

Directors' Report

Dear Members,

Your Directors present herewith the 6th Annual Report on the business & operations of the Company alongwith the Audited Statement of Accounts for the financial year ended 31st March, 2020.

1. Financial Results

A summary of standalone and consolidated Financial Performance of the Company for the financial year ended on 31st March 2020, are summarized below:

(Rs. in lakhs)

Particulars	Standalone	Consolidated
	Year ended 31st March, 2020	Year ended 31st March, 2020
Total Revenue from Operations	6.94	4567.48
Profit before Finance Costs, Tax, Depreciation and Amortization	12.67	(56.58)
Less: Depreciation & Amortization Expenses	2.37	31.55
Less: Finance Cost	19.95	71.33
Profit/(Loss) Before Tax	(9.65)	(159.46)
Profit/(Loss) After Tax	(9.65)	(193.53)

2. Operating Performance / State of Affairs of the Company

Details on the state of affairs of the Company are covered in the Management Discussion and Analysis Report.

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

3. Financial Performance 2019-20

During the Financial Year 2019-20, the Company incurred a loss after tax of Rs. 9.65 lakhs on standalone basis. On consolidated basis the loss after tax stood at Rs. 193.53 lakhs.

In view of inadequate profits, the Board of the Directors has not recommended payment of dividend.

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

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2020 and date of this report.

4. Public Deposits

The Company has not accepted any deposits from the public and as such there are no outstanding deposits within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and the provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules 2014.

5. Share Capital

Paid up Share capital comprises of 1,00,03,102 Equity Shares with a face value of Rs.10/- totaling to Rs.10,00,31,020/- and 13,00,000 Preference Shares of Rs. 10/- each totaling to Rs. 1,30,00,000/- . During the year under review, there has been no change in the capital structure.

Your Company has not issued any shares/securities during the Financial Year 2019-20.

6. Subsidiary, Associate and Joint Venture

During the year, there was no change in the subsidiaries. The Company has five subsidiaries. The Company has formulated a policy for determining material subsidiaries in line with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Policy is being disclosed on the Company's website at the weblink <http://birla-sugar.com/Assets/Palash/POLICY%20FOR%20DETERMINING%20MATERIAL%20SUBSIDIARIES%20NEW.pdf>

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the details containing salient features of the financial statement of subsidiary companies in Form AOC-1 forms part of this Report and marked as **Annexure "G"**

7. Human Resources

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

8. Directors

The Board comprises of 5 (five) Non-Executive Directors having experience in varied fields and a Managing Director. Out of five Non-Executive Directors, four of them are Independent Directors. Mrs. Shalini Nopany is the Chairperson of the Company

During the year, based on the recommendations of the Nomination and Remuneration Committee, Mr. Suresh Kumar Khandelia was appointed w.e.f. 7th February, 2020 as an Additional Director by the Board of Directors of the Company in the category of Independent Director and who shall hold office upto the date of ensuing 6th Annual General Meeting. The Company has received notice in writing from a member proposing his candidature. The Board recommends to the shareholders for his appointment as an Independent Director for a period of 5 (five) consecutive years.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 7th February, 2020 has, subject to the approval of the shareholders of the Company, re-appointed Mr Chand Bihari Patodia as Managing Director of the Company without any remuneration for a further period of 3 years effective from 30th March, 2020. Mr Chand Bihari Patodia shall be liable to retire by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013. The proposal for re-appointment of Mr Chand Bihari Patodia and the terms and conditions of his reappointment are set out in the notice convening the 6th Annual General Meeting.

Mr Bal Kishore Malpani, Non-executive Director has resigned from the directorship of the Company vide his letter dated 3rd March, 2020. The Board records its appreciation for his unstinted support and counselling towards development of the Company while being in the office of Director.

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

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 25 of SEBI (LODR) Regulations, 2015. Declarations have also been received by all the appointed Independent Directors of the Company with regard to registration on the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar (Haryana) in accordance with the provisions of Section 150 of the Companies Act, 2013.

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

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the format / questionnaires containing various parameters to evaluate the performance of Board and its committee(s), Individual Directors and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, Individual Directors including the Chairperson of the Company was carried out for the Financial Year 2019-20. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 9th November, 2019 carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director. The Chairman of Nomination and Remuneration Committee has submitted report of the respective evaluations to the Chairperson of the Company. Based on the questionnaires received from the Directors and considering the reports of Chairman of Nomination and Remuneration Committee, the Board has evaluated its own performance and that of its committees and individual directors including independent directors.

Periodic presentations are made at the Board Meetings with respect to business performance and updates on business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink

Further at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/ her role, duties and responsibilities. The format of such letter of appointment is available at the website of the Company at <http://www.birla-sugar.com/Palash-Shareholders-Info/Terms-and-conditions-of-appointment-of-Independent-Directors-Palash>

9. Key Managerial Personnel

The following directors / executives of your Company are whole-time Key Managerial Personnel (KMPs) as on 31st March, 2020 in accordance with the provisions of Section 203 of the Companies Act, 2013

- a. Mr. Chand Bihari Patodia - Managing Director
- b. Mr. Deepak Kumar Sharma – Chief Financial Officer
- c. Ms. Mayuri Raja – Company Secretary

During the year under review, there was no change in the Key Managerial Personnel.

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Managing Director is made part of Corporate Governance Report which forms part of this report. The Code is available on the Company's website at the weblink: <http://birla-sugar.com/Assets/Palash/Palash-Securities-Code-of-Conduct.pdf>. All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

10. Remuneration Policy

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the Board of Directors is available at the website of the Company at the weblink <http://www.birla-sugar.com/Assets/Palash/PALASH-REMUNERTION-POLICY.pdf>. The Nomination & Remuneration Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation during the year under review.

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

11. Familiarisation Programme

Periodic presentations are made at the Board Meetings with respect to business performance and updates on business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink-<http://www.birla-sugar.com/Assets/Palash/Familiarisation%20Programme%20-%20Disclosure.pdf>

Further at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/ her role, duties and responsibilities. The format of such letter of appointment is available at the website of the Company at <http://www.birla-sugar.com/Palash-Shareholders-Info/Terms-and-conditions-of-appointment-of-Independent-Directors-Palash>

12. Corporate Social Responsibility Policy

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to the Company.

13. Meetings

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. During the financial year ended 31st March 2020, 5 (Five) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the financial year 2019-20 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

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

14. Audit Committee

The Audit Committee was constituted on 30th March, 2017. The Committee now comprises Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar, Mr. Dinesh Kacholia and Mr. Chand Bihari Patodia. The Company Secretary acts as the Secretary to the Committee and the Chief Financial Officer is a permanent invitee to the meetings. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

15. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted on 30th March, 2017. The Committee now comprises of Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar, and Mr. Dinesh Kacholia. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

16. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on 30th March, 2017. The Committee now comprises of Mr. Chhedi Lal Agarwal, Mr. Arun Kumar Newar, and Mr. Dinesh Kacholia. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

17. Loans, Guarantee and Investments

During the year under review, the Company has not given any loans and corporate guarantees covered under the provisions of Section 186 of the Companies Act, 2013. Details on particulars relating to investments under Section 186 of the Companies Act 2013 are provided in Note 6 of the financial statement.

18. Related Party Contracts / Arrangements

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

The Company has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions and accordingly all Related Party Transactions are placed before the Audit Committee as also the Board for approval. The said Policy has been revised during the year in pursuance of amended provisions of law and is available on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Palash/RELATED%20PARTY%20TRANSACTION%20POLICY%20NEW.pdf>

The Policy on Related Party Transactions was aligned with the changes recommended by the MCA/SEBI in this regard.

The details of related party transactions are set out in the notes to the financial statements.

19. Risk Management

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

20. Internal Financial Controls

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended 31st March, 2020, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

21. Whistle Blower / Vigil Mechanism

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

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

22. Corporate Governance & Annual Return

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2019-20 is attached as **Annexure "B"** to this Report. The declaration of the Managing Director confirming compliance with the 'Code of Conduct' of the Company is enclosed as Annexure **Annexure "C"** to this Report and Auditor's Certificate confirming compliance with the conditions of Corporate Governance is enclosed as **Annexure "D"** to this Report

The extract of the Annual Return of the Company is attached as **Annexure "F"** to this Report.

23. Auditors, Audit Qualifications and Board's Explanations

Statutory Auditors

At the 2nd Annual General Meeting (AGM) of your Company held on 12th September, 2016 M/s. Agrawal, Subodh & Co., Chartered Accountants, having Firm Registration No. 319260E, were appointed as Statutory Auditors of your Company to hold office for a term of 5 (five) years at the 2nd Annual General Meeting (AGM) (subject to ratification of such appointment by the Members at every AGM) of your Company held on 12th September, 2016 from the conclusion of 2nd AGM till the conclusion of the 7th AGM of your Company. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

However, since the first provision to Sec 139(1) has been omitted by the Companies Amendment Act, 2017 with effect from 7th May, 2018, the ratification of such appointment at every AGM is not required. Accordingly, M/s. Agrawal, Subodh & Co., Chartered Accountants, shall continue as Statutory Auditors of your Company till the conclusion of the 7th AGM of your Company.

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

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as **Annexure "E"** which is self-explanatory.

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

In addition to the above, pursuant to new Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 introduced by SEBI on 8 February 2019, every material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, with effect from the year ended 31st March, 2020. Accordingly, the Secretarial Audit Report of the material unlisted subsidiaries of the Company viz-a-viz Allahabad Canning Limited, Champaran Marketing Co Ltd, Hargaon Investment & Trading Co. Ltd and OSM Investment & Trading Co Ltd is annexed herewith as **Annexure "E1"**, **Annexure "E2"**, **Annexure "E3"** & **Annexure "E4"** respectively, which is self-explanatory.

Further, there has been no qualification, reservation, observation, disclaimer or adverse remark in the Secretarial Audit Report of Allahabad Canning Limited, Champaran Marketing Co Ltd, Hargaon Investment & Trading Co. Ltd and OSM Investment & Trading Co Ltd.

Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, your Company has, on the recommendation of the Audit Committee re-appointed Messrs M Parasrampur & Co., Chartered Accountants to conduct Internal Audit of the Company for the financial year 2019-20.

25. Investor Education and Protection Fund

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

26. Disclosures Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013

During the year under review, no complaint / case was either filed or pending pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or outflow during the year under review.

28. Particulars of Employees

There was no employee in the Company who was in receipt of remuneration as required to be disclosed under section 134 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

29. Directors' Responsibility Statement

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

- a. that in the preparation of the annual financial statements for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the loss of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

30. CEO/CFO Certification

Mr. Chand Bihari Patodia, Managing Director and Mr. Deepak Kumar Sharma, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

31. Acknowledgement

Your Directors wish to express their sincere thanks to the bankers and other stakeholders for their continued co-operation and assistance.

For and on behalf of the Board

Place: Kolkata

Dated: 25th June, 2020

Shalini Nopany

Chairperson

DIN: 00077299

