabil Traders Pvt. Ltd.	1,50,000	5.88	Nil	1,50,000	5.88	Nil	Nil
	Total	24,19,566	94.88	Nil	24,19,566	94.88	Nil	Nil

ANNEXURE V TO THE DIRECTORS' REPORT

iii) Change in Promoter Shareholding (Please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2019)		Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020)	
		No. of Shares	% of the total shares of the Company	No. of Shares	% of the total shares of the Company
1	At the beginning of the year	24,19,566	94.88		
	Date wise increase/decrease in promoter's shareholding during the year specifying the reasons for increase/decrease (i.e. allotment/transfer/bonus/sweat equity etc.)	Nil	No change during the year		
	At the end of the year			24,19,566	94.88

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding		Change during the year			Cumulative Share holding during the year (1st April, 2019 to 31st March, 2020)	
		No. of shares at the beginning of the year (1st April, 2019)	% of the total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1	Smt. Karuna Sonthalia	8,000 8,000	0.31 0.31				8,000	0.31
2	Shri Sudesh Kumar Somani	5108 5,108	0.20 0.20	-	-	-	5,108	0.20
3	Smt. Nina Ashok Maroo	5,000 5,000	0.20 0.20				5,000	0.20
4	Shri Bhuwaneshwar Shahi	4,400 4,400	0.17 0.17				4,400	0.17
5	Smt. Tusha Mittal	4,000 4,000	0.16 0.16	—	—	—	4,000	0.16
6	Shri Shivram Iyer	3,000 3,000	0.12 0.12				3,000	0.12
7	Shri Ashok Kumar Maroo	3,000 3,000	0.12 0.12				3,000	0.12
8	UCO Bank	3,000 3,000	0.12 0.12				3,000	0.12
9	Emerald Company Limited	2,700 2,700	0.11 0.11	—	—	—	2,700	0.11
10	Shri Mahendra Girdharilal	2,100 2,100	0.08 0.08				2,100	0.08
11	Smt Vijaya Mittal	2,000 2,000	0.08 0.08				2,000	0.08
12	Smt Kanta Mittal	2,000 2,000	0.08 0.08				2,000	0.08
13	Shri Ajay Mittal	2,000 2,000	0.08 0.08				2,000	0.08

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE V TO THE DIRECTORS' REPORT

Sl. No.	Name	Shareholding		Change during the year			Cumulative Share holding during the year (1st April, 2019 to 31st March, 2020)	
		No. of shares at the beginning of the year (1st April, 2019)	% of the total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
14	Ms. Shloka Iyer	2,000 2,000	0.08 0.08	—	—	—	2,000	0.08
15.	Shri Vijay Mittal	2,000 2,000	0.08 0.08				2,000	0.08
16.	Smt Shivani Mittal	2,000 2,000	0.08 0.08				2,000	0.08
17.	Smt. Nandita Mittal	2,000 2,000	0.08 0.08				2,000	0.08
18.	Shri Ravi Rajgharia	2,000 2,000	0.08 0.08				2,000	0.08
19.	Smt, Manju Rajgharia	2,000 2,000	0.08 0.08				2,000	0.08
20.	Shri Anant Rajgharia	2,000 2,000	0.08 0.08				2,000	0.08
21.	Shri Bajrang Rajgharia	2,000 2,000	0.08 0.08				2,000	0.08

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of the total shares of the Company	No. of Shares	% of the total shares of the Company
1	Shri Vivek M. Pittie, Non-Executive Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment transfer/bonus/sweat equity etc.) At the end of the year				
2	Dr. Anurag K. Kanoria, Non-Executive Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
3	Shri Girdhari Lal Sultania, Non-Executive Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year				

ANNEXURE V TO THE DIRECTORS' REPORT

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of the total shares of the Company	No. of Shares	% of the total shares of the Company
4	Shri Sidharth Prasad, Non-Executive Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
5	Smt. Lakshmi Iyer, Non-Executive Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year	3,000 -- 3,000	0.12 -- 0.12	3,000 -- 3,000	0.12 -- 0.12
6	Shri Babu Lal Vijay, General Manager At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
7	Shri Arvind K. Kanoria, Managing Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year	21,28,508 -- 21,28,508	83.47 -- 83.47	21,28,508 -- 21,28,508	83.47 -- 83.47
8	Shri Ram Gopal Panchbhai, Chief Financial Officer At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year	1 -- 1	-- -- --	1 -- 1	-- -- --
9	Smt. Komal Behl, Company Secretary (From 10th April 2019 to 30th April, 2019) At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year	-- -- --	-- -- --	-- -- --	-- -- --
10	Smt. Nisha Chopra, Company Secretary (From 6 th January, 2020) At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) At the end of the year	-- -- --	-- -- --	-- -- --	-- -- --

Note The Directors at Sl. No. 1 to 4 and 6 are holding qualification shares jointly with Shri Arvind K. Kanoria as first holder and the same has been shown under his shareholding.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE V TO THE DIRECTORS' REPORT

VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding Deposits ₹	Unsecured Loans ₹	Deposits ₹	Total Indebtedness ₹
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	20,141.56	6,050.00	—	26,191.56
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	50.50	--	--	50.50
Total (i + ii + iii)	20,192.06	6,050.00	—	26,242.06
Change in Indebtedness during the Financial Year				
Addition	2,645.00	—	—	2,645.00
Reduction	7,505.56	—	—	7,505.56
Net Change	(4,860.56)	—	—	(4,860.56)
Indebtedness at the end of the Financial Year				
i) Principal Amount	15,281.00	6,050.00	—	21,331.00
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	0.04	--	--	0.04
Total (i + ii + iii)	15,281.04	6,050.00	—	21,331.04

Change in amount of bank cash credit account balance and temporary bank book overdraft at the beginning and end of the financial year has only been considered.

VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager

(₹ in lakhs)

Sl. No.	Particulars of remuneration	Name of MD/WTD/Manager		Total Amount ₹
		Shri Arvind K. Kanoria Managing Director ₹	Shri Babu Lal Vijay General Manager ₹	
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	72.00	12.96	84.96
(b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	11.85	0.96	12.81
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	—	—	
4	Commission			
	- as a % of profit	--	--	--
	- Others, specify	—	—	
5	- Others, please specify	--	--	--
	Total (A)	83.85	13.92	97.77
	Ceiling as per the Act*	84.00 lakhs	84.00 lakhs	

* The ceiling given is as per Schedule V to the Companies Act, 2013. As there is inadequacy of profit for the year ended 31st March, 2020, calculated in terms of Section 198 of the Companies Act, 2013, the Managing Director and the Whole Time Director have been paid minimum remuneration under Schedule V of the Companies Act, 2013.

ANNEXURE V TO THE DIRECTORS' REPORT

B. Remuneration to other Directors (₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Vivek M. Pittie	Dr. Anurag K. Kanoria	Girdhari Lal Sultania	Sidharth Prasad	Lakshmi lyer	
1	Independent Directors						
	Fee for attending Board/Committee Meetings	0.30	-	0.15	0.05	0.35	0.85
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.30	-	0.15	0.05	0.35	0.85
2	Other Non-Executive Directors						
	Fee for attending Board/Committee Meetings	-	0.30	-	0.05	-	0.35
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2J)	-	0.30	-	0.05	-	0.35
	Total (B) = (1 + 2J)	0.30	0.30	0.15	0.10	0.35	1.20
	Total Managerial Remuneration						97.77**
	Overall Ceiling as per the Act *	Overall ceiling for Non-Executive Directors is 1 % of the net profit calculated as per Section 198 of the Companies Act, 2013.					

** Total managerial remuneration paid to Managing Director and Whole Time Directors. The Non-Executive Directors are not paid any remuneration except sitting fees.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	CFO R.G. Panchbhai	Company Secretary Komal Behl employed for the part of the year from 10th April, 2019 to 30th April, 2019	Company Secretary Nisha Chopra employed from 6th January, 2020	
		₹	₹	₹	₹	₹
1	Gross Salary					
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	22.63	0.09	0.49	23.21
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-	-	-
(c)	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as a % of profit	-	-	-	-	-
5	Others, specify	-	-	-	-	-
	Total	-	-	-	-	-
	Total Managerial Remuneration	-	22.63	0.09	0.49	23.21
	Overall Ceiling as per the Act	Overall ceiling for Non-Executive Directors is 1% of the net profit calculated as per Section 198 of the Companies Act, 2013.				

ANNEXURE V TO THE DIRECTORS' REPORT

VIII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

(₹ in lakhs)

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	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place of Signature: Mumbai
Dated: 30th July, 2020

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

ANNEXURE VI TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

Philosophy on Code of Governance

Corporate Governance refers to, but is not limited to, a set of laws, regulations, good practices and systems that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. Corporate governance requires everyone within the Company to raise their competency and capability levels to meet expectations in managing the enterprise and its resources optimally and with prudent ethical standards. The Company recognizes that good corporate governance is a continuous exercise.

Adherence to transparency, accountability, fairness and ethical standards are an integral part of the functions of the Company. The structure, business dealings, administration and disclosure practices of the Company have been aligned towards good corporate governance philosophy. The Company has an adequate system of control in place to ensure that the executive decisions taken result in optimum growth and development which benefit all stakeholders. The Company also aims to increase and sustain its corporate value through growth and innovation.

Date of Report

The information provided in this Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2020. The Report is updated as on the date of the Report wherever applicable.

Board of Directors

The Company recognizes importance of a diverse Board for its all-round success. The Board is entrusted with the ultimate responsibility of the management and the direction and performance of the Company and has been vested with the requisite powers, authority and duties. The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) mandate that for a Company, with or without a Non-Executive Chairman, at least one third of the Board should comprise of independent directors.

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board. The composition of the Board is compliant with the requirements of Regulation 17 (1) of the Listing Regulations. As on 31st March, 2020, the constitution of the Board was

- One Promoter Executive Director
- One Non-Promoter Executive Director
- Four Independent Non-Executive Directors
- One Non-Executive Directors

The composition of the Board of Directors as on 31st March, 2020, the number of other Board of Directors or Board Committees of which a director is a member/chairperson and the attendance of each director at these Board meetings and the last Annual General Meeting (AGM) of the Company were as under

Sl. No.	Name of the Directors	Category	Director Identification Number (DIN)	No. of other directorships*# (Public Limited Company)	No. of membership/ chairmanship on other Board Committees**#	No. of Board meetings attended during the year 2019-2020	Attendance at last AGM Held on 27th September, 2019
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
1.	Shri Arvind K. Kanoria, Managing Director	Promoter, Executive	00200202	2	4	6	Yes@
2.	Shri Vivek M. Pittie	Independent, Non-Executive	00066885	4	3	6	Yes@
3.	Dr. Anurag K. Kanoria	Non-Executive	00200630	3	5	6	Yes@
4.	Shri Sidharth Prasad***	Independent, Non-Executive	00074194	3	3	2	Yes@

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE VI TO THE DIRECTORS' REPORT

Sl. No.	Name of the Directors	Category	Director Identification Number (DIN)	No. of other directorships*# (Public Limited Company)	No. of membership/ chairmanship on other Board Committees**#	No. of Board meetings attended during the year 2019-2020	Attendance at last AGM Held on 27th September, 2019
5.	Shri Girdhari Lal Sultania	Independent, Non-Executive	00060931	6	3	3	Yes
6.	Smt. Lakshmi Iyer	Independent Non-Executive	00591643	1	3	7	Yes@
7.	Shri Babu Lal Vijay Whole Time Director designated as General Manager	Non-Promoter Executive	06967800	1	-	2	Yes@

The Directorship/Committee Memberships are based on the latest disclosures received by the Company.

(*) Excludes membership of the managing committee of various chambers/bodies and directorship in private limited companies/ foreign companies/ companies under Section 8 of the Companies Act, 2013.

(**) For reckoning the limit, the membership chairmanship of the Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered.

(#) Included The United Provinces Sugar Company Limited

@ Present through his/her proxy at the Annual General Meeting of the Company;

(***) Appointed as Non- Executive Independent Director with effect from 6th March, 2020

The composition of the Board and other provisions as to the Board and the Committees are in compliance with the Listing Regulations.

All the independent directors of the Company fulfil the criteria for independence and/or eligibility as prescribed under the Listing Regulations and Section 149 of the Companies Act, 2013 (as amended), (the Act). None of the director of the Company are related to any other director except Shri Arvind K. Kanoria and Dr. Anurag K. Kanoria who are brothers.

As required under Para C of Schedule V to the Listing Regulations based on the latest disclosures received by the Company, following are the number of other directorships and the names of the listed entities where the directors of the Company are also a director and the category of their directorships therein

Sl. No.	Name of the Directors	No. of Directorships	Directorships and its category in listed entities@
1.	Shri Arvind K. Kanoria	2	The United Provinces Sugar Company Limited: (PE) Bombay Gas Company Limited: (NED)
2.	Shri Vivek M. Pittie	4	The United Provinces Sugar Company Limited: (ID) Harinagar Sugar Company Limited: (PE) Shangrila Food Products Limited: (NED) Indian Sugar Exim Company Limited: (NED)
3.	Dr. Anurag K. Kanoria	3	The United Provinces Sugar Company Limited: (NED) Bombay Wire Ropes Limited: (NED) The New Great Eastern Spg. & Wvg. Co. Ltd.: (PE)
4.	Shri Sidharth Prasad	3	The United Provinces Sugar Company Limited: (ID) L.H. Sugar Factories Limited: (PE) ISGEC Heavy Engineering Limited: (ID)

ANNEXURE VI TO THE DIRECTORS' REPORT

Sl. No.	Name of the Directors	No. of Directorships	Directorships and its category in listed entities@
5.	Shri Girdhari Lal Sultania	6	The United Provinces Sugar Company Limited: (ID) HSIL Limited: (NED) Somany Impresa Limited: (NED) AGI Glass Pack Limited: (NED) Ayusri Health Products Limited: (NED) Brilloca Limited: (NED)
6.	Smt. Lakshmi Iyer	1	The United Provinces Sugar Company Limited (ID)
7.	Shri Babu Lal Vijay	1	The United Provinces Sugar Company Limited (NPE)

@ ID – Independent, Non-Executive, PE-Promoter Executive, NPE - Non-Promoter Executive, NED - Non-Independent, Non-Executive

@ Excludes memberships of the management committee of various chambers/bodies, directors in private limited companies, foreign companies, companies registered under Section 8 of the Act and alternate directors.

None of the Directors on the Board is a member of more than 10 Committees and/or Chairman of more than 5 Committees, in terms of Regulation 26 of the Listing Regulations. The independent directors of the Company do not serve in more than the prescribed number of companies as independent directors in terms of the requirement of the Listing Regulations. The Board has devised a proper system to ensure compliance with the provisions of applicable laws and periodically reviews compliance reports of all laws applicable to the Company and necessary steps have been taken to ensure compliance towards the same in both letter and spirit.

Seven Board meetings have been held during the year ended 31st March, 2020. The Company has held at least one meeting every quarter and the time gap between any two board meetings, did not exceed 120 days during the year 2019-2020. The details are as follows

Sl. No.	Date of Board Meeting	Board Strength (No. of Directors)	No. of Directors Present	No. of Independent Directors Present
1	6th May, 2019	7	4	1
2	12th June, 2019	7	5	2
3	14th August, 2019	7	4	2
4	14th November, 2019	7	6	3
5	6th January, 2020	7	3	2
6	7th February, 2020	7	5	2
7	6th March, 2020	7	5	3

Necessary disclosure regarding appointment/reappointment of the directors has been furnished in the Notice convening the 97th Annual General Meeting which forms part of this Annual Report.

In pursuance of Para C(2), Schedule V to the Listing Regulations, the Board of Directors of the Company at its meeting held on 7th February, 2020 has identified that the following core skills/expertise/competencies are desirable for the Company to function effectively, in the context of the business of the Company and its sector and these core skills/expertise/competencies are actually available with the Board.

Technical skills/experience

Accounting and Finance, Information Technology, Statutory Compliance, Risk Management, Business Planning and Strategy, Auditing, Human Resource Management, Engineering and Technology, Corporate Affairs and Agri Research & Development.

Industry knowledge/experience

Industry Experience, Industry Knowledge, Understanding of relevant laws, rules, regulations and policy and Economics.

ANNEXURE VI TO THE DIRECTORS' REPORT

Behavioral Competencies

Interpersonal Relations and Leadership.

Website

The Website of the Company (www.unitedprovincessugar.com) has been revamped to provide further ease of access to the required information to all the stakeholders.

Board Training and Familiarization Programme

In terms of Regulation 25 of the Listing Regulations, the Company is required to conduct various programmes for the independent directors of the Company to familiarize them with their roles, rights, responsibilities in the Company, the nature of the industry in which the Company operates, the business model of the Company etc.

The details of such programs for familiarization of the independent directors are put on the website of the Company at the following weblink www.unitedprovincessugar.com

Performance Evaluation

Pursuant to the provisions of the Act and Regulation 19 of the Listing Regulations, the Board has carried out a performance evaluation of its own performance and of the Board Committees viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee as well as an evaluation of the performance of individual directors.

A structured questionnaire was prepared after taking into consideration inputs received from the directors, covering various aspects of the functioning of the Board such as adequacy of the composition of the Board and its Committees, culture, execution and performance of specific duties, obligations, corporate governance practices and stakeholders' interests etc. A separate exercise was carried out to evaluate the performance of individual directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, meeting risk management and competition challenges, compliance and due diligence, financial control, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the independent directors was carried out by the entire Board. The performance evaluation of the non-independent directors was carried out by the independent directors. The Nomination and Remuneration Committee also carried out evaluation of the performance of each director. The directors expressed their satisfaction with the evaluation process.

Separate Meeting of Independent Directors

Schedule IV to the Companies Act, 2013 (the Act) and the Listing Regulations mandates the independent directors of the Company to hold at least one meeting in a year without the attendance of non-independent directors and members of the management. During the year ended 31st March, 2020, the independent directors met on 7th February, 2020 inter alia, to review the performance of non-independent directors and the Board as a whole as well as to review performance of the Company and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

Code of Conduct

In terms of Regulation 17 (5) of the Listing Regulations, there exists a Code of Conduct, laid down by the Board for all Board Members and senior management of the Company.

Further, Schedule IV of the Act requires the appointment of independent directors to be formalized through a letter of appointment, which shall set out the Code for Business Ethics that the Company expects its directors and employees to follow. The said schedule also requires the independent directors to report concerns about unethical behavior and actual or suspected fraud or violation of the Code of Conduct or Ethics Policy of the Company.

The Code of Conduct is available on the website of the Company. The Board Members and senior management personnel have affirmed compliance with the said Code in terms of Regulation 26 of the Listing Regulations. A declaration to this effect for the financial year 2019-2020 from the Managing Director of the Company is annexed to this Report.

CEO/CFO Certification

As required under Regulation 17(8) and 33 of the Listing Regulations, the Managing Director and the Chief Financial

ANNEXURE VI TO THE DIRECTORS' REPORT

Officers of the Company have jointly certified to the Board regarding the Financial results/statements, internal controls and other matters, on quarterly, half-yearly and annual basis.

Board Committees

The Board has constituted various committees consisting of executive and non-executive directors of the Company to meet various mandatory requirements of the Act and the Listing Regulations as well as to perform other critical functions. Currently, the Board has 5 (five) committees - an Audit Committee, a Nomination and Remuneration Committee, a Finance Committee, a Stakeholders Relationship Committee and a Share Transfer Committee. The composition of the said committees has been disclosed on the website of the Company. The Chief Financial Officer acts as Secretary to all the Committees of the Board.

Audit Committee

The Board of Directors of the Company has constituted a qualified and independent Audit Committee that acts as the link between the Management, the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company.

Terms of Reference of the Audit Committee of the Company are in conformity with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act, and includes of the following

1. Oversight of the financial reporting process of the Company and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Review along with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval with particular reference to
 - a) matters required to be included in the Director's Responsibility Statement to be included in the Board Report in terms of Clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013.
 - b) changes, if any, in the accounting policies and practices and reasons for the same.
 - c) major accounting entries involving estimates based on exercise of judgment by management.
 - d) significant adjustments made in the financial statements arising out of audit findings.
 - e) compliance with listing and other legal requirements relating to financial statements.
 - f) disclosure of any related party transactions.
 - g) modified opinion(s) in the draft audit report.
5. Review along with the management, the quarterly financial statements before submission to the Board for approval.
6. Review along with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitoring the auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Review along with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

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13. Review along with the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
14. Discussions with internal auditors on any significant findings and follow up thereon.
15. Review of the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussions with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Examine the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Review the functioning of the whistle blower mechanism.
19. Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
20. Carry out any other function as mentioned in the terms of reference of the Audit Committee. Review of information by the Audit Committee
 1. Management discussion and analysis of financial condition and results of operations.
 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
 3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
 4. Internal audit reports relating to internal control weaknesses.
 5. Appointment, removal and terms of remuneration of the internal auditors. Composition, Meetings and Attendance.

Composition, Meetings and Attendance

The composition of the Audit Committee is in accordance with the provisions of Act and Regulation 18 of the Listing Regulations.

As on 31st March 2020, the Audit Committee comprised of 5 (five) directors - 3 (three) of whom is Independent, 1 (one) Non-Executive and 1(one) is Promoter, Executive. All of them are experts in corporate finance, accounts and corporate laws. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The Committee meetings were attended by the Chief Financial Officer of the Company as an invitee. The Statutory Auditors also attended the meetings as and when required. The Committee also invited, as and when required, the representatives of Internal Auditors for obtaining valuable guidance from their expertise in best practices in internal Audit. The Cost Auditors were also invited whenever the Cost Audit related matters were considered. The minutes of the Audit Committee meetings were circulated to the Board, discussed and taken note of. All recommendations made by the Audit Committee during the year were accepted by the Board.

At least one meeting of the Audit Committee was held in every quarter and the time gap between any two consecutive meetings of the Audit Committee did not exceed 120 days during the year 2019-2020. During the year ended 31st March, 2020, 5 (five) Audit Committee meetings were held on 6th May 2019, 12th June, 2019, 14th August 2019, 14th November, 2019 and 7th February, 2020. The composition and attendance of the members of the Audit Committee are as follows

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Sl. No.	Name of the Directors	Position	Category	No. of meetings attended
1.	Shri Vivek M. Pittie	Chairman	Independent, Non-Executive	4
2.	Smt. Lakshmi Iyer	Member	Independent, Non-Executive	5
3.	Dr. Anurag K. Kanoria	Member	Non-Executive	5
4.	Shri Girdhari Lal Sultania	Member	Independent, Non-Executive	1
5.	Shri Arvind K. Kanoria	Member	Promoter, Executive	5

Shri Girdhari Lal Sultania, Independent Non-Executive Director, was present at the last Annual General Meeting of the Company to answer the queries related to accounts to the satisfaction of the shareholders.

Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Regulation 19 of the Listing Regulations and Section 178 of the Act.

The Nomination and Remuneration Committee identifies persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommends to the Board their appointment and removal and carries out on/the performance evaluation of each director. The Nomination and Remuneration Committee also formulates the criteria for determining qualifications, positive attributes, independence of a director and recommends to the Board a policy relating to remuneration for directors, key managerial personnel and other employees of the Company, identify persons who are qualified to become directors and who may be appointed in senior management and evaluate the performance of the Directors. The Committee also carries out such other functions as may be required under the Act, and Regulation 19 of Listing Regulation. The Committee comprises four directors, all of whom are non-executive, including three independent directors. The members of the Committee are Smt. Lakshmi Iyer, Shri Vivek M. Pittie, Shri Girdhari Lal Sultania and Dr. Anurag K. Kanoria. Smt. Lakshmi Iyer is the Chairperson of the Committee.

During the year ended 31st March, 2020, 6 (six) meetings of the Committee were held on 12th June 2019, 14th August, 2019, 14th November 2019, 6th January, 2020, 7th February, 2020 and 6th March, 2020.

Sl. No.	Name of the Directors	Position	Category	No. of meetings attended
1.	Smt. Lakshmi Iyer	Chairperson	Independent, Non-Executive	6
2.	Shri Vivek M. Pittie	Member	Independent, Non-Executive	6
3.	Shri Girdhari Lal Sultania	Member	Independent, Non-Executive	2
4.	Dr. Anurag K. Kanoria	Member	Non-Executive	6

Remuneration Policy

Introduction

The Remuneration Policy is designed to attract, motivate and retain talented employees in a competitive market. The purpose of the remuneration policy is to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization, reward merits and protect organizational stability and flexibility and create sustainable long-term value for the shareholders. Therefore, the Company has formulated its Remuneration Policy with the following objectives

1. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
2. Ensuring that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. Ensuring that the remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Occasions may, however, arise where it is appropriate to act differently than set out in this policy in exceptional cases due

ANNEXURE VI TO THE DIRECTORS' REPORT

to some extraordinary talent of the candidate and / or on account of outstanding performance. The Remuneration Policy applies to the directors, key managerial personnel and other employees of the Company.

Criteria for Remuneration

The Remuneration Policy reflects a balance between the interests of the main stakeholders of the Company as well as a balance between the short-term and long-term strategy of the Company. As a result, the structure of the remuneration package for the Managing Board and senior executives is designed to balance short term operational performance with the medium and long- term objective of creating sustainable value within the Company. The Company strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment in line with the values and business principles of the Company to ensure that highly skilled and qualified senior executives can be attracted and retained. The Company aims for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size and complexity.

The following elements shall be considered for payment of remuneration to executive directors, KMP and other employees

- Industry average, remuneration drawn by peers considering nature and volume of responsibilities, qualification, experience, immediate previous position held in an earlier organization and responsibilities occupied, responsibilities shouldered in the Company, contribution made to the Company, achievements, rewards or recognitions, behavioral patterns and work ethics, evaluation of performance etc.

Remuneration to Executive Directors and Non-Executive Directors

The remuneration of the executive directors consists of salary and perquisites. The managing director is also entitled to receive a profit based annual commission. The salary, perquisites and the commission shall be recommended by the Nomination and Remuneration Committee for approval by the Board of Directors. After approval from the Board of Directors approval of the shareholder is to be sought.

The non-executive directors are entitled for sitting fees for attending each meeting of the Board of Directors. The sitting fees shall be recommended by the Nomination and Remuneration Committee for approval by the Board. Thereafter, approval of the shareholders shall be sought for payment of commission OR sitting fees, if any, to the non-executive directors.

Any review of the remuneration to executive directors and non-executive directors shall be on the basis of performance evaluation of directors and as per recommendation of the Nomination and Remuneration Committee.

The salary, perquisites and commission to the managing director and whole-time director and sitting fees to the non-executive directors shall be subject to provisions of the Act, including prescribed rules & schedules thereunder.

Remuneration to KMP, Senior Executives and other Employees

In order to attract and retain managerial expertise, the elements of the remuneration of the KMP and senior executives are determined on the basis of the work they do and the value they create as well as of the conditions in other similar companies. Each element of the remuneration has been weighed in order to ensure a continuous positive development of the Company both in the short and long term as well as of the employees to enhance productivity.

Remuneration of employees largely consists of base remuneration, perquisites, bonus, ex-gratia etc. The components of the total remuneration vary for different cadres/grades and are governed by industry patterns, qualification and experience of the employees, responsibilities handled by him, individual performance, amongst others. Employees/workers may be granted an advance/loan, with or without interest, in case of genuine needs such as medical, education, housing, marriage or for any other genuine purpose subject to and in conformity with the applicable laws and regulations as amended from time to time. The remuneration to employees/workers shall also comply with the applicable regulations and policies of the respective governments. As the factory of the Company is situated in the state of Uttar Pradesh, the remuneration to employees/workers there should be in compliance with the policies of the Uttar Pradesh Government including the Wage Board.

The Company may, however, give compensation in the form of reward or incentive to any employee for any outstanding or extraordinary performance by him which is over and above the benchmark set for him during any year.

An annual appraisal of performance of KMP, senior executives and other employees shall be done by the respective reporting authority/head of the department in association with Human Resource Department. Any increase in remuneration shall be done based on such performance evaluation.

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Long Term Incentive, Employee Stock Option Scheme

The Company does not have an employee stock option scheme.

Review

The Nomination and Remuneration Committee shall review the Remuneration Policy and shall recommend to the Board amendments to these guidelines as it deems appropriate.

The non-executive directors are remunerated by way of sitting fees of ₹ 5,000 for attending each meeting of the Board of Directors.

The payment of commission to the Managing Director is of such percentage and of such amount as the Board of Directors may determine and fix having regard to the net profit of the Company in the relevant year computed in the manner laid down in Section 198 of the Act, subject to the overall ceiling laid down in Section 197 of the Act. Details of remuneration paid/payable to the directors for the year ended 31st March, 2020 and their shareholding as on that date is as under

Name of the Directors	Salary	Perquisites/ Benefits	Bonus	Commission	Sitting Fees	Total	Service Contract/ Notice Period/ Severance Fees	Share holding (Equity)
Shri Arvind K. Kanoria	72.00	20.49	--	--	--	92.49	Term of Office valid up to 19th April, 2023. Notice period of 6 months from either side. No severance fees. Liable to Retire by rotation*	21,28,508
Shri Vivek M. Pittie	--	--	--	--	0.30	0.30	Appointed as Independent Director up to 31st March, 2024	
Dr. Anurag K. Kanoria	--	--	--	--	0.30	0.30	Liable to retire by rotation	
Shri Sidharth Prasad	--	--	--	--	0.10	0.10	Appointed as Independent Director up to 5th March, 2025 **	
Shri Girdhari Lal Sultania	--	--	--	--	0.15	0.15	Appointed as Independent Director up to 31st March, 2024	
Smt. Lakshmi Iyer	--	--	--	--	0.35	0.35	Appointed as Independent Director up to 28th September, 2021	3,000
Shri Babu Lal Vijay	9.72	2.13	3.24			15.09	Term of Office valid up to 4th May 2023. One month notice period from either side. No severance fees. Liable to Retire by rotation*	

Note: Employer's contribution to Provident Fund and Medical Insurance Premium by the Company has been shown under the Benefits in the above table.

Other Terms and Conditions of appointment of the independent Directors have been disclosed on the website of the Company at www.unitedprovincessugar.com

(*) The Board of Directors of the Company in its meeting held on 6th March, 2020 has altered terms of appointment of Shri Arvind K. Kanoria, Managing Director and Shri Babu Lal Vijay, Whole Time Director designated as General Manager from a Director not liable to retire by rotation to a Director liable to retire by rotation. The other terms and conditions of appointment including remuneration remain unchanged.

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(**) The Board of Directors of the Company in its meeting held on 6th March, 2020 has appointed Shri Sidharth Prasad, a Director of the Company as a Non-Executive Independent Director for a consecutive term of five years commencing from 6th March, 2020 and ending on 5th March, 2025, subject to the approval of the Members through special resolution at the ensuing Annual General Meeting.

Finance Committee

The terms of reference of the Finance Committee include the following

1. To approve and/or authorize opening of bank accounts, cash credit, current, dividend payment or otherwise and to give instructions relating to such banking accounts.
2. To raise and borrow monies for the business of the Company as may be considered necessary from Financial Institutions, Banks, Sugar Development Fund and/or other parties up to a limit of ₹ 100.00 crores (Rupees one hundred crores) only outstanding at any one time, on such terms and conditions as may be considered best in the interest of the Company.
3. To sanction and grant advances and loans out of the funds at the disposal of the Company and to deploy surplus funds of the Company in the interest of and for the purposes and benefits of the Company on such terms and conditions as may be deemed reasonable and appropriate to invest surplus funds of the Company in such manner and in such instruments and upon such terms and conditions as may be deemed to be in the best interest of the Company up to a limit of ₹ 20.00 crores (Rupees twenty crores) only in the aggregate at any point of time subject however to the provisions of Section 186 of the Act.
4. To appoint Internal Auditors, Cost and Secretarial Auditors, to fix their remuneration and to approve their reports, if any, incorporating necessary information and explanation on every reservation or qualifications made in the said Reports, pursuant to the provisions of Act, and forward wherever applicable, the same to the Central Government along with the copy of such report.
5. To authorize affixation of Common Seal of the Company.
6. To confer signing powers and authorities on such officers and employees of the Company as deemed fit for various operational and statutory matters.
7. To perform any other function as may be delegated to it by the Board of Directors from time to time.

During the year ended 31st March 2020, 2 (two) Finance Committee Meetings were held on 9th April, 2019 and 20th September, 2019.

The details of the composition, meetings and attendance of the members of the Finance Committee are as follows

Sl. No.	Name of the Directors	Position	Category	No. of meetings attended
1.	Shri Arvind K. Kanoria	Chairman	Promoter, Executive	2
2.	Shri Vivek M. Pittie	Member	Independent, Non-Executive	2
3.	Dr. Anurag K. Kanoria	Member	Non-Executive	2
4	Smt. Lakshmi Iyer	Member	Independent, Non-Executive	1

Corporate Social Responsibility (CSR) Committee

The CSR Committee has not been constituted by the Board as the Company does not generate adequate profit for the time being.

Shareholders' Committee**i) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee considers and resolves the grievances of the security holders of the Company. The Stakeholders Relationship Committee of the Board also oversees the redressal of shareholders and investors grievances in relation to the transfer of shares, non-receipt of annual report, non-receipt of dividend etc.

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During the year ended 31st March, 2020, 4 (four) Stakeholders Relationship Committee meetings were held on 12th June, 2019, 14th August, 2019, 14th November, 2019 and 7th February, 2020. The composition and attendance of the members of the Stakeholders Relationship Committee are as below

Sl. No.	Name of the Directors	Position	Category	No. of meetings attended
1.	Shri Girdhari Lal Sultania	Chairman	Independent, Non-Executive	2
2.	Shri Arvind K. Kanoria	Member	Promoter, Executive	4
3.	Dr. Anurag K. Kanoria	Member	Non-Executive	4

ii) Share Transfer Committee

The Share Transfer Committee of the Board of Directors deals with the various matters /requests relating to Share transfer/transactions, allotment, issue of duplicate share certificates, demat/remat, split and consolidation requests and other matters relating thereto.

The members of the Committee are Shri Arvind K. Kanoria and Dr Anurag K. Kanoria.

Compliance Officer

The Board designated Shri R. G. Panchbhai, Chief Financial Officer of the Company, as the Compliance Officer.

Details of Shareholders Complaints

No complaints/correspondence were received during the year ended 31st March, 2020. As such, there were no outstanding complaints as on 31st March, 2020. No share was pending for transfer as on 31st March, 2020.

Nature of Complaints

Description	Received and resolved during the Year
Non-receipt of securities	NIL
Non-receipt of dividend (including warrants)	NIL
SEBI Complaints	NIL
Stock Exchange Complaints	NIL
Others (e.g. Non receipt of Annual Report etc.)	NIL
Total	NIL

The Company supports SCORES by using it as a platform for communication between SEBI and the Company.

General Body Meeting

Details of last three Annual General Meetings are given below

Year	Date	Location of the meeting	Time	Special Resolution passed
2016-2017 94th AGM	22nd September, 2017	Registered Office of the Company at Chartered Bank Building, 1st Floor, 4 Netaji Subhas Road, Kolkata 700 001	2.00 p.m.	1. Alteration of Object Clause of Memorandum of Association of the Company. 2. Alteration of liability clause of Memorandum of Association of the Company. 3. Adoption of new set of Articles of Association of the Company.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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Year	Date	Location of the meeting	Time	Special Resolution passed
2017-2018 95th AGM	31st August, 2018	Registered Office of the Company at Chartered Bank Building, 1st Floor, 4 Netaji Subhas Road, Kolkata 700 001	2.00 p.m.	<ol style="list-style-type: none"> 1. Reappointment of Shri Vivek M. Pittie as Independent Director of the Company for another term of five consecutive years. 2. Reappointment of Shri Girdhari Lal Sultania as Independent Director of the Company for five consecutive years. 3. Voluntary Delisting of Equity Shares of the Company from The Calcutta Stock Exchange Limited.
2018-2019 96th AGM	27th September, 2019	Registered Office of the Company at Chartered Bank Building, 1st Floor, 4 Netaji Subhas Road, Kolkata 700 001	2.00 p.m.	<ol style="list-style-type: none"> 1. Reappointment of Shri Babu Lal Vijay as Whole Time Director designated as General Manager of the Company for further term of three years with effect from 5th May, 2020 up to 4th May 2023.

No Extraordinary General Meeting (EGM) was held during the last three years.

Details of Special Resolution passed through Postal Ballot

During the year ended 31st March, 2020, following special business were carried through Postal Ballot (including E-Voting), conducted in accordance with Sections 108 and 110 and other applicable provisions of the Act, read with Rules 20 and 22 of Companies Management and Administration) Rules, 2014 (as amended), Revised Secretarial Standard 2 (SS-2) on General Meetings and the Listing Regulations

I On 27th September, 2019

1. Special Resolution for reappointment of Shri Babu Lal Vijay (DIN: 06967800) as a Whole Time Director designated as General Manager of the Company for further term of three years.

II On 16th April, 2020

1. Voluntary Delisting of Equity Shares of the Company from The Calcutta Stock Exchange Limited.

Shri Arvind K. Kanoria, Shri Girdhari Lal Sultania and Shri R. G. Panchbhai, Chief Financial Officer and Compliance Officer of the Company, were authorized by the Board of Directors and were responsible for conducting the entire process of postal ballot and e-Voting under the provisions of the Act read together with the Rules made thereunder and in terms of the Listing Regulations.

Notices of Postal Ballot were sent through permitted modes (email/courier)/Speed Post to all the members of the Company, along with Postal Ballot Form and postage prepaid self-addressed envelopes (in case of physical dispatches). The said dispatch was completed on 31st August, 2019 and on 13th March, 2020 respectively.

The Board had appointed Shri Babu Lal Patni, Company Secretary in Practice holding (Membership No. FCS 2304 and Certificate of Practice No. 1321) as the Scrutinizer for Scrutinizing the Postal Ballot Process (including e-Voting) in a fair and transparent manner. On the basis of Reports of the Scrutinizer, Shri Arvind K. Kanoria, Managing Director, declared the result of Postal Ballot on 27th September, 2019 and 16th April, 2020 respectively.

The details of voting are as follows

Resolution(s)	Particulars	Percentage of Votes Cast (%)
On 27th September, 2019 Reappointment of Shri Babu Lal Vijay (DIN: 06967800) as a Whole Time Director designated as General Manager of the Company for further term of three years	Assent	100.00
	Dissent	NIL
	Total	100.00
On 16th April, 2020 Voluntary Delisting of the Equity Shares of the Company from The Calcutta Stock Exchange Limited	Assent	100.00
	Dissent	NIL
	Total	100.00

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Procedure for Postal Ballot

In compliance with the provisions of Sections 108 and 110 of the Act and Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations the Company provides electronic voting facility to all its members to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing such e-Voting facility to all its members. The members have the option to vote either by physical ballot or through e-Voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries on a cut-off date. The postal ballot notice is sent to members in electronic form to their email addresses registered with their depository participants (in case of electronic shareholding)/the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed to the Scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-Voting. The Scrutinizer submits his report to the Chairman, after completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/authorized officer. The results are also displayed on the website of the Company, www.unitedprovincessugar.com besides being communicated to the stock exchange, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

Details of Special Resolutions passed through ballot at the Annual General Meeting are given above. Special Resolution is proposed to be considered through postal ballot at the forthcoming/ensuing AGM.

Means of Communication

The Company puts all vital information relating to the Company and its performance, including quarterly, half yearly, yearly financial results, official announcements and communication to the investors and analysts on its website www.unitedprovincessugar.com regularly for the benefit of the public at large. Quarterly, half yearly, yearly financial results are sent to the Stock Exchange immediately after they are approved by the Board.

The extracts of the quarterly and annual results were published in English and Bengali newspapers such as The Echo of India and Arthik Lipi and the full format of the results were filed with The Calcutta Stock Exchange Limited.

General Shareholders Information

Annual General Meeting and Book Closure Dates

The Day, Date, Time and Venue of the 97th Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice convening the AGM, which forms part of the Annual Report.

Financial Year

The financial year of the Company extends from 1st April upto 31st March every year.

Financial Year Calendar for 2020-2021 (Tentative)

Results for the quarter ending 30th June, 2020	Before 15th August, 2020 (Subject to limited review)
Results for the quarter ending 30th September, 2020	Before 15th November, 2020 (Subject to limited review)
Results for the quarter ending 31st December, 2020	Before 15th February, 2021 (Subject to limited review)
Results for the quarter and year ending 31st March, 2021	Before 31st May, 2021 (Audited)

Listing of Equity Shares on Stock Exchange and Stock Code

The Calcutta Stock Exchange Limited,
7, Lyons Range, Kolkata - 700 001
(Application for delisting has been made)

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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Stock Code

- CSE Code for UPSCL is 10031177
- ISI Number for UPSCL is INE509E01014
- CIN No. for UPSCL is L40100WB1924PLC004929

Listing Fees

Listing fee for the financial year 2019-2020 has been paid to The Calcutta Stock Exchange Limited.

Depositories

- National Securities Depository Limited,
Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- Central Depository Services (India) Limited
Marathon Futurex, A-Wing, 25th Floor, N. M. Joshi Marg, Lower Parel, Mumbai – 400013

Stock Market Data, Movement in Share Price of Company and Share Price Performance (Face value of ₹ 10.00 each)

There was no trading in shares of the Company at The Calcutta Stock Exchange Limited as it was reported that its trading remain suspended even though the Company have been in compliance of all the requirement of Listing Regulations/Stock Exchange Listing Agreement and requested the CSE to lift such suspension. The Company is actively pursuing the matter with CSE.

Distribution of Shareholding and Dematerialization position on 31st March, 2020

No. of Equity Shares From	No. of Equity Shares To	No. of Shareholders		No. of Shares		% of Equity Capital	
		Physical	Demat	Physical	Demat	Physical	Demat
1	5,000	184	95	84,583	36,963	3.32	1.45
5,001	10,000	0	2	0	13,108	0.00	0.51
10,001	20,000	0	1	0	12,000	0.00	0.47
20,001	30,000	0	0	0	0	0.00	0.00
30,001	40,000	0	0	0	0	0.00	0.00
40,001	50,000	0	1	0	41,460	0.00	1.63
50,001	100,000	0	1	0	87,598	0.00	3.44
100,001	9,999,999,999	0	2	0	2,274,288	0.00	89.19
TOTAL		184	102	84,583	2,465,417	3.32	96.68

Dematerialization of Shares

Around 96.68% of the Share Capital is held in dematerialized form with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at 31st March 2020.

Shareholding Pattern on 31st March, 2020 (Face Value - ₹ 10.00 each)

Category	No. of Shares	% of Holding
Promoter Group Holding	24,19,566	94.88
Financial Institutions, Insurance Companies, Banks and Mutual Funds	7,798	0.31
Foreign Institutional Investors & Foreign Financial Institution/Banks		
Private Corporate Bodies	5,208	0.20
NRIs	2	

ANNEXURE VI TO THE DIRECTORS' REPORT

Category	No. of Shares	% of Holding
Trusts		
Foreign Portfolio Investor (Corporate)		
Indian Public	1,17,426	4.61
Clearing Members		
Total	25,50,000	100.00

Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialised form. All valid share transfer requests/demat requests are processed and put into effect within a maximum period of 15 days from the date of receipt. M/s. TSR Darashaw Consultants Private Limited. is acting as RTA of the Company for servicing all matters relating to physical and demat shares such as transfer, transmission, dematerialisation, rematerialisation, dividend etc. Accordingly, members may please address all correspondence and requests relating to the Shares of the Company to M/s. TSR Darashaw Consultants Private Limited. at the above mentioned address. Securities and Exchange Board of India (SEBI) vide its notification dated 08th June, 2018 has notified all listed Companies and Registrar & Transfer Agents that transfer of securities shall be carried out only in dematerialised form.

Accordingly, attention of all shareholders holding shares in physical form if brought to the following

Company & RTA shall not effect transfer of securities held in physical form from 01st April, 2019, This restriction shall not be applicable for transmission or transposition of securities held in physical form.

Status of Unpaid Dividend

The Company has not declared any dividend from the financial year 2004-2005 onwards.

Equity Shares in Demat Suspense Account

In terms of Regulation 34 read with Schedule V to the Listing Regulations, the Company reports the following details in respect of equity shares lying in the Demat Suspense Account of the Company.

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the Demat Suspense Account at the beginning of the year	NIL	NIL
Aggregate number of shareholders and the outstanding shares transferred to Demat Suspense Account during the year	NIL	NIL
Number of shareholders who approached the issuer for transfer of shares from the Demat Suspense Account during the year	NIL	NIL
Number of shareholders to whom shares were transferred from the Demat Suspense Account during the year	NIL	NIL
Aggregate number of shareholders and the outstanding shares lying in the Demat Suspense Account at the end of the year	NIL	NIL

The Voting Rights on the shares outstanding in the Suspense Account as at 31st March, 2020 shall remain frozen till the rightful owners of such shares claim the shares.

Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account

The provisions of the Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended) ("the Rules") and other applicable rules, notifications and circulars, if any, required every company to transfer the shares, in respect of which dividend remains unpaid/unclaimed for a period of seven (7) consecutive years to the Demat Account of the IEPF Authority ("the IEPF Demat Account").

Shareholders can claim both the unclaimed/unpaid dividend and equity shares transferred to the IEPF. Form IEPF-5 (available on the website (www.iepf.gov.in)) and sending a duly signed (as per the specimen signature recorded with the

ANNEXURE VI TO THE DIRECTORS' REPORT

Company/Depository) physical copy of the same along with the requisite documents enumerated in Form IEPF-5 to the Company for verification of the claim.

As the Company has not declared any dividend from the Financial Year 2004-2005 onwards the above transfer of shares are not applicable to the Company.

Plant Location

P.O. Seorahi - 274 406
Dist: Kushinagar,
State: Uttar Pradesh

Investors Correspondence

A. The Company

Shri R. G. Panchbhai
Chief Financial Officer
The United Provinces Sugar Company Limited
C/o. 401/405 Jolly Bhavan No. 1,
10, New Marine Lines,
Mumbai - 400 020
Tel: 2200 3231/4325/5056, Fax: 2206 0745
E-mail: upsclmumbai@rediffmail.com

B. Name, Address and Contact Details of Registrar and Transfer Agent

TSR Darashaw Consultants Private Limited
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
Telephone No. + 91-22-6656 8484 Extn No. 411 / 412 / 413
Fax No. 91-22-6656 8494
Email ID: csg-unit@tsrdarashaw.com

The Company has complied with the mandatory requirements of Listing Regulation. The Company has partially adopted non-mandatory requirements as stated herein above.

Other Disclosures

1. Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations including Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations and paras (2) to (10) mentioned in part 'C' of Schedule V of the Listing Regulations during the year under review.

Necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations as applicable to the Company has been disclosed in this Report.

2. Compliance with Non-Mandatory Requirements

The status of compliance with non-mandatory recommendations of Part E of Schedule II of the Listing Regulations is provided below

- i) The Company does not have any materially significant related party transactions, which may have potential conflict with the interests of the Company at large. The transactions with related parties, in normal course of business, have been disclosed separately in the Notes to the Financial Statements. The Company has disclosed the policy on dealing with the related party transactions on its website at the following website www.unitedprovincessugar.com
- ii) There were no instances of non-compliances related to capital market during the year under review and no penalties/strictures were imposed against the Company during the last three years.

ANNEXURE VI TO THE DIRECTORS' REPORT

- iii) Whistle Blower Policy framed by the Company to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any, is available on Company's website at the following website www.unitedprovincessugar.com. During the year 2019-2020, no personnel has been denied access to the Audit Committee.
- iv) All mandatory requirements relating to corporate governance under the Listing Regulations have been appropriately complied with except as stated in Auditors Certificate which are being complied with and the status of non-mandatory (discretionary) requirements is given below

1. The Financial Statements of the Company are free from any Audit Qualifications and do not contain any modified audit opinion
2. The Internal Auditors of the Company report directly to the Audit Committee.

- v) The Company does not have any listed or unlisted subsidiary company as defined in the Listing Regulations and therefore corresponding disclosures have not been made.

In terms of the Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including

- vi) commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.
- vii) The Managing Director and Chief Financial Officer Certification for the year 2019-2020 form a part of the Annual Report.
- viii) The financial statements have been prepared in accordance with Indian Accounting Standard ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the date the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.

- ix) The Company has laid down Risk Assessment and Minimization procedures and the same are periodically reviewed by the Board. The Company has a defined Risk Management Policy approved by the Board of Directors of the Company. Further, the Company has adequate internal control systems to identify risks at appropriate time and to ensure that the executive management controls the risk through properly defined framework.

In addition to the above, the Board of Directors of the Company has constituted a Risk Management Committee of the Board to review, in particular, the Risk Management Policy of the Company, the effectiveness and adequacy of the Risk Management Systems of the Company including cyber security, etc.

Commodities form a major part of business of the Company and hence commodity price risk is one of the important risks for the Company. The Company has a robust mechanism in place to protect the interest of the Company from risks arising out of market volatility.

Information required under clause 9(n) of Part C of Schedule V to the Listing Regulations and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/000000141 dated November 15, 2018 are given hereunder.

Sugar and its byproduct molasses, bagasse and pressmud constitute for more than 99.72% of the revenues of the Company.

The major segment in which the Company operates in, which accounts for around 93.29% of its revenues is sugar. The Company does not physically export sugar unless it is mandated by the Government. For domestic sales, under the current regime, sales quotas are announced by the Government on a monthly basis. Further there are not many active platforms in India which allow hedging of domestic sugar sales. In addition to above, the Government of India has recently announced Minimum Sale Price (MSP) for sale of sugar in the open market for all sugar mills. Such MSP, currently at ₹ 31.00 per kg (recently revised to ₹ 33.00 per kg) acts, as an ex-mill minimum floor price for the sale of sugar by the sugar mills in India.

ANNEXURE VI TO THE DIRECTORS' REPORT

Accordingly, the details required under SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 are not applicable to the Company.

Further disclosures relating to risks and activities including commodity price risk, foreign exchange risk, etc. have been adequately covered under the Management Discussion and Analysis Report forming part of the Annual Report.

- x) The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the Report of the Board.
- xi) A certificate has been obtained from Shri Babu Lal Patni, Practicing Company Secretary confirming that none of the Directors of the Company have been debarred or disqualified by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as directors of the Company and the same forms part of the Annual Report.
- xii) All recommendations made by the Committees of the Board during the year were accepted by the Board. During the year 2019-2020 there was no such instance wherein the Board had not accepted any recommendation of any committee of the Board.
- xiii) Details of total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part are given below

Year 2019 - 2020	Total (₹)
For Statutory Audit and Limited Review & other Audits	5,00,000.00
For Taxation Matters	--
For Management Services	--
For Certification Work	15,000.00
Reimbursement of Expenses	30,392.00
	5,45,392.00

- xiv) Other items which are not applicable to the Company have not been separately commented upon.

For and on behalf of the Board
Arvind K. Kanoria
Managing Director
DIN - 00200202

Place of Signature: Mumbai
Dated: 30th July, 2020

ANNEXURE VI TO THE DIRECTORS' REPORT

**Declaration Regarding Compliance with the Code of Conduct
(As required by Regulation 34(3) read with Schedule V(D) of the
Securities and Exchange Board of India (Listing Obligations and
Disclosure Requirements) Regulations, 2015)**

The Board of Directors

The United Provinces Sugar Company Limited

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel and the same is available on the website of the Company.

The Board of Directors and Senior Management Personnel of the Company have affirmed that they have complied with the Code of Conduct. It is hereby declared that the Company has obtained from all the Board Members and Senior Management Personnel that they have complied with the said code for the Financial Year 2019-2020.

For and on behalf of the Board

Arvind K. Kanoria

Managing Director

DIN - 00200202

Place of Signature: Mumbai

Dated: 30th July, 2020

**Certification by Managing Director and Chief Financial Officer in Terms of Regulation 17(8) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board of Directors

The United Provinces Sugar Company Limited

We, the undersigned, in our capacity as Managing Director and Chief Financial Officer of The United Provinces Sugar Company Limited ("the Company"), to the best of our knowledge and belief, hereby certify that

We have reviewed the financial statements and the Cash Flow Statement for the year ended 31st March, 2020 and, to the best of my knowledge and belief, state that

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

these statements together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

We further state that to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the code of conduct of the Company.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies, if any, in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee

there have been no significant changes in internal control over financial reporting during this year.

there has been no significant change in accounting policies during the year and the same have been disclosed in the notes to the financial statement; and

there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the internal control systems of the Company over financial reporting.

Place of Signature: Mumbai

Date: 30th July, 2020

R. G. Panchbhai
Chief Financial Officer

Arvind K. Kanoria
Managing Director
DIN - 00200202

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE VI TO THE DIRECTORS' REPORT

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) Regulation, 2015)

To,
The Members of
The United Provinces Sugar Company Limited,
Kolkata – 700001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **The United Provinces Sugar Company Limited** having **CIN L40100WB1924PLC004929** and having registered office at 4, Netaji Subhash Road, 1st Floor, Chartered Bank Building, Kolkata- 700001 (hereinafter referred to as 'the Company'), produced before me 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending 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, New Delhi or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	SHRI VIVEK M. PITTIE	00066885	22 ND JUNE, 1998
2.	DR. ANURAG K. KANORIA	00200630	19 TH JANUARY, 1995
3.	SHRI GIRDHARI LAL SULTANIA	00060931	19 TH JANUARY, 1995
4.	SHRI SIDHARTH PRASAD	00074194	29 TH JANUARY, 2016
5.	SMT. LAKSHMI IYER	00591643	20 TH JUNE, 2015
6.	SHRI BABU LAL VIJAY	06967800	5 TH MAY, 2014
7.	SHRI ARVIND K. KANORIA	00200202	12 TH NOVEMBER, 1990

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 effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Dated : 13th July, 2020

Name : **BABU LAL PATNI**
Membership No. : FCS 2304
C.P. Number : 1321
UDIN : F002304B000442392

ANNEXURE VI TO THE DIRECTORS' REPORT

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
The United Provinces Sugar Company Limited

1. We, Bansi S. Mehta & Co, Chartered Accountants, the Statutory Auditors of **The United Provinces Sugar Company Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance, for the year ended March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Company's Management, including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Qualified Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and representations provided by the management, subject to—
 - a. the requirement as per Regulation 17(b) of SEBI Listing Regulations for the number of Independent Directors in composition of the Board of Directors which was complied with effect from March 6, 2020;
 - b. the requirement as per Regulation 18(1)(b) of SEBI Listing Regulations for the number of Independent Directors in composition of the Audit Committee, on the interpretation that the fraction is to be rounded off to the higher number, which since the year-end has been complied with;
 - c. with regard to the requirement for a Company Secretary to be a secretary of the Audit Committee as per Regulation 18(1)(e) of SEBI Listing Regulations, the same was not complied with for parts of the year, though at the year-end as on March 31, 2020, there was a secretary to the Audit Committee;
 - d. At the Annual General Meeting of the Company held on September 27, 2019, the Chairman of the Audit Committee was present through his proxy;

ANNEXURE VI TO THE DIRECTORS' REPORT

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, as applicable during the year ended March 31, 2020.

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

Restriction on use

9. The certificate is issued solely for the purpose of complying with the aforesaid regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

PLACE : Mumbai
DATED : July 30, 2020

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W
PARESH H. CLERK
Partner
Membership No. 036148
UDIN : 20036148AAAACN8939

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

1. Global Sugar Industry

Sugar is produced in over 120 countries from either beet or cane. Brazil is the most dominant sugar producer and exporter in the world and Thailand is the second largest sugar exporter. India is placed as the second largest sugar producer and the highest consumer of sugar in the world and now seeks to export its sugar in a sizeable quantity and in a sustained manner.

2. Indian Sugar Industry

The Indian sugar industry is characterized by the coexistence of private, cooperative and public sector mills. It is inherently inclusive and supports over 50 million farmers and their families. It is rural centric and a key driver of village level wealth creation. Sugar is the second largest agro-based industry in India after textiles. It has tremendous transformational opportunities to meet food, fuel and power needs in an environment friendly manner. Maharashtra and Uttar Pradesh are the dominant sugar producing states in India.

Sugar production in India in the incoming season of 2020-21 season is estimated to be around 320-325 lakh tonnes due to higher acreage and an increased sugar recovery on account of the plantation of better varieties of sugarcane and adequate and timely rains.

In order to check the continuous fall in prices of sugar and stabilize the sugar prices and with a view to clear sugarcane price arrears of farmers, the Central Government has taken several measures like fixing a Minimum Selling Price for sale of sugar and the imposition of stock holding limits on sugar mills along with an increase in the import duty on sugar. It has also announced a scheme for export of sugar in a bid to reduce excess stocks of sugar in the country.

The fundamental problem plaguing the domestic sugar industry continues to reside in the fact that the price of its raw material i.e. sugarcane is determined on political rather than economic grounds. Such a situation continues to exist year after year in spite of the opinion and advice of several think tanks and committees that have been set up by the Central Government itself, resting with the Rangarajan Committee, all of whom have recommended the adoption of a rational sugarcane pricing policy where there is a co relation between the price of sugarcane and sugar.

In this background, unless the aforesaid issue of viable sugarcane pricing is addressed by both the Central as well as the State Governments, the future prospects of the sugar industry remain uncertain.

3. SCOT Analysis - Strengths, Challenges, Opportunities and Threats

Strengths

- The Indian sugar industry is the second largest producer of sugar in the world after Brazil.
- This sector has been the focal point of socio-economic development of rural India especially in large parts of Uttar Pradesh, Maharashtra and Karnataka.
- It is a direct source of livelihood for more than 50 million farmers as well as the workmen and staff associated with the sugar factories.
- The annual contribution of the Indian sugar industry to the exchequer stands at over ₹ 25 billion.
- The Indian sugar industry also supports downstream industries by providing key by products such as molasses and bagasse for production of alcohol, ethanol and electricity.

Challenges

- Both Central and State governmental policies in relation to determination of the price of the raw material for the industry i.e. non linkage of the price of sugarcane to that of sugar has seriously impaired the long term viability of the domestic sugar industry.
- On account of political patronage, sugarcane is often grown in water deficient regions which has led to severe water shortage in such areas especially in Maharashtra.

Opportunities

- Potential to increase the productivity and quality of sugarcane and sugar recovery rates.
- High value of by products for downstream industries.
- Availability of advanced technology for effective by product utilization.

Threats

- The sugar sector is vulnerable to political interests which interfere in sugarcane pricing both at the Central as well as State Government levels.
- Artificially high sugarcane prices have resulted in excessive area being set aside for sugarcane cultivation at the cost of other crops such as rice, wheat, oil seeds etc.

Internal Control Systems and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are recorded and reported.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with the operating systems, accounting procedures and policies. The Audit Committee reviews the internal controls at periodic intervals in close coordination with the Internal Auditors.

Review of Financial Year 2019-2020

a) Operating Results

The total revenue from operations and other income of the Company for the year under review has been ₹ 35,178.89 lakhs as compared to ₹ 16,245.12 lakhs in the previous year. During the year under review, the total expenses amounted to ₹ 35,793.17 lakhs as compared to ₹ 17,179.34 lakhs during the previous year. A net loss of ₹ 821.17 lakhs for the year against a net loss of ₹ 586.58 lakhs for the previous year. The total comprehensive loss for the year is ₹ 516.20 lakhs as against a total comprehensive loss of ₹ 591.04 lakhs for the previous year.

- b) Share Capital: The issued and subscribed share capital of the Company consists of equity share capital only. The paid-up share capital of the Company as at 31st March, 2020 stood at ₹ 255.00 lakhs comprising of 25,50,000 equity shares of ₹ 10/- each.
- c) Other Equity: During the year under review, the other equity was ₹ 2,328.56 lakhs as against ₹ 2,842.96 lakhs during the previous year.
- d) Non-Current Liabilities: During the year under review the non-current liabilities stood at ₹ 4,433.97 lakhs as against ₹ 5,759.96 lakhs during the previous year.
- e) Non-Current Assets: During the year under review, the non-current assets stood at ₹ 16,448.32 lakhs as against ₹ 16,029.78 lakhs during the previous year.
- f) Current Assets & Current Liabilities: The current assets and current liabilities for the year under review stood at ₹ 19,514.27 lakh and ₹ 28,945.06 lakhs respectively as against ₹ 27,385.24 lakhs and ₹ 34,557.10 lakhs respectively for the previous year.

Human Resources

The Company has adequate human resources which are commensurate with the current volume of activity and is reviewed by the management periodically and the Company would induct competent personnel on increase/expansion of the activity.

Cautionary Statement

Statements made in this report describing industry outlook as well as the plans and expectations of the Company may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For and on behalf of the Board

Arvind K. Kanoria

Managing Director

DIN - 00200202

Place of Signature: Mumbai

Dated: 30th July, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of

The United Provinces Sugar Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The United Provinces Sugar Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2020, its loss and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by The Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, for the year ended March 31, 2020 and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

The Key Audit Matter	How was the matter addressed in our Audit
Amount of recoverable deferred tax assets ("DTA") with respect to tax losses as carry forward and unabsorbed depreciation	
<p>The Company has recognised DTA in the current year and also in earlier years for the unused tax losses in the form of unabsorbed depreciation and carried forward business losses to the extent it is probable that the future taxable profits will be available against which such unused tax losses can be utilised (before the expiry period for its utilisation).</p> <p>Such recognition of DTA is a key audit matter as the determination that it is probable that future taxable profits will be available, that is, the recoverability of such tax losses within the time frame allowed; it involves significant estimate of the availability of sufficient taxable income in the future and significant judgements in the interpretation of tax regulations and tax position adopted by the Company.</p> <p>(Refer Note 32 to the Financials Statements)</p>	<p>Our audit procedures, among others, included the following</p> <ul style="list-style-type: none"> • Considered the Company's accounting policies with respect to recognition of tax credits in accordance with Ind AS 12 on "Income Taxes"; • Evaluated the Company's tax position by comparing it with prior years and past precedents; • Discussed and assessed with the management the future business plans and long-term financial projections and the key assumptions used in the projections on which the estimate of profitability is made; • Evaluated the estimates of profitability made by the management on the basis of which it is considered probable that the Company will have sufficient taxable income against which the unused tax losses will be utilised and also within the expected time of utilisation; as far as unabsorbed depreciation is concerned, there is no time limit within which it is to be utilised. • Assessed the appropriateness of disclosures in accordance with the requirements of Ind AS 12 "Income Taxes".

INDEPENDENT AUDITOR’S REPORT

Determination of Value of Inventory of Sugar as at year end March 31, 2020	
<p>As on March 31, 2020, the Company is carrying inventory of sugar (finished goods and work-in-progress) amounting to ₹ 17,343.42 lakhs. The inventory of sugar is valued at lower of cost and net realisable value.</p> <p>The inventory valuation of sugar is considered as a key audit matter given the relative size of the inventory of sugar as on March 31, 2020 is significant to the financial statements and also significant judgement was involved in the consideration of factors such as the cost determination, minimum sale price, monthly quota, fluctuation in sale prices and related notifications of the Government of India in determination of net realisable value of sugar.</p> <p>(Refer Note 1.6 to Significant Accounting Policies and Refer Note 7 to the Financial Statements)</p>	<p>Our audit procedures, among others, included the following</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of controls established by the management with regard to preparation of cost sheet and the underlying judgements applied by the management in this regard; • Considered various factors including actual sale price prevailing around and subsequent to the year end, minimum sale price with respect to sugar industry as a whole while verifying the net realisable value; • Assessed the appropriateness of disclosures included to the financial statements with respect to inventories and its valuation in terms the requirements of Ind AS 2 on “Inventories”.
Physical Verification of Inventories	
<p>The Company’s inventories include raw materials, work-in-progress, finished goods, stores and spares and loose tools. The Company has its inventories, including finished goods, at its only manufacturing location at Uttar Pradesh.</p> <p>The Company has adequate inventory records and system as also internal controls over inventory movements and records. The management of the Company carried out physical verification of its inventories at the year-end and provided details thereof to us auditors. However, due to various restrictions imposed under COVID-19 outbreak, it was impracticable for us auditors to physically attend the inventory counting and hence, alternative audit procedures were performed.</p> <p>This matter is considered to be key audit matter given the circumstances of physical verification of inventories under COVID-19 vis-à-vis non-COVID-19 scenario.</p>	<p>Since it was impracticable for us as auditors to attend in the physical verification of inventories our alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories include the following</p> <ul style="list-style-type: none"> • Evaluated the control design in respect of inventory process and testing (encompass the process around inventory movements) whether such controls have operated effectively during the period of audit. • Obtained details/documents of existence and condition of physical inventories as carried out by the management at the year-end. • Observed the inventory counting remotely subsequent to the year-end via video call; considered the related practical constraints while counting remotely. • The count was carried for all items of inventories on sample basis and in some cases of on the best judgement basis. • Rollback procedures were applied to arrive at the inventories as verified by the Company as at the year-end as verified by the management. • Related documents were verified for the existence of inventories at the year-end. • Employed appropriate cut-off procedures as also verified documentary records for inventories in-transit.

Information Other than the 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 Board’s Report including Annexures to Board’s Report, Management Discussion and Analysis, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report thereon.

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

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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, we report that
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of the written representations received from directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

INDEPENDENT AUDITOR'S REPORT

- g. With respect to the 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 during the current year by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

- 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 30 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, as required under the applicable law or accounting standards;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we enclose in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No.100991W
PARESH H. CLERK
Partner
Membership No. 36148
UDIN : 20036148AAAACM4514

Place : Mumbai
Date : July 30, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 (f) under the heading of "Report on Other Legal and Regulatory Requirements" in our Independent Auditor's Report of even date on the Financial Statements for the year ended March 31, 2020.

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **The United Provinces Sugar Company 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 Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 authorisations 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.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal controls over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note.

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No.100991W
PARESH H. CLERK
Partner
Membership No. 36148
UDIN : 20036148AAAACM4514

Place : Mumbai
Date : July 30, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 under the heading of 'Report on Other Legal and Regulatory Requirements' of our Independent Auditors' Report of even date on the Financial Statements for the year ended March 31, 2020.

Report on the Companies (Auditor's Report) Order, 2016, issued in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of The United Provinces Sugar Company Limited ("the Company")

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment ("PPE").
 - b. PPE have been physically verified by the management according to a phased programme designed to cover all the PPE over a period of three years, which in our opinion, provides for physical verification of all the items of PPE at reasonable intervals. Pursuant to the programme, a material portion of the items of PPE have been verified by the management during the year, and no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as included in Note 2 to the financial statements, are held in the name of the Company.
- ii. Inventories other than stocks-in-transit have been physically verified by the management during the year. For stocks-in-transit at the year-end, the necessary documentary evidences have been obtained. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such physical verification.
- iii. 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 Act. Therefore, reporting requirements as per the provisions of Clause 3(iii) [(a) to (c)] of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has neither granted any loan to parties covered under Sections 185 of the Act, to any other person or other body corporate nor has given any guarantee or provided security in connection with loan taken by such parties, person or body corporate. The Company also has not acquired, through purchase or otherwise, the securities of any body corporate. Accordingly, the question of commenting on compliance with the provisions of Section 185 and Section 186 in respect thereof does not arise.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public. Accordingly, paragraph 3 (v) of the Order to comment on whether the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder, is not applicable.
- vi. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as specified by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of sugar manufactured by the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the said accounts and records with a view to determine whether they are accurate or complete.
- vii. a. According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Value Added Tax and other statutory dues as applicable to it with the appropriate authorities. There are no arrears of outstanding statutory dues on the last day of the financial year, for a period of more than six months from the date they become payable.
 - b. According to the information and explanations given to us and on the basis of the books and records of the Company examined by us, as may be applicable, given hereinbelow are the details of dues of Income-tax, Service Tax, Sales-tax, Duty of Customs, Duty of Excise, Value Added Tax, which have not been deposited on account of disputes and the forum where the dispute is pending

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Name of the Statute	Forum where the dispute is pending	Nature of Dues	Financial Year to which Amount relates	Amounts ₹ in lakhs
Income Tax Act, 1961	Income Tax Appellate Tribunal, Kolkata	Minimum Alternate Tax	2012-13	409.60

- viii. According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not taken any loan or borrowing from Government and has not issued any debenture during the year.
- ix. According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) of the Order in respect thereof is not applicable. Moneys raised by way of term loans were applied for the purposes for which those are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year in the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration during the financial year 2019-20 in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No.100991W
PARESH H. CLERK
Partner
Membership No. 36148
UDIN : 20036148AAAACM4514

Place : Mumbai
Date : July 30, 2020

THE UNITED PROVINCES SUGAR COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2020

₹ in Lakhs

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	2A	15,630.91	14,588.35
(b) Capital Work-in-Progress	2B	NIL	352.07
(c) Right-of-Use Assets	2C	31.79	NIL
(d) Other Intangible Assets	2D	1.25	3.08
(e) Financial Assets			
(i) Loans	3	9.66	9.66
(ii) Other Financial Assets	4	7.86	5.91
(f) Deferred Tax Asset (Net)	5	751.66	1,044.20
(g) Other Non-current Assets	6	15.19	26.51
Total Non-current Assets		16,448.32	16,029.78
Current Assets			
(a) Inventories	7	19,039.66	21,608.74
(b) Financial Assets			
(i) Trade Receivables	8	45.36	29.56
(ii) Cash and Cash Equivalents	9	201.41	53.77
(iii) Bank Balances other than (ii) above	10	NIL	4,204.41
(iv) Other Financial Assets	11	92.83	1,195.38
(c) Other Current Assets	12	135.01	293.38
Total Current Assets		19,514.27	27,385.24
TOTAL ASSETS		35,962.59	43,415.02
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	13	255.00	255.00
(b) Other Equity	14	2,328.56	2,842.96
Total Equity		2,583.56	3,097.96
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	3,488.43	4,404.32
(ii) Lease Liabilities	40	3.01	NIL
(b) Provisions	16	449.06	552.86
(c) Other Non-current Liabilities	17	493.47	802.78
Total Non-current Liabilities		4,433.97	5,759.96
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	13,478.96	20,065.57
(ii) Trade Payables	19		
A. total outstanding dues of micro enterprises and small enterprises		61.61	7.42
B. total outstanding dues of creditors other than micro enterprises and small enterprises		10,336.19	12,774.43
(iii) Lease Liabilities	40	4.25	NIL
(iv) Other Financial Liabilities	20	3,760.69	844.23
(b) Other Current Liabilities	21	960.86	701.09
(c) Provisions	22	342.50	164.36
Total Current Liabilities		28,945.06	34,557.10
TOTAL EQUITY AND LIABILITIES		35,962.59	43,415.02

Significant Accounting Policies

1

See accompanying notes forming part of the Financial Statements

2 - 45

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No.100991W

PARESH H. CLERK

Partner

Membership No. 36148

Arvind K. Kanoria

Managing Director

DIN - 00200202

Vivek M. Pittie

DIN - 00066885

Dr. Anurag K. Kanoria

DIN - 00200630

Directors

Place : Mumbai

Date : July 30, 2020

R. G. Panchbhai
Chief Financial Officer

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I Revenue From Operations	23	34,599.35	15,988.03
II Other Income	24	579.54	257.09
III Total Income (I+II)		35,178.89	16,245.12
IV EXPENSES			
Cost of materials consumed	25	26,356.04	26,876.41
Changes in Inventories of Finished Goods, By-Products and Work-in-Progress	26	2,577.01	(14,946.77)
Employee Benefits Expense	27	1,678.95	1,635.35
Finance Costs	28	2,627.13	1,285.03
Depreciation and Amortisation Expense	2A, 2C & 2D	633.29	567.75
Other Expenses	29	1,920.75	1,761.57
Total Expenses (IV)		35,793.17	17,179.34
V Profit/(Loss) before Exceptional Items and Tax (III-IV)		(614.28)	(934.22)
VI Exceptional Items		NIL	NIL
VII Profit/(Loss) before Tax (V+VI)		(614.28)	(934.22)
VIII Tax expense			
Current Tax	32	NIL	NIL
Deferred Tax	32	206.89	(347.64)
Total Tax Expenses		206.89	(347.64)
IX Profit/(Loss) for the period (VII-VIII)		(821.17)	(586.58)
X Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Profit and Loss			
Remeasurement Gain/(Loss) of net defined benefit liability		(23.08)	(6.68)
Income tax relating to above		6.42	2.22
Increase in carrying amount on Revaluation of Land		413.70	NIL
Income tax relating to above		(92.07)	NIL
Other Comprehensive Income/(Loss)		304.97	(4.46)
XI Total Comprehensive Income/(Loss) for the period		(516.20)	(591.04)
XII Earnings per equity share (Face Value ₹ 10 Per Share)			
Basic and Diluted (in ₹)		(32.20)	(23.00)

Significant Accounting Policies

1

See accompanying notes forming part of the Financial Statements 2 - 45

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**

Chartered Accountants

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DIN - 00066885

Place : Mumbai

Date : July 30, 2020

R. G. Panchbhai
Chief Financial Officer

Dr. Anurag K. Kanoria

DIN - 00200630

Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

₹ in Lakhs

Particulars	Number of Shares	Amount
Balance as at April 1, 2018	25,50,000	255.00
Add : Changes in Equity Share Capital during the year	NIL	NIL
Balance as at March 31, 2019	25,50,000	255.00
Add : Changes in Equity Share Capital during the year	NIL	NIL
Balance as at March 31, 2020	25,50,000	255.00

B. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus					Equity Instruments through Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Revaluation Surplus	Reserve for Storage of Molasses	Retained Earnings		
Balance as at April 1, 2018	252.43	578.68	5,986.86	3.77	(3,390.60)	1.13	3,432.27
Profit / (Loss) for the year	NIL	NIL	NIL	NIL	(586.58)	NIL	(586.58)
Other Comprehensive Income/ (Loss) (Net of tax) - Remeasurement of Defined Benefit Plans	NIL	NIL	NIL	NIL	(4.46)	NIL	(4.46)
Total Comprehensive Income/ (Loss) for the year	NIL	NIL	NIL	NIL	(591.04)	NIL	(591.04)
Additions made to Reserve for Storage of Molasses	NIL	NIL	NIL	1.73	NIL	NIL	1.73
Balance as at March 31, 2019	252.43	578.68	5,986.86	5.50	(3,981.64)	1.13	2,842.96
Profit / (Loss) for the year	NIL	NIL	NIL	NIL	(821.17)	NIL	(821.17)
Other Comprehensive Income/(Loss) (Net of tax) - Remeasurement of Defined Benefit Plans	NIL	NIL	NIL	NIL	(16.66)	NIL	(16.66)
Other Comprehensive Income - Increase in carrying amount of Revaluation of Land (Net of Tax)	NIL	NIL	321.63	NIL	NIL	NIL	321.63
Total Comprehensive Income/ (Loss) for the year	NIL	NIL	321.63	NIL	(837.83)	NIL	(516.20)
Additions made to Reserve for Storage of Molasses	NIL	NIL	NIL	1.80	NIL	NIL	1.80
Balance as at March 31, 2020	252.43	578.68	6,308.49	7.30	(4,819.47)	1.13	2,328.56

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No.100991W

PARESH H. CLERK
Partner
Membership No. 36148

Place : Mumbai
Date : July 30, 2020

Arvind K. Kanoria
Managing Director
DIN - 00200202

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie
DIN - 00066885

Dr. Anurag K. Kanoria
DIN - 00200630
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Exceptional Items and Tax	(614.28)	(934.22)
Adjustments to reconcile Profit Before Exceptional Items and Extra Ordinary Items and Tax to Net Cash Flow provided by Operating Activities		
Finance Costs	2,627.13	1,285.03
Depreciation and Amortisation Expense	621.13	567.75
Loss by Fire	NIL	10.18
Loss on Sale of Property, Plant and Equipment	42.61	NIL
Bad Debts written off	0.40	5.01
Doubtful Debts and Advances (Provision)	NIL	NIL
Unspent Liabilities / Balances Written Back	(14.57)	(30.50)
Interest Income	(2.26)	(92.50)
Government Grants	(360.22)	(118.57)
Profit on Sale of Property, Plant and Equipment	(0.89)	NIL
Transfer to Storage Fund for Molasses	1.81	1.73
	2,915.14	1,628.13
Operating Profit before Working Capital Changes	2,300.86	693.91
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital		
(Decrease) / Increase in Trade Payables	(2,364.62)	7,055.68
Increase / (Decrease) in Other Financial and Current Liabilities	279.64	(363.65)
(Decrease) in Non-Current Liabilities and Provisions	(103.80)	(1.14)
Increase in Short-term Provisions	178.14	4.44
Decrease / (Increase) in Inventories	2,569.08	(15,003.48)
(Increase) in Trade and Other Receivables	(16.20)	(4.72)
Decrease / (Increase) in Financial and Current Assets	156.41	(248.52)
Decrease / (Increase) in Other Non-current and Current Assets	1,113.87	(1,186.98)
	1,812.52	(9,748.37)
Cash Generated from / (Used in) Operations	4,113.38	(9,054.46)
Taxes Paid/ (Refund Received)	NIL	NIL
Cash Flow before Exceptional and Extra Ordinary Items	4,113.38	(9,054.46)
Net Cash Generated / (Used in) Operating Activities	4,113.38	(9,054.46)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment and Intangible Assets	(952.09)	(774.48)
Capital Work-in-Progress	NIL	(352.07)
Sale of Property, Plant and Equipment and Intangible Assets	56.00	NIL
Fixed deposits placed with banks	NIL	(4,123.00)
Maturity proceeds of Fixed deposits placed with banks	4,123.00	NIL
Sale of Investments	NIL	NIL
Interest Income	2.26	1.89
	3,229.17	(5,247.66)
Net Cash Generated / (Used in) Investing Activities	3,229.17	(5,247.66)

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020 (Contd...)

₹ in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long-term Borrowings	2,645.00	6,126.00
(Repayment) of Long-term Borrowings	(918.90)	(5,399.00)
Proceeds / (Repayment) of Short-term Borrowings	(6,586.61)	14,492.13
Payment of Principal Portion of Lease Liabilities	(17.03)	NIL
Payment of Interest Portion of Lease Liabilities	(0.69)	NIL
Interest Expense (Net)	(2,316.68)	(1,177.51)
	(7,194.91)	14,041.62
Net Cash Generated / (Used in) Financing Activities	(7,194.91)	14,041.62
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	147.64	(260.50)
Opening Balance of Cash and Cash Equivalents	53.77	314.27
Closing Balance of Cash and Cash Equivalents	201.41	53.77
Net Increase / (Decrease) in Cash and Cash Equivalents	147.64	(260.50)

Notes

- The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- Reconciliation of Cash and Cash Equivalents as per Statement of Cash Flows

₹ in Lakhs

	As At March 31, 2020	As At March 31, 2019
a) Cash on Hand	9.60	9.49
b) Balance with Banks on Current Accounts	191.81	44.28
	201.41	53.77

- Additions to Property, Plant and Equipment includes addition to other Intangible Assets and adjusted for movement in Capital Work-in-progress.
- Proceeds / (Repayment) from Short-Term Borrowings have been shown on net basis.
- Changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes

₹ in Lakhs

	As at March 31, 2019	Cash Flows	Non-cash changes*	Reclassifi- cation	As at March 31, 2020
Borrowings- Non current	4,404.32	NIL	NIL	(915.89)	3,488.43
Borrowings- Current	20,065.57	(6,586.61)	NIL	NIL	13,478.96
Other Financial Liabilities (Term Loan)	558.26	2,086.74	NIL	915.89	3,560.89

* Fair value adjustment due to Ind AS 109, 'Financial Instruments' (Refer Note 42)

- Figure in brackets represent Cash Outflow from respective activities.
- Previous year figures have been regrouped wherever necessary.

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No.100991W

PARESH H. CLERK

Partner

Membership No. 36148

Arvind K. Kanoria

Managing Director

DIN - 00200202

Vivek M. Pittie

DIN - 00066885

Dr. Anurag K. Kanoria

DIN - 00200630

Directors

Place : Mumbai

Date : July 30, 2020

R. G. Panchbhai
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information and Significant Accounting Policies

A Corporate Information

The United Provinces Sugar Company Limited (“the Company”) is engaged in the business of manufacturing and selling of Sugar and its by-products.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata, West Bengal, India.

These aforesaid financial statements for the year ended March 31, 2020 are approved for issue by the Company’s Board of Directors on July 30, 2020.

B Significant Accounting Policies

1.1 Basis of Preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act 2013 (the ‘Act’) and other relevant provisions of the Act.

These financial statements are prepared on an accrual basis under the historical cost convention, except for the following assets and liabilities

- i. Certain financial assets and liabilities that are measured at fair value.
- ii. Employee’s Defined Benefit Liability measured at present value of Defined Benefit Obligation as per independent actuarial valuation.

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency and all amounts are rounded off to the nearest lakhs (INR ₹ 00,000) upto two decimals, except when otherwise indicated.

1.2 Property, Plant and Equipment (PPE)

An item of PPE is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE (other than Capital Work-in-Progress and Freehold Land) are stated at cost less accumulated depreciation and / or accumulated impairment losses, if any. The initial cost of an asset comprises its purchase price, non-refundable purchase taxes and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy on borrowing costs.

If significant parts of an item of PPE have different useful lives, then those are accounted as separate items (major components) of PPE.

Items such as spare parts, stand-by equipment and service equipment are classified as and when they meet the definition of PPE, as specified in Ind AS 16 on “Property, Plant and Equipment” and are material.

The carrying amount of an item of PPE is derecognised upon disposal or when no future economic benefit is expected to arise from its continued use. Any gain or loss arising on the derecognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss.

Freehold Land as a class of PPE is measured at a revalued amount, being the fair value of Freehold Land at the date of the revaluation. Thus, on revaluation, the carrying amount of the Freehold Land is adjusted to the revalued amount. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period.

If the carrying amount of the Freehold Land is increased as a result of a revaluation, the increase shall be recognised in Other Comprehensive Income and accumulated in equity under the heading of Revaluation Surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the carrying amount of the Freehold Land is decreased as a result of

NOTES FORMING PART OF FINANCIAL STATEMENTS

a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in Other Comprehensive Income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under the heading of Revaluation Surplus.

Capital Work-in-Progress and Capital Advances

Items of PPE which are not ready for intended use on the date of Balance Sheet are disclosed as Capital Work-in-progress. It is carried at cost, less accumulated impairment loss, if any. The items classified under Capital Work-in-progress are capitalised to the respective items of PPE on their completion and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Advances paid towards acquisition of PPE outstanding at each reporting date is classified as Capital Advances under the head Other Non-Current Assets.

1.3 Depreciation

Depreciation on Property, Plant and Equipment (other than Capital Work-in-Progress and Freehold Land) is commenced when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation is provided on the Straight-Line Method as per the useful lives specified in Part C of Schedule II to the Companies Act, 2013, other than the following

- Items of PPE costing up to ₹ 5,000/- are fully depreciated in the year of purchase / capitalisation.
- The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows

Asset	Useful Life
Building	10 to 60 Years
Plant and Equipment	3 to 25 Years
Furniture and Electrical Fittings	5 to 10 Years
Motor Vehicles and Cycles	8 Years

- Depreciation of an asset ceases at the earlier of the date, the asset is retired from active use and is held for disposal and the date, the asset is derecognised.
- Freehold Land is not depreciated.

1.4 Intangible Assets and Amortisation

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis as per Schedule II to the Companies Act, 2013. Intangible assets being computer software are amortised over a period of five years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate being accounted for on a prospective basis.

1.5 Impairment of non-financial assets

If any indication of impairment exists, the recoverable amount, which is the higher of its value in use or its fair value less costs of disposal, of the asset is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount,

NOTES FORMING PART OF FINANCIAL STATEMENTS

but upto the amount that would have been determined, had no impairment loss been recognised for that asset. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Inventories

Inventories (other than by-products) are valued at the lower of cost and net realisable value. Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories. The cost of inventories is computed on weighted average basis.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. Such write downs are recognised in the Statement of Profit and Loss. When the reason for a write-down of the inventories ceases to exist, the write-down is reversed.

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

By-products are valued at net realisable value.

1.7 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby net profit / (loss) for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items 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.

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, cash at banks, other short-term deposits and highly liquid investments with original maturity of three months or less that are readily convertible into cash and which are subject to an insignificant risk of changes in value, as reduced by bank overdrafts.

1.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised net of income earned on temporary investments from such borrowings. All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.9 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached with them and that the grants/subsidy will be received.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to Statement of Profit or Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installment. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in Statement of Profit and Loss in the period in which they become receivable.

1.10 Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised 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

NOTES FORMING PART OF FINANCIAL STATEMENTS

a reliable estimate can be made of the amount of obligation. Provision is not recognised for future operating losses.

Provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, the amount of provision is discounted using an appropriate pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A Contingent liability is disclosed in case of a present obligation arising from past events, when it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount cannot be made. A Contingent Liability is also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised but where an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Provisions, Contingent liabilities and Contingent assets are reviewed at each reporting date and are adjusted to reflect the current best estimate.

1.11 Revenue Recognition

Sale of Goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the buyer, which is on dispatch of goods to buyer.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable.

Dividends

Dividend income from investments, if any, is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

Insurance Claim

Insurance Claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.12 Leases

As a Lessee

The Company's leased assets consist of leases for buildings. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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 the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments

NOTES FORMING PART OF FINANCIAL STATEMENTS

made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease of Property, Plant and Equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

Refer Note 40 for disclosures pursuant to Ind AS 116.

1.13 Employee Benefits

i. Short-term employee benefits

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus and ex-gratia falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

ii. Long-term employee benefits

a. Defined Contribution Plan

Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the employee's eligible salary (currently 12%). Provident Fund is classified as Defined Contribution Plans as the Company has no further obligation beyond making the contribution. The Company's contribution is charged to the Statement of Profit and Loss as incurred.

b. Defined Benefit Plan

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement or death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. The Company pays these benefits as and when due based on its own liquidity.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Remeasurement, comprising actuarial gains and losses is reflected immediately in the Balance Sheet with a charge or credit to retained earnings through Other Comprehensive Income (OCI). Remeasurement is not reclassified to Statement of Profit and Loss in subsequent periods. Past service cost is recognised immediately for both vested and the non-vested portion. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation.

Compensated absences

The Company provides for encashment of absence or absence with pay subject to certain rules. The employees are entitled to accumulate absences subject to certain limits for future encashment / availment. The liability is recognised based on number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the period in which they arise.

1.14 Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period and the provisions of the Income-tax Act, 1961 and other tax laws, as applicable.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax liabilities and assets on a net or simultaneous basis.

Current and Deferred Tax for the year

Current and deferred tax are recognised in Statement of Profit or Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1.15 Earnings Per Share

The basic earnings per share is computed by dividing the net profit / (loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share is computed by dividing the net profit / (loss) attributable to the equity shareholders for the year, as adjusted for the effects of potential dilution of equity shares, if any, by the weighted average number of equity and dilutive equity equivalent shares outstanding during the reporting period.

1.16 Financial Instruments

Financial assets and Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial Recognition

Financial assets and Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value through Profit or Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in the Statement of Profit and Loss.

Classification and Subsequent Measurement Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of following

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

Amortised Cost

A financial asset shall be classified and measured at amortised cost, if both of the following conditions are met

- the financial asset is held within a business model whose objective is to hold financial assets 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.

Fair Value through OCI

A financial asset shall be classified and measured at FVTOCI, if both of the following conditions are met

- the financial asset 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.

Fair Value through Profit or Loss

A financial asset shall be classified and measured at FVTPL, unless it is measured at amortised cost or at FVTOCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when any financial liability is held for trading or are designated upon initial recognition as FVTPL.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and transaction costs, other premiums or discounts, paid or received that form an integral part of the effective interest rate,) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of Financial Assets

The Company recognizes loss allowance for its financial assets in the form of Trade Receivables.

For Trade Receivables, being not material, in view of the Company's credit policy and past history of insignificant bad debts, instead of recognising allowance for expected credit loss based on provision matrix, which uses an estimated default rate, the Company makes provision for doubtful debts based on specific identification. The Company will reassess the model periodically and make the necessary adjustments for loss allowance, if required.

Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Financial Liabilities and Equity Instruments

• **Classification as Debt or Equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

• **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by a Company are recognised at the proceeds received.

Derecognition of Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.17 Critical Accounting Judgements and Key Sources of Estimation

The preparation of the financial statements requires the management to make judgements, estimates and assumptions in the application of accounting policies and that have the most significant effect on reported amounts of assets, liabilities, incomes and expenses, and accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES FORMING PART OF FINANCIAL STATEMENTS**Key Estimates, Assumptions and Judgements**

The key assumptions concerning the future and other major 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

Income Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions as also to determine the amount of deferred tax that can be recognised based upon the likely timing and the level of future taxable profits. Also refer Note 32.

Property, Plant and Equipment/Intangible Assets

Property, Plant and Equipment/Other Intangible Assets are depreciated/amortised over their estimated useful lives, after taking into account estimated residual value. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes or commercial obsolescence. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The depreciation/amortisation for future periods is revised, if there are significant changes from previous estimates and accordingly, the unamortised/depreciable amount is charged over the remaining useful life of the assets.

Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of gratuity obligations and compensated absences are determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Also refer Note 38.

Fair Value measurements of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions and liabilities are recognised 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 requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Recent Pronouncements

Standards issued but not yet effective

On July 24, 2020, the Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2020 has issued the following amendments to Ind ASs. The Company intends to adopt these standards, if applicable, from April 1, 2020.

Ind AS 103 Business Combinations

Ind AS 103 deals with Business Combinations and it is amended to address concerns about how to interpret and apply the definition of a business. The amendment substitutes the definition of the term “business” in Appendix A. The three elements of a business, input, process and output have been amended to clarify that a business can exist without including all of the inputs and processes needed to create outputs, by replacing the term ‘ability to create outputs’ with ‘ability to contribute to the creation of outputs’ therein. It requires that to consider a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendment gives guidance to assess whether an acquired process is substantive.

It provides for an optional test to identify concentration of fair value, element of businesses and assessing whether an acquired process is substantive. An optional concentration test assesses whether an acquired process is substantive based whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, or group of similar identifiable assets. If the concentration test is met, no further assessment is needed.

It provides when an acquired set of activities and assets to be considered a business if the set has no outputs or the set has outputs; the set should include not only a substantive process but also both an organised workforce and other inputs that the acquired organised workforce could develop or convert into outputs. For this purpose, the intellectual capacity of an organized workforce having the necessary skills and experience may provide the necessary processes. The limited circumstances when the presence of an organised workforce would not be required is specified in the amendment.

These amendments to Ind AS 103 are to apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the April 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 116 Leases

This amendment to Ind AS116 by way of inserting a practical expedient for the treatment to be given for rent concessions in the COVID-19 scenario. The practical expedient exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they are not lease modifications, if certain conditions are met.

Those conditions are -

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); **and**
- c. there is no substantive change to other terms and conditions of the lease.

Accordingly, the amendment allows lessees to account such payments in a manner that the benefit on account of rent concessions is recognised in the Statement of Profit and Loss in the period in which the event or condition that triggers those payments occurs.

NOTES FORMING PART OF FINANCIAL STATEMENTS

If the lessee has applied the practical expedient, the amendment requires it to **disclose in the financial statements about such fact and the amount recognised in the profit or loss for the reporting period in this regard.**

The practical expedient is not available to lessors.

A lessee is to apply this amendment for annual reporting periods beginning on or after the April 1, 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendment, then the same could be applied for annual reporting periods beginning on or after April 1, 2019.

Ind AS 1 Presentation of Financial Statements and consequential amendments

Ind AS 1 is amended to introduce a new definition of 'material'.

Material Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Under this definition, even 'obscuring' of information is relevant. It is explained that the information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendment gives examples of circumstances that may result in material information being obscured.

Further, the emphasis is on 'influence decisions that the primary users of general purpose financial statements make' instead of 'influence the economic decisions that users make'. Under the amendment, the shift is from users to primary users. Existing and potential investors, lenders and other creditors are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyses the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

Consequential Amendments

- a. In view of the amendment to the definition of 'material', the definition of the term 'material' is amended in Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company is to apply this amendment prospectively for annual periods beginning on or after April 1, 2020.

- b. In the light of change in the definition of 'material' in Ind AS 1, paragraph 21 of Ind AS 10 Events after Reporting Period is substituted. Even in respect of the disclosure of material non-adjusting event, the emphasis is on 'influence decisions that the primary users of general purpose financial statements make' instead of 'influence the economic decisions that users make'.
- c. Consequent to the amendments in Ind AS 1 and Ind AS 8, the related amendment is made in Ind AS 34 "Interim Financial Reporting" on the topic of 'Materiality'
- d. Consequent to the amendments in Ind AS 10, Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", the related amendment is made by substituting paragraph on accounting of restructuring plans.

The Company is to apply these amendments prospectively for annual periods beginning on or after April 1, 2020.

The Company does not expect these amendments to have any significant impact on its financial statements.

Ind AS 109 Financial Instruments and Ind AS 107 Financial Instruments Disclosures

Ind AS 109 is amended to insert temporary exceptions from applying hedge accounting requirements to all hedging relationships that are directly affected by interest rate benchmark reform. A hedge relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about the interest rate benchmark designated as a hedged risk and/or the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate. The scope of the exceptions does not exclude hedging relationships in which interest rate risk is not the only hedged risk.

NOTES FORMING PART OF FINANCIAL STATEMENTS

These exceptions to the requirements are -

- a. If the hedged future cash flows are based on an interest rate benchmark that is subject to the reform, the Company assumes that the interest rate benchmark on which the hedged cash flows are based is not altered when assessing whether the future cash flows are highly probable.
- b. Any amount remaining in the cash flow hedge reserve when a hedging relationship is discontinued would be reclassified to profit or loss in the same period(s) during which the hedged cash flows affect profit or loss, based on the assumption that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.
- c. The Company is to assess whether the economic relationship between the hedged item and hedged instrument exists based on the assumption that the hedged risk or the interest rate benchmark on which the hedged item or the hedging instrument is based is not altered as a result of the reform.

Similarly, if the Company designates a highly probable forecast transaction as the hedged item, the Company is to perform the assessment based on the assumption that the interest rate benchmark on which the hedged cash flows are based will not change as a result of the reform.

- d. If a non-contractually specified risk component meets the separately identifiable requirement at the inception of a hedging relationship, then that requirement would not be reassessed subsequently.

Further, for hedging relationships that, consistent with the Company's hedge documentation, frequently reset (i.e. discontinue and restart) because both the hedging instrument and the hedged item frequently change, the Company is to determine whether the risk component is separately identifiable only when it initially designates an item as a hedged item in the hedging relationship. The hedged item is not reassessed at any subsequent redesignation in the same hedging relationship.

The amendment also indicates end date for these exceptions. The Company ceases applying the exceptions at the earlier of (a) when the uncertainty regarding the timing and the amount of interest rate benchmark-based cash flows is no longer present as it relates to a hedged item and/or hedging instrument (depending on the particular exception) and (b) the discontinuation of the hedging relationship. The end of applicability of the exceptions means that the Company would from that date apply all hedge accounting requirements in Ind AS 109 without applying these exceptions.

As per the transition provisions, the above requirements is to apply retrospectively to hedging relationships that existed at the beginning of the reporting period in which an entity first applies those requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements.

Consequent to the above, amendments are made in Ind AS 107. The amendment requires disclosure for uncertainty arising from interest rate benchmark reform when the Company applies exceptions set out under Ind AS 109 for hedging relationships. The Company is required to disclose, inter alia, the significant interest rate benchmarks to which the Company's hedging relationships are exposed, the extent of the risk exposure the Company manages that is directly affected by the interest rate benchmark reform and a description of significant assumptions or judgements the Company made about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows.

The Company does not expect this amendment to have any impact on its financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS

2A. Property, Plant and Equipment

₹ in Lakhs

Description of Assets	Freehold Land	Buildings	Plant and Equipment	Furniture and Electrical Fittings	Motor Vehicles and Cycles	Machinery Zamindary (Tubewell)	Total
I. Gross Block							
Balance as at April 1, 2018	6,010.20	1,607.11	17,159.66	64.90	34.23	0.25	24,876.35
Additions	NIL	43.74	1,644.25	1.99	NIL	NIL	1,689.98
Disposal	NIL	NIL	(63.05)	NIL	NIL	NIL	(63.05)
Balance as at March 31, 2019	6,010.20	1,650.85	18,740.86	66.89	34.23	0.25	26,503.28
Additions [Refer Note (iv) below]	413.70	98.10	1,190.39	3.29	12.38	NIL	1,717.86
Disposal	NIL	NIL	(324.67)	(0.16)	NIL	NIL	(324.83)
Balance as at March 31, 2020	6,423.90	1,748.95	19,606.58	70.02	46.61	0.25	27,896.31
II. Accumulated Depreciation							
Balance as at April 1, 2018	NIL	532.85	10,781.96	56.23	30.74	0.24	11,402.02
Depreciation for the year	NIL	32.44	528.12	3.10	2.11	NIL	565.77
Disposal	NIL	NIL	(52.86)	NIL	NIL	NIL	(52.86)
Balance as at March 31, 2019	NIL	565.29	11,257.22	59.33	32.85	0.24	11,914.93
Depreciation for the year	NIL	33.65	582.23	2.22	1.20	NIL	619.30
Disposal	NIL	NIL	(268.68)	(0.15)	NIL	NIL	(268.83)
Balance as at March 31, 2020	NIL	598.94	11,570.77	61.70	34.05	0.24	12,265.40
III. Net Block (I-II)							
Balance as at March 31, 2020	6,423.90	1,150.01	8,035.81	8.32	12.56	0.01	15,630.91
Balance as at March 31, 2019	6,010.20	1,085.56	7,483.64	7.56	1.38	0.01	14,588.35

Additional Information

- i. Certain Freehold Land measuring 17 Hectares included in Freehold Land above have been vested during the year 1976-77 in the Uttar Pradesh State Government in respect of which compensation has not been determined and consequently, no adjustment has been made in these accounts.
- ii. There is no adjustment to Property, Plant and Equipments on account of borrowing costs and exchange differences.
- iii. Certain Freehold Land and Buildings, Plant and Equipment are hypothecated against long-term borrowings, details of which have been given in Notes 15 and 18.
- iv. Since the Company follows revaluation model for its Freehold Land as a class of Property, Plant and Equipment, it is measured at a revalued amount, being the fair value based on the valuation carried out during the year. Accordingly, the carrying amount of the Freehold Land is increased and recognised in Other Comprehensive Income and accumulated in Other Equity under Revaluation Surplus, net of tax.

2B. Capital Work-in-Progress

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Work-in-Progress	NIL	352.07
Total	NIL	352.07

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

2C. Right-of-Use Assets (ROU)

₹ in Lakhs

Description of Asset	Buildings
I. Gross Block	
Balance as at April 1, 2019	-
Transition on account of adoption of Ind AS 116	22.88
Additions	21.07
Disposal	NIL
Balance as at March 31, 2020	43.95
II. Accumulated Depreciation	
Balance as at April 1, 2019	-
Depreciation expense for the year	12.16
Disposal	NIL
Balance as at March 31, 2020	12.16
III. Net Block (I-II)	
Balance as at March 31, 2020	31.79
Balance as at March 31, 2019	NIL

2D. Other Intangible Assets

₹ in Lakhs

Particulars	Computer Software
I. Gross Block	
Balance as at April 1, 2018	10.41
Additions	NIL
Disposal	NIL
Balance as at March 31, 2019	10.41
Additions	NIL
Disposal	NIL
Balance as at March 31, 2020	10.41
II. Accumulated Amortisation	
Balance as at April 1, 2018	5.35
Amortisation for the year	1.98
Disposal	NIL
Balance as at March 31, 2019	7.33
Amortisation for the year	1.83
Disposal	NIL
Balance as at March 31, 2020	9.16
III. Net Block (I-II)	
Balance as at March 31, 2020	1.25
Balance as at March 31, 2019	3.08

3. Loans Non-current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Loans Receivable Considered Good - Unsecured		
Security Deposits	9.66	9.66
Loans receivable which have significant increase in credit risk	NIL	NIL
Total	9.66	9.66

NOTES FORMING PART OF FINANCIAL STATEMENTS

4. Other Financial Assets Non-current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked Balances with Banks		
For Molasses Storage Fund	1.31	1.61
Fixed Deposits with Bank original maturity more than 12 months	6.55	4.30
Total	7.86	5.91

5. Deferred Tax Assets (Net)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets	3,478.80	4,015.45
Less : Deferred Tax Liabilities (Refer Note 32.3)	2,727.14	2,971.25
Total	751.66	1,044.20

6. Other Non-current Assets

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax (Net of Provision for Taxation)	13.74	13.63
Prepaid Expenses	1.44	12.87
Others - Sales Tax Deposit	0.01	0.01
Total	15.19	26.51

7. Inventories

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	1.17	17.99
Work-in-Progress	294.82	278.49
Finished Goods	18,031.69	20,625.03
Stores and Spares	699.19	659.16
Stores in Transit	8.19	24.05
Stock of Loose Tools	4.60	4.02
Total	19,039.66	21,608.74

Notes

- i. Cost of inventory recognised as expense during the year amount to ₹ 28,933.05 lakhs (previous year ₹ 11,929.64 lakhs)
- ii. The Company has availed cash credit facilities which are secured by pledge of stock of sugar and hypothecation of stock of stores and spares.
- iii. For mode of valuation of Inventory Refer Note 1.6.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

8. Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered Good	45.36	29.56
Total	45.36	29.56

9. Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks in Current Accounts	191.81	44.28
Cash on Hand	9.60	9.49
Total	201.41	53.77

10. Bank Balances other than Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Original Maturity less than 12 Months On Deposits (Refer Note below)	NIL	4,204.41
Total	NIL	4,204.41

Note Deposits with banks are under lien as security for Demand Loans [Refer Note 18.1 (iii)]

11. Other Financial Assets Current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Subvention Receivable	92.83	NIL
Government Subsidy Receivables (Refer Note 40)	NIL	1,195.38
Total	92.83	1,195.38

12. Other Current Assets

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advances other than Capital advances		
Unsecured		
Considered Good		
Balances with Government Authorities	76.13	243.71
Advances to Employees	3.90	6.81
Advances to Suppliers	40.51	24.39
Prepaid Expenses	7.89	15.00
Advance against Expenses	0.31	0.01
Other Advances	6.27	3.46
Total	135.01	293.38

NOTES FORMING PART OF FINANCIAL STATEMENTS

13. Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
50,00,000 Equity Shares at ₹ 10/- par value	500.00	500.00
Issued, Subscribed and Paid up Share Capital		
25,50,000 Equity shares at ₹ 10/- par value	255.00	255.00
Total	255.00	255.00

Terms/Rights attached to Equity Shares

- i. The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of the Equity Shares is entitled to one vote per share.
- ii. The Company declares and pays dividend in India rupees. Final dividend, if any, proposed by the Board of Directors is recorded as a liability on the date of the approval of the shareholders in the ensuing Annual General Meeting; in case of interim dividend, it is recorded as a liability on the date of declaration by the Board of Directors of the Company.
- iii. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company. After distribution of all preferential amounts, in proportion to their shareholding. However, no such preferential amounts exist currently.

a. Reconciliation of the number of shares outstanding and Paid up Equity capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance as at the beginning of the year	25,50,000	255.00	25,50,000	255.00
Add: Shares issued during the year	NIL	NIL	NIL	NIL
Less: Shares bought back during the year	NIL	NIL	NIL	NIL
Balance as at the end of the year	25,50,000	255.00	25,50,000	255.00

Further, of the above subscribed capital

- i. 14,40,000 Equity Shares of par value ₹ 10/- each have been allotted as fully paid up bonus shares by capitalisation of reserves.
- ii. 1,50,000 Equity Shares of par value ₹ 10/- each have been allotted as fully paid up to the shareholders of the erstwhile Warden Synplast Private Limited (WSPL) pursuant to a Scheme of Amalgamation.

b. Shareholders having more than 5% holding

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% Holding	No. of shares	% Holding
Shri Arvind K. Kanoria	21,28,508	83.47%	21,28,508	83.47%
Kaabil Traders Private Limited	1,50,000	5.88%	1,50,000	5.88%
Total	22,78,508	89.35%	22,78,508	89.35%

NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Other Equity

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
i. Reserves and Surplus		
a. Capital Reserve	252.43	252.43
b. General Reserve	578.68	578.68
c. Revaluation Surplus		
Balance as at the beginning of the year	5,986.86	5,986.86
Add : Increasing in Carrying amount of Revaluation of Land (Net of Tax)	321.63	NIL
	6,308.49	5,986.86
d. Reserve for Storage of Molasses		
Balance as at the beginning of the year	5.50	3.77
Add : Additions made to Reserve for Storage of Molasses	1.80	1.73
	7.30	5.50
e. Retained Earnings		
Balance as at the beginning of the year	(3,981.64)	(3,390.60)
Add/(Less) : Profit / (Loss) for the year	(821.17)	(586.58)
Add/(Less) : Remeasurement of Defined Benefit Plans (Net of Tax)	(16.66)	(4.46)
	(4,819.47)	(3,981.64)
ii. Equity Instruments through Other Comprehensive Income	1.13	1.13
	2,328.56	2,842.96

Description of the nature and purpose of Other Equity

Capital Reserve : It represents gains of capital nature. Capital reserve majorly comprise of reserve created consequent to reduction of term loan in earlier years.

General Reserve : The General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Revaluation Surplus : It represents revaluation surplus of Freehold Land. In respect of Freehold Land, the Company has elected to adopt revaluation model for subsequent recognition.

Reserve for Storage of Molasses : The storage fund for molasses has been created to meet the cost of construction of molasses storage tanks as required under the Uttar Pradesh Sheera Niyantaran (Sansodhan) Adesh, 1974 and funds utilised during the year for creation of new storage capacity of molasses during the year. The said storage fund is represented by investments in the form of deposits amounting to ₹1.31 lakhs (Previous Year ₹1.61 lakhs), with a bank and the post office.

Retained Earnings : Retained Earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves etc., amount distributed as dividend and adjustments on account of transition to Ind AS.

Equity Instruments through Other Comprehensive Income : This represents cumulative gains/ (losses) arising on the measurement of equity shares at fair value through other comprehensive income. On disposal, the cumulative fair value changes on the said instrument are re-classified to Retained Earnings.

NOTES FORMING PART OF FINANCIAL STATEMENTS

15. Borrowings Non current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Term Loans		
From Banks	3,488.43	4,404.32
Total	3,488.43	4,404.32

15.1 Nature of Securities

- i. Rupee Term Loan and Short-term Loan from PNB amounting to ₹ 6,126.00 lakhs and ₹ 2,645.00 lakhs respectively are secured, ranking pari passu first charge, by hypothecation of movable plant & equipment and by way of mortgage through deposit of the title deeds of the land and buildings of the Company in Seorahi, Uttar Pradesh. These are also secured by the movable assets of the Company, except book debt, both present and future, subject to prior charge on specific movable properties in favour of PNB for working capital facilities. The said Rupee Term Loan and Short Term Loan from PNB are guaranteed by the Managing Director of the Company.

15.2 Terms of Repayment and Rate of Interest as at March 31, 2020

- i. Rupee Term Loan amounting to ₹ 6,126.00 lakhs from PNB is repayable in 60 equal monthly installments of ₹ 102.10 lakhs each, first installment falling due on July, 2019, at an interest rate of 5.00% p.a.
- ii. Rupee Short Term Loan amounting to ₹ 2,645.00 lakhs from PNB is repayable in 1 installment falling due on April, 2020, at an interest rate of 13.45 % p.a. out of which a subvention of 7.00% p.a. is granted by the Central Government on quarterly basis.

16. Provisions Non-current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
For Employee Benefits (Refer Note 38)		
Gratuity	418.09	377.88
Leave Encashment	30.97	174.98
Total	449.06	552.86

17. Other Non-current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Income Government Grant (Refer Note 42)	493.47	802.78
Total	493.47	802.78

18. Borrowings Current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Loans Repayable on demand from Banks		
Open Cash Credit	7,428.96	9,892.57
From Banks	NIL	4,123.00
Unsecured		
Loans Repayable on demand		
From Other Parties	6,050.00	6,050.00
Total	13,478.96	20,065.57

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

18.1 Nature of Securities

- i. Cash Credit facilities from PNB are secured, through the pledge of stock of sugar and hypothecation of stores as well as by a ranking pari pasu first charge by hypothecation of plant & machinery, both present and future, and by way of mortgage through deposit of title deeds of the Company's land and buildings in Seorahi, Uttar Pradesh. Interest rate on Cash Credit facilities from PNB is at an interest rate of 14.20% p.a. as at March 31, 2020.
- ii. Unsecured Borrowings from Other Parties are repayable on Demand at an interest rate of 8.25% p.a. as at March 31, 2020.
- iii. In Previous Year, Demand Loan from PNB of ₹ 4,123.00 lakhs is secured against Fixed Deposits of a like amount made by the Company.

19. Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	61.61	7.42
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,336.19	12,774.43
Total	10,397.80	12,781.85

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	61.51	7.29
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.10	0.13
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NIL	NIL
Total	61.61	7.42

Note This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

20. Other Financial Liabilities Current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long-term Debt		
Term Loans		
From Banks	3,560.89	558.26
Interest Accrued	0.04	50.50
Security Deposits from Sugar Agents	52.51	52.51
Security Deposits - Others	1.47	1.47
Unpaid Salaries & Other Payroll Dues	145.78	181.49
Total	3,760.69	844.23

21. Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from Customers	233.87	216.79
Deferred Income Government Grant (Refer Note 42)	309.31	360.64
Others		
Payable to Employees	0.03	0.06
Statutory Dues	417.65	123.60
Total	960.86	701.09

22. Provisions Current

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
For Employee Benefits (Refer Note 38)		
Gratuity	102.79	97.73
Leave Encashment	239.71	66.63
Total	342.50	164.36

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

23. Revenue From Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Products		
Sugar	32,817.61	14,808.54
Molasses	1,078.03	55.64
Bagasse	481.84	421.76
Press Mud	126.81	130.13
Other Operating Revenue		
Scrap Sales	40.81	73.54
Sugarcane Price Subsidy (Refer Note 41)	54.25	498.42
Total	34,599.35	15,988.03

24. Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income		
Fixed Deposits with Banks	2.24	91.54
Others	0.02	0.96
Government Grants (Refer Note 42)	360.22	118.57
Other Non-Operating Income		
Profit on sale of Property, Plant and Equipment	0.89	NIL
Burnt Cane Subsidy	15.36	10.24
Buffer Stock Subsidy	133.88	NIL
Insurance Claim	27.74	NIL
Sundry credit balances written back	14.57	30.50
Miscellaneous Income	24.62	5.28
Total	579.54	257.09

25. Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw Materials		
Opening Stock	17.99	38.19
Add: Purchases	26,339.22	26,920.97
Less: Sugarcane Price Subsidy Received (Refer Note 41)	NIL	64.76
Less: Closing Stock	1.17	17.99
Total	26,356.04	26,876.41

NOTES FORMING PART OF FINANCIAL STATEMENTS

26. Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade **₹ in Lakhs**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finished Goods		
Opening Stock		
Sugar	20,223.64	5,708.06
Molasses	401.39	25.60
	20,625.03	5,733.66
Less: Closing Stock		
Sugar	17,083.59	20,223.64
Molasses	948.10	401.39
	18,031.69	20,625.03
	2,593.34	(14,891.37)
Work-in-Progress		
Opening Stock		
Sugar	268.48	222.16
Molasses	10.01	0.93
	278.49	223.09
Less: Closing Stock		
Sugar	259.84	268.48
Molasses	34.98	10.01
	294.82	278.49
	(16.33)	(55.40)
Total	2,577.01	(14,946.77)

27. Employee Benefits Expense **₹ in Lakhs**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages	1,466.83	1,428.91
Contribution to Provident and Other Funds	125.23	121.12
Gratuity	61.22	63.72
Staff Welfare Expenses	25.67	21.60
Total	1,678.95	1,635.35

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

28. Finance Costs

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expense		
On Short-term Borrowings	1,767.15	661.37
On Long-term Borrowings	815.27	583.24
On Deposits	3.15	2.96
Other Finance Costs	40.87	37.46
Interest on Lease Liabilities	0.69	NIL
Total	2,627.13	1,285.03

29. Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Packing Materials Consumed	272.44	278.19
Storage Fund for Molasses	1.81	1.73
Consumed Stores and Spares	286.55	313.49
Power and Fuel	119.67	111.27
Rent	2.82	3.56
Repair and Maintenance		
Buildings	48.86	72.12
Plant and Machinery	794.93	688.57
Others	3.23	3.25
Insurance	38.52	13.16
Rates and Taxes	6.47	3.04
Motor Car Expenses	24.52	27.51
Travelling Expenses	14.90	16.86
Selling Expenses	65.70	33.99
Auditor's Remuneration		
Audit Fees	5.00	3.00
Tax Audit Fees	NIL	1.00
Certification Fees	0.15	NIL
Other expenses	0.30	0.03
Bad Debts written off	0.40	5.01
Warehousing Charges	109.79	99.68
Director's fees	1.20	0.85
Loss by Fire	NIL	10.18
Loss on Sale of Property, Plant and Equipment	42.61	NIL
Miscellaneous Expenses	80.88	75.08
Total	1,920.75	1,761.57

NOTES FORMING PART OF FINANCIAL STATEMENTS

30. Contingent Liabilities (To The Extent Not Provided For)

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Claims against the Company/ disputed liabilities not acknowledged as debts		
i. Income-tax matters in respect of earlier years under dispute	409.60	409.60
ii. Stamp Duty matters (including interest upto date)	4.16	4.16
iii. Other matters including claims relating to employees/ ex-employees, cane growers, property related demands, etc.	2.46	2.46
b. Guarantees issued by the bankers on behalf of the Company	1.45	1.45
Total	417.67	417.67

- 30.1 In respect of a.(i) above, the Company received the Commissioner of Income-Tax (Appeals) in July 2018 for AY 2013-14 with a demand of ₹ 409.60 lakhs arising primarily on account of 115JB of the Income Tax Act, 1961. The Company has filed an appeal before the Hon'ble ITAT, Kolkata within the prescribed timeline.
- 30.2 In respect of a.(ii) above, in compliance of order of High Court, Allahabad, the Company has deposited ₹ 1.48 lakhs through Treasury Challan before Asstt. Commissioner (Stamp), Kushinagar.
- 30.3 In respect of a.(ii) and a.(iii) above, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- 30.4 The Company does not expect any reimbursements in respect of above contingent liabilities.
- 30.5 Pending litigations comprise of claims against the Company by ex-employees and cane growers as well as certain proceedings pending before Stamp Duty authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for the same where provisions are required and disclosed the same as contingent liabilities where applicable in its financial statements.
- 30.6 Though a review petition filed against the decision of the Hon'ble Supreme Court of India of February 2019 on Provident Fund (PF) on inclusion of allowances for the purpose of PF Contribution has been set aside, there are interpretative challenges, mainly for estimating the amount and applicability of the decision retrospectively. Pending any direction in this regard from the Employees Provident Fund Organisation, the impact for past periods, if any, is considered to the effect that it is only possible but not probable that outflow of economic resources will be required. The Company will continue to monitor and evaluate its position and act as further clarity emerges in the matter.

31. Earnings Per Equity Share

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net (Loss) attributable to Equity Shareholders	(821.17)	(586.58)
Weighted average number of Equity Shares Outstanding (Nos.)	25,50,000	25,50,000
Basic and Diluted Earnings per Equity Share (₹)	(32.20)	(23.00)

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

32. Disclosure pursuant to Ind AS 12 on "Income Taxes"

32.1 Components of Tax Expenses/(Income)

₹ in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Profit or Loss Section		
Current Tax	NIL	NIL
Deferred Tax	206.89	(347.64)
Income Tax Expense/ (income) reported in the Statement of Profit or Loss	206.89	(347.64)

₹ in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
b. Other Comprehensive Income Section		
On Remeasurement Gain/ (Loss) on net of Defined Benefit Plans	(6.42)	(2.22)
On Remeasurement Gain/ (Loss) on Revaluation of Land	92.07	NIL
Income Tax Expense/ (income) reported in Other Comprehensive Income	85.65	(2.22)

32.2 Reconciliation of Income Tax Expense/(Income) and Accounting Profit

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (Loss) before Tax	(614.28)	(934.22)
Corporate Tax rate as per Income Tax Act, 1961	27.82%	33.38%
Tax on Accounting Profit	NIL	NIL
Tax Effect of		
Effect of Unabsorbed Depreciation and Tax Losses	NIL	NIL
Effect of Tax Deductions	NIL	NIL
Expenses/Income that are not deductible/considered in taxable profits	NIL	NIL
Other Items	NIL	NIL
Change in rate of Tax	NIL	NIL
Current Tax (A)	NIL	NIL
Increase/(decrease) in Deferred Tax Assets	543.07	(273.35)
(Increase)/decrease in Deferred Tax Liability	(336.18)	(74.29)
Deferred Tax (B)	206.89	(347.64)
Tax Expense recognised during the year (A+B)	206.89	(347.64)
Effective Tax Rate	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

32.3 Movement of Deferred Tax (Assets) / Liabilities

Deferred Tax (Assets) / Liabilities in relation to the year ended March 31, 2020

₹ in Lakhs

Particulars	Balance as at April 1, 2019	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Balance as at March 31, 2020
a. Deferred Tax Assets				
Lease Liabilities	NIL	(2.36)	NIL	(2.36)
Unused Tax Losses				
Business Loss	(2,862.99)	481.26	NIL	(2,381.73)
Unabsorbed Depreciation	(874.68)	110.76	NIL	(763.92)
Provision for Doubtful Debts and Advances	(0.63)	0.11	NIL	(0.52)
Expenses allowable for tax purpose when paid	(277.15)	(46.70)	(6.42)	(330.27)
	(4,015.45)	543.07	(6.42)	(3,478.80)
b. Deferred Tax Liabilities				
Property, Plant and Equipment and Other Intangible Assets	2,971.25	(345.02)	92.07	2,718.30
Right-of-Use Assets	NIL	8.84	NIL	8.84
	2,971.25	(336.18)	92.07	2,727.14
Net Deferred Tax Liabilities / (Assets)	(1,044.20)	206.89	85.65	(751.66)

Deferred Tax (Assets) / Liabilities in relation to the year ended March 31, 2019

₹ in Lakhs

Particulars	Balance as at April 1, 2018	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Balance as at March 31, 2019
a. Deferred Tax Assets				
Unused Tax Losses				
Business Loss	(2,715.08)	(147.91)	NIL	(2,862.99)
Unabsorbed Depreciation	(745.92)	(128.76)	NIL	(874.68)
Provision for Doubtful Debts and Advances	(0.63)	NIL	NIL	(0.63)
Expenses allowable for tax purpose when paid	(278.25)	3.32	(2.22)	(277.15)
	(3,739.88)	(273.35)	(2.22)	(4,015.45)
b. Deferred Tax Liabilities				
Property, Plant and Equipment and Other Intangible Assets	3,045.54	(74.29)	NIL	2,971.25
	3,045.54	(74.29)	NIL	2,971.25
Net Deferred Tax Liabilities / (Asset)	(694.34)	(347.64)	(2.22)	(1,044.20)

NOTES FORMING PART OF FINANCIAL STATEMENTS

32.4 The sugar industry per se is an agro-based industry as also seasonal and cyclical in nature and hence the price of sugar and consequently the profits of the Company depend upon a variety of factors such as agroclimatic conditions, availability of sugarcane, sugar recovery and international sugar scenario. In fact, in the last twenty one years, the Company has made losses only in nine years. Thus, considering the nature of the Company's activities and its past record, it is seen that the losses incurred in any one year generally gets recouped over a period of 2-3 years, the management of the Company expects that it is probable that future taxable profit will be available against which the unused tax losses can be utilised and accordingly Deferred Tax Assets of ₹ 763.92 lakhs (inclusive of ₹ 874.68 lakhs for the year ended on March 31, 2019) on unabsorbed depreciation and that of ₹ 2,381.73 lakhs (inclusive of ₹ 2,862.99 lakhs for the year ended March 31, 2019) on business losses was recognised upto March 31, 2020.

33. Information on Segment Reporting as per Ind AS 108 on "Operating Segments"

Operating Segments are those components of business whose operating results are regularly reviewed by the Managing Director in the Company to make decisions for performance assessment and resource allocation. During the year, the Company was engaged in the business of manufacturing of Sugar, which is the only operating segment as per Ind AS 108.

34. Disclosure pursuant to Ind AS 24 on "Related Party Disclosures"

34.1 List of related parties

i. List of Key Management Personnel with whom transactions were carried out during the year

Shri Arvind K. Kanoria	Managing Director
Shri Babu Lal Vijay	Whole Time Director designated as General Manager
Shri R. G. Panchbhai	Chief Financial Officer
Smt. Nisha Chopra (w.e.f. January 6, 2020)	Company Secretary
Ms. Komal Behl (From April 10, 2019 to April 30, 2019)	Company Secretary
Shri Murl Manohar Sarda (From July 1, 2018 to February 28, 2019)	Company Secretary
Smt. Jaanvi Joshi (From April 1, 2018 to May 31, 2018)	Company Secretary
Shri Vivek M. Pittie	Independent - Non-Executive Director
Smt. Lakshmi Iyer	Independent - Non-Executive Director
Shri Girdhari Lal Sultania	Independent - Non-Executive Director
Shri Sidharth Prasad	Independent - Non-Executive Director
Dr. Anurag K. Kanoria	Non-Executive Director

ii. List of Relatives of Key Management Personnel with whom transactions were carried out during the year

Smt. Urmila Vijay
Smt. S. D. Panchbhai
Shri Vijay Panchbhai

NOTES FORMING PART OF FINANCIAL STATEMENTS

34.2 Transactions with related parties

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i. Compensation to Key Managerial Personnel		
Short-term employee benefits		
Shri Arvind K. Kanoria	92.49	92.60
Shri Babu Lal Vijay	15.09	13.98
Shri R. G. Panchbhai	24.73	24.26
Smt. Nisha Chopra (w.e.f. January 6, 2020)	0.55	NIL
Ms. Komal Behl (From April 10, 2019 to April 30, 2019)	0.09	NIL
Shri Murlu Manohar Sarda (From July 1, 2018 to February 28, 2019)	NIL	1.16
Smt. Jaanvi Joshi (From April 1, 2018 to May 31, 2018)	NIL	0.38
Director's sitting fees		
Shri Vivek M. Pittie	0.30	0.25
Smt. Lakshmi Iyer	0.35	0.25
Shri Girdhari Lal Sultania	0.15	0.10
Dr. Anurag K. Kanoria	0.30	0.20
Shri Sidharth Prasad	0.10	0.05
Long-term employee benefits		
Shri Arvind K. Kanoria	186.61	160.81
Shri Babu Lal Vijay	17.85	16.10
Shri R. G. Panchbhai	50.30	48.84
ii. Compensation to Relative of Key Managerial Personnel		
Short-term employee benefits		
Smt. Urmila Vijay	5.22	4.32
Smt. S. D. Panchbhai	16.94	16.70
Shri Vijay Panchbhai	10.84	10.61
Long-term employee benefits		
Smt. Urmila Vijay	3.31	2.53
Smt. S. D. Panchbhai	40.75	37.32
Shri Vijay Panchbhai	3.61	2.67
Total Remuneration	469.58	433.13

34.3 Outstanding Balances as at the year-end

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Personal guarantee given by Shri Arvind K. Kanoria for Term Loan given by PNB (Refer Note 15)	7,852.10	6,151.98

NOTES FORMING PART OF FINANCIAL STATEMENTS

35. Capital Management

The primary objective of the Company's Capital Management is to maximise the shareholder's value without having any adverse impact on interests of other stakeholders. For the purpose of the Company's Capital Management, debt includes both current and non-current (including current maturities) borrowings and equity includes issued equity capital and all other reserves attributable to the equity shareholders of the Company. The Company monitors capital using Debt to Equity ratio, which is total debt divided by total equity. Debt to Equity ratio is as follows

Debt Equity Ratio	₹ in Lakhs	
Particulars	As at March 31, 2020	As at March 31, 2019
Total Debt	16,967.39	24,469.89
Total Equity	2,583.56	3,097.96
Debt Equity Ratio	6.57	7.90

36. Financial Risk Management and Policies

The Company's principal financial liabilities includes Borrowings, Trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes Trade Receivables, Cash and Cash Equivalents and Other financial assets that derive directly from its operations. The Company is exposed to Credit Risk, Liquidity Risk and Market Risk.

The Company's Senior Management ("Management") has overall responsibility for establishment of the Risk Management framework. Management is responsible for developing and monitoring the Risk Management Policies.

The Management periodically reviews the risk policies and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company.

The Management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

a. Credit Risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not significantly exposed to credit risk from its operating or financing activities as the Company's sugar sales is mostly against advances. The risk is minimal to the extent sale of By-Products.

Credit Risk from Trade Receivables is managed by the Company's established policies, procedures and controls relating to customer credit risk management. Trade Receivables are non-interest bearing. Majority of the customers have been doing business with the Company for more than three years and they are being monitored by business managers who deal with those customers. Management also monitors Trade Receivables on a regular basis and takes suitable action where needed to control the Receivables which may have crossed the set criteria/ limits.

The Company does not have significant credit risk exposure.

b. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company maintains a cautious liquidity strategy, with a positive cash balance throughout the year. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. Cash flow from operating activities provides the funds to service and finance the financial liabilities on a day-to-day basis.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The table below summarises the maturity profile of the Company's financial liabilities

₹ in Lakhs

Particulars	Less than 1 year	1 year to 5 years	> 5 years	Total
As at March 31, 2020				
Borrowings	13,478.96	3,488.43	NIL	16,967.39
Trade Payables	10,397.80	NIL	NIL	10,397.80
Lease Liabilities	4.25	3.01	NIL	7.26
Other Financial Liabilities	3,760.69	NIL	NIL	3,760.69
	27,641.70	3,491.44	NIL	31,133.14
As at March 31, 2019				
Borrowings	20,065.57	4,404.32	NIL	24,469.89
Trade Payables	12,781.85	NIL	NIL	12,781.85
Other Financial Liabilities	844.23	NIL	NIL	844.23
	33,691.65	4,404.32	NIL	38,095.97

c. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices. Market risk comprises four types of risks

- i. Currency Risk
- ii. Interest Rate Risk
- iii. Regulatory Risk
- iv. Commodity Price Risk

i. Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the Company's exposure in foreign currencies is NIL as it does not have any foreign exchange transaction.

ii. Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since, the Company has an insignificant Investment in Interest Bearing Financial Instruments, the exposure to risk of changes in market interest rates is very low.

iii. Regulatory Risk

Sugar industry is regulated both by Central Government as well as State Government. Central and State Governments policies and regulations affects the Sugar industry and the Company's operations and profitability.

Considering the re-introduction of Quota system on sugar sales by the Central Government, the regulatory risk are moderated.

iv. Commodity Price Risk

Sugar industry being cyclical in nature, realisations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

37. Disclosures under Ind AS 115 - Revenue from Contracts with Customers

A Disaggregation of revenue from Contracts with Customers

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i. Nature of products		
Sale of Products		
Sugar	32,817.61	14,808.54
Molasses	1,078.03	55.64
Bagasse	481.84	421.76
Press Mud	126.81	130.13
	34,504.29	15,416.07
Other Operating Revenue		
Scrap Sales	40.81	73.54
Sugarcane Price Subsidy	54.25	498.42
	95.06	571.96
	34,599.35	15,988.03
ii. Geography		
India	34,599.35	15,988.03
Out of India	NIL	NIL
	34,599.35	15,988.03

B Contract Balances

Information about Trade Receivables and Contract Liabilities from Contracts with Customers

₹ in Lakhs

Particulars	As at March 31, 2020	As at April 1, 2019
i. Trade Receivables - Current (Refer Note 8)	45.36	29.56
Receivables	45.36	29.56
ii. Contract Liabilities		
Advance from Customers - Current (Refer Note 21)	233.87	216.79
Total Contract Liabilities	233.87	216.79

C Reconciliation of Revenue recognised from Contracts with Customers in the Statement of Profit and Loss with the contract price

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract price with the Customers	34,609.47	15,988.65
Less: Rebates	10.12	0.62
Revenue from Contracts with Customers (as per Statement of Profit and Loss)	34,599.35	15,988.03

NOTES FORMING PART OF FINANCIAL STATEMENTS

38. Employee Benefits

The disclosures required by Ind AS 19 on "Employee Benefits" are as under

a. Defined Contribution Plans

i. Provident Fund

The Company has certain Defined Contribution Plans. Contributions are made to the Provident Fund for employees at the rate of 12% of basic salary as per the regulations. The contributions are made to registered Provident Fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further Contractual nor any Constructive Obligation. The amount recognised as an expenses recognised during the period towards defined contribution plans is ₹ 125.23 lakhs (March 31, 2019 ₹ 121.12 lakhs).

b. Defined Benefit Plans

i. Gratuity

ii. Leave Encashment

Gratuity (Unfunded)

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination of employment is the employee's last drawn basic salary per month computed proportionately for 15 days salary, divided by 26 days and multiplied by the number of years of service. The gratuity plan is a non contributory/unfunded defined benefit plan. The Company maintains a target level of provision over a period of time based on Actuarial calculations of expected gratuity payments.

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
i. Discount Rate (per annum)	6.84%	7.79%
ii. Rate of increase in Compensation levels (per annum)	1.00%	1.00%
iii. Expected Rate of Return on Assets	N.A.	N.A.
iv. Attrition Rate	0.00%	0.00%
v. Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	
vi. Actuarial Valuation Method	Projected Unit Credit Method	
vii. Retirement Age (years)	60 years	60 years

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

c. Risk to the Plan

i. Actuarial Risk

The plan is subject to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employee in future.

ii. Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. The Company manages the cash flow based on its own liquidity as and when it becomes due.

NOTES FORMING PART OF FINANCIAL STATEMENTS

iii. Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company there can be strain on the cash flows.

iv. Market Risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence, the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

v. Legislative Risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The Government may amend the Payment of Gratuity Act, 1972; thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

		₹ in Lakhs	
d. Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
	Gratuity Unfunded	Gratuity Unfunded	
Changes in Present Value of Obligation			
Present value of defined benefit obligation at the beginning of the year	475.61	480.21	
Current Service Cost	24.17	26.36	
Interest Cost	37.05	37.36	
Actuarial (Gains)/Loss			
Actuarial (gains)/ losses arising from changes in financial assumption	24.70	(0.23)	
Actuarial (gains)/ losses arising from changes in experience adjustment	(1.62)	6.90	
Benefits Paid	(39.03)	(74.99)	
Present value of defined benefit obligation at the end of the year	520.88	475.61	
Amount recognised in Balance Sheet			
Present Value of Benefit Obligation at the end of the Period	520.88	475.61	
Expenses recognised in the Statement of Profit and Loss			
Current Service Cost	24.17	26.36	
Interest cost on benefit obligation (net)	37.05	37.36	
Total Expenses recognised in the Statement of Profit and Loss	61.22	63.72	
Remeasurement Effects Recognised in Other Comprehensive Income for the year			
Actuarial (gains)/ losses on obligations for the period	23.08	6.68	
Actuarial (gains)/ losses arising from changes in demographic assumption	NIL	NIL	
Actuarial (gains)/ losses arising from changes in financial assumption	NIL	NIL	
Actuarial (gains)/ losses arising from changes in experience adjustment	NIL	NIL	
Return on plan asset	NIL	NIL	
Recognised in Other Comprehensive Income	23.08	6.68	

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Gratuity Unfunded	Gratuity Unfunded
Within the next 12 months (next annual reporting period)	102.79	93.42
2nd following year	41.36	57.80
3rd following year	49.39	63.77
4th following year	77.13	45.59
5th following year	50.02	70.17
Sum of Years 6 To 10	199.52	192.37
Sum of Years 11 and above	252.82	260.89
Sensitivity Analysis		
Projected Benefit Obligation on Current Assumptions	520.88	475.61
Delta Effect of +1% Change in Rate of Discounting	(25.81)	(25.84)
Delta Effect of -1% Change in Rate of Discounting	23.76	19.76
Delta Effect of +1% Change in Rate of Salary Increase	25.08	20.69
Delta Effect of -1% Change in Rate of Salary Increase	(27.31)	(26.90)
Delta Effect of +1% Change in Rate of Employee Turnover	9.90	9.12
Delta Effect of -1% Change in Rate of Employee Turnover	(2.48)	(4.31)

Note on Sensitivity Analysis

- i. The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.
- ii. The analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
- iii. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the project benefit obligation as recognised in the balance sheet.
- iv. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

39. Financial Instruments

Fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. Financial assets and financial liabilities such as Trade Receivable, Cash and Cash Equivalents, Other Bank Balances, Loans, Trade Payables and Borrowings of which the carrying amount is a reasonable approximation of fair value due to their short term nature, are disclosed at carrying value.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Category-wise classification and applicable Fair value hierarchy of Financial Assets and Liabilities at Fair value

₹ in Lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Carrying Amounts	Fair Value			Carrying Amounts	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
Measured at Amortised Cost								
Loans	9.66	-	-	-	9.66	-	-	-
Trade Receivables	45.36	-	-	-	29.56	-	-	-
Cash and Cash Equivalent	201.41	-	-	-	53.77	-	-	-
Bank Balances other than Cash and Cash Equivalent	-				4,204.41			
Others	100.69	-	-	-	1,201.29	-	-	-
	357.12	-	-	-	5,498.69	-	-	-
Total Financial Assets	357.12	-	-	-	5,498.69	-	-	-
Financial Liabilities								
Measured at Amortised Cost								
Borrowings	16,967.39	-	-	3,448.43	24,469.89	-	-	4,404.32
Trade Payables	10,397.80	-	-	-	12,781.85	-	-	-
Lease Liabilities	7.26	-	-	-	-	-	-	-
Others	3,760.69	-	-	-	844.23	-	-	-
Total Financial Liabilities	31,133.14	-	-	3,448.43	38,095.97	-	-	4,404.32

Fair Value Hierarchy

The fair value of financial instruments as referred below have been classified into three categories depending on the inputs used in the valuation technique.

The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows

Level 1 This hierarchy uses quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2; and

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Valuation

- The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since, the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.
- The fair value of Borrowings (Financial liability) is measured as amortised cost using valuation technique of Discounted Cash Flow Model which considers the present value of expected payment, discounted using a risk adjusted discount rate.

NOTES FORMING PART OF FINANCIAL STATEMENTS

40 Ind AS 116 on "Leases"

40.1 Transition to Ind AS 116

The Company has adopted Ind AS 116 on "Leases" with effect from April 1, 2019, by applying to all contracts of leases existing on April 1, 2019 by using modified retrospective approach and accordingly, comparative information for the year ended March 31, 2019 have not been restated. The Company has recognised and measured the Right-of-Use (ROU) asset and the lease liability on the remaining lease period and payments discounted using the incremental borrowing rate as at the date of initial application. As a result, on the date of transition, the Company has recognised ROU asset of ₹ 3.22 lakhs and a corresponding lease liability of ₹ 3.22 lakhs as also has reclassified prepayment for building of ₹ 19.66 lakhs as a ROU Asset. Further, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation for the ROU asset and finance costs for interest accrued on lease liability. The impact of adoption of Ind AS 116 is not significant on the profit before tax and earnings per share for the year ended March 31, 2020.

40.2 Disclosures pursuant to Ind AS 116

As a Lessee

A The following is the break-up of current and non-current lease liabilities as at March 31, 2020

Particulars	₹ in lakhs
Current lease liabilities	4.25
Non-current lease liabilities	3.01
Total	7.26

B The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	₹ in lakhs
Balance as at April 1, 2019	
Transition on account of adoption of Ind AS 116	3.22
Additions	21.07
Finance cost accrued	0.69
Deletions	NIL
Payment of lease liabilities	(17.72)
Balance as at March 31, 2020	7.26

The aggregate interest expense amounting to ₹ 0.69 lakhs on Lease Liabilities is disclosed separately under Note 28 - Finance Costs.

C The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis

Particulars	₹ in lakhs
Less than one year	4.25
One to five years	4.25
More than five years	NIL
	8.50

The Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D The following amounts are recognised in the Statement of Profit and Loss for the year ended March 31, 2020

Particulars	₹ in lakhs
Depreciation charge on Right-of-Use Assets	12.16
Interest expense on Lease Liabilities	0.69
Expense relating to Short-term Leases	2.82
Expense relating to leases of low-value assets, excluding Short-term Leases of Low-value Assets	NIL

NOTES FORMING PART OF FINANCIAL STATEMENTS

- E** Total cash outflow for leases from Financing Activities recognised in the Statement of Cash Flows for the year ended March 31, 2020 is ₹ 17.72 lakhs.
- 41.** The Department of Food and Public Distribution (DFPD), Government of India vide its notification dated September 28, 2018 had allotted a Minimum Indicative Export Quota (MIEQ) to sugar mills for export of sugar. During the financial year ended March 31, 2020, the Company undertook export of 12,122 MT of sugar through merchant exporters and incurred expenses of ₹ 43.55 lakhs (Previous Year ₹ 692.38 lakhs) during the current financial year. DFPD also issued two further notifications both dated October 5, 2018 extending financial assistance to sugar mills at the rate of ₹ 13.88 per qtl of sugarcane crushed for sugar production and reimbursement of internal transport charges. The Company is entitled for this assistance from Government of India on completion of entire MIEQ as per the conditions laid down in the notifications. The Company has contracts of balance sugar allocated under MIEQ. However, the Company has accounted for an amount of ₹ 97.80 lakhs (Previous Year ₹ 911.72 lakhs) as assistance receivable for sugar exported for the year ended March 31, 2020 by netting off MIEQ expenses as mentioned above under the head of Other Operating Revenue.
- 42.** During the financial year 2018-19, the Company had received a soft loan of ₹ 6,126 lakhs from a bank at an interest rate of 5% per annum under the “Scheme for Extending Financial Assistance to Sugar Undertakings-2018” notified by the Uttar Pradesh State Government to help in clearance of the outstanding sugarcane dues of the farmers for sugar season 2017-2018. The Company has recognized benefit to the extent pertaining to current year of soft loan under State Government Scheme, being interest rate at below applicable market rate, as a Government grant.
- 43.** During the year, the Company has received an amount of ₹ 133.88 lakhs as buffer stock subsidy in terms of notifications dated July 31, 2019 and August 1, 2019 issued by the Department of Food and Public Distribution, Ministry of Consumer Affairs, Foods and Public Distribution, Government of India.
- 44.** Consequent to the outbreak of COVID-19, which has been declared a pandemic by the World Health Organisation (WHO), the Government of India and the State Government have declared lockdown restrictions which have impacted business in general. Since, the Company is engaged in the manufacture of an essential commodity, the activities of the Company were carried out as usual under the directives issued by the Ministry of Home Affairs and State Government. Owing to the aforesaid lockdown, demand for sugar has been initially impacted to some extent of which it is gradually coming to its normal level. The capital and financial resources of the Company as such have not been significantly impacted. The Company has considered internal and external information while finalising various estimates and making assumptions in its financial statements and no material impact on financial results including the inter alia carrying value of various current and non-current assets is expected to arise. The actual impact of global health pandemic is dependent upon future development including policies and measures announced by the Government. The Company will continue to closely monitor the situation and the same will be taken into consideration when it crystalizes.
- 45.** Figures for the previous year have been regrouped and/ or rearranged and/ or reclassified wherever necessary to make them comparable with those of current year.

As per our report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No.100991W

PARESH H. CLERK

Partner

Membership No. 36148

Place : Mumbai

Date : July 30, 2020

Arvind K. Kanoria

Managing Director

DIN - 00200202

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie

DIN - 00066885

Dr. Anurag K. Kanoria

DIN - 00200630

Directors