

DIRECTORS' REPORT

To The Members of
Usher Agro Ltd.

Usher Agro Limited is undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 (IBC, 2016) pursuant to the order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench with effect from 21st March 2018. The true and certified copy of the order was received by the Resolution Professional on 28th March 2018

Pursuant to NCLT Order dated. 21.03.2018, Mr. Krishna Chamadia has been appointed as IRP and continued as Resolution Professional by the Committee of Creditors in its first meeting held on April 18, 2018 under provisions of the code. Under Section 17 of IBC Code, 2016, the power of Board of Directors stand suspended and shall be vested with Resolution Professional w.e.f. 21.03.2018.

Presentation on 22nd Annual Report on the business and operations of the Company and the financial accounts for the Year ended 31st March, 2018 is hereby submitted:

Financial Results

The financial performance of the Company, for the Financial Year ended 31st March, 2018 is summarised below:

(₹ in Lakhs)

Particulars	Figures as at the end of current reporting period 31/03/2018	Figures as at the end of previous year 31/03/2017
Sales & Other Income	8,080.64	43,727.18
Profit before Financial Charges & Depreciation	(79,274.87)	(35,244.78)
Less : Financial Charges	27,230.83	3,044.84
Cash Profit for the year	(1,06,505.70)	(38,289.62)
Less : Depreciation	3,323.01	3,457.33
Profit before Tax	(1,09,828.71)	(41,746.95)
Less : Provision for Tax including Fringe Benefit Tax	-	-
Less : Provision for Deferred tax	(988.59)	-
Less: Short Provision for tax of earlier years.	-	-
Profit after Tax	(1,08,840.12)	(41,746.95)
Balance brought forward from Previous Year	(41,746.95)	(14,281.06)
Balance available for Appropriation	(1,50,587.07)	(56,028.01)
Appropriations :	-	-
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Transferred to General Reserve	-	-
Debt Redemption Reserve	-	-
Debenture Redemption Reserve	-	-
Earning per Share (EPS)	(140.13)	-
Balance carried to Balance Sheet	(1,50,587.07)	(56,028.01)

Business operations & Results

During the year under review, the sales and other income of your Company have decreased to ₹ 8,080.64 lakh within the period of as compare to ₹ 43,727.15 lakh in the previous financial year. There is the loss in the financial year 2017-18. The loss after tax is ₹ 1,09,828.71 lakh against loss of ₹ 41,746.95 lakh in previous year.

Dividend

In view of the loss incurred by the Company during the year, the Directors have not recommended any dividend for the financial year ended March 31, 2018.

Transfer to Reserves

The Company has not transferred any amounts in the General Reserves during the financial year under review in pursuance to the provisions of Companies Act, 2013.

SHARE CAPITAL

During the year under review, no changes were made in the Authorized Share Capital and Paid up Capital of the Company.

Issue of Debentures

The Company had issued 50,325 Rated, Listed, Redeemable, Subordinated Non-Convertible Debentures ("Debentures" Or "NCDs") of a Face Value of INR 10,000 each for Cash Aggregating to INR 503,250,000 (The Rupee Equivalent of \$ 7,500,000) on 23rd December, 2015 to Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.(FMO), The Hague, The Netherlands. The Debenture Trustee is IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400001.

Debenture redemption Reserve

The Debenture redemption Reserve created for the FY 2017-18 is nil.

Consolidated Financial Statements

The Company is currently undergoing corporate insolvency resolution process under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC) by an order of National Company Law Tribunal with effect from 21st March, 2018. As per section 17 of the IBC, 2016, the powers of the Board of Directors stands suspended, and such powers shall be vested with Mr. Krishna Chamadia (IP Registration no. IBBI/IPA-001/IP-P00694/2017-18/11220) appointed as the IRP with respect to the Company. Further, the subsidiary data is yet to be received by the RP from the subsidiary companies and hence, the Company has not prepared the Consolidated Financial statement of the Company.

Subsidiary Companies

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16 (c) of SEBI (LODR) Regulations, 2015 of the Listing Agreement. The Policy, as approved by the Board, is uploaded on the Company's website at www.usheragro.com. The Company has two subsidiary i.e. Usher Eco Power Limited and one wholly owned subsidiary i.e. Usher Worldwide FZE.

Performance of the Subsidiaries

a) USHER ECO POWER LIMITED

Usher Eco Power Limited is into biomass-based power generation activity. The Company had commissioned the 16MW Rice husk based Co-generation Eco friendly power plant at Chhata Dist- Mathura, U.P. which used Rice husk as fuel. The Resolution Professional is yet to receive the statement of accounts for the subsidiary and is hence unable to comment on performance of the Company.

b) USHER WORLDWIDE FZE

Usher Worldwide FZE which is registered in a Free Zone Establishment (FZE) in the Sharjah Airport International Free Zone (SAIF Zone), United Arab Emirates. The Resolution Professional is yet to receive the statement of accounts for the subsidiary and is hence unable to comment on performance of the Company.

During the year under review, no Company has become or ceased to be a subsidiary of the Company. A statement containing the salient features of the financial position of the subsidiary companies in Form AOC.1 is annexed as **Annexure 2**.

BUSINESS EXPANSION

The company is currently undergoing CIRP under the provisions of the Insolvency and Bankruptcy Code, 2016, wherein a resolution plan can be submitted by a resolution applicant within the 180 day (or 270 day) period. Considering the above, the Company has no immediate plans for expansion.

DEPOSITS

The Company has not accepted any deposit from the public under section 73 and 74 of the Companies Act, 2013.

BOARD OF DIRECTORS

Prior to the appointment of the IRP pursuant to the NCLT order dated 21st March 2018, the composition of the Board of Directors had fallen below the minimum requirement as stipulated under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. As on the date of the said financial year end, the Company had Two (2) Directors consisting of One (1) Managing Director and One (1) Independent Director on its Board.

During the year under review, Mrs. Shikha Bhura was appointed as Non Executive Independent Director (Woman Director) on the Board w.e.f. 30.05.2017

During the year under review, the following directors has resigned from the Board of Directors

1. Mr. Shri Prakash Arora w.e.f. 25.04.2017
2. Mr. Vijay Ranchan w.e.f. 11.07.2017
3. Mr. Prem Chand Tiwari w.e.f. 25.04.2017
4. Mr. Ajay Sharma (Nominee Director) w.e.f. 22.08.2017
5. Mrs. Shikha Bhura w.e.f. 28.10.2017

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Professional by the Committee of Creditors in its first meeting of Committee of Creditors held on April 18, 2018 under provisions of the code.

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Reg.17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company shall have at least one Woman Director on the Board of the company. Your Company had Ms. Baljinder Kaur Mandal as Woman Director (Nominee Director IDBI Bank) on the Board of the Company since 29th June, 2013. IDBI Bank Limited had withdrawn her nomination w.e.f. 28.11.2016. Consequently, the Company appointed Mrs. Shikha Sethia Bhura as Independent Non Executive Woman Director w.e.f. 30.05.2017 in order to comply with the provisions of section 149 of the Companies Act, 2013. However, it is to be noted that Mrs. Shikha Bhura has resigned from the Board w.e.f. 28.10.2017 and since then there is no Woman Director on the Board of the Company.

Declaration by Independent Director under sub-section (6) of section 149

The Company has received Declaration that the Independent Director meets the criteria of Independence laid down in sub-section (6) of section 149 of the Companies Act 2013. The declaration in respect of the same is received at the first Board meeting of the Financial Year.

Annual Evaluation

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent Directors) which includes criteria for performance evaluation of the Non-executive Directors and Executive Directors. The evaluation process inter alia considers attendance of Directors at Board and committee meetings, acquaintance with business, communicating inter se board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers, etc, which is in compliance with applicable laws, regulations and guidelines. The Board carried out annual performance evaluation of the Board, Board Committees and Individual Directors and Chairperson. The Chairman of the respective Board Committees shared the report on evaluation with the respective Committee members. The performance of each Committee was evaluated by the Board, based on report on evaluation received from respective Board Committees. The reports on performance evaluation of the Individual Directors were reviewed by the Chairman of the Board.

Procedure for Nomination and Appointment of Directors:

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, and financial condition and compliance requirements. The Committee is also responsible for reviewing and vetting the CVs of potential candidate's vis-à-vis the required competencies and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

Directors Retiring by Rotation

None of the Directors are retiring by rotation

Number of Meetings of the Board

Four meetings were held viz. 30th May, 2017, 13th September, 2017, 14th December, 2017 and 14th February, 2018. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report at **ANNEXURE – 3**

Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2017-18.

Corporate Governance

The Company is committed to achieve the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators/applicable laws. Accordingly, the Board functions as trustees of the shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders. A separate section on Corporate Governance as stipulated under Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges is enclosed as an Annexure to this report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

Vigil Mechanism/ Whistle Blower Policy

The Company has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns such as breach of Code of Conduct, fraud, bribery, corruption, employee misconduct, etc. Further, the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. The details of the Whistle Blower Policy are explained in the Report on Corporate Governance and also available on the website of the Company (www.usheragro.com).

Board diversity

The Company recognizes and embraces the importance of a diverse board in its success. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, www.usheragro.com.

Pursuant to the appointment of Resolution Professional, the powers of the Board of Directors stood suspended w.e.f. 21.03.2018.

Loans, Guarantees or Investments in Securities

There have been no loans / guarantees given or securities provided during the financial year 2017-18 under the provisions of Section 185 / 186 of the Companies Act, 2013. The details of investments covered under the provisions of Section 186 of the Act are given in notes to financial statements provided in this Annual Report.

Significant and Material Orders Passed By the Regulators or Courts or Tribunals and; Material Changes & Commitment Affecting the Financial Position of the Company

Usher Agro Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016 in terms of order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench with effect from 21.03.2018.

Pursuant to the appointment of Resolution Professional, the powers of the Board of Directors stood suspended w.e.f. 21.03.2018. The Moratorium Period as stipulated under Section 14 of the IBC Code, 2016 is in force.

Remuneration Policy

The Company has in place a Nomination, Remuneration and Evaluation Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and SEBI (LODR) Regulations, 2015 same is uploaded on the website of the Company www.usheragro.com

Contracts or Arrangements with Related Parties

All transactions entered with related parties, if any, during the financial year 2017-18 were on arm's length basis and in ordinary course of business. Further, there were no material related party transactions during the year with the Promoters, Directors or Key Managerial Personnel. The Company has adopted a Related Party policy and procedure, which is available at company's website.

Internal Financial Control Systems and their Adequacy

The Company has laid down set of standard, process structures which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Jayesh Sanghrajka & Co.LLP, Chartered Accountants, Mumbai (Firm Registration No104184W/W100075) were the Statutory Auditors for the FY 2017-18. They have audited the Financial Statements for the Financial Year 2017-18 and submitted their report which forms part of this report. Notes to the Accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments. There are qualification in the Auditors Report on the Financial Statements of the company.

With reference to the Auditors' qualified opinion, matter of emphasis and observations in the Auditors' Report, the explanation/comments are set out in **Annexure '1'** to this Report.

Secretarial Auditor

Pursuant to section 204 of the companies act, 2013 Company engaged Mr. Sandeep Dubey, Practising Company secretary, for conducting Secretarial Audit for the Financial Year 2017-18. M/s. Sandeep Dubey & Associates has issued Secretarial Audit Report. The report of the Secretarial Auditor for the FY 2017-18 in the prescribed form MR-3 is annexed to this report as **Annexure 4**

Cost audit/auditor

Pursuant to the provisions of section 148 of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014, the products manufactured by the Company were not covered for maintenance of cost records and therefore, the Company discontinued the cost audit and consequently, the Company has not appointed cost auditor for the financial year 2017-18.

Employee Remuneration

In view of the losses incurred by the Company, the Company has not paid remuneration to any Director of the Company and there was no increase in the managerial remuneration of Directors, KMP and Employees under Section 197 of the Companies Act, 2013. The percentage increase in the salaries of employees and so also of managerial personnel and KMP in the previous financial year and so also in the FY 2017-18 is Nil. There is no increment in the previous financial year and also in FY 2017-18. The number of permanent employees on the rolls of company – 70. The Company has in place remuneration policy and if any remuneration will be paid it will be as per the remuneration policy of the company.

Statutory Disclosures

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are explained as under:

(A) Conservation of Energy**(i) the steps taken or impact on conservation of energy;**

The Company is aware about energy consumption and environmental issues related with it and continuously making sincere efforts towards conservation of energy. The maintenance of the Boiler and Electrical Equipment is carried out regularly with optimum care with the help of the technical professionals and modern equipment. The Company is in fact engaged in the continuous process of further energy conservation through improved operational and maintenance practices. Your Company is having a rice husk fired 1 MW co-generation captive power plant at Mathura, which helped to save the cost of power consumption and also generating power in eco friendly manner by supporting environment.

(ii) the steps taken by the Company for utilizing alternate sources of energy

The company has already commissioned 1MW co-generation captive power plant at Mathura to use its rice husk which is waste product during the production of rice, the company has also installed 16MW biomass power plant in its subsidiary company M/s Usher Eco Power Ltd to generate the energy through renewal sources of energy.

(iii) the capital investment on energy conservation equipments - NIL**(B) Technology Absorption**

- i. The Company is using latest technology in rice and wheat milling which is well established the world over. The Company has installed new equipment with latest technology for the purpose of rice processing. The Company has carried out R&D in house so as to improve the quality of the Rice Bran, one of the bye-products of rice milling process (8% of the total output). The Company has evolved the process to reduce the content of Nakku (Broken Rice) in the Rice Bran.
- ii. The Benefit derived like product improvement, cost reduction, product development or import substitution.
- iii. In case of imported technology (The Company has not imported any technology during the last three financial years.)
- iv. Expenditure on research & development – the company has actively participated in research & development of new technology of Silica extraction with IISc Bangalore and has incurred around Rs. 36 Crore till now in establishing & commissioning its small plant at Chhata, Mathura

(C) Foreign Exchange Earnings and Outgo

During the year under review, the foreign exchange outgo was NIL (Prev. Yr. Rs. 195.17 lakh) and the foreign exchange earnings on exports on FOB Basis were NIL (Prev. Yr. Rs. 5.17 lakh).

Extracts of Annual Return

As per the amendments carried out by the Companies (Amendment) Act, 2017 in section 92(3), every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. A copy of Annual Return of the Company is available on the website of the Company.

Directors' Responsibility Statement

In accordance with Section 134(5) of the Companies Act, 2013, your Board of Directors confirms that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there is no material departure;

- b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records as provided in the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) The annual accounts of the Company have been prepared on a “going concern” basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Pursuant to the appointment of Resolution Professional, the powers of the Board of Directors stood suspended w.e.f. 21.03.2018.

Acknowledgement

The Directors wish to convey their appreciation to all of the Company’s employees for their enormous personal efforts as well as their collective contribution to the Company’s performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

Vinod Kumar Chaturvedi

Managing Director

Din No. 00325197

Place: Mumbai

Date: 30.05.2018