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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 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

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 that the 95th Annual General Meeting of the members of **The United Provinces Sugar Company Limited** will be held at the registered office of the Company at Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata 700 001 at 2.00 p.m. on Friday, the 31st August, 2018 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, 2018 including the Balance Sheet as at 31st March, 2018 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 Dr. Anurag K. Kanoria (Director Identification Number (DIN) 00200630) 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. Reappointment of Shri Vivek M. Pittie as 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 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 Vivek M. Pittie (DIN 00066885), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and who is eligible for reappointment, be and is hereby reappointed as Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (consecutive) years commencing from 1st April, 2019 to 31st March, 2024 and 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 Girdhari Lal Sultania as 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 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 Girdhari Lal Sultania (DIN: 00060931), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, and Regulation 16(1)(b) of the Listing Regulations and who is eligible for reappointment, be and is hereby reappointed as Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (consecutive) years commencing from 1st April, 2019 to 31st March, 2024 and on such terms and conditions including commission on profits, if any, as applicable to other Non-Executive Independent Directors of the Company.”

5. Variation in remuneration payable to Shri Babu Lal Vijay, Whole Time Director designated as General Manager

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

NOTICE

“RESOLVED THAT in partial modification of the resolution passed in the matter at the Annual General Meeting of the Company held on 29th September, 2016 and in accordance with the provision of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or reenactment thereof, for the time being in force) and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to an increase in the salary payable to Shri Babu Lal Vijay (DIN 06967800) a Whole Time Director designated as General Manager of the Company from ₹ 67,500/- (Rupees sixty seven thousand five hundred) only per month to ₹ 75,000/- (Rupees Seventy five thousand) only per month with effect from 1st April, 2018 for the remaining tenure of his office, that is, upto 4th May, 2020.”

“RESOLVED FURTHER THAT except the salary related perquisites, which will stand enhanced consequent to the aforesaid increase in salary, all other perquisites, retirement benefits and conditions of the appointment, will remain the same as at present and as approved by the shareholders in the Annual General Meeting held on 29th September, 2016.”

“RESOLVED FURTHER THAT in the event of inadequacy or absence of profits of the Company in any financial year, the said Shri Babu Lal Vijay will be paid the aforesaid increased remuneration as minimum remuneration subject, however, to the limits prescribed under the said Schedule V to the Act.”

“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.”

6. Approval for Voluntary Delisting of the Equity Shares of the Company from The Calcutta Stock Exchange Limited (“CSE”).

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

“RESOLVED THAT pursuant to (i) the requisition letter dated 7th June, 2018 received from Shri Arvind K. Kanoria, the promoter of the Company holding alongwith his associates 24,19,566 equity shares of ₹ 10 each (‘Equity Shares’), aggregating 94.88% of the total equity paid-up share capital of the Company, conveying his intention to voluntarily delist the Equity Shares of the Company from The Calcutta Stock Exchange Limited (CSE) in accordance with the Securities and Exchange Board of India (SEBI) (Delisting of Equity Shares), Regulations 2009 including any statutory modification or amendments or reenactments thereof (‘Delisting Regulations’), (ii) the approval of the Board of Directors of the Company on 22nd June, 2018, to the voluntary delisting of the Equity Shares from the CSE and (iii) subject to the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Delisting Regulations and other such applicable provisions of law, Listing Agreement entered with the CSE, receipt of the necessary approvals from the CSE and such other approvals as maybe required under applicable law and subject to the terms of such approvals, the approval of the members of the Company be and is hereby accorded to the proposed voluntary delisting of the Equity Shares from the CSE (‘Proposed Delisting’).

RESOLVED FURTHER THAT the Board of Directors of the Company (which expression shall include any person or committee duly authorized by the Board of Directors in this behalf) be and is hereby authorised on behalf of the Company to do, either by themselves or through delegation to any person, as they may in their absolute discretion deem fit, all such acts, deeds, matters and things as they may at their discretion deem necessary or expedient for such purpose, and make all necessary filings to facilitate the Proposed Delisting in accordance with the conditions specified in the Delisting Regulations and the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including making applications to the CSE for seeking the in-principle and final approval for the Proposed Delisting, and to execute all such deeds, documents or writings as are necessary or expedient to settle any questions, difficulties or doubts that may arise in this behalf or delegate the aforesaid authority to any person as they may in their absolute discretion deem fit.”

NOTICE

7. To approve 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, 2019, amounting to ₹ 30,000/- (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 authorised 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.”

Place of Signature : Mumbai

Date : 22nd June, 2018

Registered Office

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

By order of the Board
Arvind K. Kanoria
Managing Director

NOTICE

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning businesses under Item Nos. 3 to 7 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 Regulation 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 shall be read as part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ON HIS/HER BEHALF AND SUCH PROXY(IES) NEED NOT BE MEMBER(S) OF THE COMPANY.**
3. A Proxy Form, in prescribed format (Form MGT-11), is being sent herewith, with instructions for filing, signing and submitting the same. The instrument of proxy, in order to be effective, must be deposited with the Company at its registered office not less than forty-eight (48) hours before the commencement time of the 95th Annual General Meeting (“Meeting”) of the Company. The Proxy Form, if not complete in all respects, will be considered invalid.
4. A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or Member. Proxy(ies) submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority as applicable. The proxy holder shall prove his identity at the time of attending the Meeting.
5. The Registrar and Share Transfer Agents of the Company for its share registry work (physical and dematerialised) are TSR Darashaw Limited (“TSRDL”) having their office at 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.
6. **The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 25 August 2018 to Friday, 31 August 2018 (both days inclusive) for the purpose of Annual General Meeting.**
7. 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.
8. 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 7 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.
9. Pursuant to the provisions of Section 113 of the Act, Members who are Body Corporates/Companies and who intend to send their authorised representative(s) to attend the Meeting are requested to send, to the Company, a certified copy of the Resolution, of its Board of Directors or other governing body, authorising such representative(s) along with the respective specimen signature(s) of those representative(s) authorised to attend and vote on their behalf at the Meeting.
10. Members can avail facility of nomination in respect of shares held by them in physical form pursuant to Section 72 of the Act and rules made thereunder. Members desiring to avail this facility may send their nominations in the prescribed form no. SH-13 duly filled in to TSRDL Registrar and Transfer Agents of the Company at the abovementioned address. Members holding shares in dematerialised form may contact their respective Depository Participant for availing this facility.
11. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by Depositories and maintained by the Registrar and Share Transfer Agents for payment of dividend through Electronic Clearing Services (“ECS”) to investors where ECS and Bank details are available.

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In the absence of ECS facilities or in cases where ECS have failed/rejected by the Bank, the Company will print the bank account details, if available, on instrument of payment for distribution of dividend. Instructions, if any already given by the Members in respect of shares held in physical form will not be automatically applicable to shares held in dematerialised mode. Members are requested to update their bank account details with their Depository Participants. Members may alternatively send written requests alongwith their Bank account details to TSRDL, the Registrar and Transfer Agent of the Company along with original cancelled cheque bearing their name on it or bank passbook/statement attested by their Bank.

12. Pursuant to Sections 101 and 136 of the Act read with rules framed thereunder and Regulation 36(1) of Listing Regulations, the Notice calling the Meeting along with the Annual Report 2017-2018, attendance slip and proxy form is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company or Depository participant(s) or TSRDL, the Company's Registrar and Transfer Agents, unless the Members have requested for physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.

Members may also note that the Annual Report 2017-2018 along with Notice of the Meeting, attendance slip and proxy form are also available on the website of the Company: www.unitedprovincessugar.com

Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by permitted mode free of cost. For any communication, the Shareholders may also send requests to the Company's e-mail address: upsclmumbai@rediffmail.com or TSRDL e-mail address: csg-unit@tsrdarashaw.com

Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with TSRDL.

13. Members are requested to:
 - a. Intimate to TSRDL, the Registrar and Share Transfer Agents of the Company, changes if any, in their registered addresses and e-mail id at an early date, in case shares held in physical form;
 - b. Intimate respective Depository Participant, changes, if any, in their registered addresses or e-mail id at an early date, in case of shares held in dematerialised form;
 - c. Quote their folio numbers/client ID/DP ID in all correspondence; and
 - d. Consolidate their holdings into one folio in the identical order of names.
 - e. Update their PAN and Bank account details by sending a self-attested copy of the PAN along with original cancelled cheque bearing their name on it or bank passbook/statement attested by their Bank to TSRDL, the Registrar and Share Transfer Agents of the Company.
 - f. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long.
14. Members are requested to bring their copy of Annual Report to the Meeting.
15. Members/Proxy(ies)/Representatives are requested to bring attendance slip enclosed in the Annual Report along with a valid photo identity proof for verification purpose to the Meeting.
16. In compliance with provisions of Section 108 and 110 of the Act, Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations and SS-2 as amended from time to time, the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be considered and transacted at the Meeting by electronic means. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the Meeting ("remote e-voting") will be provided by National Securities Depository Limited ("NSDL").

NOTICE

17. Shri Babu Lal Patni, Practicing Company Secretaries, (Membership No.: FCS 2304, Certificate of Practice No. 1321) have been appointed as Scrutiniser to scrutinize the voting process through Postal Ballot remote e-voting and voting at the Meeting venue through ballot paper) in a fair and transparent manner.
18. Voting through ballot paper shall also be made available at the Meeting and the Members attending the Meeting who have not cast their votes by Postal Ballot or remote e-voting shall only be able to exercise their voting right at the Meeting. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently or cast the vote again.
19. Voting through Electronic Means/Postal Ballot
 - I. The instructions for e-voting are as under:

In compliance with the provisions of Sections 108 of the Companies Act, 2013 and Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 Regulation 44 of the SEBI (Listing Obligation & Disclosure Regulations) Requirements, 2015, (“Listing Regulations”), the Company is pleased to provide members facility to exercise their right to vote at the 95th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with TSRDL/Depositories)
 1. Open the e-mail and also open PDF file namely “upscl-e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 2. Open the internet browser and type the following URL: [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com).
 3. Click on Shareholder - Login.
 4. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password.
 5. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 6. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 7. Once the e-voting home page opens, click on e-voting > Active Voting Cycles.
 8. Select “EVEN” (E-Voting Event Number) of The United Provinces Sugar Company Limited which is “**108853**”. Now you are ready for e-voting as Cast Vote page opens.
 9. On the voting page, you may cast your vote by selecting an appropriate option “For” or “Against” and click “**SUBMIT**”. A confirmation box will be displayed. Click “**OK**” to confirm or “**CANCEL**” to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message “Vote cast successfully” will be displayed.
 10. 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., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer’s email id patnibl@yahoo.com, with a copy marked to evoting@nsdl.co.in.
 11. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and evoting user manual - Shareholders, available at the Downloads section of www.evoting.nsdl.com.

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- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/ Depositories):
1. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
 2. Please follow all steps from Sl. No. (2) to Sl. No. (11) above, to cast vote.

II Instructions for voting through Postal Ballot:

This Ballot Form is provided for the Members who do not have access to e-voting facility.

Process and manner for Members opting to vote using the Ballot Form:

1. Please complete and sign the Ballot Form (no other form or photo copy thereof is permitted) and send so as to reach the scrutinizer, appointed by the Board of Directors of the Company, Shri Babu Lal Patni (Membership No. FCS 2304, PCS: 1321), Practicing Company Secretary, C/O. THE UNITED PROVINCES SUGAR COMPANY LIMITED, Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata - 700 001 not later than Thursday, 30th August, 2018. (5.00 p.m. IST).
2. The Form should be signed by the Members as per the specimen signature registered with the Company/ Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted by a proxy.
3. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution/Authorisation.
4. Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided in the Ballot.
5. Unsigned, incomplete, improperly or incorrectly tick marked Ballot forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.

III. Other instructions:

1. The remote e-voting period commences on Tuesday, 28th August, 2018 (9.00 a.m. IST) and ends on Thursday, 30th August, 2018 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut of date of Friday, 24th August, 2018 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

2. Members who do not have access to e-voting facility may send duly completed Ballot Form in self-addressed prepaid envelope (enclosed) so as to reach the Scrutinizer at the Registered Office of the Company not later than Thursday, 30th August, 2018 (5.00 p.m. IST).
3. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to csg-unit@tsrdarashaw.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Thursday, 30th August, 2018 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

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4. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
5. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut of date of Friday, 24th August, 2018 and as per the Register of Members of the Company.
6. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of Annual General Meeting and holding shares as of the cut-off date, i.e., 24th August, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” option available on www.evoting.nsdl.com.
8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, voting through Ballot Form, as well as voting at the Annual General Meeting through polling paper.
9. Mr. Babu Lal Patni, Practicing Company Secretary (Membership No. FCS 2304), has been appointed as the Scrutinizer to scrutinize the remote e-voting process (including the Ballot Form received from the Members who do not have access to the remote e-voting process) in a fair and transparent manner.
10. At the Annual General Meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall with the assistance of the Scrutinizer order voting for all those members who are present but have not cast their vote electronically using the remote e-voting facility or Ballot Form.
11. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes at the Annual General Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
12. The Chairman or a person authorized by him in writing shall declare the result of voting forthwith.
13. 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 immediately after the result declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to The Calcutta Stock Exchange Limited, where the shares of the Company are listed.

Place of Signature: Mumbai

Date: 22nd June, 2018

Registered Office

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

By order of the Board
Arvind K. Kanoria
Managing Director

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 7 in the accompanying Notice dated 22nd June, 2018.

Item No. 3

Reappointment of Shri Vivek M. Pittie as Non Executive Independent Director of the Company

Shri Vivek M. Pittie (DIN: 00066885) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company as Director on 22nd June, 1998. The Board of Directors at its meeting held on 23rd July, 2014 appointed him as Non-Executive Independent Director for a first term of five consecutive years for a term upto 31st March, 2019. The Shareholders at their 91st Annual General Meeting held on 26th September 2014, approved the said appointment. Accordingly, pursuant to the provisions of Section 149 of the Companies Act, 2013 ('Act') and rules made thereunder the first term of Shri Vivek M. Pittie as Independent Director of the Company will conclude on 31st March, 2019.

Shri Vivek M. Pittie is Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee and the Finance Committee of the Board of Directors of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), *inter alia* prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for reappointment on passing a special resolution by the company and disclosure of such appointment in its Board's Report. Further Section 149(11) of the Act provides that an independent director may hold office for up to two consecutive terms.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee of the Board and basis the results of the performance evaluation carried out by the said Committee and the Board, vide its resolution dated 22nd June, 2018, reappointed Shri Vivek M. Pittie as an Additional Non-Executive Independent Director, not liable to retire by rotation for a second consecutive term of five years commencing from 1st April, 2019 to 31st March, 2024, subject to the approval of the Members through a special resolution.

The Company has also received a written declaration from Shri Vivek M. Pittie stating that he is not disqualified from being appointed as director in terms of Section 164 of the Act and given his consent to continue to act as Director of the Company and he also meets the criteria of independence as provided under Section 149(6) of the Act and under the Regulation 16(1)(b) of the Listing Regulations.

Shri Vivek M. Pittie, aged about 59 years, is a Bachelor of Science from Mumbai University. He is an able administrator with an experience of over three decades in the sugar industry in various capacities. He has been the President of Indian Sugar Mills Association, an apex body of the Sugar Industry. He is also a Board Member of Indian Sugar Exim Corporation Limited.

Other details of Shri Vivek M. Pittie as stipulated under Regulation 36 of the Listing Regulations and Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India. are provided in the Annexure - 2 to this Explanatory Statement.

Shri Vivek M. Pittie will be entitled to sitting fees for attending meetings of the Board and Committee(s) thereof and reimbursement of out of pocket expenses incurred by him in connection thereto. In addition, he would be entitled to commission out of profits, if any of the Company as determined by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee of the Board and within the limits fixed / to be fixed Members of the Company.

In the opinion of the Board, Shri Vivek M. Pittie fulfils the conditions specified in the Act and the Rules made thereunder for reappointment as an Independent Director and independent of the management. The Board considers

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that the proposed reappointment of Shri Vivek M. Pittie, an Independent Director, considering his skills, experience and knowledge in diverse areas, his background and experience and contributions by him during his tenure. The Board is of the opinion that the continued association of Shri Vivek M. Pittie will be of immense value and benefit and of the Company and recommends his reappointment to the Members.

Terms and conditions of the appointment of Shri Vivek M. Pittie as an Independent Director of the Company and all the relevant documents referred to in this Notice and Explanatory Statement shall be open for inspection by the Members at the Registered Office of the Company, in physical or in electronic form, between 10:00 a.m. (1ST) to 1:00 p.m. (IST) on all working days (Monday to Friday) upto the date of and also at the Annual General Meeting.

Shri Vivek M. Pittie is interested in this Resolution as it pertains to his reappointment. The relatives of Shri Vivek M. Pittie may be deemed to be interested in this resolution to the extent of their shareholding interest, if any, in the Company.

Save and except, Shri Vivek M. Pittie, none of the other Directors, Key Managerial Personnel and their respective relatives are concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 3 of the Notice.

The explanatory statement together with the accompanying Notice and annexure thereto may also be regarded as a disclosure under Regulation 36 of the Listing Regulations and Secretarial Standard-2 on Board Meetings issued by The Institute of Company Secretaries of India.

The Board commends the special resolution for reappointment of Shri Vivek M. Pittie as Non-Executive Independent Director of the Company for a second term of five years commencing from 1st April, 2019 to 31st March, 2024 as set out at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

Item No. 4

Reappointment of Shri Girdhari Lal Sultania as an Independent Director of the Company

Shri Girdhari Lal Sultania (DIN: 00060931) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company as Director on 19th January, 1995. The Board of Directors at its meeting held on 23rd July, 2014, appointed him as Non-Executive Independent Director for a first term of five consecutive years for a term upto 31st March, 2019. The Shareholders at their 91st Annual General Meeting held on 26th September, 2014 approved the said appointment. Accordingly, pursuant to the provisions of Section 149 of the Companies Act, 2013 ('Act') and rules made thereunder the first term of Shri Girdhari Lal Sultania as Independent Director of the Company will conclude on 31st March, 2019.

Shri Girdhari Lal Sultania is Chairman of the Stakeholders Relationship Committee and Member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), *inter alia* prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for reappointment on passing a special resolution by the company and disclosure of such appointment in its Board's Report. Further Section 149(11) of the Act provides that an independent director may hold office for up to two consecutive terms.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee of the Board and basis the results of the performance evaluation carried out by the said Committee and the Board, vide resolution dated 22nd June, 2018, reappointed Shri Girdhari Lal Sultania as an Additional Non-Executive Independent Director, not being liable to retire by rotation for a second consecutive term of five years commencing from 1st April, 2019 to 31st March, 2024, subject to the approval of the Members through special resolution.

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The Company has also received a written declaration from Shri Girdhari Lal Sultania stating that he is not disqualified from being appointed as director in terms of Section 164 of the Act and given his consent to continue to act as director of the Company and he also meets the criteria of independence as provided under Section 149(6) of the Act and under the Regulation 16(1)(b) of the Listing Regulations.

Shri Girdhari Lal Sultania, aged above 73 years is a fellow member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He holds a Bachelor's degree in Commerce from the University of Kolkata. He has over 48 years of experience in the fields of finance, taxation, legal, corporate affairs, industry and commerce matters.

Other details of Shri Girdhari Lal Sultania as stipulated under Regulation 36 of the Listing Regulations and Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India are provided in the Annexure to this Explanatory Statement.

Shri Girdhari Lal Sultania will be entitled to sitting fees for attending meetings of the Board and Committee(s) thereof and reimbursement of out of pocket expenses incurred by him in connection thereto. In addition, he would be entitled to commission out of profits, if any of the Company as determined by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee of the Board and within the limits fixed / to be fixed Members of the Company.

In the opinion of the Board Shri Girdhari Lal Sultania fulfils the conditions specified in the Act and the Rules made thereunder for reappointment as an Independent Director and independent of the management. The Board considers that the proposed reappointment of Shri Girdhari Lal Sultania, an Independent Director considering his skills, experience and knowledge in diverse areas, his background and experience and contributions by him during his tenure. The Board of the opinion that the continued association of Shri Girdhari Lal Sultania will be an immense value and benefit and in the best interest of the Company, and therefore, the Board recommends his reappointment to the Members.

Terms and conditions of the appointment of Shri Girdhari Lal Sultania as an Independent Director of the Company and all the relevant documents referred to in this Notice and Explanatory Statement, shall be open for inspection by the Members at the Registered Office of the Company in physical or in electronic form, between 10:00 a.m. (1ST) to 1:00 p.m. (IST) on all working days (Monday to Friday) upto the date of and also at the Annual General Meeting.

Shri Girdhari Lal Sultania is interested in this Resolution as it pertains to his reappointment. The relatives of Shri Girdhari Lal Sultania may be deemed to be interested in this resolution to the extent of their shareholding interest, if any, in the Company.

Save and except, Shri G.L. Sultania, none of the other Directors, Key Managerial Personnel and their respective relatives are concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 4 of the Notice.

The explanatory statement together with the accompanying Notice and annexure thereto may also be regarded as a disclosure under Regulation 36 of the Listing Regulations and Secretarial Standard-2 on Board Meetings issued by The Institute of Company Secretaries of India.

The Board commends special resolution for reappointment of Shri Girdhari Lal Sultania as Non-Executive Independent Director of the Company for a second term of five years commencing from 1st April, 2019 to 31st March, 2024 as set out at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

Item No.5

Variation in Remuneration payable to Shri Babu Lal Vijay, 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 94th Annual General Meetings held on 26th September, 2016 for a further period of three

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(3) years with effect from 5th May, 2017 to 4th May, 2020. Considering the increasing activities of the Company and the consequent rise in the responsibilities that the General Manager is required to shoulder and also having regard to the present pattern of remuneration prevailing in the industry, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at its meeting held on 22nd June, 2018 have decided that, subject to the consent of the Company in the ensuing Annual General Meeting, the remuneration payable to Shri Babu Lal Vijay be revised upwards and increased as set out in the proposed resolutions at item nos. 5 of the Notice for the remainder of tenure of his Office, that is upto 4th May, 2020.

Shri Babu Lal Vijay is interested in the resolution as set out at Item Nos. 5 of the Notice with regard to variation in his remuneration. 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. 5 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. 5 of the Notice for approval by the shareholders.

Item No.6

APPROVAL FOR VOLUNTARY DELISTING OF THE EQUITY SHARES OF THE COMPANY FROM THE CALCUTTA STOCK EXCHANGE LIMITED (CSE).

The equity shares of ₹ 10.00 each ("Equity Shares") of The United Provinces Sugar Company Limited ("the Company") are presently listed with ("CSE"), the only stock exchange where Equity Shares are listed. The CSE does not have an operational trading platform since April, 2013 on account of its suspension by the Securities and Exchange Board of India (SEBI) for non compliance with certain norms set down by SEBI.

In such circumstances, it is felt that continued listing with the CSE does not provide any significant or tangible advantage to the members of the Company as the public shareholders of the Company do not have any exit opportunity to sell their shareholdings and consequently may be stuck with their investments in the Company. The Company too does not derive any benefit from continuation of the listing of its shares with CSE.

The Securities and Exchange Board of India (SEBI) has formulated SEBI (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations") for delisting of shares. The said Delisting Regulations provide for a simplified procedure for small companies which have less than 300 public shareholders whereby delisting of such companies can be achieved by the Promoters sending written intimation to all individual shareholders of their intention to delist the shares so as to provide them with an exit opportunity at a price determined in consultation with a Merchant Banker.

It may be recalled that the shareholders of the Company had passed earlier special resolutions on two occasions through Postal Ballot to delist the equity shares of the Company from CSE and the outcome of the same was declared on 11th March, 2014 and 29th September, 2015 respectively.

As the matter of approval has remained pending for consideration by the CSE and a period of one year has lapsed since passing of the aforesaid special resolutions, the Board of Directors of the Company proposed once again to seek approval of the shareholders for the passing a fresh resolution for the delisting of the equity shares of the Company from CSE. The details of such proposal are as under

- i) Shri Arvind K. Kanoria and his associates are the promoter of the Company and own 24,19,566 Equity Shares aggregating 94.88% of the total equity paid-up share capital of the Company ('Equity Share Capital').
- ii) The Board of Directors of the Company has received a requisition letter dated 7th June, 2018 ('Promoter's Letter') from Shri Arvind K. Kanoria, ('Promoter'), the Promoter of the Company. In the Promoter's Letter,

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the Promoter has notified his intention to acquire the Equity Shares held by the public shareholders of the Company ('Public Shareholders') by providing an exit opportunity through a voluntary delisting offer ('Delisting Offer') in accordance with Securities and Exchange Board of India (Delisting of Equity Shares), Regulations 2009 including any statutory modifications or amendments or reenactments thereof ('Delisting Regulations') for acquiring 1,30,434 Equity Shares representing 5.12% of the Equity Share Capital in order to delist the Equity Shares from the CSE.

- iii) The objective in making the Delisting Offer is to obtain full ownership of the Company which will provide the Promoter enhanced operational flexibility. Additionally, the Promoter believes that on account of no trading of the Equity Shares on the CSE, the proposed Delisting Offer would provide the Public Shareholders with an opportunity to exit at an attractive price.
- iv) Pursuant to the intimation received from the Promoter, the Board of Directors of the Company, in its meeting held on 22nd June, 2018, took on record the Promoter's Letter and appointed LSI Financial Services Private Limited ('LSIFSP') as the merchant banker for carrying out due diligence as required in terms of regulation 8(1A)(ii) of the Delisting Regulations. On receipt of the Due Diligence Report, the Board of approved the proposed delisting in terms of Regulation 8(1)(a) of the Delisting Regulations subject to approval of public shareholders of the Company. The result of the meeting of the Board of Directors of the Company held for approving the Delisting Offer was notified to the CSE on 22nd June 2018.
- v) In terms of regulation 8(1)(b) of the Delisting Regulations, the Delisting Offer requires approval of the members of the Company by way of a special resolution passed through a Postal Ballot in accordance with the Delisting Regulations. As per regulation 8(1)(b) of the Delisting Regulations, the special resolution passed by the members of the Company shall be acted upon if the votes cast by the Public Shareholders in favour of the Delisting Offer amount to at least two times the number of votes cast by Public Shareholders against it.
- vi) In the event that this special resolution is passed by the members as set out above, subject to receipt of in-principle approval of the CSE, and other applicable statutory approval as may be deemed necessary from time to time, a Public Announcement of the Delisting Offer may be made by the Promoter in accordance with the Delisting Regulations followed by dispatch of the Letter of Offer to all Public Shareholders. Thereafter, the Delisting Offer will be conducted in accordance with the Delisting Regulations.
- vii) The price at which Equity Shares will be acquired in the Delisting Offer is required to be determined in accordance with a reverse book building process set out under the Delisting Regulations subject to a floor price as computed under the Delisting Regulations.
- viii) In compliance with the provisions of regulation 15(2) of the Delisting Regulations, the floor price shall be determined in terms of regulation 8 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The Public Shareholders of the Company may tender their Equity Shares during the reverse book building process at the Floor Price or any such price above the Floor Price as they deem fit. The members are requested to note that the Floor Price is neither a ceiling nor the maximum price.
- ix) The Promoter shall not proceed with the Delisting Offer unless:
 - The Promoter accepts the discovered price, and
 - The number of Equity Shares validly tendered in the Delisting Offer is sufficient enough to result in the Delisting Offer being successful as per the Delisting Regulations, and
 - The Promoter having obtained all the necessary regulatory and statutory approvals as may be required under applicable laws including the Delisting Regulations.
- x) The approval of the members is sought for the aforesaid special resolution, after which the Promoter will proceed, subject to receipt of necessary regulatory approvals, to make the Delisting Offer to the members of the Company in accordance with the provisions of the Delisting Regulations. The Board of Directors of

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the Company, therefore, place the proposed resolution for your consideration and recommends that it be passed as a special resolution.

All the relevant documents referred to in this Notice and Explanatory Statement, shall be open for inspection by the Members at the Registered Office of the Company, in physical or in electronic form, between 10:00 a.m. (1ST) to 1:00 p.m. (IST) on all working days (Monday to Friday) and upto the date of and also at the Annual General Meeting.

Shri Arvind K. Kanoria, Director Managing Director and his relatives may be deemed interested or concerned with the Delisting Offer as he has a conflict of interest because him being the Acquirer.

Dr. Anurag K. Kanoria may be deemed to be interested or concerned with the Delisting Offer and he has a conflict of interest because of him being brother of the Acquirer.

Save and except the above, none of the 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. 6 of the Notice.

Item No. 7

Ratification of Fees 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, 2019 at a remuneration of ₹ 30,000/- plus goods & service tax as applicable as well as travelling, boarding, lodging and out of pocket expenses.

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. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March, 2019.

The Board of Directors therefore recommends the ordinary resolution set out at Item No.7 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. 7 of the Notice.

Place of Signature: Mumbai

Date: 22nd June, 2018

Registered Office

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

By order of the Board
Arvind K. Kanoria
Managing Director

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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ANNEXURE TO ITEM NOS. 2, 3 AND 4 OF THE NOTICE CONVENING THE 95TH ANNUAL GENERAL MEETING OF THE COMPANY

Details of Directors seeking reappointment/appointment and approval at 95th Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on general meetings issued by The Institute of Company Secretaries of India

Name of Director	Dr. Anurag K. Kanoria (Item No. 2)	Shri Vivek M. Pittie (Item No. 3)	Shri Girdhari Lal Sultania (Item No. 4)
Director Identification Number (DIN)	00200630	00066885	00060931
Nationality	Indian	Indian	Indian
Date of first appointment on the Board	19th January, 1995	22nd June, 1998	19th January, 1995
Date of Birth	19th September, 1968	23rd May, 1959	16th October, 1945
Age	50 Years	59 Years	73 Years
Qualifications	Bachelor of Commerce from Mumbai University, Master of Art from North Eastern University, Boston, U.S.A.	Bachelor in Science from Mumbai University	Bachelor of Commerce from Calcutta University and fellow member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India
Capacity	Non-Executive Director	Non-Executive Independent Director	Non-Executive Independent Director
Specific area of expertise	25 Years of experience in Finance, Accounts, Corporate Financial Planning and Restructuring, Corporate Communication with Press, Marketing and Administration.	Able administrator with an experience of over three decades in the sugar industry in various capacities. He has been the President of Indian Sugar Mills Association, an apex body of the Sugar Industry. He is also a Board Member of Indian Sugar Exim Corporation Limited.	Professional having rich experience of over 48 years in finance, taxation, legal, corporate affairs, industry and commerce matters.
List of Directorship in other Indian companies	<ul style="list-style-type: none"> • The New Great Eastern Spinning & Weaving Company Limited • Bombay Wire Ropes Limited • Sound Investment Company Private Limited • New India Exports Private Limited • Kaabil Traders Private Limited • Sparkk Organics Private Limited • Horizon Investment Company Private Limited 	<ul style="list-style-type: none"> • Harinagar Sugar Mills Ltd., • Indian Sugar Exim Corporation Ltd. • Shangrila Food Products Ltd., • Altamount Holdings & Trading Co. Pvt. Ltd., • Sorento Holdings & Trading Co. Pvt. Ltd. • Oceanview Holdings & Trading Co. Pvt. Ltd., • Amalfi Holdings & Trading Co. Pvt. Ltd., • Seaview Holdings & Trading Co. Pvt. Ltd. • Vivek Investment and Trading Co. Pvt. Ltd. 	<ul style="list-style-type: none"> • HSIL Ltd. • Paco Exports Ltd., • Somany Ceramics Limited • Somany Global Limited • S.R. Continental Limited • AGI Glasspack Ltd., • Ayusri Health Products Ltd. • Somany Home Innovation Ltd. • Brillocca Ltd. • Luxxis Heating Solutions Pvt. Ltd., • Pioneer Resins & Aromatics Pvt. Ltd. • Raipur Agrotech Pvt. Ltd., • Textool Mercantile Pvt. Ltd. • Adarsh Barter Pvt. Ltd., • Scope Vinimoy Pvt. Ltd., • Anand Apartment Maintenance Pvt. Ltd., • LNR Exports Pvt. Ltd., • LNR Investments and Trades Pvt. Ltd., • T.K.Ghosh Investment Pvt.Ltd.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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Name of Director	Dr. Anurag K. Kanoria (Item No. 2)	Shri Vivek M. Pittie (Item No. 3)	Shri Girdhari Lal Sultania (Item No. 4)
Chairmanship / Membership in the Committees of the Boards of companies in which he is a Director	The United Provinces Sugar Company Limited - Audit Committee - Member - Nomination and Remuneration Committee - Member - Finance Committee - Member - Stake Holders Relationship Committee - Member - Share Transfer Committee - Member	The United Provinces Sugar Company Limited - Audit Committee - Chairman - Nomination and Remuneration Committee - Member - Finance Committee - Member	The United Provinces Sugar Company Limited - Stake Holders Relationship Committee - Chairman - Nomination and Remuneration Committee - Member Somany Ceramics Limited - Audit Committee - Member - Nomination and Remuneration Committee - Member - Stake Holders Relationship Committee - Member HSIL Limited - Corporate Affairs Committee - Member - Stakeholders Relationship Committee - Member
Numbers of shares held in the Company as on 31st March, 2018	100 Equity Shares of the Company held jointly with Shri Arvind K. Kanoria	200 Equity Shares of the Company held jointly with Shri Arvind K. Kanoria.	400 Equity Shares of the Company held jointly with Shri Arvind K. Kanoria.
Remuneration last drawn by such person, if applicable	Sitting fees of ₹ 20,000/- for attending meetings of Board	Sitting fees of ₹ 20,000/- for attending meetings of Board	Sitting fees of ₹ 5,000/- for attending meetings of Board
Terms and conditions of appointment/reappointment	Reappointment as Non-Executive Director, liable to retire by rotation.	Reappointment as Non- Executive Independent Director not liable to retire by rotation for a second term of five consecutive years commencing from 1st April, 2019 to 31st March, 2024.	Reappointment as Non- Executive Independent Director not liable to retire by rotation for a second term of five consecutive years commencing from 1st April, 2019 to 31st March, 2024.
Details of Remuneration Sought to be paid	(i) Sitting fees for attending Board/Committee Meetings (ii) Reimbursement of expenses incurred for attending Board/ Committee Meeting	(i) Sitting fees for attending Board/Committee Meetings (ii) Reimbursement of expenses incurred for attending Board/ Committee Meeting	(i) Sitting fees for attending Board/ Committee Meetings (ii) Reimbursement of expenses incurred for attending Board/Committee Meeting
Number of Meeting of Board attended during the year 2017-2018	Four out of four	Four out of four	One out of four
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Brother of Shri Arvind K. Kanoria, Managing Director of the Company	He is not related to any other Director / KMP / Manager of the Company	He is not related to any other Director / KMP / Manager of the Company
Summary of Performance Evaluation report	Not applicable	The Nomination and Remuneration Committee and the Board evaluated performance of Shri Vivek M. Pittie, rated him satisfactory on all parameters and recommended for reappointment.	The Nomination and Remuneration Committee and the Board evaluated performance of Shri Girdhari Lal Sultania, rated him satisfactory on all parameters and recommended for reappointment.



DIRECTORS' REPORT

Your Directors present their 95th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2018 as below.

	(₹ in Lakhs)	
	2017-2018	2016-2017
Financial Results	₹	₹
Revenue from operations and Other Income	29,587.93	27,135.87
Profit/(Loss) before Finance Costs, Depreciation and Tax	(2,174.42)	2,186.73
Finance Costs	1,158.13	1,174.26
Profit/(Loss) before Depreciation and Tax	(3,332.55)	1,012.47
Depreciation and Amortisation Expense	526.83	521.83
Profit/(Loss) before Tax	(3,859.38)	490.64
Tax Expense - Deferred Tax	(1,411.15)	163.66
Profit/(Loss) for the year	(2,448.23)	326.98
Other Comprehensive Income/(Loss)	(11.04)	(75.89)
Total Comprehensive Income for the year	(2,459.27)	251.09
Balance of Profit/(Loss) from earlier years	(931.33)	(1,182.42)
Balance carried forward to Reserves	(3,390.60)	(931.33)

Dividend

Your Directors do not recommend any dividend for the year ended 31st March, 2018 in view of the losses incurred during the year.

Operations and Financial Results

During the financial year under review, the factory crushed a total of 64.47 lakh Quintals (Q) of sugarcane and produced a total of 6.81 lakh Q of white crystal sugar at a recovery of 10.57% against a crush of 56.94 lakh Q of sugarcane and a production of 5.39 lakh Q of white crystal sugar at a recovery of 9.55% during the previous financial year 2016-2017.

The crushing season of 2017-2018 at the factory commenced on 30th November, 2017 and ended on 30th April, 2018. During the above season of 152 days, your mill crushed a total of 76.41 lakh Q of sugarcane which produced 8.09 lakh Q of white crystal sugar at a sugar recovery of 10.60% against a crush of 59.51 lakh Q of sugarcane and a production of 5.71 lakh Q of white crystal sugar at a recovery of 9.60% over 127 crop days in the previous season 2016-2017.

There has been a gross turnover of ₹ 29,587.93 lakhs in 2017-2018 against ₹ 27,135.87 lakhs in the previous year and the operating EBIDTA for the year stands negative at ₹ 2,174.42 lakhs against profit of ₹ 2,186.73 lakhs in the previous year. The Company has incurred a total comprehensive loss of ₹ 2,459.27 lakhs during the year against a total comprehensive income of ₹ 251.09 lakhs in the previous year.

Sugarcane & Sugar Policy

The essential features of the sugarcane and sugar policy for 2017-2018 season are as under

- (a) The Central Government determined a Fair and Remunerative Price (FRP) for sugarcane at ₹ 255.00/Q linked to a basic recovery of 9.50% subject to a premium of ₹ 2.68 Q for every 0.10% increase in recovery as against ₹ 230.00/Q linked to a basic recovery of 9.50% subject to premium of ₹ 2.42/Q for every increase in recovery in previous season 2016-2017.

The FRP for sugarcane for season 2018-2019 remains to be announced.

DIRECTORS' REPORT

(b) The State Government of Uttar Pradesh increased the State Advised Price at ₹ 315.00/Q for normal variety of sugarcane for season 2017-2018 as compared to ₹ 305.00/Q for the previous season.

(c) A policy of partial control on molasses sales and distribution has continued for the year in Uttar Pradesh.

Certain additional policies/schemes have also been announced by the Central Government during the year which include

(i) a minimum indicative export quota (MIEQ) of 40.00 lakh tonnes (T) for sugar season 2017-2018 with an objective to export surplus stock of sugar from the domestic market.

(ii) a subsidy of ₹ 5.50/Q of sugarcane crushed to mills as per the criteria set by the Government for the same.

(iii) imposition of import duty @ 100.00% on import of raw, white or refined sugar.

(iv) duty free export of raw, white and refined sugar.

(v) a minimum sale price of ₹ 29.00 per kg. of sugar in the domestic market w.e.f. June, 2018 as well as stock holding limits in respect of individual sugar mills from time to time.

Prospects and Outlook for season 2018-2019

In the financial year under review there has been sharp increase in sugar production in season 2017-2018 to 321 lakh T as compared to a production of 203 lakh T in the previous season which has resulted in a huge surplus stock of sugar in the country and a consequent steep fall in the price of sugar to much below the cost of its production. Sugar production in the coming season is further projected to go up to 355 lakh T which is significantly higher than the present domestic demand of 260 lakh T approx. leading to still higher stocks and further uncertainty.

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.

In this background, unless the aforesaid fundamental problem of viable sugarcane pricing is addressed by both the Central Government as well as the State Governments, any prediction with regard to the future prospects of the industry is mired in uncertainty.

Directors

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee (NRC) and results of the performance evaluation carried out by the NRC and the Board, vide resolution dated 22nd June, 2018 reappointed Shri Vivek M. Pittie and Shri Girdhari Lal Sultania, Non Executive Independent Directors not being liable to retire by rotation, for a second term of five consecutive years commencing from 1st April, 2019 to 31st March, 2024, subject to the approval of the Members through special resolution at the ensuing Annual General Meeting.

Director Retiring By Rotation

Dr. Anurag K. Kanoria, 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 by the 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 covering 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 Criteria for 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.

DIRECTORS' REPORT

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.

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.

The Meetings are conducted to enable the Independent Directors to, Inter Alia, discuss matters pertaining to review of performance of Non Independent Directors, the Board as a whole (taking into account the views of the Non Executive Directors) and to assess the quality, quantity and timelessness of flow of information between the Management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year, under review the Independent Directors met once on 14th February, 2018 the Meeting was attended by all Independent Directors.

Performance Evaluation

Pursuant to the applicable provisions of the Act and 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 5 January 2017. 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, Board culture, 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 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 familiarising 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 31 March 2018, four Board Meetings were held and these Meetings were well attended by the Directors. The 94th AGM of the Company was held on 22 September, 2017. Details of attendance of meetings of the Board and the AGM are included in the section titled 'Report on Corporate Governance', which forms 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

DIRECTORS' REPORT

Requirements) Regulations, 2015 (the Listing Regulations) in preparation of the annual accounts for the year ended 31st March, 2018 and state that

- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 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 2017-18 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, Shri Babu Lal Vijay, Whole Time Director designated as General Manager and Smt. Jaanvi Parth Joshi, Company Secretary. During the year, except 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. During the year under review, no complaint/case was filed pursuant to Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

Share Capital

The paid-up equity share capital of the Company as on 31st March, 2018 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 shareholding of the directors of the Company (including the promoter director) is given in the Corporate Governance Report which forms part of this Report.

DIRECTORS' REPORT

Credit Rating

CRISIL Limited, a credit rating agency vide its letter dated 2nd May, 2018 has assigned the Credit Rating of the Company to "CRISIL B/Stable" with respect to the long term loans. The short-term rating has been assigned at "CRISIL A4".

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, 2018 is included in 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. 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.

DIRECTORS' REPORT

CSR Committee

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

Whistleblower Policy

The Company has in place a whistleblower policy to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any.

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.

Auditors

Statutory Auditors and Audit Report

The Members of the Company had, at their 94th Annual General Meeting held on 22 September 2017, approved the appointment of Bansi S. Mehta & Company, 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, subject to ratification at every annual general meeting as may be required under the Act from time to time.

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 2017-2018 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 2017-2018. The Secretarial Audit Report for the financial year ended 31st March, 2018 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 2017-2018. The Board at its meeting held on 7th May, 2018 reappointed Sanghai & Associates as the Internal Auditor of your Company for the financial year 2018-2019.

DIRECTORS' REPORT

Cost Auditors and Cost Audit Report

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit record maintained by the Company is required to be audited. The Board of Directors, on the recommendation of the Audit Committee, appointed V.K. Jain & Company, Cost Accountants for conducting the cost audit of the Company for the year ended 31st March, 2019.

As required under the Act, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, a resolution seeking members' ratification for remuneration to be paid to Cost Auditors is included at Item No. 7 of the Notice convening the forthcoming Annual General Meeting.

Reporting of Frauds by Auditors

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

Extract of Annual Return

Pursuant to Section 134 (3) and 92(3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 an extract of Annual Return as per Form MGT-9 is annexed herewith as Annexure – V and forms 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 Auditor's 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 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, 2018 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.

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 2017 - 2018 have been paid to CSE.

A special resolution through Postal Ballot to delist the equity shares of the Company from CSE is proposed to be passed by the shareholders of the Company and outcome of the same to be declared on 1st September, 2018.

Consolidated Financial Statements

The Company does not have any subsidiary or associate and hence 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.

Employee Stock Option Scheme

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

DIRECTORS' REPORT

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 : 22nd June, 2018

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

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

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,

ANNEXURE I TO THE DIRECTORS' REPORT

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 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 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 familiarisation 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.

C. 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 upto date for performing duties on issues and emerging trends is an important part of the responsibilities of a KMP. 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.

D. 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
Date : 22nd June, 2018

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

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 2017-2018

Sr. No.	Name	Designation	Ratio
1	Shri Arvind K. Kanoria	Managing Director	45.85:1
2	Shri Babu Lal Vijay	Whole Time Director	6.25:1

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 2017-2018

(₹ in lakhs)

Sr. No.	Name of Directors/KMP	Designation	Remuneration		% Increase/Decrease in remuneration
			2017-2018 ₹	2016-2017 ₹	
1	Shri Arvind K. Kanoria	Managing Director	92.44	93.38	(1.00)
2	Shri Ram Gopal Panchbhai	Chief Financial Officer	21.61	14.15	52.72
3	Shri Babu Lal Vijay	Whole Time Director	12.60	12.52	0.64
4.	Smt. Jaanvi Parth Joshi	Company Secretary	0.83	-	-

III. The percentage increase in the median remuneration of employees in the financial year 2017-2018

The percentage increase in the median remuneration of the employees is 11.88%.

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

There is 196 numbers of permanent employees on the roll of the Company as on 31st March, 2018.

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 topoint 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 18.16%.

The percentile increase in the managerial remuneration is 20.69%

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.

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 2017-2018 is as per the Remuneration Policy of the Company.

Notes: 1. Smt. Jaanvi Parth Joshi, Company Secretary was appointed with effect from 30th November, 2017 and therefore percentage increased in remuneration is not provided.

2. 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 Report on Corporate Governance and is governed by the Remuneration Policy 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.

3. Permanent employees on rolls of the Company does not include badliworkers, seasonal, retainers, advisors, trainers/apprentices etc.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE II TO THE DIRECTORS' REPORT

Statement of particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended).

Employed throughout the financial year ended 31st March, 2018

Name	Designation, Nature of Duties	Remuneration (₹ in Lakhs)	Qualification and Experience (years)	Age (years)	Date of Commencement of employment	Last employer, designation
Arvind K. Kanoria	Managing Director	92.44	Bachelor of Commerce (35 years)	57	20th April, 1992	None
Ram Gopal Panchbhai	Chief Financial Officer	21.61	Bachelor of Commerce (39 years)	63	10th January, 1980	Ryam Commerce & Plantation Ltd., Financial Controller
Babu Lal Vijay	Whole Time Director designated as General Manager	12.60	Bachelor of Commerce (Hons.) (44 years)	69	15th October, 1987	Bagaha Chini Mills Ltd., Dy. Commercial Manager
Sher Singh Chauhan	Executive Director	16.25	Bachelor of Science & ANSI(ST) (40 years)	64	8th September, 2014	N.S.L. Sugars, General Manager (Unit Head)
Kuldip Narayan Kunwar	Sales Manager	17.01	Bachelor of Arts (48 years)	73	1st April, 1997	Bombay Wire Ropes Ltd., Sales Manager.
Jatindra Nath Bhaumik	Production Executive	12.32	Bachelor of Science & ANSI (ST) (41 Years)	68	10th March, 2013	Vasantdada Sugar Institute, Sr. Sugar Technologist
LallanGiri	General Manager (Engineering)	12.32	Diploma in Mechanical Engineering (40 Years)	62	16th May, 2016	Balrampur Chini Mills Ltd., General Manager (Engineering)
Sharad Kumar Singh	General Manager (Cane)	8.45	Master of Science (Ag) (25 Years)	49	10th June, 2013	DCM Shriram Consolidated Ltd., Assistant General Manager (Cane)
K.K.G. Krishnan	Deputy General Manager (Materials)	8.03	Bachelor of Arts (41 Years)	64	25th September, 1987	Triveni Engg. & Industries Ltd., Stores Officer
Deepak Kumar Srivastava	Chief Engineer	7.51	Diploma in Mechanical Engineering & PGDME (32 Years)	50	25th October, 2011	Balrampur Chini Mills Ltd. Additional Chief Engineer

Notes:

- 1) 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 are determined on an actuarial basis for the Company as a whole.
- 2) Except for the appointment of directors, all appointments are noncontractual and terminable by a notice on either side.
- 3) Shri Arvind K. Kanoria, Managing Director and Dr. Anurag K. Kanoria, Director are related to each other.
- 4) None of the employees are covered under Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Place of Signature : Mumbai
Date : 22nd June, 2018

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

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 variable frequency drives.
 - (ii) Installation of high efficiency fans for high-pressure boilers, heat recovery units in boilers, feed water heaters, distributed control system for centralised efficient operation.
 - (iii) Installation of hydraulic sugarcane unloaders, rotary screens, juice flow stabilisation system, continuous sulphur burner, high efficiency centrifugal pumps and sugar bag conveying system, efficient and automatic centrifugal machines, semi kestners and falling film evaporators with double effect evaporators.
 - (iv) DCS controlled operation at various stations such as mill house, boilers and boiling house to achieve maximum efficiency.
 - (v) Use of capacitors near motor to maintain power factor.
 - (vi) Recycling of process water to conserve natural resources by installing cooling towers.
 - (vii) 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 utilising 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 2017-2018 was ₹ 915.50 Lakhs for installation of high pressure boiler, power turbine and hot water sugarcane treatment plant (work in progress).

(B) Technology Absorption

1. The Company carried out the following sugarcane development activities during the financial year 2017-2018
 - Distribution of trichoderma, cloropyrephos 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.
 - 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, 2018	For the year ended 31st March, 2017
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
Date : 22nd June, 2018

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

ANNEXURE IV TO THE DIRECTORS' REPORT

**Form-MR-3
Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

*[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 authorised 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, 2018 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, 2018 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.
- (iv) 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).
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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, 2009 - (Not applicable to the Company during the audit period).
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - (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.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

ANNEXURE IV TO THE DIRECTORS' REPORT

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).
- (vi) 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.
 - g) Export (Quality Control and Inspection) Act, 1963 (not applicable to the Company during the audit period under review as intimated by the Company).
 - h) Agricultural and Processed Food Products Export Act, 1986 (not applicable to the Company during the audit period under review as intimated by the Company).
 - i) 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 trading in the shares of the Company has been suspended by The Calcutta Stock Exchange Limited (CSE). The Company has passed at its Annual General Meeting held on 29th September, 2015, a Special Resolution for voluntary delisting of the Equity Shares of the Company from 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 observations

1. In some cases the Company has not complied with the provisions of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the Listing Agreement entered into by the Company with The Calcutta Stock Exchange.

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 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.

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

ANNEXURE IV TO THE DIRECTORS' REPORT

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

- (i) At the Annual General Meeting held on 22nd September, 2017, the Company has altered its objects to include business of power generation and chemicals etc.
- (ii) At the Annual General Meeting held on 22nd September, 2017, the Company has adopted new set of Articles of Association in substitution of existing Articles of Association.

Place : Kolkata
Dated : 21st May, 2018

Dipika Jain
Practicing Company Secretary
Membership No. 50343
Certificate of Practice No. 18466

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.

Place : Kolkata
Dated : 21st May, 2018

Dipika Jain
Practicing Company Secretary
Membership No. 50343
Certificate of Practice No. 18466

ANNEXURE V TO THE DIRECTORS' REPORT

**FORM MGT - 9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2018
[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	L15421WB1924PLC004929 (Pre Alteration of Memorandum of Association) L40100WB1924PLC004929 (Post Alteration of Memorandum of Association)
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: upscmumbai@rediffmail.com
vi)	Whether Listed Company: Yes/No	Yes
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	TSR Darashaw 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	96.26%

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.					

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% 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	-	1,50,000	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	22,68,346	1,51,220	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	22,68,346	1,51,220	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)	-	-	-	-	-	-	-	-	-
Sub total (B) (1)	1,550	6,248	7,798	0.31	1,550	6,248	7,798	0.31	-
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	3,601	1,607	5,208	0.20	3,601	1,607	5,208	0.20	-
ii) Overseas	-	-	-	-	-	-	-	-	-

ANNEXURE V TO THE DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individual									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	21,498	95,930	1,17,428	4.61	22,098	95,330	1,17,428	4.61	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Directors & their Relatives	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub total (B) (2)	25,099	97,537	1,22,636	4.81	25,699	96,937	1,22,636	4.81	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	26,649	1,03,785	1,30,434	5.12	27,249	1,03,185	1,30,434	5.12	-
C. Shares held by Custodian for GDRs & ADRs.	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	22,94,995	2,55,005	25,50,000	100.00	22,95,595	2,54,405	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, 2017]			Shareholding at the end of the year [As on 31st March, 2018]			% 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, 2017)		Cumulative Shareholding during the year (1st April, 2017 to 31st March, 2018)	
		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	-	-
	Datewise increase/decrease in promoters 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 Shareholding during the year (1st April, 2017 to 31st March, 2018)	
		No. of shares at the beginning of the year (1st April, 2017)	% 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	5,108 5,108	0.20 0.20	-	-	-	5,108	0.20
3	Smt. Nina 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

ANNEXURE V TO THE DIRECTORS' REPORT

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, Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.) At the end of the year				
2	Dr. Anurag K. Kanoria, Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
3	Shri Girdhari Lal Sultania, Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
4	Shri Sidharth Prasad, Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/bonus/sweat equity etc.) At the end of the year				
5	Smt. Lakshmi Iyer, Independent Director At the beginning of the year Datewise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (eg. 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 (eg. 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 (eg. 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 (eg. allotment/transfer/bonus/sweat equity etc.) At the end of the year	1 — 1	— — —	1 — 1	— — —
9	Smt. Jaanvi Parth Joshi, Company Secretary At the beginning of the year Datewise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (eg. allotment / transfer / bonus / sweet equity etc.)	— — —	— — —	— — —	— — —

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

V 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	15,183.91	600.00	—	15,783.91
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	53.62	—	—	53.62
Total (i + ii + iii)	15,237.53	600.00	—	15,837.53
Change in Indebtedness during the financial year				
Addition	1,500.00	1,765.00	—	3,265.00
Reduction	7,311.47	765.00	—	8,076.47
Net Change	(5,811.47)	1,000.00	—	(4,811.47)
Indebtedness at the end of the financial year				
i) Principal Amount	9,372.44	1,600.00	—	10,972.44
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	61.55	—	—	61.55
Total (i + ii + iii)	9,433.99	1,600.00	—	11,033.99

Changes 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.

VI 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	10.12	82.12
(b)	Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	10.94	1.50	12.44
(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 % of profit	—	—	—
	- Others, specify	—	—	—
5	- Others, please specify	—	—	—
	Total (A)	82.94	11.62	94.56
	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, 2018, 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 Iyer ₹	
1	Independent Directors						
	Fee for attending Board/Committee Meetings	0.20	-	0.05	-	0.15	0.40
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.20	-	0.05	-	0.15	0.40
2	Other Non-Executive Directors						
	Fee for attending Board/Committee Meetings	-	0.20	-	0.10	-	0.30
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	-	0.20	-	0.10	-	0.30
	Total (B) = (1 + 2)	0.20	0.20	0.05	0.10	0.15	0.70
	Total Managerial Remuneration						94.56
	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 Wholtime 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 ₹	Company Secretary Jaarvi Parth Joshi ₹	CFO R.G.Panchbhai ₹	
1	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	0.74	19.80	20.54
(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	-	0.74	19.80	20.54
	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

VII 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
Date: 22nd June, 2018

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

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 organisation 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 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, 2018. The Report is updated as on the date of the Report wherever applicable.

Board of Directors

The Company recognises 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 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, 2018, the constitution of the Board was

- One Promoter Executive Director
- One Non-Promoter Executive Director
- Three Independent Non-Executive Directors
- Two Non-Executive Directors

The composition of the Board of Directors as on 31st March, 2018, 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 2017-2018	Attendance at last AGM Held on 22nd September, 2017
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
1.	Shri Arvind K. Kanoria, Managing Director	Promoter, Executive	00200202	2	3	4	No
2.	Shri Vivek M. Pittie	Independent, Non-Executive	00066885	4	3	4	No
3.	Dr. Anurag K. Kanoria	Non-Executive	00200630	3	4	4	No
4.	Shri Sidharth Prasad	Non-Executive	00074194	3	-	2	No

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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5.	Shri Girdhari Lal Sultania	Independent, Non-Executive	00060931	11	7	1	Yes
6.	Smt. Lakshmi Iyer	Independent Non- Executive	00591643	1	3	3	No
7.	Shri Babu Lal Vijay Whole Time Director designated as General Manager	Non-Promoter Executive	06967800	1	-	1	No

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

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). No director is related to any other director except Shri Arvind K. Kanoria and Dr. Anurag K. Kanoria who are brothers.

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.

Four board meetings have been held during the year ended 31st March, 2018. 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 2017-2018. 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	19th May, 2017	7	3	1
2	7th August, 2017	7	5	3
3	30th November, 2017	7	4	2
4	14th February, 2018	7	7	3

Necessary disclosure regarding appointment/reappointment of the directors has been furnished in the Notice convening the 95th Annual General Meeting which forms part of this Annual Report.

Familiarisation 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 familiarise 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 programmes for familiarization of the independent directors are put on the website of the Company at the following web-link <http://www.unitedprovincessugar.com>

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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 & 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, 2018, the independent directors met on 14th February, 2018 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 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 2017-2018 from the Managing Director of the Company is annexed to this Report.

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 & Remuneration Committee, a Finance Committee, a Stakeholders Relationship Committee and a Share Transfer Committee. The composition of the said committees have been disclosed on the website of the Company. The Chief Financial Officer acts as Secretary to all the Committees of the Board.

CEO/CFO Certification

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

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.

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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 interms 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 utilised for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation 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.
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.

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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

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, 2018, the Audit Committee comprised of 4 (four) directors – 2 (two) 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.

Atleast 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 2017-2018. During the year ended 31st March, 2018, 4 (four) Audit Committee meetings were held on 19th May 2017, 7th August, 2017, 30th November 2017 and 14th February, 2018. The composition and attendance of the members of the Audit Committee are as follows

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	3
3.	Dr. Anurag K. Kanoria	Member	Non-Executive	4
4.	Shri Arvind K. Kanoria	Member	Promoter, Executive	4

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.

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During the year ended 31st March, 2018, four meetings of the Committee were held on 19th May 2017, 7th August, 2017, 30th November 2017 and 14th February, 2018. The composition and attendance of the Committee is as follows

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

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, recognise their contribution, retain talent in the organisation, reward merits and protect organisational 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 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 longterm 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 organisation 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.

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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, 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, exgratia 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.

Long Term Incentive Employee Stock Option Scheme

The Company does not have an employee stock option scheme.

Review

The Nominating 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.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

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Details of remuneration paid/payable to the directors for the year ended 31st March, 2018 and their shareholding as on that date is as under

(₹ in lakhs)

Name of the Directors	Salary ₹	Perquisites/ Benefits ₹	Bonus ₹	Commis- sion ₹	Sitting Fees ₹	Total ₹	Service Contract/ Notice Period/ Severance Fees	Share- holding (Equity)
Shri Arvind K.Kanoria	72.00	20.44	-	-	-	92.44	Term of Office valid upto 19th April, 2023. Notice period of 6 months from either side. No severance fees	21,28,508
Shri Vivek M. Pittie	-	-	-	-	0.20	0.20	Appointed as Independent Director upto 31st March, 2019*	-
Dr. Anurag K. Kanoria	-	-	-	-	0.20	0.20	Liable to retire by rotation.	-
Shri Sidharth Prasad	-	-	-	-	0.10	0.10	Liable to Retire by rotation	-
Shri Girdhari Lal Sultania	-	-	-	-	0.05	0.05	Appointed as Independent Director upto 31st March, 2019*	-
Smt. Lakshmi Iyer	-	-	-	-	0.15	0.15	Appointed as Independent Director upto 28th September, 2021	3,000
Shri Babu Lal Vijay	8.10	1.80	2.70	-	-	12.60	Term of Office valid upto 4th May, 2020. One month notice period from either side. No severance fees.	-

Note Contribution to provident fund and Medical Insurance Premium by the Company has been shown under the Benefits in the above table.

Sitting Fees and Commission are net of Service Tax / Goods and Service Tax, Swachh Bharat Cess (SBC) and Krishi Kalyan Cess (KKC).

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 22nd June, 2018 has reappointed for a second term of the consecutive five years commencing from 1st April, 2019 to 31st March, 2024, 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 authorise 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 upto 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

ANNEXURE VI TO THE DIRECTORS' REPORT

4. 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 upto 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.
5. 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.”
6. To authorise affixation of Common Seal of the Company.
7. To confer signing powers and authorities on such officers and employees of the Company as deemed fit for various operational and statutory matters.
8. 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, 2018, 3 (three) Finance Committee Meetings were held on 17th July, 2017, 20th September, 2017 and 9th November, 2017.

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	3
3.	Dr. Anurag K. Kanoria	Member	Non-Executive	3
4.	Smt. Lakshmi Iyer	Member	Independent, Non-Executive	3

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. During the year ended 31st March, 2018, four Stakeholders Relationship Committee meetings were held on 19th May, 2017, 7th August, 2017, 30th November, 2017 and 14th February, 2018. 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	1
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.

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

Details of Shareholders Complaints

There were no complaints/correspondence were received from the shareholders during the year ended 31st March, 2018. As such, there were no outstanding complaints as on 31st March, 2018. No share was pending for transfer as on 31st March, 2018.

General Body Meeting

Details of last three Annual General Meetings are given below

Year	Date	Location of the meeting	Time	Special Resolution passed
2014-2015 92nd AGM	29th September, 2015	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata 700 001	2.00 p.m.	1. Voluntary Delisting of Equity Shares of the Company from The Calcutta Stock Exchange Limited.
2015-2016 93rd AGM	29th September, 2016	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata 700 001	2.00 p.m.	1. Variation in remuneration payable to Shri Arvind K. Kanoria, Managing Director.
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.

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

Details of Resolution passed through Postal Ballot

The Company has not passed any Special Business through Postal Ballot during the year ended 31st March, 2018.

No special resolution was passed through postal ballot at the 94th Annual General Meeting held on 22nd September, 2017.

Procedure for Postal Ballot

A special resolution is proposed to be conducted through postal ballot at the forthcoming/ensuing 95th Annual General Meeting.

During the year under review, the consent of the Members of the Company for voluntary delisting of the equity shares of the Company from The Calcutta Stock Exchange Ltd. is proposed to be obtained vide a Special Resolution to be passed through postal ballot in accordance with the provisions of the Act read with the related Rules.

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 ("Rules), 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

ANNEXURE VI TO THE DIRECTORS' REPORT

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.

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 <http://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 Eco 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 95th 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 2018-2019 (Tentative)

Results for the quarter ending 30th June, 2018 - before 15th August, 2018 (Subject to Limited Review).

Results for the quarter ending 30th September, 2018 - before 15th November, 2018 (Subject to Limited Review).

Results for the quarter ending 31st December, 2018 - before 15th February, 2019 (subject to Limited Review).

Results for the quarter ending/Annual 31st March, 2019 - before 31st May, 2019 (Audited).

Listing of Equity Shares on Stock Exchange and Stock Code

The Calcutta Stock Exchange Ltd.

7, Lyons Range,

Kolkata - 700 001

(Application for delisting has been made)

Stock Code

- **CSE Code** for UPSCL is 10031177
- **ISI Nnumber** for UPSCL is INE509E01014
- **CIN No.** for UPSCL is L15421WB1924PLC004929 (before alteration of Memorandum of Association).
- **CIN No.** for UPSCL is L40100WB1924PLC004929 (after alteration of Memorandum of Association).

Listing Fees

Listing fee for the financial year 2018-2019 has been paid to The Calcutta Stock Exchange Limited.

Depositories

- i) National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel
Mumbai 400 003

THE UNITED PROVINCES SUGAR COMPANY LIMITED

ANNEXURE VI TO THE DIRECTORS' REPORT

- ii) Central Depository Services (India) Ltd.
PhirozeJeejeebhoy Towers, 17th Floor,
Dalal Street Mumbai 400 023

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 Exchanges 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, 2018

Shareholding Range	Demat mode			Physical mode			Total			
	Holders	Shares	% of total shares	Holders	Shares	% of total shares	Holders	% of total holders	Shares	% of total shares
Upto 5000	74	6,159	0.24	148	31,371	1.23	222	77.19	37,530	1.47
5001 - 10000	5	4,050	0.16	26	19,100	0.75	31	10.88	23,150	0.91
10001-20000	4	7,132	0.28	13	23,534	0.92	17	5.97	30,666	1.20
20001-30000	2	4,800	0.19	4	12,000	0.47	6	2.11	16,800	0.66
30001-40000	-	-	-	1	4,000	0.16	1	0.35	4,000	0.16
40001-50000	-	-	-	2	9,400	0.37	2	0.70	9,400	0.37
50001-100000	1	5,108	0.20	1	8,000	0.32	2	1.05	13,108	0.52
100000 and above	4	22,68,346	88.95	1	1,47,000	5.76	5	1.75	24,15,346	94.71
Total	90	22,95,595	90.02	196	2,54,405	9.98	286	100.00	25,50,000	100.00

Dematerialisation of Shares

Around 90% of the Share Capital is held in dematerialised form with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at 31st March, 2018.

Shareholding Pattern on 31st March, 2018 (Face Value - ₹ 10.00 each)

Category	No. of Shares	% of Holding
Promoter Group Holiday	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
NRI's	200	-
Trusts	-	-
Foreign Portfolio Investor (Corporate)	-	-
Indian Public	1,17,228	4.61
Clearing Members	-	-
Total	25,50,000	100.00

Share Transfer System

At present, the share transfers which are received in physical form are normally put into effect within a maximum period of 15 days from the date of receipt and demat requests are confirmed within a maximum period of 15 days. The Company provides investor and depository services through its Registrar and Transfer Agent TSR Darashaw Limited.

Status of Unpaid Dividend.

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

ANNEXURE VI TO THE DIRECTORS' REPORT

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, 2018 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-5 (available on the website www.iepf.gov.in) and sending a duly signed (as per the specimen signature recorded with the 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 Co. Ltd.
C/o. 401/405 Jolly Bhavan 1,
10, New Marine Lines,
Mumbai 400 020
Tel: 2200 3231 / 4325 / 5056, Fax: 2206 0745
E-mail: upsclmumbai@mtnl.net.in

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

TSR Darashaw Limited
6-10 Haji MoosaPatrawala 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

A 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 web-link <http://www.unitedprovincessugar.com>

B. There were no instances of non-compliances related to capital marketing during the year under review and no penalties/strictures were imposed against the Company during the last three years.

C. 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 we-link <http://www.unitedprovincessugar.com>

During the year 2017-2018, no personnel has been denied access to the Audit Committee.

D. The mandatory requirements relating to corporate governance under the Listing Regulations have been appropriately complied with and the status of non-mandatory (discretionary) requirements is given below

1. The Financial Statements are free from any Audit Qualifications.

2. The Internal Auditors of the Company report directly to the Audit Committee.

E. 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.

F. In terms of the Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

G. The Managing Director and Chief Financial Officer Certification for the year 2017-2018 form part of the Annual Report.

H. In accordance with the notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 1st April, 2016 with restatement of previous year figures

ANNEXURE VI TO THE DIRECTORS' REPORT

presented in the Financial Statements. Accordingly, the Financial Statements, forming part of the Annual Report, have been prepared in accordance with Ind AS prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Company has adopted all the applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 (First time adoption of India Accounting Standards).

- I. 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.
- J. 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

Date: 22nd June, 2018

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 2017-2018.

Arvind K. Kanoria

Managing Director

DIN - 00200202

Place of Signature: Mumbai

Date: 22nd June, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

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

- A. We have reviewed the financial statements and the Cash Flow Statement for the year ended 31st March, 2018 and, to the best of my knowledge and belief, state that
1. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 2. 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.
- B. 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.
- C. 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.
- D. We have indicated to the Auditors and the Audit Committee that
- (a) there has been no significant changes in internal control over financial reporting during this year;
 - (b) 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
 - (c) there has 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: 22nd June, 2018

R.G. Panchbhai
Chief Financial Officer

Arvind K. Kanoria
Managing Director

ANNEXURE VI TO THE DIRECTORS' REPORT

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of The United Provinces Sugar Company Limited

We have examined the compliance of conditions of Corporate Governance by The United Provinces Sugar Company Limited ("the Company"), for the year ended on 31st March, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations").

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by The Institute of the 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.

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

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and representations provided by the management, 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 para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2018.

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

The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care 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.

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

PARESH H. CLERK
Partner
Membership No.36148

Place of Signature: Mumbai,
Date: June 22, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

1. Global Sugar Industry

Sugar is produced in over 120 countries from beet or cane.

Brazil is the most dominant sugar producer and exporter in the world. 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 though it remains a marginal player in the global trade.

2. Indian Sugar Industry

The Indian sugar industry is characterised 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 while Karnataka in recent years has also significantly stepped up its production.

Sugar production in India has been highest ever so far during the 2017-2018 season compared with the previous years due to higher acreage, increased sugar recovery on account of the plantation of better varieties of sugarcane, adequate and timely rains etc. Surplus production of sugar during the current sugar season 2017-2018 has resulted in depressed sugar prices which is adversely affecting the realization by the sugar mills from sale of sugar in the open market. Low realization from sale of sugar in the country during 2017 - 2018 sugar season has resulted in accumulation of sugarcane price arrears.

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 minimum selling price for sale of sugar at factory gate @ ₹ 29.00 per kg, the imposition of stock holding limits on sugar mills, an increase in import duty on sugar to 100.00% and the announcement of a minimum export quota of 40.00 lakh tonnes sugar. The Central Government is hopeful that the various measures taken by it will succeed in stabilising the sugar prices and improve the liquidity position of mills so as to enable them to clear the sugarcane arrears of the farmers.

Initial estimates, however, suggest that mills are likely to produce even higher sugar in the incoming sugar season 2018-2019 due to significantly higher sugarcane planting.

Unfortunately, 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 socioeconomic 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- On account of political patronage, sugarcane is often grown in water deficient regions which has led to severe water shortage in these areas especially in Maharashtra.

Opportunities

- Huge 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 available for effective byproduct utilisation.

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 2017-2018

a) Operating Results

The total revenue from operations and other income of the Company for the year under review has been ₹ 29,587.93 lakhs as compared to ₹ 27,135.87 lakhs in the previous year. During the year under review, the total expenses amounted to ₹ 32,036.16 lakhs as compared to ₹ 26,808.89 lakhs during the previous year a net loss of ₹ 2,448.23 lakhs for the year against a net profit of ₹ 326.98 lakhs for the previous year. The total comprehensive loss for the year is ₹ 2,459.27 lakhs as against a total comprehensive income of ₹ 251.09 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, 2018 stood at ₹ 255.00 lakh comprising of 25,50,000 equity shares of ₹ 10/- each.

c) Other Equity: During the year under review, the other equity was ₹ 3,432.27 lakhs as against ₹ 5,890.01 lakhs during the previous year.

d) Non-Current Liabilities: During the year under review the non-current liabilities stood at ₹ 3,524.32 lakhs as against ₹ 5,669.50 lakhs during the previous year.

e) Non-Current Assets: During the year under review, the non-current assets stood at ₹ 15,114.08 lakhs as against ₹ 13,356.87 lakhs during the previous year.

f) Current Assets & Current Liabilities: The current assets and current liabilities for the year under review stood at ₹ 7,010.66 lakhs and ₹ 14,913.15 lakhs respectively against ₹ 16,712.31 lakhs and ₹ 18,254.67 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.

Place of Signature : Mumbai
Date : 22nd June, 2018

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

INDEPENDENT AUDITOR'S REPORT

To
The Members of
The United Provinces Sugar Company Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **The United Provinces Sugar Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

The Board of Directors of the Company are responsible for 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; the selection and application of appropriate accounting policies; making judgments 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the Indian Accounting Standards and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing, issued by The Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

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 of the aforesaid Ind AS Financial Statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS Financial Statements 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 Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy and the operating effectiveness of internal financial controls over financial reporting of the Company, refer to our separate Report in "Annexure A"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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, if any, of pending litigations on the financial position in its Ind AS Financial Statements. Refer Note 30 forming part of Ind AS 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; and
 - 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, 2018.
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 "Annexure B", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

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

PARESH H. CLERK
Partner
Membership No.36148

Place of Signature: Mumbai,
Date: June 22, 2018

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" of our Independent Auditor's Report of even date to the members of the Company on the Ind AS Financial Statements for the year ended March 31, 2018.

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

We have audited the internal financial controls over financial reporting of **The United Provinces Sugar Company Limited** ("the Company") as at March 31, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of the 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 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 over financial reporting 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls With Reference to Financial Statements

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

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 over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of the 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

PARESH H. CLERK
Partner
Membership No.36148

Place of Signature: Mumbai,
Date: June 22, 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the Ind AS Financial Statements for the year ended March 31, 2018.

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. The PPE have been physically verified by the management in accordance with annual programme of verification which, in our opinion, provides for physical verification of all assets at reasonable intervals. Pursuant to the programme, all fixed assets have been physically verified by the management during the year, and no material discrepancies have been 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 2A to the Ind AS Financial Statements, are held in the name of the Company.
- ii. Inventories have been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
- iii. The Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments or provided any guarantee or security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 were required to be complied with.
- 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 to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as specified by the Central Government under Section 148 (1) of the Act in respect of any of the Company's products 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 books and records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues as applicable to it with the appropriate authorities and 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 examined by us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess which have not been deposited on account of any dispute.
- viii. 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 defaulted in the repayment of dues to financial institutions or banks. There were no loans or borrowings taken from government during the year. The Company has not issued any debentures.
- 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

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order in respect thereof is not applicable to the Company. 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 and on the basis of the books and records examined by 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 on the basis of the books and records examined by us, the Company has paid / provided for managerial remuneration 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 on the basis of the books and records examined by us, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS 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 a preferential allotment or private placement of shares fully paid or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. 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 entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- 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

Place of Signature: Mumbai,
Date: June 22, 2018

THE UNITED PROVINCES SUGAR COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	2A	13,474.33	13,336.26	13,707.00
(b) Capital Work-in-progress	2B	915.50	NIL	NIL
(c) Other Intangible Assets	2C	5.06	4.59	6.66
(d) Financial Assets				
(i) Investments	3	NIL	NIL	1.97
(ii) Loans	4	9.00	9.02	9.01
(iii) Other Financial Assets	5	4.16	2.52	5.31
(e) Deferred Tax Assets (Net)	6	694.34	NIL	NIL
(f) Other Non-current Assets	7	11.69	4.48	21.67
Total Non-current Assets		15,114.08	13,356.87	13,751.62
Current Assets				
(a) Inventories	8	6,605.25	14,169.71	16,375.91
(b) Financial Assets				
(i) Trade Receivables	9	29.85	3.43	0.10
(ii) Cash and Cash Equivalents	10	314.27	2,453.97	1,719.97
(iii) Other Financial Assets	11	14.02	9.26	64.20
(c) Other Current Assets	12	47.27	75.94	511.52
Total Current Assets		7,010.66	16,712.31	18,671.70
TOTAL ASSETS		22,124.74	30,069.18	32,423.32
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	13	255.00	255.00	255.00
(b) Other Equity	14	3,432.27	5,890.01	5,637.61
Total Equity		3,687.27	6,145.01	5,892.61
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	2,977.00	4,399.00	4,768.00
(b) Provisions	16	547.32	548.15	398.53
(c) Deferred Tax Liabilities (Net)	17	NIL	722.35	596.65
Total Non-current Liabilities		3,524.32	5,669.50	5,763.18
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	5,573.44	10,606.91	11,826.54
(ii) Trade Payables	19	5,919.04	5,640.39	6,850.93
(iii) Other Financial Liabilities	20	2,547.53	885.82	809.64
(b) Other Current Liabilities	21	713.22	990.27	1,191.10
(c) Provisions	22	159.92	131.28	89.32
Total Current Liabilities		14,913.15	18,254.67	20,767.53
Total Liabilities		18,437.47	23,924.17	26,530.71
TOTAL EQUITY AND LIABILITIES		22,124.74	30,069.18	32,423.32

Significant Accounting Policies 1
See accompanying notes forming part of the financial statements 2 - 40

As per our report of even date attached
For **BANSI S. MEHTA & CO.**

Chartered Accountants
Firm Registration No.100991W

PARESH H. CLERK

Partner
Membership No.36148

PLACE : MUMBAI
DATED : June 22, 2018

For and on behalf of the Board of Directors

Arvind K. Kanoria
Managing Director

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie
Dr. Anurag K. Kanoria
Girdhari Lal Sultania
Lakshmi Iyer
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue From Operations	23	29,537.57	27,047.51
II Other Income	24	50.36	88.36
III Total Income (I+II)		29,587.93	27,135.87
IV EXPENSES			
Cost of Materials Consumed	25	21,445.94	18,383.78
Excise Duty		395.90	1,492.21
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	26	6,991.90	1,992.92
Employee Benefits Expenses	27	1,545.68	1,718.82
Finance Costs	28	1,158.13	1,174.26
Depreciation and Amortisation Expense		526.83	521.83
Other Expenses	29	1,382.93	1,361.41
Total Expenses (IV)		33,447.31	26,645.23
V Profit/(loss) before Exceptional Items and Tax (III-IV)		(3,859.38)	490.64
VI Exceptional Items		NIL	NIL
VII Profit/(loss) before Tax		(3,859.38)	490.64
VIII Tax Expense			
Current Tax	38	NIL	NIL
Deferred Tax	38	(1,411.15)	163.66
Total Tax Expenses		(1,411.15)	163.66
IX Profit/(loss) for the period (VII-VIII)		(2,448.23)	326.98
X Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified subsequently to profit or loss :			
Remeasurement [gain/(loss)] of net defined benefit liability		(16.58)	(114.78)
Effect [gain/(loss)] of measuring equity instruments at Fair Value through Other Comprehensive Income			
Profit on Sale of Investment		NIL	0.94
Income tax on above		5.54	37.95
Total Other Comprehensive Income/(Loss)		(11.04)	(75.89)
XI Total Comprehensive Income/(Loss) for the period		(2,459.28)	251.09
XII Earnings per equity share (Face Value ₹ 10 Per Share) Basic and Diluted (in ₹)		(96.01)	12.82

Significant Accounting Policies

1

**See accompanying notes forming part
of the financial statements**

2 - 40

As per our report of even date attached
For **BANSI S. MEHTA & CO.**

For and on behalf of the Board of Directors

Chartered Accountants
Firm Registration No.100991W

Arvind K. Kanoria
Managing Director

Vivek M. Pittie
Dr. Anurag K. Kanoria
Girdhari Lal Sultania
Lakshmi Iyer
Directors

PARESH H. CLERK
Partner
Membership No.36148

R. G. Panchbhai
Chief Financial Officer

PLACE : MUMBAI
DATED : June 22, 2018

THE UNITED PROVINCES SUGAR COMPANY LIMITED

Statement of Changes in Equity for the year ended March 31, 2018

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2016	255.00
Add : Changes in Equity Share Capital during the year	NIL
Balance as at March 31, 2017	255.00
Add : Changes in Equity Share Capital during the year	NIL
Balance as at March 31, 2018	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, 2016	252.43	578.68	5,986.86	0.93	(1,181.48)	0.19	5,637.61
Profit / (Loss) for the year	NIL	NIL	NIL	NIL	326.98	0.94	327.92
Other Comprehensive Income/(Loss) (Net of Tax)	NIL	NIL	NIL	NIL	(76.83)	NIL	(76.83)
Total Comprehensive Income/ (Loss) for the year	NIL	NIL	NIL	NIL	250.15	0.94	251.09
Additions made to Reserve for Storage of Molasses	NIL	NIL	NIL	1.31	NIL	NIL	1.31
Balance as at March 31, 2017	252.43	578.68	5,986.86	2.24	(931.33)	1.13	5,890.01
Profit / (Loss) for the year	NIL	NIL	NIL	NIL	(2,448.23)	NIL	(2,448.23)
Other Comprehensive Income/(Loss) (Net of Tax)	NIL	NIL	NIL	NIL	(11.04)	NIL	(11.04)
Total Comprehensive Income/ (Loss) for the year	NIL	NIL	NIL	NIL	(2,459.27)	NIL	(2,459.27)
Additions made to Reserve for Storage of Molasses	NIL	NIL	NIL	1.53	NIL	NIL	1.53
Balance as at March 31, 2018	252.43	578.68	5,986.86	3.77	(3,390.60)	1.13	3,432.27

As per our report of even date attached
For **BANSI S. MEHTA & CO.**

Chartered Accountants
Firm Registration No.100991W

PARESH H. CLERK
Partner
Membership No.36148

PLACE : MUMBAI
DATED : June 22, 2018

For and on behalf of the Board of Directors

Arvind K. Kanoria
Managing Director

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie
Dr. Anurag K. Kanoria
Girdhari Lal Sultania
Lakshmi Iyer
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Exceptional Items and Tax	(3,859.38)	490.64
Adjustments to reconcile Profit Before Exceptional Items and Extra Ordinary Items and Tax to Net Cash Flow provided by Operating Activities :		
Finance Cost	1,158.13	1,174.26
Depreciation and Amortisation Expense	526.83	521.83
Doubtful Debts and Advances (Provision)	7.37	2.70
Unspent Liabilities / Balances Written Back	(23.86)	(28.05)
Interest Income	(0.17)	(2.67)
Profit on Sale of Property, Plant and Equipment	(1.79)	(0.38)
Transfer to Storage Fund for Molasses	1.53	1.31
	1,668.04	1,669.00
Operating Profit before Working Capital Changes	(2,191.34)	2,159.64
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :		
Increase / (Decrease) in Trade Payables	278.65	(1,210.54)
Increase / (Decrease) in Other Financial & Current Liabilities	(267.27)	(232.65)
Increase / (Decrease) in Non-Current Liabilities and Provisions	(0.84)	149.62
Increase / (Decrease) in Short Term Provisions	28.64	41.96
Decrease / (Increase) in Inventories	7,564.46	2,206.19
Decrease / (Increase) in Trade and Other Receivables	(26.55)	(27.06)
Decrease / (Increase) in Financial and Current Assets	27.08	438.34
Decrease / (Increase) in Other Non-Current and Current Assets	(11.97)	72.13
	7,592.20	1,437.99
Cash Generated from / (Used in) Operations	5,400.86	3,597.63
Taxes Paid / (Refund Received)	NIL	(17.30)
Cash Flow before Exceptional and Extra ordinary Items	5,400.86	3,580.33
Net Cash Generated / (Used in) Operating Activities	5,400.86	3,580.33
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Additions to Property, Plant and Equipment and Intangible Assets	(666.38)	(150.62)
Capital Work-in-Progress	(915.50)	
Sale of Property, Plant and Equipment and Intangible Assets	2.81	1.95
Sale of Investments	NIL	2.64
Interest Income	0.17	2.66
	(1,578.90)	(143.37)
Net Cash Generated / (Used in) Investing Activities	(1,578.90)	(143.37)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds of Long Term Borrowings	1,644.00	108.00
(Repayment) of Long Term Borrowings	(1,422.00)	(369.00)
(Repayment) / Proceeds of Short Term Borrowings	(5,033.47)	(1,219.62)
Interest Expense (Net)	(1,150.20)	(1,222.33)
	(5,961.67)	(2,702.95)
Net Cash Generated / (Used in) Financing Activities	(5,961.67)	(2,702.95)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(2,139.71)	734.00

THE UNITED PROVINCES SUGAR COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018 (Contd...)

(₹ in Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash on Hand	2.92	6.74
Balance with Banks on Current Accounts	2,451.05	1,713.23
Opening Balance of Cash and Cash Equivalents	2,453.97	1,719.97
Cash on Hand	4.99	2.92
Balance with Banks on Current Accounts	309.28	2,451.05
Closing Balance of Cash and Cash Equivalents	314.27	2,453.97
Net Increase / (Decrease) in Cash and Cash Equivalents	(2,139.70)	734.00

Notes:-

1. **Amendment to Ind AS 7**

The amendments to Ind AS 7 Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

	As at March 31, 2017	Cash Flows	Non-cash changes Current/ Non current	As at March 31, 2018
Borrowings- Non current	4,399.00	1,000.00	(2,422.00)	2,977.00
Other Financial Liabilities	885.82	(778.00)	2,422.00	2,529.82
Borrowings-Current	10,606.91	(5,033.47)	NIL	5,573.44

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS) - 7 on Statement of Cash Flows.
- Proceeds / (Repayment) from Short Term Borrowings have been shown on net basis.
- Cash and Cash Equivalents do not include any amount which is not available to the Company for its use.
- Cash and Cash Equivalents as at the Balance Sheet date consists of :

(₹ in Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Cash on Hand	4.99	2.92
b) Balance with Banks on Current Accounts	309.28	2,451.05
	314.27	2,453.97

- Figure in brackets represent Cash Outflow from respective activities.
- As breakup of Cash and Cash Equivalents is also available in Note No. 10, Reconciliation of items of Cash and Cash Equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

As per our report of even date attached
For **BANSI S. MEHTA & CO.**

Chartered Accountants
Firm Registration No.100991W

PARESH H. CLERK
Partner
Membership No.36148

PLACE : MUMBAI
DATED : June 22, 2018

For and on behalf of the Board of Directors

Arvind K. Kanoria
Managing Director

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie
Dr. Anurag K. Kanoria
Girdhari Lal Sultania
Lakshmi Iyer
Directors

NOTES FORMING PART OF THE 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.

The financial statements for the year ended March 31, 2018 are approved for issue by the Company’s Board of Directors on June 22, 2018.

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.

For all periods upto and including for the financial year ended March 31, 2017, the Company prepared its financial statements in accordance with Accounting Standards specified under Section 133 of the Act read with applicable rules and the relevant provisions of the Act (“Previous GAAP”). The figures as at March 31, 2017, as at April 1, 2016 and for the year ended March 31, 2017 have now been restated as per Ind AS to provide comparability.

These financial statements for the year ended March 31, 2018 are the Company’s first Ind AS financial statements. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101, “First-time Adoption of Indian Accounting Standards”, the date of transition to Ind AS being April 1, 2016. Refer Note No. 39 for disclosures required by Ind AS 101.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Capital Work-in-Progress

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.

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 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.

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 management is of the view that the estimated useful life of mobile phones are three years and hence the same are depreciated over a period of three years on a straight line basis.
- 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.
- 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 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 realisable 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

Grants and Subsidies, if any, from the Government are recognised when there is reasonable assurance that the Company would comply with the conditions attached with them and that the grant/subsidy would be received. Government Grants or Grants in nature of promoters contribution are recognised as income, on a systematic and rational basis, over the periods necessary to match them with the related costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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

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

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. Sales include excise duty but exclude Goods and Service Tax (GST), sales tax/value added tax, trade discount and rebates.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.12 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.

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.

1.13 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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.

1.14 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.

1.15 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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 recognises 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

1.16 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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 37.

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.

1.17 First-time Adoption of Ind AS

Overall Principle

The Company has prepared the Opening Balance Sheet as per Ind AS as at April 1, 2016 (the date of transition) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed or not so availed by the Company. Details of exemptions availed are as under:

i. Business Combination:

The Company has elected not to apply Ind AS 103 - Business Combinations retrospectively to past business combinations that occurred before the date of transition and therefore, has kept the same classification for the past business combinations as in its previous GAAP financial statements.

ii. Property, Plant and Equipment and Other Intangible Assets:

The Company has elected the exemption to adopt previous GAAP carrying value, as its deemed cost, for all its PPE and Other Intangible Assets recognised as at the date of transition. Revaluations under the previous GAAP up to the date of transition, i.e. opening balance of Revaluation Reserve, except that on Freehold Land, is transferred to retained earnings.

In respect of Freehold Land, the Company has elected to adopt revaluation model for subsequent recognition. Therefore, as the Company has to apply the same policy for all the periods (including transition date) presented in the first Ind AS financial statements, the carrying value of Freehold Land as on date of transition, April 1, 2016 is as per revaluation carried out as on March 31, 2015, which represents its fair value as on transition date and the Revaluation Reserve to the extent that of Freehold Land is recognised as Revaluation Surplus under equity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iii. Investments:

The Company has designated investment in equity shares (other than subsidiaries and associate) held at the date of transition as fair value through OCI.

1.18 Ind AS issued but not yet effective

Ministry of Corporate Affairs (“MCA”) through the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind AS:

Ind AS 21: The Effects of Changes in Foreign Exchange Rates

Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration is inserted to clarify the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Appendix explains that the date of the transaction, for the purpose of determining the exchange rate, to use on the initial recognition of the related asset, expense or income (or part of it) is the date on which the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

If there are multiple payments or receipts in advance, the date of the transaction is determined for each payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on its financial statements and the impact is not material.

Ind AS 115: Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 on “Revenue” and Ind AS 11 on “Construction Contracts”.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Further, Ind AS 115, requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

Ind AS 115 permits two possible methods of transition:

- Retrospective approach - Under this approach the standard is applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) – Under this approach, the standard is applied only to contracts that are not completed contracts on that date. Cumulative effect is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period.

The effective date for adoption of Ind AS 115 is accounting period beginning on or after April 1, 2018. The Company has evaluated the effect of this on its financial statements and the impact is not material.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2A. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Electrical Fittings	Motor Vehicles and Cycles	Machinery Zamindary (Tubewell)	Total
Gross Block							
Deemed Cost as at April 1, 2016	6,010.20	1,528.51	16,426.28	61.43	74.25	0.25	24,100.92
Additions	NIL	6.35	142.00	2.27	NIL	NIL	150.62
Disposal	NIL	NIL	(0.03)	NIL	(19.81)	NIL	(19.84)
Balance as at March 31, 2017	6,010.20	1,534.86	16,568.25	63.70	54.44	0.25	24,231.70
Additions	NIL	72.25	591.41	1.20	NIL	NIL	664.86
Disposal	NIL	NIL	NIL	NIL	(20.21)	NIL	(20.21)
Balance as at March 31, 2018	6,010.20	1,607.11	17,159.66	64.90	34.23	0.25	24,876.35
Accumulated Depreciation							
Balance as at April 1, 2016	NIL	472.04	9,810.37	52.02	59.25	0.24	10,393.92
Depreciation for the year	NIL	30.00	480.81	2.15	6.80	NIL	519.76
Disposal	NIL	NIL	NIL	NIL	(18.24)	NIL	(18.24)
Balance as at March 31, 2017	NIL	502.04	10,291.18	54.17	47.81	0.24	10,895.44
Depreciation for the year	NIL	30.81	490.78	2.06	2.12	NIL	525.77
Disposal	NIL	NIL	NIL	NIL	(19.19)	NIL	(19.19)
Balance as at March 31, 2018	NIL	5,32.85	10,781.96	56.23	30.74	0.24	11,402.02
Net Block							
Balance as at April 1, 2016	6,010.20	1,056.47	6,615.91	9.41	15.00	0.01	13,707.00
Balance as at March 31, 2017	6,010.20	1,032.82	6,277.07	9.53	6.63	0.01	13,336.26
Balance as at March 31, 2018	6,010.20	1,074.26	6,377.70	8.67	3.50	0.01	13,474.33

Additional Information :

1. 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.
2. In respect of Freehold Land, the Company has elected to adopt revaluation model for subsequent recognition [Refer Note 1.17(ii)]. The carrying value of Freehold Land as on date of transition, April 1, 2016, is as per revaluation carried out as on March 31, 2015, by an independent valuer.
3. There are no adjustments to Property, Plant and Equipments on account of borrowing cost and exchange differences.

2B. Capital Work-in-progress

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Work-in-Progress	915.50	NIL	NIL
Total	915.50	NIL	NIL

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2C. Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software
Gross Block	
Deemed Cost as at April 1, 2016	8.88
Additions	NIL
Disposal	NIL
Balance as at March 31, 2017	8.88
Additions	1.53
Disposal	NIL
Balance as at March 31, 2018	10.41
Accumulated Amortisation	
Balance as at April 1, 2016	2.22
Amortisation for the year	2.07
Disposal	NIL
Balance as at March 31, 2017	4.29
Amortisation for the year	1.06
Disposal	NIL
Balance as at March 31, 2018	5.35
Net Block	
Balance as at April 1, 2016	6.66
Balance as at March 31, 2017	4.59
Balance as at March 31, 2018	5.06

3. Investments : Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investments measured at Amortised Cost			
In Government Securities			
Unquoted			
11.50% CMDA Bond 2010 of ₹ 25,000	NIL	NIL	0.07
2.50% Bihar Zamindary Abolition Comp. Bonds	NIL	NIL	0.20
National Savings Certificates	NIL	NIL	0.01
Investments measured at Fair Value			
Through Other Comprehensive Income			
In Equity Instruments of Others			
Quoted			
1930 Equity Shares of Punjab National Bank of ₹ 2 each	NIL	NIL	1.69
Total	NIL	NIL	1.97

Aggregate amount of

Quoted Investments	NIL	NIL	1.69
Unquoted Investments	NIL	NIL	0.28
Impairment in value of Investments	NIL	NIL	NIL
	NIL	NIL	1.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Loans : Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured Considered Good Security Deposits	9.00	9.02	9.01
Total	9.00	9.02	9.01

5. Other Financial Assets : Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Earmarked Balances with Banks: For Molasses Storage Fund	1.01	0.54	0.14
Fixed Deposits with Bank maturing after 12 months	3.15	1.86	5.07
Balances with Post Office	NIL	0.12	0.10
Total	4.16	2.52	5.31

6. Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Tax Assets	3,739.89	NIL	NIL
Less : Deferred Tax Liabilities	(3,045.55)	NIL	NIL
Total	694.34	NIL	NIL

7. Other Non-current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Advances	7.20	NIL	NIL
Others - Sales Tax Deposit	0.01	0.01	0.01
Advance Tax (Net of Provision)	4.48	4.47	21.66
Total	11.69	4.48	21.67

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw Materials	38.19	1.34	NIL
Work-in-Progress	223.09	253.99	83.85
Finished Goods	5,733.66	13,475.56	15,888.14
Stores and Spares	581.60	426.42	393.44
Stores-in-Transit	24.90	9.51	7.86
Stock of Loose Tools	3.81	2.89	2.62
Total	6,605.25	14,169.71	16,375.91

Notes :

- Cost of Inventory recognised as expense during the year amount to ₹ 28,439.64 lakhs (previous year ₹ 20,376.70 lakhs)
- The Cost of Inventories recognised as an expense includes ₹ 1,330.57 lakhs (previous year NIL) in respect of write down of Inventory to net realisable value. There has been no reversal of such write down in current and previous year.
- The Company has availed cash credit facilities which are secured by pledge of stock of sugar and hypothecation of stock of stores and spares.
- For Inventory Valuation Refer Note No. 1.6.

9. Trade Receivables : Current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured Considered Good	29.85	3.43	0.10
Total	29.85	3.43	0.10

10. Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with Banks in Current Accounts	309.28	2,451.05	1,713.23
Cash on Hand	4.99	2.92	6.74
Total	314.27	2,453.97	1,719.97

11. Other Financial Assets : Current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest Accrued	14.02	9.26	64.20
Total	14.02	9.26	64.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances other than capital advances			
Unsecured			
Considered Good			
Balances with Government Authorities			
GST Receivable	14.45	NIL	NIL
Excise Duty / Service Tax / Sales Tax	NIL	23.41	24.24
Advances to Employees	0.10	0.70	0.51
Advances to Suppliers	18.20	38.26	18.47
Prepaid Expenses	8.10	3.64	4.86
Advance Against Expenses	NIL	0.02	2.79
Other Advances	6.42	9.91	56.67
Refund Receivable from Government Authorities	NIL	NIL	403.98
Total	47.27	75.94	511.52

13. Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised :			
50,00,000 Equity Shares at ₹ 10/- par value	500.00	500.00	500.00
Issued, Subscribed and Paid up :			
25,50,000 Equity shares at ₹ 10/- par value	255.00	255.00	255.00
Total Issued, Subscribed and Paid up Share Capital	255.00	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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares Outstanding at the beginning of the year	25,50,000	255.00	25,50,000	255.00	25,50,000	255.00
Equity Shares issued during the year	NIL	NIL	NIL	NIL	NIL	NIL
Equity Shares bought back during the year	NIL	NIL	NIL	NIL	NIL	NIL
Equity Shares Outstanding at the end of the year	25,50,000	255.00	25,50,000	255.00	25,50,000	255.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Name of the Shareholders	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Shri Arvind K. Kanoria	2,128,508	83.47%	2,128,508	83.47%	2,128,508	83.47%
Kaabil Traders Private Limited	150,000	5.88%	150,000	5.88%	150,000	5.88%
Total	2,278,508	89.35%	2,278,508	89.35%	2,278,508	89.35%

14. Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Reserves and Surplus			
Capital Reserve	252.43	252.43	252.43
General Reserve	578.68	578.68	578.68
Revaluation Surplus	5,986.86	5,986.86	5,986.86
Reserve for Storage of Molasses	3.77	2.24	0.93
Retained Earnings	(3,390.60)	(931.33)	(1,181.48)
Equity Instruments Through Other Comprehensive Income	1.13	1.13	0.19
Total	3,432.27	5,890.01	5,637.61

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 Reserve : It represents revaluation reserve 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 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 ₹ 1.01 lakhs (Previous Year ₹ 0.66 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 dividends 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. Borrowings : Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Term Loans From Banks	2,977.00	4,399.00	4,768.00
Total	2,977.00	4,399.00	4,768.00

15.1 Nature of Securities :

- i. Rupee Term Loan from PNB amounting to ₹ 3,000.00 lakhs is secured, ranking *pari passu* first charge, by hypothecation of movable plant & machinery (other than those purchased under deferred payment guarantee scheme from PNB to the extent of ₹ 47.18 lakhs) 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 Rupee Term Loan from PNB is guaranteed by the Managing Director of the Company.
- ii. Rupee Term Loans amounting to ₹ 1,560.00 lakhs from PNB under the Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 and ₹ 3,660.00 lakhs (including ₹ 3,658.00 lakhs under the Scheme for Extending Soft Loan to Sugar Mills, 2015 of the Central Government) are secured by a residual charge on the fixed assets after as stated in Note No. 15.1 (i) above and Short Term Borrowings from PNB as per Note No. 18 and by hypothecation of movable properties except book debts, both present and future, subject to prior charge on specific movable properties in favour of PNB for working capital facilities. The Rupee Term Loan of ₹ 3,660.00 lakhs is guaranteed by the Managing Director of the Company.

15.2 Terms of Repayment and Rate of Interest as at March 31, 2018 :

- i. Rupee Term Loan amounting to ₹ 1,500.00 lakhs from PNB is repayable in 6 equal quarterly installments of ₹ 250.00 lakhs each, last installment falling due on March, 2019, at an interest rate of 13.50% p.a.
- ii. Rupee Term Loan amounting to ₹ 1,500.00 lakhs from PNB is repayable in 20 equal quarterly installments of ₹ 75.00 lakhs each, last installment falling due on March, 2021, at an interest rate of 11.75% p.a.
- iii. Rupee Term Loan amounting to ₹ 1,560.00 lakhs from PNB is repayable in 12 equal quarterly installments of ₹ 130.00 lakhs each, last installment falling due on November, 2018. The Government of India provides for interest subvention from SDF upto 12.00% p.a. to PNB for the aforesaid loan under the Scheme for Extending Financial Assistance to Sugar Undertakings, 2014.
- iv. Rupee Term Loan amounting to ₹ 3,660.00 lakhs from PNB is repayable in 20 equal quarterly installments of ₹ 183.00 lakhs each, last installment falling due on June, 2022, at an interest rate of 11.75% p.a.
- v. Terms of repayment for loans which have been fully repaid during the year are not included above.

16. Provisions : Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For Employee Benefits (Refer Note No. 37)			
Gratuity	382.66	402.13	333.02
Leave Encashment	164.66	146.02	65.51
Total	547.32	548.15	398.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. Deferred Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Tax Liabilities (Refer Note No. 32.3)	NIL	3,271.99	3,378.53
Less: Deferred Tax Assets (Refer Note No. 32.3)	NIL	(2,549.64)	(2,781.88)
Total	NIL	722.35	596.65

18. Borrowings : Current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Loans Repayable on demand from Banks			
Open Cash Credit	3,972.22	9,993.98	11,826.25
Clean Demand Loan	1.22	12.93	0.29
Unsecured			
From Other Parties	1,600.00	600.00	NIL
Total	5,573.44	10,606.91	11,826.54

19. Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dues to Micro and Small Enterprises	11.88	34.57	1.77
Dues to Others	5,907.16	5,605.82	6,849.16
Total	5,919.04	5,640.39	6,850.93

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount remaining unpaid to any supplier as at the end of the accounting year	11.21	34.57	1.77
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.67	NIL	NIL
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	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	NIL
Total	11.88	34.57	1.77

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 THE FINANCIAL STATEMENTS

20. Other Financial Liabilities : Current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of Long-term debt Term Loans From Banks	2,422.00	778.00	670.00
Interest Accrued	61.55	53.62	101.69
Security Deposits from Sugar Agents	52.51	52.51	34.51
Security Deposits - Others*	11.47	1.69	3.44
Total	2,547.53	885.82	809.64

* Includes Security Deposit against Press Mud contract

21. Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance from Customers	550.43	101.79	125.90
Others			
Payable to Employees	0.06	0.33	0.07
Statutory Dues	162.73	888.15	1,065.13
Total	713.22	990.27	1,191.10

22. Provisions : Current

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For Employee Benefits (Refer Note 37)			
Gratuity	97.55	75.91	54.39
Leave Encashment	62.37	51.87	31.43
Others			
Provision for Contingency on Stores	NIL	3.50	3.50
Total	159.92	131.28	89.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23. Revenue From Operations

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Products		
Sugar	28433.30	25337.46
Molasses	644.31	1314.19
Bagasse	332.49	354.40
Press Mud	108.88	39.86
Other Operating Revenue		
Scrap Sales	18.59	1.60
Total	29,537.57	27,047.51

24. Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income :		
Fixed Deposits with Banks	0.17	1.21
Income Tax Refund	NIL	1.38
Others	NIL	0.07
Other Non-Operating Income :		
Profit on sale of Property, Plant and Equipment	1.79	0.38
Burnt Cane Subsidy	NIL	3.02
Sundry credit balances written back	27.36	28.05
Miscellaneous Income	21.04	54.25
Total	50.36	88.36

25. Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw Materials		
Opening Stock	1.34	NIL
Add: Purchases	21,482.79	18,385.12
Less: Closing Stock	(38.19)	(1.34)
Total	21,445.94	18,383.78

NOTES FORMING PART OF THE 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, 2018	For the year ended March 31, 2017
Finished Goods		
Opening Stock		
Sugar	11,776.18	13,990.58
Molasses	918.48	867.14
	12,694.66	14,857.72
Less: Closing Stock		
Sugar	5,708.06	11,776.18
Molasses	25.60	918.48
	5,733.66	12,694.66
	6,961.00	2,163.06
Work-in-Progress		
Opening Stock		
Sugar	236.89	83.85
Molasses	17.10	NIL
	253.99	83.85
Less: Closing Stock		
Sugar	222.16	236.89
Molasses	0.93	17.10
	223.09	253.99
	30.90	(170.14)
Total	6,991.90	1,992.92

27. Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and Wages	1,349.52	1,512.81
Contribution to Provident and Other Funds	117.39	133.52
Gratuity	57.91	50.53
Staff Welfare Expenses	20.86	21.96
Total	1,545.68	1,718.82

28. Finance Costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expense		
On Borrowings	1,154.97	1,170.06
On Deposits	3.16	4.20
Total	1,158.13	1,174.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

29. Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Packing Materials Consumed	188.47	160.52
Consumed Stores and Spares	250.69	222.47
Power and Fuel	94.58	97.61
Rent	1.92	7.40
Repair and Maintenance		
Buildings	15.76	33.69
Plant and Machinery	525.86	532.97
Others	2.36	3.76
Insurance	14.10	13.66
Rates and Taxes	4.63	5.17
Motor Car Expenses	26.38	22.52
Travelling Expenses	17.92	13.91
Selling Expenses	56.46	43.82
Auditor's Remuneration		
Audit Fees	2.60	2.15
Tax Audit Fees	0.80	0.90
Other Expenses	0.93	0.62
Bad Debts Written off	NIL	2.70
Provision for Doubtful Debts	7.37	NIL
Warehousing Charges	73.43	53.04
Director's Fees	0.70	0.65
Miscellaneous Expenses	97.97	143.85
Total	1,382.93	1,361.41

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

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Claims against the Company/disputed liabilities not acknowledged as debts			
i. Stamp Duty matters (including interest upto date)	4.16	1.76	1.76
ii. Other matters including claims relating to employees/ ex-employees, cane growers, property related demands, etc.	2.46	2.46	2.46
b. Guarantees issued by the bankers on behalf of the Company	1.45	1.45	1.45
Total	8.07	5.67	5.67

- i. In respect of a.(i) and a.(ii) 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.
- ii. The Company does not expect any reimbursements in respect of above contingent liabilities.
- iii. The Company's pending litigations comprise of claims against the Company by ex-employees, cane growers and pertaining to proceedings pending with Stamp duty authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Earnings Per Share

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net Profit/(Loss) attributable to Equity Shareholders	(2,448.23)	326.98
Weighted average number of Equity Shares Outstanding (Nos.)	25,50,000	25,50,000
Basic and Diluted Earnings Per Share (₹)	(96.01)	12.82

32. Disclosure pursuant to Ind AS 12 on “Income Taxes”

32.1 Components of Tax Expenses/(Income)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Profit or Loss Section		
Current Tax	NIL	NIL
Deferred Tax	(1,411.15)	163.66
Income Tax Expense reported in the Statement of Profit or Loss	(1,411.15)	163.66
b. Income Tax Relating to Other Comprehensive Income/(Loss)		
Other Comprehensive Income/(Loss) Section		
Net loss/(gain) on remeasurements of Defined Benefit Plans	(5.54)	(37.95)
Income Tax Expense reported in Other Comprehensive Income/(Loss)	(5.54)	(37.95)

32.2 Reconciliation of Income Tax Expense/(Income) and Accounting Profit multiplied by domestic tax rate applicable in India

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before Tax	(3,859.38)	490.64
Corporate Tax rate as per Income Tax Act, 1961	30.900%	33.063%
Tax on Accounting Profit	NIL	162.22
Adjustments in respect of current income tax of previous years		
Tax effect of :		
Utilisation of previously unrecognised tax losses		
Income considered separately	NIL	(0.12)
Expenses allowed separately	NIL	(420.31)
Tax on Expense not deductible	NIL	548.48
Excess Provision Made	NIL	(290.27)
Current Tax Provision (A)	NIL	NIL
Deferred Tax Liability recognised/(reversed)	(226.46)	(106.54)
Deferred Tax Asset (recognised)/reversed	(1,184.69)	270.20
Deferred Tax (B)	(1,411.15)	163.66
Tax expenses recognised during the year (A+B)	(1,411.15)	163.66
Effective tax rate	36.56%	33.36%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**32.3 Deferred Tax
2017-18**

Components and Reconciliation of Deferred Tax (Assets)/Liabilities

(₹ in Lakhs)

Particulars	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Depreciation on Property, Plant and Equipment and Intangible Assets	3,272.00	(226.46)	NIL	3,045.54
Unused tax losses				
Business Loss	(1,372.43)	(1,342.65)	NIL	(2,715.08)
Unabsorbed Depreciation	(662.10)	(83.82)	NIL	(745.92)
Provision for Doubtful debts and advances	(0.62)	(0.01)	NIL	(0.63)
Expenses allowable for tax purpose when paid	(514.50)	241.79	(5.54)	(278.25)
Total	722.35	(1,411.15)	(5.54)	(694.34)

2016-17

Components and Reconciliation of Deferred Tax (Assets)/Liabilities

(₹ in Lakhs)

Particulars	Opening Balance	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance
Depreciation on Property, Plant and Equipment and Intangible Assets	3,378.53	(106.54)	NIL	3,271.99
Unused tax losses				
Business Loss	(1,491.49)	119.07	NIL	(1,372.42)
Unabsorbed Depreciation	(778.67)	116.58	NIL	(662.10)
Provision for Doubtful debts and advances	(0.72)	0.10	NIL	(0.62)
Expenses allowable for tax purpose when paid	(511.00)	34.45	(37.95)	(514.50)
Total	596.65	163.66	(37.95)	722.35

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 :

Mr. Arvind K. Kanoria	Managing Director
Mr. Babu Lal Vijay	Whole Time Director designated as General Manager
Mr. Vivek M. Pittie	Non-Executive Independent Director
Ms. Lakshmi Iyer	Non-Executive Independent Director
Mr. Girdhari Lal Sultania	Non-Executive Independent Director
Dr. Anurag K. Kanoria	Non-Executive Director
Mr. Sidharth Prasad	Non-Executive Director

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

Ms. Urmila Vijay

34.2 Transactions with related parties :

(₹ in Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
i. Compensation to Key Managerial Personnel :		
Short-term employee benefits:		
Mr. Arvind K. Kanoria	92.44	93.38
Mr. Babu Lal Vijay	12.60	12.52
Director’s sitting fees:		
Mr. Vivek M. Pittie	0.20	0.20
Ms. Lakshmi Iyer	0.15	0.20
Mr. Girdhari Lal Sultania	0.05	0.05
Dr. Anurag K. Kanoria	0.20	0.15
Mr. Sidharth Prasad	0.10	0.05
Long-term employee benefits:		
Mr. Arvind K. Kanoria	147.57	127.75
Mr. Babu Lal Vijay	14.10	12.03
ii. Compensation to Relative of Key Managerial Personnel :		
Short-term employee benefits:		
Ms. Urmila Vijay	3.70	3.70
Long-term employee benefits:		
Ms. Urmila Vijay	1.99	1.81
Total Remuneration	273.10	251.84

NOTES FORMING PART OF THE 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 (excluding 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 :

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total Debt	8,550.44	15,005.91	16,594.54
Total Equity	3,687.27	6,145.01	5,892.61
Debt Equity Ratio	2.32	2.44	2.82

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 include 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 of 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Cash flow from operating activities provides the funds to service and finance the financial liabilities on a day-to-day basis.

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, 2018				
Borrowings	5,573.44	2,977.00	NIL	8,550.44
Trade Payables	5,919.04	NIL	NIL	5,919.04
Other Financial Liabilities	2,547.53	NIL	NIL	2,547.53
	14,040.01	2,977.00	NIL	17,017.01
As at March 31, 2017				
Borrowings	10,606.91	4,399.00	NIL	15,005.91
Trade Payables	5,640.39	NIL	NIL	5,640.39
Other Financial Liabilities	885.82	NIL	NIL	885.82
	17,133.12	4,399.00	NIL	21,532.12
As at April 1, 2016				
Borrowings	11,826.54	4,768.00	NIL	16,594.54
Trade Payables	6,850.93	NIL	NIL	6,850.93
Other Financial Liabilities	809.64	NIL	NIL	809.64
	19,487.11	4,768.00	NIL	24,255.11

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.

However, with the removal of major regulatory control 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37. 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 is recognised as an expenses recognised during the period towards defined contribution plans is ₹ 117.39 lakhs (March 31, 2017 : ₹ 133.52 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, 2018	March 31, 2017	April 1, 2016
i. Discount Rate (per annum)	7.78%	7.29%	8.04%
ii. Rate of increase in Compensation levels (per annum)	1.00%	1.00%	1.00%
iii. Expected Rate of Return on Assets	N.A.	N.A.	N.A.
iv. Attrition Rate	0.00%	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	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.

iii. Liquidity Risk :

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 2018	For the year ended March 31, 2017
		Gratuity Unfunded	Gratuity Unfunded
	Changes in Present value of Obligation		
	Present value of defined benefit obligation at the beginning of the year	478.04	387.42
	Current Service Cost	23.07	19.38
	Interest Cost	34.85	31.15
	Actuarial (Gains)/Loss		
	Actuarial (gains)/losses arising from changes in financial assumption	(13.39)	20.02
	Actuarial (gains)/losses arising from changes in experience adjustment	29.97	94.76
	Benefits Paid	(72.33)	(74.69)
	Present value of defined benefit obligation at the end of the year	480.21	478.04
	Amount recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation at the end of the Period	480.21	478.04
	Expenses recognised in the Statement of Profit and Loss		
	Current Service Cost	23.07	19.38
	Interest cost on benefit obligation (net)	34.85	31.15
	Total Expenses recognised in the Statement of Profit and Loss	57.92	50.53
	Remeasurement Effects Recognised in Other Comprehensive Income for the year		
	Actuarial (gains)/losses on obligations for the period	16.58	114.78
	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	16.58	114.78

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(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Gratuity Unfunded	Gratuity Unfunded
Cash flow Projection: From the Employer		
Within the next 12 months (next annual reporting period)	97.55	75.91
2nd following year	40.83	45.80
3rd following year	52.58	45.76
4th following year	63.03	44.44
5th following year	44.51	50.92
Sum of Years 6 To 10	215.80	205.86
Sum of Years 11 and above	253.07	273.64
Sensitivity Analysis		
Projected Benefit Obligation on Current Assumptions	480.21	478.04
Delta Effect of +1% Change in Rate of Discounting	(21.45)	(23.90)
Delta Effect of -1% Change in Rate of Discounting	23.98	26.86
Delta Effect of +1% Change in Rate of Salary Increase	24.60	28.32
Delta Effect of -1% Change in Rate of Salary Increase	(22.44)	(25.52)
Delta Effect of +1% Change in Rate of Employee Turnover	13.37	13.80
Delta Effect of -1% Change in Rate of Employee Turnover	NIL	NIL

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.

38. 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.

Valuation

- i. The Fair values of investments in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- ii. 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.

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Fair Value measurement 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 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 maximise 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.

Category-wise classification and applicable Fair value hierarchy of Financial Assets and Liabilities at Fair value
(₹ in Lakhs)

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016			
	Carrying Amounts	Fair Value		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										
Investments in Bonds	—	—	—	—	—	—	—	—	—	0.28
Loans	9.00	—	—	9.02	—	—	9.01	—	—	—
Trade Receivables	29.85	—	—	3.43	—	—	0.10	—	—	—
Cash and Bank Balance	314.27	—	—	2,453.97	—	—	1,719.97	—	—	—
Others	4.16	—	—	2.52	—	—	5.31	—	—	—
	357.28	—	—	2,468.94	—	—	1,734.67	—	—	0.28
Measured at FVTOCI										
Investment in equity instruments	—	—	—	—	—	—	—	1.69	—	—
	—	—	—	—	—	—	—	1.69	—	—
Total Financial Assets	357.28	—	—	2,468.94	—	—	1,736.36	1.69	—	0.28
Financial Liabilities										
Measured at Amortised Cost										
Borrowings	8,550.44	—	—	15,005.91	—	—	16,594.54	—	—	—
Trade Payables	5,919.04	—	—	5,640.39	—	—	6,850.93	—	—	—
Others	2,547.53	—	—	885.82	—	—	809.64	—	—	—
Total Financial Liabilities	17,017.01	—	—	21,532.12	—	—	24,255.11	—	—	—

* Impact of Fair Value is not given in view of materiality of amounts.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39. Disclosure pursuant to Ind AS 101 on “First-time Adoption of Indian Accounting Standards”

A. Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS as at April 1, 2016

(₹ in Lakhs)

Particulars	Note No.	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment		13,707.00	NIL	13,707.00
(b) Other Intangible Assets		6.66	NIL	6.66
(c) Financial Assets				
(i) Investments	a	1.78	0.19	1.97
(ii) Loans	b	9.02	(0.01)	9.01
(iii) Other Financial Assets	b	NIL	5.31	5.31
(d) Deferred Tax Assets (Net)	c	1,967.85	(1,967.85)	NIL
(e) Other Non-current Assets	b	5.53	16.14	21.67
Total Non-current Assets		15,697.84	(1,946.22)	13,751.62
Current Assets				
(a) Inventories		16,375.91	NIL	16,375.91
(b) Financial Assets				
(i) Trade Receivables		0.10	NIL	0.10
(ii) Cash and Cash Equivalents		1,719.96	0.01	1,719.97
(iii) Loans	b	107.46	(107.46)	NIL
(iv) Other Financial Assets	b	NIL	64.20	64.20
(c) Other Current Assets	b	489.70	21.82	511.52
Total Current Assets		18,693.13	(21.43)	18,671.70
Total Assets		34,390.97	(1,967.65)	32,423.32
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital		255.00	NIL	255.00
(b) Other Equity		8,201.92	(2,564.31)	5,637.61
Total Equity		8,456.92	(2,564.31)	5,892.61
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		4,768.00	NIL	4,768.00
(b) Provisions		398.53	NIL	398.53
(c) Deferred Tax Liabilities (Net)	c	NIL	596.65	596.65
Total Non-current Liabilities		5,166.53	596.65	5,763.18
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		11,826.25	0.29	11,826.54
(ii) Trade Payables		6,639.63	211.30	6,850.93
(iii) Other Financial Liabilities		NIL	809.64	809.64
(b) Other Current Liabilities		2,212.32	(1,021.22)	1,191.10
(c) Provisions		89.32	NIL	89.32
Total Current Liabilities		20,767.52	0.01	20,767.53
Total Liabilities		25,934.05	596.66	26,530.71
Total Equity and Liabilities		34,390.97	(1,967.65)	32,423.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

B. Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS as at March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	Previous GAAP	Effect of transition to Ind AS	Ind AS
<u>ASSETS</u>				
Non-current Assets				
(a) Property, Plant and Equipment		13,336.26	NIL	13,336.26
(b) Other Intangible Assets		4.59	NIL	4.59
(c) Financial Assets				
(i) Loans	b	9.03	(0.01)	9.02
(ii) Other Financial Assets	b	NIL	2.52	2.52
(d) Deferred Tax Assets (Net)	c	1,757.36	(1,757.36)	NIL
(e) Other Non-current Assets	b	2.52	1.96	4.48
Total Non-current Assets		15,109.76	(1,752.89)	13,356.87
Current Assets				
(a) Inventories		14,169.72	(0.01)	14,169.71
(b) Financial Assets				
(i) Trade Receivables		3.43	NIL	3.43
(ii) Cash and Cash Equivalents		2,453.95	0.02	2,453.97
(iii) Loans	b	76.07	(76.07)	NIL
(iv) Other Financial Assets	b	NIL	9.26	9.26
(c) Other Current Assets	b	13.62	62.32	75.94
Total Current Assets		16,716.79	(4.48)	16,712.31
Total Assets		31,826.55	(1,757.37)	30,069.18
<u>EQUITY AND LIABILITIES</u>				
Equity				
(a) Equity Share Capital		255.00	NIL	255.00
(b) Other Equity		8,369.72	(2,479.71)	5,890.01
Total Equity		8,624.72	(2,479.71)	6,145.01
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		4,999.00	(600.00)	4,399.00
(b) Provisions		548.15	NIL	548.15
(c) Deferred Tax Liabilities (Net)	c	NIL	722.35	722.35
Total Non-current Liabilities		5,547.15	122.35	5,669.50
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		9,993.98	612.93	10,606.91
(ii) Trade Payables		5,254.20	386.19	5,640.39
(iii) Other Financial Liabilities		NIL	885.82	885.82
(b) Other Current Liabilities		2,275.22	(1,284.95)	990.27
(c) Provisions		131.28	NIL	131.28
Total Current Liabilities		17,654.68	599.99	18,254.67
Total Liabilities		23,201.83	722.34	23,924.17
Total Equity and Liabilities		31,826.55	(1,757.37)	30,069.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Reconciliation Statement of Profit and Loss as previously reported under previous GAAP to Ind AS for the year ended March 31, 2017

(₹ in Lakhs)

	Particulars	Note No.	Previous GAAP	Effect of transition to Ind AS	Ind AS
I	Revenue from Operations	d	25,553.71	1,493.80	27,047.51
II	Other Income		91.08	(2.72)	88.36
III	Total Income (I+II)		25,644.79	1,491.08	27,135.87
IV	EXPENSES				
	Cost of Materials Consumed		18,383.78	NIL	18,383.78
	Excise Duty	d	NIL	1,492.21	1,492.21
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade		1,992.92	NIL	1,992.92
	Employee benefits expense	e	1,833.60	(114.78)	1,718.82
	Finance costs		1,174.26	NIL	1,174.26
	Depreciation and amortisation expense	f	267.89	253.94	521.83
	Other expenses		1,361.42	(0.01)	1,361.41
	Total Expenses		25,013.87	1,631.36	26,645.23
V	Total Profit before Exceptional items and Tax (III-IV)		630.92	(140.28)	490.64
VI	Exceptional Items		NIL	NIL	NIL
VII	Profit before tax (V-VI)		630.92	(140.28)	490.64
VIII	Tax expense				
	(a) Current Tax		NIL	NIL	NIL
	(b) Deferred Tax (Charge)		210.49	(46.83)	163.66
	Total Tax Expenses		210.49	(46.83)	163.66
IX	Profit for the year (VII-VIII)		420.43	(93.45)	326.97
X	Other Comprehensive Income/(Loss)				
	A. Items that will not be reclassified subsequently to profit or loss				
	i Remeasurement gain/(loss) on the Defined Benefit Plans	e	NIL	(114.78)	(114.78)
	ii. Income tax on (i) above		NIL	37.95	37.95
	iii. Profit on Sale of Investments	a	NIL	0.94	0.94
	Other Comprehensive Income/(Loss)		NIL	(75.89)	(75.89)
XI	Total Comprehensive Income/(Loss) for the year (IX+X)		420.43	(169.34)	251.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Reconciliation of Total Equity as at March 31, 2017 and April 1, 2016

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at April 1, 2016
Total Equity as per Previous GAAP		8,624.72	8,456.92
Add/(Less) : Adjustments			
Deferred Tax impact			
Land	c	(1,303.65)	(1,304.48)
Other Property, Plant and Equipment	c	(1,176.06)	(1,260.02)
Fair value of Equity Instruments	a	NIL	0.19
Total adjustments		(2,479.71)	(2,564.31)
Total Equity as per Ind AS		6,145.01	5,892.61

E. Reconciliation of Total Comprehensive Income/(Loss) for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2017
Net Profit as per Previous GAAP		420.43
Add/(Less) : Adjustments in Statement of Profit and Loss		
a. (Gain)/Loss on Remeasurement of Defined Benefit Plans	e	76.83
b. (Gain)/Loss on Sale of Equity Instruments	a	(1.13)
c. Depreciation transferred from Revaluation Reserve	f	(253.94)
d. Deferred Tax	c	84.79
Total effect of transition to Ind AS		(93.45)
Net profit as per Ind AS		326.98
Other Comprehensive Income/(Loss) (Net of Tax)		(75.89)
Total Comprehensive Income/(Loss)		251.09

Notes to Reconciliations

a. Non-current Investments

Under previous GAAP, Investments in Equity Instruments were measured at Cost. On the date of transition to Ind AS, such Investments are classified as Fair Value through Other Comprehensive Income. Changes in fair value of such investments are recognised in Other Comprehensive Income. On the date of transition, as at April 1, 2016, such investments are measured at their fair values which are higher than cost as per previous GAAP, resulting in net increase in the carrying amount by ₹ 0.19 Lakhs and the consequential increase in Equity Instruments through Other Comprehensive Income.

Subsequently, on the sale of such investments during the year ended March 31, 2017 Profit of ₹ 0.94 Lakhs is recognised in Other Comprehensive Income.

b. Loans/Other Financial Assets/Other Current Assets/Other Non-Current Assets

Security Deposits which are financial in nature are classified under Loans.

Fixed Deposits with Banks for maturity greater than twelve months shown in previous GAAP under Other Non-Current Assets have been reclassified as Other Non-Current Financial Assets.

Advance Tax (Net of Provisions) shown in previous GAAP under Other Current Assets have now been correctly reflected as Other Non-Current Assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Deferred Tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in temporary differences between the book base and tax base on Freehold Land requiring to recognise the deferred tax liability of ₹ 1,304.48 Lakhs and that on Other Property, Plant and Equipment requiring to recognise the deferred tax liability of ₹ 1,260.02 Lakhs as at April 1, 2016; the corresponding impact of the like amount in the retained earnings. Similarly, as at March 31, 2017 deferred tax liability on Freehold Land and Other Property, Plant and Equipment of ₹ 1,303.65 Lakhs and ₹ 1,176.06 Lakhs respectively was recognised.

d. Revenue from Operations

Under the previous GAAP, revenue from sale of goods was presented as net of excise duty on sales. However, under Ind AS, revenue from sale of goods includes excise duty and such excise duty is separately presented as an expense in the Statement of Profit and Loss. Thus, under Ind AS, sale of goods for the year ended March 31, 2017 is increased by ₹ 1,492.21 Lakhs with a corresponding increase in Total expense.

e. Defined Benefit Plans

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements in respect of defined benefit plans comprising of actuarial losses amounting to ₹ 114.78 Lakhs are recognised in Other Comprehensive Income.

f. Property, Plant and Equipment

Under Ind AS, in terms of para D7AA of Ind AS 101 on “First-time Adoption of Indian Accounting Standards”, the Company has adopted the carrying value of all items of PPE as on the transition date as its deemed cost. However, for subsequent measurement, for Freehold Land it has followed Revaluation Model. Accordingly, Revaluation reserve (except that relating to Freehold Land) is transferred to retained earnings as on the transition date [Refer Note 1.17(ii)].

Depreciation of ₹ 253.94 Lakhs on the revalued amount which was adjusted against revaluation reserve under the previous GAAP is correctly recognised in the Statement of Profit and Loss for the year ended March 31, 2017.

40. Trade Receivables, Trade Payables and Bank Balances of inoperative accounts of the Company are subject to confirmation and subsequent reconciliations, if any.

As per our report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No.100991W
PARESH H. CLERK
Partner
Membership No.36148
PLACE : MUMBAI
DATED : June 22, 2018

For and on behalf of the Board of Directors

Arvind K. Kanoria
Managing Director

R. G. Panchbhai
Chief Financial Officer

Vivek M. Pittie
Dr. Anurag K. Kanoria
Girdhari Lal Sultania
Lakshmi Iyer
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

CIN - L40100WB1924PLC004929

Regd. Office: Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata - 700 001

ATTENDANCE SLIP

(To be presented at the entrance duly filled in and signed)

Name of the member(s):	
Registered address:	
E-mail ID:	
Folio No. / Client ID:	DP ID:

I hereby record my presence at the 95th Annual General Meeting of The United Provinces Sugar Company Limited will be held at the registered office of the Company at Chartered Bank Building, 1st Floor, 4 Netaji Subhash Road, Kolkata - 700 001 on Friday, the 31st August, 2018 at 2.00 p.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY _____

**Form No. MGT - 11
PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

THE UNITED PROVINCES SUGAR COMPANY LIMITED

CIN - L40100WB1924PLC004929

Regd. Office: Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata - 700 001

Name of the member(s):	
Registered address:	
E-mail ID:	
Folio No. / Client ID:	DP ID:

I/We, being the member(s) of _____ Shares of The United Provinces Sugar Company Limited, hereby appoint

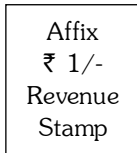
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E-mail Id :
Signature Or failing him
- Name
Address :
E-mail Id :
Signature Or failing him
- Name
Address :
E-mail Id :
Signature Or failing him

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Ninety fifth Annual General Meeting of the Company to be held on Friday, the 31st August, 2018 at 2.00 p.m. at the registered office of the Company at Chartered Bank Building, 1st Floor, 4 Netaji Subhash Road, Kolkata - 700 001 and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

Sl. No.	Resolution	Optional	
		For	Against
	Ordinary Business		
1.	Consideration and adoption of the financial statements of the Company for the year ended 31st March, 2018 including the Balance Sheet as at 31st March, 2018 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.	Appointment of a Director in place of Dr. Anurag Kanoria (DIN 00200630) who retires by rotation and being eligible, offers himself for reappointment.		
	Special Business		
3.	Reappointment of Shri Vivek M. Pittie (DIN 00066885) as Non-Executive Independent Director of the Company		
4.	Reappointment of Shri Girdhari Lal Sultania (DIN 00060931) as Non-Executive Independent Director of the Company		
5.	Variation in remuneration payable to Shri Babu Lal Vijay (DIN 06967800), Whole Time Director designated as General Manager.		
6.	Approval for Voluntary Delisting of the Equity Shares of the Company from The Calcutta Stock Exchange Limited ("CSE")		
7.	To approve remuneration payable to the Cost Auditors		

Signed thisday of....., 2018

Signature of the shareholder : _____



Signature of Proxy holder(s) : _____

Signature across the stamp

- Notes:
1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company, Chartered Bank Building, 1st Floor, 4 Netaji Subhash Road, Kolkata - 700 001, not less than 48 hours before the commencement of the Meeting.
 2. Members are requested to Select by placing a tick (✓) mark against the resolution. It is optional for the member to indicate his/her preference. In case no specific direction is given, your Proxy may vote or abstain as he/she thinks fit.