

REPORT OF THE BOARD OF DIRECTORS

for the year ended 31st March, 2020

Dear Shareholders

Your Directors have the pleasure of presenting their report as a part of the 44th Annual Report, along with the Audited Accounts of the Company for the year ended 31st March, 2020.

Financial results

The financial results of the Company are summarised below:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	474129.40	428577.51	474129.40	428577.51
Profit before financial costs, tax, depreciation and amortisation, exceptional items and other comprehensive income	72051.60	73181.91	72584.11	73181.91
Less: Finance costs	6417.02	4093.51	6417.02	4093.51
Less: Depreciation and amortisation expense	10141.73	9585.13	10141.73	9585.13
Profit before share of profit of associates and tax	-	-	56025.36	59503.27
Add: Share of profit of associates	-	-	780.67	675.48
Profit before tax	55492.85	59503.27	56806.03	60178.75
Less: Tax expense	4564.67	2439.41	4870.59	2596.77
Profit for the year	50928.18	57063.86	51935.44	57581.98
Other comprehensive income (net of tax)	(701.39)	(513.88)	(689.56)	(514.31)
Total comprehensive income for the year	50226.79	56549.98	51245.88	57067.67

Dividend and its Distribution Policy

In terms of the Dividend Distribution Policy of the Company, the Board of Directors of the Company declared an interim dividend of 250% (i.e. ₹2.50 per share on Equity Shares of the face value of ₹1/- each) for the financial year ended 31st March, 2020. Total outgo on the interim dividend was ₹6,630.54 Lacs (including dividend distribution tax of ₹1,130.54 Lacs). The said Dividend Distribution Policy was revised by the Board at its meeting held on 11th November, 2019. The said Policy has been annexed to this Report as Annexure - I and the same is also available on the website of the

Company at the following web-link: http://chini.com/wp-content/uploads/2019/11/Dividend_Distribution_Policy_2019.pdf

The Board has not proposed any final dividend for the financial year ended 31st March, 2020 and accordingly, the interim dividend paid during the year shall be treated as final dividend.

Reserves and surplus

The Company has transferred an amount of ₹20,000 Lacs to the General Reserves.

Operations

The operational data of the Company for the last two sugar seasons and financial years are as under:

Particulars	Sugar Season		Financial Year	
	2019-20	2018-19	2019-20	2018-19
Sugarcane crushed (lac quintals)	1053.72	1054.84	1020.30	1103.62
Sugar produced (lac quintals)	118.90*	123.91	116.73*	127.81
Sugar Recovery (%)	11.28*	11.75	11.44*	11.58

* Net of sugar loss due to diversion of sugarcane into B-heavy molasses

Industry scenario and outlook

India commenced the sugar season 2019-20 (October –September) with an opening inventory of around 14.6 MMT (Metric Million Tonnes). Sugar production for the current season is estimated at 27.00 MMT, around 6.15 MMT lower than last season's production of 33.15 MMT. Uttar Pradesh (UP), Maharashtra and Karnataka are the three largest sugar producing states in the country and are expected to produce ~12.6 MMT, 6.1 MMT and 3.4 MMT of sugar in the ongoing season in comparison to last season's production of 11.8 MMT, 10.7 MMT and 3.8 MMT respectively. The reason for higher production in UP is primarily due to larger diversion of sugarcane from Gur- Khansari segment to sugar mills in the wake of impaired cash flows of the former due to covid-19 and lower production in Maharashtra and Karnataka is on account of lesser availability of sugarcane due to drought in previous year.

The onslaught of Covid-19 pandemic, has also impacted the demand of sugar. Due to lockdown declared world-wide, India being no exception, domestic demand of sugar is expected to be lower at 25.0 MMT as compared to 25.5 MMT in the last season.

The Central Government, before the start of the sugar season 2019-20 announced encouraging policy for Export of sugar from India. Lockdown also impacted the operations at Indian ports which delayed the movement of export cargo from India. In spite of above hurdle it is expected that exports will be around 5.5 MMT during the sugar season 2019-20.

In the light of above, carry forward stock of sugar in the country as on 30th September, is expected to be around 11.1 MMT. (Close to 5.5 months consumption).

Domestic sugar prices more or less ranged between ₹31-33 per kg during April to July 19. It was slightly higher during August and September 19 at around ₹33-34 per kg owing to festive demand. Post commencement of crushing season from November 19, sugar prices again became range bound around ₹31-33 per kg.

The Government continued with most of the policies on sugar announced in the previous years with an objective to support the sugar prices and to ensure that farmers are paid on time. The following policies continued:

- Fair & Remunerative Price (FRP) of sugarcane for the sugar season 2019-20 remained unchanged at ₹275 per quintal (linked to a basic recovery of 10%).
- State Advised Price (SAP) of sugarcane for the state of UP also remained unchanged at ₹315 per quintal.
- The pricing methodology for ethanol also remained unchanged. Ethanol prices are announced annually by the Central Government based on a formula, which considers the price of sugar and FRP of sugarcane to calculate the ethanol procurement prices. The ethanol prices are delinked with the crude or petrol prices. Prices for ethanol for the supply period December 2019 to November 2020, were increased to ₹43.75, ₹54.27 and ₹59.48 per BL for Ethanol produced from C-heavy molasses, B-heavy molasses and Direct Cane Juice/Sugar syrup respectively as compared to ₹43.46, ₹52.43 and ₹59.13 per BL in the previous period.
- The regime of Minimum Selling Price (MSP) of sugar which was first time fixed at ₹29000/- per MT in June 2018 and further increased to ₹31000/- per MT in February 2019 also continued. MSP is the ex-factory price (excluding GST and transportation charges) below which no sugar mill can sell sugar in India. Owing to India now becoming a structural surplus producer of sugar, MSP regime will continue for some time at least.
- Along with MSP, stock holding limits on mills in the form on maximum monthly sale quotas will also continue.
- Buffer stock for sugar with the intention to limit the availability of sugar for sale in domestic market and reimbursement of carrying cost of said buffer stock to sugar mills. The quantum of buffer stock was raised to 4 MMT against 3 MMT in the previous year.
- Export of sugar from India, with the quantum of export quota raised to 6 MMT against 5 MMT in the previous year, with competitive WTO compliant export subsidy.
- Soft loans through banks for setting up of new distillery capacities as well as augmentation of existing capacities, which could facilitate higher production of ethanol on one hand and reduce production of surplus sugar through diversion of B-heavy molasses and Direct Cane Juice/Sugar Syrup away from sugar into ethanol.
- Higher custom duty on import of sugar
- Zero custom duty on export of sugar

In spite of plethora of steps taken by the Government, the sugar industry is still passing through a difficult phase in view of very high sugar inventory and higher expected production of around 31 MMT of sugar in the next season.

As an immediate solution following steps are required to be taken:

- Increase the Minimum Selling Price to ₹35000/- per MT to cover the all India average cost of production of sugar.
- Increase the prices of all grades of Ethanol to incentivize higher production of Ethanol to tackle surplus sugar via B-Heavy molasses as well as direct cane juice/syrup routes
- Announce export quotas and supplement the same with competitive WTO compliant subsidies.
- Announce buffer stock and subsidy for next year too.

For long-term solution, further proactive steps are required to be taken again on priority basis in order to protect the interest of various stakeholders:

- Most of the sugar producing countries in the world including some of the largest viz. Brazil, Thailand, Australia and USA follow the Revenue Sharing Formula (RSF) to pay cane price to farmers. India should also follow the same so as to achieve its competitiveness on the global front.
- Dr. Rangarajan committee as well as Niti Ayog have recommended the concept of joint implementation of FRP, RSF and PSF (Price Stabilization Fund) as a permanent long term solution for the sector; otherwise the sector would continue to require Government support.
- Once the above formula is in place, miller's liability for cane price to be limited to the amount arrived at as per RSF, farmers will continue to get FRP and the difference between the FRP and the RSF to be paid from PSF.
- PSF has to be on a self-financing mechanism.
- State Advised Price (SAP) to be done away with.
- Cane price to be allowed to be paid in instalments across the country so as to ease the pressure on the working capital requirements of the sugar mills which will also support the sugar prices.

The global sugar environment at the start of the season began with a positive note with India, Thailand, EU, Pakistan all expected to produce lower than last year. Even Brazil was expected to produce lower in view of better price parity in favour of ethanol. Thailand surprised all experts with a significant drop in production which resulted in massive increase in global prices from 12 cents per pound to almost 16 cents per pound in a short span of time. However, outbreak of covid 19 changed the situation dramatically. It is also expected that 2019-20 consumption pattern may not see much variation as compared to last year. Sugar production during 2019-20 in Brazil is expected to be ~29 MMT on account of climatic conditions and higher switch to ethanol than sugar. Experts feel that

Brazil will divert more cane juice to produce sugar as the outlook for ethanol has been decimated by drop in consumption and prices. The European scenario too looks tight as there are potentials of lower yield and area reduction on account of a severely dry climatic situation and thus sugar production expected to be ~17 MMT. Thailand monsoon was also a failure last year which resulted in lower yield owing to which production is expected to be ~8.0 MMT. Raw sugar prices were range bound owing to demand supply mismatch and export announcement made by India. Apart from this the spread of Covid-19 has resulted in unforeseen global glut. Unless the situation across the globe eases it's very hard to see to a sharp increase in international sugar prices which are currently hovering around 11.5 cents/lb.

BCML's performance during 2019-20

Revenues earned from operations during the year stood at ₹4,74,129.40 lacs as compared to ₹4,28,577.51 lacs for the previous year, an increase of 10.63%. Revenues rose mainly on account of higher volumes and realisations. The distillery segment delivered robust performance. Performance from cogeneration segment was subdued owing to reduction in tariff by UPERC. The Company earned a total comprehensive income of ₹50,226.79 lacs during the year ended 31st March 2020 as compared to ₹56,549.98 lacs in the previous year.

Segment-wise performance and outlook

Sugar

During the financial year ended 31st March 2020, sugarcane crushing stood at 1020.30 lac quintals as compared to 1103.62 lac quintals in previous year, decrease of 7.5% over previous year. Sugar recovery for the year stood at 11.44% as compared to 11.58% in previous year. During the sugar season 2019-20 the Company has diverted 327.01 lac quintals (38.3%) sugarcane for producing B-heavy molasses owing to which sugar recovery was lower. Had there been no diversion sugar recovery for the year would have been 11.93% as compared to 11.58% in previous year. Company's efforts to work closely with farmers and more emphasis on cane development activities enabled the Company to achieve higher proportion of early variety of sugarcane as compared in previous year. The Company is providing farmers with necessary agro-inputs so as to increase the farm yield and support clean cane quality. Influential steps were also taken to educate the farmers on modern agricultural practices.

During the year, the Company sold 120.53 lac quintals of sugar as compared to 115.30 lac quintals in previous year. Sales for the current year includes 26.07 lac quintals for exports as compared to 16.67 lac quintals in previous year. Free sugar realisation for the year stood at ₹32.91 per kg as compared to ₹30.96 per kg in previous year. Blended sugar realisation (free plus export) stood at ₹30.34 per kg as compared to ₹29.55 per kg in previous year.

Sugar inventory as on 31st March 2020 stood at 67.35 lac quintals valued at ~₹29.49 per kg as compared to 72.37 lac quintals valued at ~₹29.43 per kg in previous year.

Distillery

The Company's distillery segment performed exceedingly well during the year. The Company produced 1275.75 lac BL of industrial alcohol during the year as compared to 1065.67 lac BL during the previous year, an increase of 19.7%. The Company was able to run its distilleries for more number of days owing to zero liquid discharge status at all its distilleries. The Company also commenced operations at its new 160 KLPD distillery at Gularia from 12th January 2020, the full benefit of which will accrue in the next year. In its endeavour to produce ethanol from B-heavy molasses route by diverting more cane for the same, the Company produced 357.96 lac BL of Ethanol out of B-heavy molasses during the year.

Ethanol sales during the year produced from B-heavy molasses stood at 255.83 lac BL at an average realization of ₹54.27 per BL. Ethanol sales from molasses produced from C-heavy route stood at 835.84 lac BL at an average realization of ₹43.49 per BL as compared to 1078.83 lac BL at an average realization of ₹41.68 per BL in previous year. Ethanol sales from molasses produced from C-heavy route was lower in the current year as the Company chose to produce and sale Ethanol produced from B-heavy molasses route. Blended realisation for total industrial alcohol (including ENA) sales stood at ₹44.69 per BL as compared to ₹41.29 per BL in previous year.

Cogeneration

The performance of the cogeneration segment was subdued during the year. Total power generated during the year stood at 9024.18 lac units as compared to 10,497.13 lac units in previous year, a decrease of 14.0% as the Company decided to sell more bagasse outside than to use it to generate power in view of lowering of power tariff by UPERC. Power exported to Uttar Pradesh Power Corporation Limited stood at 5261.44 lac units as against 6,637.72 lac units in previous year, a decrease of 20.7%. Average realisation for the year stood at ₹3.06 per unit as compared to ₹4.94 per unit in previous year. The matter of reduction in tariff by UPERC is under litigation as is pending at Hon'ble High Court Allahabad.

Sales from renewable energy certificates (REC) during the year stood at ₹311.16 lacs as compared to ₹300.79 lacs in previous year.

Others

The Company also manufactures Granular Potash Fertilizer, Bio-Zyme, Bio-Pesticides for the healthy and salubrious growth of sugarcane and also provide soil health cards to the farmers by analysing the soil samples of the farmers. It produces mainly three products namely Granular Potash, Jaiv-Shakti and Paudh-Shakti. These products provide plants to sustain under the draught conditions, increases metabolism and root development. The Company sells these products to our farmers at subsidised rates and to the Indian fertilizer giant, IFFCO. Revenues during the year stood at ₹1117.17 lacs as compared to ₹782.77 lacs in previous year.

The Company also started manufacturing hand sanitizers in the wake of pandemic Covid-19.

A detailed analysis of the Company's operations, expectations and business environment has been provided in the Management Discussion and Analysis section, which forms a part of this Report.

Subsidiary and Associate Companies

No body corporate has become or ceased to be a subsidiary, joint venture or associate company during the year. Details of the Associate Companies of the Company are given in the Extract of the Annual Return in Form MGT-9.

Consolidated Financial Statements

In compliance with the provisions of the Companies Act, 2013 (as amended) (the "Act") and implementation requirements of the Indian Accounting Standards Rules on accounting and disclosure requirements, as applicable, and as prescribed under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the "Listing Regulations"), the Audited Consolidated Financial Statements form part of this Annual Report.

Pursuant to Section 129(3) of the Act, a statement in Form AOC-1 containing the salient features of the financial statements of the Company's Associate companies is also provided in this Annual Report.

The audited financial statements of the Company including the consolidated financial statements and related information of the Company are available on the website of the Company at www.chini.com. Since, the Company doesn't have any subsidiary, the requirement under Section 136 of the Act about separate financial statements do not apply to it.

Share Capital

During the year under review, the Board of Directors of the Company approved buy-back of 84,38,327 Equity Shares of the Company, through the "Tender Offer" route using the Stock Exchange Mechanism, for an aggregate amount of upto ₹14767.07 Lacs (being 9.82% of the total paid-up equity share capital and free reserves of the Company as on 31st March, 2018), at a price of ₹175/- per Equity Share on a proportionate basis in accordance with the provisions contained in the Act, rules made thereunder, the SEBI (Buy Back of Securities) Regulations, 2018, as amended, and other applicable circulars, clarifications and notifications.

Post the Buyback of 84,38,327 equity shares, the equity share capital of the Company stood at ₹2200 Lacs consisting of 22,00,00,000 equity shares of ₹1 each as on 31st March, 2020.

The Board of Directors of the Company at their meeting held on the date of this Report approved buy-back of 1,00,00,000 Equity Shares of the Company, through the "Tender Offer" route using the Stock Exchange Mechanism, for an aggregate amount of upto ₹18000 Lacs (being 7.87% of the total paid-up equity share capital and

free reserves as on March 31, 2020), at a price of ₹180/- per Equity Share on a proportionate basis in accordance with the provisions contained in the Act, rules made thereunder, the SEBI (Buy-Back of Securities) Regulations, 2018 and other applicable circulars, clarifications and notifications.

Employee Stock Option Scheme

There are no outstanding stock options and no stock options were either issued or allotted during the year.

Credit Rating

Details of Credit Ratings assigned to the Company are given in the Corporate Governance Report.

Directors

Pursuant to the provisions of Section 152(6) of the Act, the members of the Company at the 43rd Annual General Meeting (AGM) held on 30th August, 2019, re-appointed Dr. Arvind Krishna Saxena who was liable to retire by rotation.

None of the Directors of the Company are disqualified as per the applicable provisions of the Act.

Director retiring by rotation

Shri Naresh Dayal retires from the Board by rotation and being eligible, offers himself for re-appointment. The Board of Directors recommends the said re-appointment. Resume and other information regarding aforementioned Director seeking re-appointment as required under Regulation 36 of the Listing Regulations has been given in the Notice convening the ensuing AGM.

Information regarding the directors seeking appointment / re-appointment

During the year under review, the Board of Directors of your Company on the recommendation of the Nomination & Remuneration Committee has appointed Ms. Veena Hingarh as an Additional Director in the capacity of an Independent Director for a period of 5 (five) consecutive years with effect from 31st August, 2019 subject to the approval of the Shareholders. Pursuant to Section 149 read with Schedule IV and other applicable provisions of the Act and the Listing Regulations, your Board of Directors seek your approval for appointment/ regularization of Ms. Veena Hingarh as an Independent Director of the Company for a period of 5 (five) consecutive years with effect from 31st August, 2019.

Shri Sumit Mazumder was appointed as an Independent Director of the Company pursuant to Section 149 of the Act for the first term of 5 years and will hold office upto 30th April, 2021.

Considering the knowledge, expertise, experience and his entrepreneur and leadership skills and the contributions made by him during his tenure as an independent director and as the Chairperson of the Board, the Nomination & Remuneration Committee and the Board of Directors have recommended the re-

appointment of Shri Mazumder as an Independent Director of the Company, to hold office for the second term of five consecutive years commencing from 1st May, 2021 upto 30th April, 2026. The Company has received necessary declarations from him that he continues to fulfil the criteria of independence as prescribed under the provisions of the Act and the Listing Regulations. Accordingly, in terms of Section 149(10) of the Act, the Board seeks approval of the shareholders of the Company by means of special resolution for the re-appointment of Shri Mazumder, as aforesaid. Further, Shri Mazumder will attain the age of 75 years during his proposed second term. Therefore, in compliance with the requirements of the Listing Regulations, the Board also seeks approval of the shareholders of the Company by means of special resolution for continuation of Shri Mazumder as an Independent Director of the Company from the day he attains the age of 75 years (on 11th February, 2023) till his remaining period, i.e. up to 30th April, 2026.

In terms of the provisions of Section 160(1) of the Act, the Company has received notices from members signifying their intention to propose the candidatures for the appointment of Ms. Veena Hingarh and re-appointment of Shri Sumit Mazumder as independent directors.

Resume and other information regarding the aforesaid appointment/ re-appointment as required under Regulation 36 of the Listing Regulations and the Secretarial Standard – 2 (Revised) have been given in the Notice convening the ensuing AGM. The terms and conditions of appointment/ re-appointment of Independent/Non-Executive Directors of the Company is hosted on the website of the Company.

Changes in Board Composition

Smt. Novel S Lavasa, an Independent Director of the Company had tendered her resignation with effect from 31st May, 2019 owing to her eye operation and limitations arising out of the same. The Board places on record its deep appreciation for the contributions of Smt. Lavasa on key issues, in particular, on conducting business in a socially responsible manner. Smt. Lavasa has confirmed that there are no other reasons attributable / connected with the Company.

With deep regret, the Board reports the sad demise of the Independent Director, Late (Shri) R. N. Das, on 3rd December, 2019 and would like to place on record its highest gratitude and appreciation for the guidance given by Late (Shri) R. N. Das to the Board during his tenure as a director.

Other Information

Appointment of directors is made in accordance with the Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

Other details pertaining to the Directors, their appointment / cessation during the year under review and their remuneration are

given in the Extract of Annual Return and the Corporate Governance Report annexed hereto and forming part of this Report.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Regulation 16 of the Listing Regulations. The Independent Directors have also confirmed that they have registered their names in the data bank of Independent Directors as being maintained by Indian Institute of Corporate Affairs (IICA) in terms of the Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended).

The Board of Directors confirm that the Independent Directors appointed during the year also meet the criteria of expertise, experience and integrity in terms of Rule 8 of the Companies (Accounts) Rules, 2014 (as amended).

Separate Meeting of Independent Directors

Details of the separate meeting of Independent Directors held in terms of Schedule IV of the Act and Regulation 25(3) of the Listing Regulations are given in the Corporate Governance Report.

Directors' Responsibility Statement

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. 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;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis;
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Particulars of Employees

The particulars of employees, as required under Section 197(12) of the Act read with 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 part of this Report.

Prevention of Sexual Harassment

The Company has a zero tolerance for sexual harassment at workplace and has adopted a policy viz., Policy on Prevention of Sexual Harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint / case was filed or was pending for redressal.

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

The particulars relating 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 forms part of this Report.

Deposits

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

Key Managerial Personnel (KMP)

Shri Nitin Bagaria, Company Secretary (Key Managerial Personnel) of the Company had resigned from the office of Company Secretary of the Company effective from closure of the business hours of 5th May, 2020. Hence, the Board of Directors at their meeting held on 23rd June, 2020 have appointed Shri Manoj Agarwal, a qualified Company Secretary and Chartered Accountant, as the Company Secretary & Compliance Officer (Key Managerial Personnel) of the Company with effect from 23rd June, 2020.

In terms of the provision of Section 203 of the Act, Shri Vivek Saraogi, Managing Director, Shri Pramod Patwari, Chief Financial Officer and Shri Manoj Agarwal, Company Secretary are now the Key Managerial Personnel of the Company.

Details pertaining to the remuneration of KMPs employed during the year have been provided in the Extract of Annual Return annexed hereto and form part of this Report.

Board Meetings

The Board met 6 (six) times during the financial year under review, the details of which are given in the Corporate Governance Report attached to this Report.

Committees of the Board

Pursuant to various requirements under the Act and the Listing

Regulations, the Board of Directors has constituted/reconstituted (whenever necessitated) various committees such as Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Executive Committee. The details of composition, terms of reference, etc., pertaining to these committees are mentioned in the Corporate Governance Report.

Compliance of Secretarial Standards

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

Audit Committee

All recommendations made by the Audit Committee during the year were accepted by the Board.

Whistleblower Policy / Vigil Mechanism

The Company has in place a Whistleblower Policy to deal with unethical behavior, victimisation, fraud and other grievances or concerns, if any. The aforementioned whistleblower policy is available on the Company's website at the following web-link:

http://chini.com/vigil_mechanism_policy/Vigil_Mechanism_Policy.pdf

Policy on Selection and Remuneration of Directors

The Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity is annexed as Annexure - IV.

Board Evaluation

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the evaluation of its own performance and that of its Committees as well as evaluation of performance of the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached to this Report.

Corporate Social Responsibility

The CSR activities of the Company are focused on Social Empowerment and Welfare, Sustainable Livelihood, Health Care and Education. Various activities have been initiated during the year in neighbouring villages around its plant locations. In line with CSR commitment the Company spent ₹1092.89 Lacs, being over 2% of the average net profits of the Company for the last three years, for the purposes of CSR. The CSR Policy of the Company as approved by the Board can be accessed on the Company's website at following web-link: http://chini.com/csr_policy_pdf/CSR_Policy.pdf

During the year under review the Company through Balrampur Foundation implemented a project (Nayi Ummed) in Uttar Pradesh. The Project is focused on the holistic development of the community. Through the Project the Foundation approaches the development works with the aim of making the farmers self-

sufficient and help them possess the confidence to sustain their own progress. The Project also encouraged the investment in the right technology and training of the farmers to employ the tools and technique that improves their yield, maintenance of the soil quality and also offers them supplementary sources of income. The Foundation also worked towards quality of education and improved learning methods for the children and families of the farmers, as the Company believes that good education is not just the single most important means to have a respectable life but is also a right of each and every individual. The project also took step towards better management of natural resources and conserving the soil, water and natural habitat.

During the year 2018-19 the Company had setup its Skilling Centre (Nipun) in Noida, Uttar Pradesh pursuant to the tripartite Memorandum of Understanding (MoU) with the National Skill Development Fund (NSDF) and National Skill Development Corporation (NSDC) for skilling of 1000 women over a period of 24 months to empower women from various rural and urban areas of Uttar Pradesh. This programme offers economic security and stability to women by facilitating employment related training. The NSDC has completed training of 690 trainees and a total of 228 trainees have been placed at different locations.

The Company in association with Agastya International Foundation is running four mobile science vans in the areas of Balrampur, Barabanki, Lakhimpur Kheri & Gonda, Uttar Pradesh. During the year under review, the said vans made visits to a total of 590 schools in the said areas and provided exposure to more than 63,000 students in aggregate. Apart from this, a total of 4 Science Fairs were organized in the said areas providing exposure to more than 1,000 students. The detailed report of the said initiative is available on the Company's website at the following web-link:

<http://chini.com/corporate-social-responsibility/>

During the year 2019-20, the Company donated a new school van (Tata Winger) to Ek Tara, West Bengal a registered trust, which is engaged in various programmes of education, health & nutrition and community outreach. During the current year 2019-20, over 800 children were enrolled in the various projects of the education programme run by Ek Tara.

The details of the CSR initiatives undertaken by the Company during the financial year 2019-20 are outlined in the Annual Report on CSR activities which along with CSR Policy is attached as Annexure V.

Inter-corporate Loans and Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements forming part of this Annual Report.

Related Party Transactions

During the financial year ended March 31, 2020, all transactions with the Related Parties as defined under the Act read with Rules framed thereunder, were in the ordinary course of business and at

arm's length basis. During the year under review, your Company did not enter into any Related Party Transaction which requires prior approval of the Members. 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.

Since all related party transactions entered into by your Company were in the ordinary course of business and also on an arm's length basis, therefore, details required to be provided in the prescribed Form AOC - 2 are not applicable to the Company. The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at following web-link:

http://chini.com/wp-content/uploads/2018/03/Policy_on_materiality_of_Related_Party_Transactions.pdf

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

Risk Management Policy

The policy on risk assessment and minimisation procedures as laid down by the Board are periodically reviewed by the Risk Management Committee, Audit Committee and the Board. The policy facilitates identification of risks at appropriate time and ensures necessary steps to be taken to mitigate the risks. Brief details of risks and concerns are given in the Management Discussion and Analysis Report.

Extract of Annual Return

Extract of Annual Return in Form MGT-9 is annexed to this Report as Annexure – VI. The said Annexure also contains the list of Associates of the Company as on 31st March, 2020.

Material Changes and Commitments

Except those disclosed in this Annual Report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year i.e. 31st March, 2020 and the date of this Report. The impact of COVID 19 pandemic has not been material on the financial performance of the Company and is disclosed separately in the notes to Financial Statements.

Significant and Material Orders

There are no significant/ material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. During the year, such controls were reviewed and no reportable material weakness was observed.

Corporate Governance

In terms of the provisions of Regulation 34(3) of the Listing

Regulations, the Management Discussion and Analysis, the Corporate Governance Report and the Certificate on the compliance of conditions of Corporate Governance form part of the Annual Report and are given separately as Annexure - VII.

Business Responsibility Report

Regulation 34(2) of the Listing Regulations, inter alia, provides that the annual reports of the top 1000 listed entities based on market capitalisation (calculated as on March 31st of every financial year), shall include a Business Responsibility Report. Since the Company is one of the top 1000 listed entities, it has presented its Forth Business Responsibility Report for the financial year 2019-20, as Annexure - VIII to this Report.

Auditors

Statutory Auditors and their Audit Report

Pursuant to the applicable provisions of the Act, the members of the Company at their AGM held on 30th August, 2017, appointed M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), as the Statutory Auditors of the Company to hold office from the conclusion of the 41st AGM until the conclusion of the 46th AGM of the Company to be held in the year 2022.

The reports given by the Auditors, M/s. Lodha & Co., Chartered Accountants on the standalone and consolidated financial statements of the Company for the year ended 31st March, 2020 form part of this Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Reports.

The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Act.

Secretarial Auditors and their Audit Report

Pursuant to the provisions of Section 204 of the Act, the Company has appointed Shri Manoj Kumar Banthia of M/s. MKB & Associates, Company Secretaries, to undertake the secretarial audit of the Company for the financial year 2019-20. The Secretarial Audit Report for the financial year 2019-20 is attached as Annexure - IX and forms part of this Report. The contents of the said Audit Report are self-explanatory and do not call for any further comments by the Board. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditors and their Audit Report

The Cost Auditors (M/s. N. Radhakrishnan & Co., Cost Accountants) appointed by the Board have submitted the Cost Audit Report within the time limit prescribed under the Act and Rules made thereunder.

During the year under review, pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Board appointed M/s. N. Radhakrishnan & Co., Cost Accountants, to conduct cost audit of the Company relating to sugar (including industrial alcohol) and electricity for the financial year ended 31st March, 2020.

On the date of this Report, your Board of Directors have, on the recommendation of the Audit Committee, appointed M/s. Mani & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2020-21. As required under the Act, a resolution seeking ratification of the remuneration payable to the Cost Auditors forms part of the Notice convening the ensuing AGM.

The Company maintains necessary cost records as specified by the Central Government under Section 148(1) of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 (as amended).

Annexures forming part of this Report

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and form part of this Report:

Annexure	Particulars
I	Dividend Distribution Policy
II	Particulars of Employees
III	Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo
IV	Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity
V	Annual Report on CSR activities and CSR Policy
VI	Extract of the Annual Return as per Form MGT-9
VII	Corporate Governance Report and Management Discussion & Analysis
VIII	Business Responsibility Report
IX	Secretarial Audit Report

Appreciation

Your Directors take this opportunity to thank all the stakeholders including the Central Government, the Government of Uttar Pradesh, shareholders, farmers, customers, dealers, State Bank of India, HDFC Bank, ICICI Bank Limited, Kotak Mahindra Bank, Bank of Baroda, other banks and financial institutions and all other business associates & vendors for their excellent support. Your Directors also wish to place on record their deep appreciation for the committed services by your Company's employees.

For and on behalf of the Board of Directors

Sd/-
Dr. Arvind Krishna Saxena
Whole-time Director
 DIN – 00846939
 Place: Balrampur

Sd/-
Vivek Saraogi
Managing Director
 DIN – 00221419
 Place: Kolkata

Date: 23rd June, 2020