



CIN-U72214MH1998PLC121048

# NATURAL SUGAR & ALLIED INDUSTRIES LTD.

An ISO 9001:2008 Company



## DIRECTOR'S REPORT

Respected Shareholders,

Your Directors are pleased to present the 17<sup>th</sup> Annual Report and the Company's audited financial statement for the financial year ended March 31, 2016.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year's performance is produced hereunder:

Particulars	Figures as at the end of current reporting period (01/4/2015 to 31/03/2016)	Figures as at the end of previous reporting period (01/4/2014 to 31/03/2015)
Revenue from operations	2784448035	2691804029
Other Income	4129526	2842504
<b>Total Revenue</b>	<b>2788577561</b>	<b>2694646533</b>
<b><u>Expenses:</u></b>		
Employee benefits Expenses	112252563	114674988
Finance Cost	166123023	187179590
Depreciation & Amortization expense	70503744	70001471
Other expenses	2364411337	2491012753
<b>Total Expenses</b>	<b>2713290667</b>	<b>2862868802</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>75286894</b>	<b>(168222269)</b>
Exceptional Items	8531269	69495814
Prior Period Items	-	-
Extraordinary Items	-	-
<b>Profit before tax</b>	<b>83818163</b>	<b>(98726455)</b>
Tax expense:	31119512	(57748966)
<b>Profit(Loss) from the period from continuing operations</b>	<b>52698651</b>	<b>(40977489)</b>
Profit/(Loss) from discontinuing operations	-	-
Tax expense of discounting operations	-	-
Profit/(Loss) from Discontinuing operations (after tax)	52698651	(40977489)
<b>Profit/(Loss) for the period</b>	<b>52698651</b>	<b>(40977489)</b>

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## **2. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:**

Your Directors wish to present the details of Business operations done during the year under review:

### **1) SUGAR DIVISION:**

During the period under report, total crushing operations for 84 days and total sugarcane crushed is 267011 MT and sugar production of 257600 qtls. with an average sugar recovery of 9.65%.

### **2) POWER DIVISION (CO-GENERATION):**

Our Company has installed capacity of 23 MW (10 MW + 13 MW) co-generation of Power, during the period under report, we generated 179.42 lacs units out of which 73.54 lacs units were exported to MSEDCL and balance power is used as captive for Distillery, Dairy and Sugar Division. Our Company has earned a net profit of Rs. 952.65 lacs from Co-generation divisions during the year.

### **3) FERRO ALLOYS DIVISION:**

The financial performance of Ferro Alloys Division is not satisfactory as there is not market and demand for Ferro Alloys due to world recession. During the financial year, Ferro Alloys division work not in operation.

### **4) DISTILLERY DIVISION:**

Our Company has established most modern and fully automatic Distillery Plant based on multi feed, multi pressure and multi product concept. During the financial year the Distillery Plant produced 86.14 lacs Ltr. of RS / ENA and 65.91 Lacs Ltr. of Ethanol. The total consumption of molasses was 29930.230 MT with an average recovery of 287.8 Ltr. per MT. and the net profit of the Distillery Division is Rs. 1034.28 lacs.

### **5) BIO-COMPOST & NATURAL PHOSPHATE DIVISION:**

Our Company has established a Bio-Compost plant based on advanced technology of organic farming. The Bio-Compost is manufactured from press-mud which is waste of sugar plant and spent wash which is hazardous waste of Distillery Plant. With this Bio-Compost Plant, our Company has achieved Zero discharge concept and also converted waste and hazardous products in to valuable resources for the protection of Environment and Soil. During the financial year, total Bio-compost production is 5240 MT which is sold to the farmers at the cheapest price, directly delivered to their farms. The Natural Phosphate is manufactured from Bio-compost, enriching with micro-nutrients and Phosphates.

### **6) NATURAL BIO-GAS & BIO-POWER PROJECT:**

Our company has initiated activities of generation of bio-gas from the hazardous waste water of Distillery Plant. The total steam generation is 20562 MT from Bio-gas through gas fired boiler. Our company has earned net profit of Rs. 174.43Lacs from this project.

### **7) NATURAL DAIRY & FOOD PROCESSING PROJECT:**

Their performance of Dairy Division is very satisfied. To help the farmers who have less means of livelihood in the region, our company through NSAI Multi State Co-operative Credit Society gives regular loan to those farmers for purchase of cows / buffalos. Further we provide cattle feed at the cheapest rate and also provide emergency medical facilities to them. During this annual report, the total milk collection of Dairy Division is 204.25lacsLtrs. From 17090 farmers and the payment to farmers is Rs. 4730.27Lacs. The company has earned net profit of Rs. 1154.88Lacs from the Dairy Division.

### **8) NATURAL SOFTWARE DIVISION:**

Our company has established and running a separate Software Division which provides software for carrying day to day activities online basis, thereby making work more speedy, accurate, convenient and paperless. This Division has all infrastructure required to develop software's under "Natural Sugar ERP" and has already made it commercially viable project. We have already provided services of software to 6 sugar factories in Maharashtra & performance is satisfactory.

### **3. DIVIDEND:**

The Company has earned net profit of Rs. 526.99 lacs irrespective of financial crisis in the Sugar Industry. Our Directors are pleased to recommend the dividend at the rate 10% on equity shares for the year under report. The Company has fixed the date of 26<sup>th</sup> August 2016 as the record date for the payment of the dividend on equity shares, wherein all the shareholders holding shares as on the said date will be eligible for dividend.

### **4. TRANSFER TO GENERAL RESERVES:**

The Company has transferred an amount of Rs. 5269895/- to general reserves of the company during the financial year 2015-16.

### **5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Since there was no unpaid/unclaimed Dividend pending with the company pending with the company for more than previous seven years, no amount is transferred or required to be transferred to IEPF account as under the provisions of Section 205C of the Companies Act, 1956.

### **6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED DURING THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

During the year the company has acquired an another Sugar Factory at Gunj-Sawana, Tq. Mahagaon, Dist. Yavatmal previously owned by Sudhakar Rao Naik Sahakari Sakhar Karkhana Limited. The said factory is acquired by company under Securitization Process from the Maharashtra State Co Operative Bank Limited, Mumbai. The company has paid an amount of Rs 45,27,69,646 ( Which includes an amount of Rs 1,32,44,646 paid to Government authorities as NA Tax). As per Bid Documents the company has taken the responsibility of paying the known liabilities of previous owner of that Sugar Factory namely Sudhakar Rao Naik Sahakari Sakhar Karkhana Limited. The Known liability of previous owner as mentioned in Bid document includes Government & Statutory Dues of Rs 5,34,82,542/-, Honorarium to Official Liquidator of Rs 8,29,055/-, Other Unsecured Dues Payable of Rs 2,37,97,883/- & Employees Salary & Other Dues Payable Rs 1,55,59,116/- totaling to Rs 9,36,68,596/-. The amount of liability provided by company is subject to actual claim made by constituents parties in due course. Due to draught condition in our area of operation no water & sugarcane availability to start the crushing season 2016-17. Hence, management has decided to stop the Sugar Division Unit No.1 and decide to start the crushing season of Unit No. 2 at Gunj – Savana in the month of October 2016.

**7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) CONSERVATION OF ENERGY**

Sr. No.	Particulars	Steps Taken
1	Steps taken or impact on conservation of energy	Company is taking benefit of power factor & has installed and maintained capacitors for the same
2	Steps taken by the company for utilising alternate sources of energy.	There is no alternative source of energy
3	Capital investment on energy conservation equipment's.	There is no capital investment, but precautions are taken on regular basis. Maintenance is done on day to day basis.

**(B) TECHNOLOGY ABSORPTION**

Sr. No.	Particulars	Steps Taken
1	Efforts made towards technology absorption	Efforts are being taken in this regard and systems are installed to ensure maximum absorption of technology
2	Benefits derived	Benefits derived from technology absorption - product improvement and cost reduction
3	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- the details of technology imported; the year of import; whether the technology been fully absorbed; if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	There is no imported technology utilised by the Company
4	Expenditure incurred on Research	NIL

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Sr. No	Particular	Amount for the year 15-16
1	foreign exchange inflow	-----
2	foreign exchange Outflow	-----

**8. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

Pursuant to the requirement of Section 134 of the Companies Act, 2013, the Company has already in place a risk management policy which is annexed as **Annexure 1** and forms a part of the report.

The Company has a framework to identify and evaluate business risks and opportunities. The framework seeks to create transparency, minimize adverse impact on business objectives and enhance your Company's competitive advantage.

**9. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.**

The Company has developed and implemented the following Corporate Social Responsibility initiatives during the year under review. The Annual Report on Company's CSR activities of the Company is furnished in **Annexure 2** and attached to this report.

**10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013.**

The has not given any loan or made any investments under Section 186 of Companies Act, 2013 during the year 2015-16 but the Company has given guarantees during the year as per details below:

Sr. No.	Descriptions	Amount
<b>1</b>	<b>Employees Loan</b>	
	a) Shri Sai Gramin Bigar Sheti Sahakari Patsanstha	5725000/-
	b) NSAI Multistate Co-operative Credit Society Ltd.	2580000/-
<b>2</b>	<b>Harvesting &amp; Transportation Contractor Loan</b>	
	a) Bank of Baroda	200000000/-

**11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 are furnished in **Annexure – 3** and is attached to this report.

**12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

The explanations /comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Auditors in their report are furnished herein below:

1) Point No. (i) of Emphasis of Matter of Audit Report.

Reply: The matter is pending with High Court, Bombay & District Court, Pune.

2) Point No. (ii) of Emphasis of Matter of Audit Report.

Reply: As per sale order of Unit No. 2, we have to pay the Govt. dues of Rs. 9,36,68,596/- as and when demand which shown in Bid documents on page No. 17 to 19.

3) Point No. (iii) of Emphasis of Matter of Audit Report.

Reply: The scrap value of machineries is taken certified by the management as the valuation is Technical matter of Rs. 7,06,22,703/-

4) Point No. 1 (a) and (b) of the annexure to Audit Report.

Reply: The Company has physically verified by the management personnel of the Fixed Asset of Unit No. 2.

5) Point No. 7 (a) of the annexure to Audit Report.

Reply: The Company has regular in payment of statutory dues except an amount of Rs. 3382311/- as against gratuity of JSSK Ltd. which is pending with Court.

6) Point No. 7 (b) of the annexure to Audit Report.

Reply: Due to matter is in the Court.

The explanations /comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report are furnished herein below:

a) 1<sup>st</sup> Point of annexure to Secretarial Audit Report regarding Companies Act, 2013.

Reply: The said post of Company Secretary of the Company was vacant due to non-availability of suitable candidate for the said post as factory office as the Company is situated in remote area in Osmanabad District.

b) 2<sup>nd</sup> Point of annexure to Secretarial Audit Report regarding The Payment of Wages Act, 1936.

Reply: The said point is self-explanatory.

c) 3<sup>rd</sup> Point of annexure to Secretarial Audit Report regarding The Sugarcane (Control) Order, 1966

Reply: As per Sugarcane (Control) Order 1966, the company has made the payment of only 80% of the net FRP to the farmers within 14 days of the date of delivery of such sugarcane as per directives of Govt. of Maharashtra.

d) 4<sup>th</sup> Point of annexure to Secretarial Audit Report regarding The Payment of Bonus Act, 1965

Reply: The Company has made the Bonus payment minimum @ 8.33% to all employees during the year and Form A is in process and will be submitted in shortly.

e) 5<sup>th</sup> Point of annexure to Secretarial Audit Report regarding Environmental Laws

Reply: Form-I under water (prevention & Control of Pollution) will be submitted within time.

f) 6<sup>th</sup> Point of annexure to Secretarial Audit Report regarding The Food Safety and Standards Act, 2006

Reply: Company is in the process for submission of application for getting the Central License from time to time for its Dairy Division.

g) 7<sup>th</sup> Point of annexure to Secretarial Audit Report regarding Maharashtra Pollution Control Board

Reply: The Company is in the process for compliance to the conditions and limits in the Consent to operate.

h) 8<sup>th</sup> Point of annexure to Secretarial Audit Report regarding No Objection Certificate from the Director Maharashtra Fire & Emergency Services, Mumbai

Reply: The Company is in the process for obtaining the NOC from the Director Maharashtra Fire and Emergency Services, Mumbai.

**13. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure - 4** is attached to this report, and forms a part of the report.

**14. EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure - 5** and is attached to this Report.

**15. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company had 12 (Twelve only) Board Meetings during the financial year under review.

**16. EVALUATION OF PERFORMANCE OF BOARD OF DIRECTORS, COMMITTEE OF DIRECTORS AND INDEPENDENT DIRECTORS**

The Board of Directors of the Company has initiated and put in place evaluation of its own performance, its committees and individual directors as required under the provisions of the Companies Act, 2013.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process. The result of the evaluation is satisfactory and adequate and meets the requirement of the Company.

The provisions of evaluation of performance of board of directors by the committees & independent directors are not applicable to the company during the financial year under review.

**17. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:-

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had 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 and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) Not applicable as the clause is applicable for listed companies.
- (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.

**18. DETAILS OF FRAUD AS REPORTED BY THE AUDITORS OF THE COMPANY (INSERTED BY COMPANIES AMENDMENT ACT, 2015)**

There are no frauds as reported by the statutory auditors of the Company during the financial year under review.

**19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company.

**20. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

**21. DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Mr. Dinkar Baburao Gore (DIN 00242691) and Mr. Sunil Ashruba Devane (DIN 00002955) who retires by rotation and being eligible offers themselves for re-elected as a Director of the Company, liable to retire by rotation in the ensuing annual general meeting.

Mr. Harshal Bhairavnath Thombare [DIN: 03176256] was appointed as a Director of the Company with effect from 29<sup>th</sup> day of September 2015.

Mr. Harshal Bhairavnath Thombare [DIN: 03176256] was appointed as a Whole-Time Director of the Company w.e.f 1<sup>st</sup> October 2015 for a term of 3 years in the annual general meeting of the members as held on 29/09/2015.

**22. RESIGNATION OF DIRECTOR**

Mr. Surju Sukhlal Pardeshi (DIN02121400) resigned from the post of the Director during the year under review. The said resignation of the director has been accepted by the Board of Directors in the meeting held on 26<sup>th</sup> August 2015.

**23. PAYMENT OF COMMISSION TO DIRECTORS:**

The Directors of the company have not received any commission from the company or subsidiary company or holding company.

**24. DECLARATION OF INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**25. STATUTORY AUDITORS**

M/s. S.H. Kocheta & Associates, Chartered Accountants, (FRN 105260W) were appointed as Statutory Auditors for a period of one year in the Annual General Meeting held on 29<sup>th</sup> September 2015. The Board recommends the appointment of M/s. S.H. Kocheta & Associates, Chartered Accountants, (FRN 105260W) as the statutory auditors of the company for the period of one year i.e. for the financial year 2016-2017. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. **The Company will be complying with the provisions in respect of the mandatory rotation of the auditors in the next year as the Company has breathing period as under the provisions of the Law.**



## 26. SECRETARIAL AUDIT REPORT

The provisions of secretarial audit are applicable to the Company as under the provisions of the Companies Act, 2013 for the year under review. The Company had appointed CS Kuldeep Ruchandani of M/s. KPRC & Associates, Company Secretaries as the Secretarial Auditors of the Company for the financial year 2015-2016. The Secretarial Audit report as received from the Secretarial Auditors for the financial year 2015-16 is annexed as **Annexure – 6** and forms a part of this Directors report.

## 27. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM AND OTHER APPLICABLE COMMITTEES

### (A) The Audit Committee consists of the following members:

- |                                      |                        |
|--------------------------------------|------------------------|
| a) Mr. Pandurang Sahebrao Awad       | - Independent Director |
| b) Mr. Agatrao Rangnath Patil        | - Independent Director |
| c) Mr. Bibhishan Krishna Bhatlawande | - Director             |

The above composition of the Audit Committee consists of independent Directors viz., Mr. Pandurang Sahebrao Awad and Mr. Agatrao Rangnath Patil who form the majority. The Company has accepted all the recommendation of the Audit committee as and when made to the Board of Directors by the Committee.

The company has accepted all the recommendations as made by the audit committee during the financial year under review.

### (B) Nomination & Remuneration Committee:

The Nomination & Remuneration Committee consists of the following members

- |                                      |                        |
|--------------------------------------|------------------------|
| a) Mr. Pandurang Sahebrao Awad       | - Independent Director |
| b) Mr. Agatrao Rangnath Patil        | - Independent Director |
| c) Mr. Bibhishan Krishna Bhatlawande | - Director             |

The above composition of the Nomination & Remuneration Committee consists of independent Directors viz., Mr. Pandurang Sahebrao Awad and Mr. Agatrao Rangnath Patil who form the majority. The Company has accepted all the recommendation of the Nomination & Remuneration Committee as and when made to the Board of Directors by the Committee.

The company has accepted all the recommendations as made by the Nomination & Remuneration Committee during the financial year under review.

### (C) Stakeholders Relationship Committee:

The **Stakeholders Relationship Committee** consists of the following members

- |                                      |                        |
|--------------------------------------|------------------------|
| a) Mr. Pandurang Sahebrao Awad       | - Independent Director |
| b) Mr. Agatrao Rangnath Patil        | - Independent Director |
| c) Mr. Bibhishan Krishna Bhatlawande | - Director             |

The above composition of the Stakeholders Relationship Committee consists of independent Directors viz., Mr. Pandurang Sahebrao Awad and Mr. Agatrao Rangnath Patil who form the majority. The Company has accepted all the recommendation of the Stakeholders Relationship Committee as and when made to the Board of Directors by the Committee.

The company has accepted all the recommendations as made by the Stakeholders Relationship Committee during the financial year under review.

**(D) Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee consists of the following members

- |                                      |                        |
|--------------------------------------|------------------------|
| a) Mr. Pandurang Sahebrao Awad       | - Independent Director |
| b) Mr. Agatrao Rangnath Patil        | - Independent Director |
| c) Mr. Bibhishan Krishna Bhatlawande | - Director             |

The above composition of the Corporate Social Responsibility Committee consists of independent Directors viz., Mr. Pandurang Sahebrao Awad and Mr. Agatrao Rangnath Patil who form the majority. The Company has accepted all the recommendation of the Corporate Social Responsibility Committee as and when made to the Board of Directors by the Committee.

The company has accepted all the recommendations as made by the Corporate Social Responsibility Committee during the financial year under review.

**28. SHARES:**

**a. BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

**b. SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

**c. BONUS SHARES**

No Bonus Shares were issued during the year under review.

**d. EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees during the year under review.

**29. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL ) ACT, 2013 :**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent contractual, temporary, trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed of during each calendar year.

No. of Complaints received: NIL

No. of Complaints disposed off: NIL

**30. COST AUDITORS:**

The company has appointed M/s. N.D. Chavan & Company, as the cost auditors of the company during the financial year 2015-2016 according to the provisions of the Companies Act, 2013 & rules made thereunder.

- 31. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS & COMPANY'S OPERATIONS IN FUTURE:**  
There are no significant & material orders passed by the regulators or courts or tribunals impacting the going concern status & company's operations in future during the year under review.
- 32. PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES:**  
There is no provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees during the year under review.
- 33. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**
- a) **Maintenance of books of accounts of the Company:** The Company has a well-established system of maintenance of books of accounts with adequate security controls which have proper measures to safeguard against tampering of data.
  - b) **Internal Audit:** The Company has appointed an Internal Auditor and the internal audit team works in coordination with the management to adhere to the guidelines as suggested by the Audit Committee. The Internal Auditor of the Company conducts the audit on regular basis and the Audit Committee periodically reviews internal audit reports and effectiveness of internal control systems.
  - c) **Budgeting:** Based on the guidelines as given by the Audit Committee to the management, the Company has adequate control over its financial activities. Budgets and actual expenses are reviewed periodically by the finance team and the audit committee.
  - d) **Internal business review:** The Company has a structure to review the business activities periodically through various MIS reports, statements etc from the concerned departments.
  - e) **Vigil mechanism & Whistle Blower Policy :** The Company has a vigil mechanism named Vigil Mechanism & Whistle Blower Policy to deal with instances of fraud and mismanagement, if any.
  - f) **Risk Management:** The Company has a framework to identify and evaluate business risks and opportunities. The framework seeks to create transparency, minimize adverse impact on business objectives and enhance your Company's competitive advantage. In the opinion of the Board, currently there is no perceivable risk which may threaten the existence of the Company.
  - g) **Legal & statutory compliance:** The Company lays paramount importance to legal and statutory compliance. The Company has a well-established legal department to look after the statutory compliances and offer legal advice to the management. The Company also avails the services of advocates and other consultants for compliances under various laws.
  - h) **Operation of law :** The Company lays paramount importance to legal and statutory compliance. The Company has a well-established legal department to look after the statutory compliances and offer legal advice to the management. The Company also avails the services of advocates and other consultants for compliances under various laws. The Company has a

Company secretarial team to handle Company secretarial matters. The Company has now ensured that the secretarial compliances are regularly audited by a practicing Company Secretary as required under the provisions of Law.

- i) **Whistle Blower Policy**: The Company has a vigil mechanism & Whistle Blower Policy to deal with instances of fraud and mismanagement, if any.
- j) **Secretarial function**: The Company has a Company secretarial team to handle Company secretarial matters. The Company has now ensured that the secretarial compliances are regularly audited by a practicing Company Secretary as required under the provisions of Law.
- k) **Cost Audit**: Based on the recommendations of Audit Committee, the Company had appointed M/s N. D. Chavan & Company as Cost Auditors to conduct the Cost Audit for FY 2015-16. The Company has filed Cost Compliance Report for FY 2014-15 with the Registrar of Companies within the due date as prescribed by the Ministry of Corporate Affairs.

**34. PARTICULARS OF EMPLOYEES:**

- There were no employees who were employed throughout the year & drawing the remuneration of not less than one crore & two lakh rupees for the year 2015-16 in the aggregate.
- There were no employees who were employed for the part of the year & drawing remuneration for not less than eight lakh and Fifty Thousand rupees per month.
- There were no employees who were employed throughout the year & drawing remuneration in that year, in aggregate, in excess of that remuneration as drawn by the Managing Director, Whole Time Director or Manager and who hold by himself or along with his spouse & dependent children, not less than two percent of the equity shares of the company.

**35. CORPORATE GOVERNANCE (APPLICABLE ONLY TO THE COMPANIES WHO HAVE PAID THE REMUNERATION TO THE DIRECTORS AS PER SCHEDULE V)**

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
  - a) Mr. B. B. Thombare, Managing Director – Rs. 2412372/-
  - b) Mr. Anil Thombare, Whole Time Director – Rs. 901584/-
  - c) Mr. H. B. Thombare, Whole Time Director – Rs. 330792/-
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

**36. AWARDS:**

Our Company and Chairman & Managing Director Mr. B. B. Thombare have been awarded by various State and National Organizations for the outstanding & remarkable work done for the society & Sugar Industry during last 15 years. The details are as follows :-

- 1) **“Dr. Panjabrao Deshmukh Krishiratna Award”** presented by Department of Agriculture and Marketing Government. of Maharashtra.
- 2) **“Marathwada Bhushan Samajik Pursakar”** on occasion of 63<sup>rd</sup> Marathwada Muktidin at Pune for outstanding work done for the Social and Industrial development of rural Maharashtra.

- 3) **“Rashtriya Udyog Ratan Award”** presented by International Economic Development Council & Priyadarshini Loknyas, New Delhi.
- 4) **“Indira Gandhi Sadbhavana Award”** Presented by Global Economic Council, New Delhi.
- 5) **“Bharatiya Udyog Ratan Award”** presented by Indian Economic Development & Research Association (IEDRA) New Delhi.
- 6) **“State Level Udyogbhushan Puraskar”** presented by, Avishakar Social and Educational Foundation, Kolhapur District, Maharashtra State.
- 7) **“Marathwada Audhyogikarn Yogdan Sanmanpatra”** presented by CMIA, MACCIA, MCCTC & AGVM.
- 8) **“Jivan Gaurav Puraskar”** presented by Yogeshwari Shikshan Santha & Kirloskar Vasundhara Antar-Rashtriya Chitrapat Mahotsava Ambajogai.
- 9) **“Marathwada Udyog Ratan Award”** presented by International Marathi Chamber of Commerce & Industries at Aurangabad.
- 10) **“Wayvasaik Utkrushthata Puraskar”** Presented by Rotary Club of Pune Metro.
- 11) **“Marathwada Gaurav Pursakar”** presented by Marathwada Lokvikas Manch, Mumbai.
- 12) **“Krushi Udhogratna Maratha Samaj Bhushan Pursakar”** presented by Maratha Seva Sangh, Maharashtra Rajya at Latur.
- 13) **“Jal - Mitra Award”** presented by Maharashtra Vikas Kendra, Pune.
- 14) **“Agriculture & Food processing category Awards”** presented by Maharashtra Chamber of Commerce, Industry & Agriculture & IBN-Lokmat.
- 15) **“Rotary Award ”** presented by Rotary Club of Latur Metro.
- 16) **“Udyog Gaurav Puraskar”** presented by Laghu Udyog Bharti Devagiri Prant, Aurangabad.
- 17) **“Latur Gaurav Pursakar”** on occasion of silver jubilee of Latur District for outstanding work done for the industrial development of Latur District.
- 18) **“Jivan Gaurav Puraskar”** presented by Yogeshwari Shikshan Santha & Kirloskar Vasundhara Antar-Rashtriya Chitrapat Mahotsava Ambajogai.
- 19) **“Life Time Achievement Award”** presented by STAI-Delhi & DSTA-Pune jointly convention at Goa.
- 20) **“Maratha Vishwabhusan Puraskar”** presented by Shivashri Purushottam Khedekar for 14<sup>th</sup> National Seminar, Beed.
- 21) **“Shams Award”** presented by Urs Hazrat Khawja Shamsuddin Gazi Rah. Osmanabad.
- 22) **“Kusumtai Chavan Smruti Pursakar”** presented by, Dainik Satyaprabha, Nanded.
- 23) **“Marathwada Krushi Vidhyapith Fellow”** presented by Marathwada Krushi Vidhyapit Parbhani.

- 24) **“Jivan Gaurav Puraskar”** presented by Dr. Babasaheb Ambedkar Marathwada University, Aurangabad.
- 25) **“Industry Excellence Award - Go Green”** presented by Daily Divya Marathi, Aurangabad.
- 26) **“Chhatrapati Sambhaji Maharaj Rashitray Pursakar”** presented by Sambhaji Brigid, 5<sup>th</sup> Maha Adhiveshan, Maharashtra Rajya, Nanded.

**37. ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**  
**Natural Sugar & Allied Industries Limited**

**[ A. B. Thombare ]**  
**Whole Time (Technical) Director**  
**(DIN 00002526)**

**[ B.B. Thombare ]**  
**Chairman & Managing Director**  
**(DIN 00022391)**

Place :Sainagar Ranjani  
Date : 26.08.2016

**Annexure 1**  
**Risk Management Policy**

Objectives must exist before management can identify potential events affecting their achievement. Enterprise Risk Management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.

The Company's business is exposed to many internal risks and external risks like Threat to market share due to Local and Global Competition, Technology Risk, Human Resource risk, Regulatory and Compliance risk etc. and in order to address the same in a systematic manner, the Board of Directors pursuant to Section 134, of the Companies Act, 2013, has instructed the management to do a detailed analysis of risk and present to the board.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. The focus on the nature of risk in Indian Sugar industries and possible policy option for mitigate risks.

The key objective of the policy is:

- Identify the weather conditions which affect production of Sugarcane
- Analyze Sugar price volatility trend in India
- Identify Systematic and unsystematic risk in sugar industries
- Understand the impact of risk on stakeholders
- Critically examine the current policy framework
- Explore the risk management measures to mitigate unpredictable risk

The Management recognized that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy.
- Reduce, by having good Internal Controls;
- Avoided, by not entering into Risky Businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Board, its Audit Committee and its Executive Management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a Risk Management Policy or Strategy. Currently the Risk Management activity is under development stage. The Enterprise Wide Risk Management with focus on three key elements, viz:

1. Risk Assessment
2. Risk Management
3. Risk Monitoring

We have adopted a system based approach for risk management, with clear objectives of identification, evaluation, monitoring and minimization of the identified risks. The Board of directors takes decision for assessment and evaluation of the risks associated with the business through its risk document. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy.

**For Natural Sugar & Allied Ind. Ltd.**

**Mr. B.B. Thombare**  
**Chairman & Managing Director**  
**(DIN 00022391)**

## ANNEXURE 2

### THE ANNUAL REPORT ON CSR ACTIVITIES:

1. A brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to the web link to CSR Policy and projects or programs:

The Company has constituted CSR Committee according to the provisions laid down under Section 135 of the Companies Act, 2013 along with the rules made thereunder.

The CSR Committee of the Company adopted CSR Policy and identified key areas for CSR expenditure as under:

- Providing E-learning facility to Z. P. Primary School Ranjani Tal. Kallam Dist. Osmanabad and Z. P. Primary School Ghargaon Tal. Kallam Dist. Osmanabad

The CSR Policy of the Company is posted on the website [www.naturalsugar.in](http://www.naturalsugar.in)

**2. The Composition of the CSR Committee:**

The Company has constituted the Corporate Social Responsibility Committee as under the provisions of section 135 of the Companies Act, 2013. The said committee consists of the following members:

- a. Mr. Pandurang Sahebrao Awad
- b. Mr. Agatrao Rangnath Patil
- c. Mr. Balaji Bajirao Tat

**3. Average net profit of the company for the last three financial year: Rs. 46328195/-**

**4. Prescribed CSR Expenditures (2 percent of the amount as in item 3 above): Rs. 926564/-**

**5. Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year: Rs. 75926/-

(b) Amount unspent, if any: Rs. 850638/-

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise Rs.	Amount spent on the projects or programs <b>Sub-heads:</b> (1) Direct expenditure on projects or programs. (2) Overheads: Rs.	Cumulative expenditure upto the reporting period. Rs.	Amount spent: Direct or through implementing agency Rs.
1	Providing E-learning facility to Z. P. Primary School Ranjani Tal. Kallam Dist. Osmanabad and Z. P. Primary School Ghargaon Tal. Kallam Dist. Osmanabad	Ranjani & Ghargaon Tal. Kallam Dist. Osmanabad - 413528	Project in local area in Ranjani & Ghargaon Tal. Kallam Dist. Osmanabad (Maharashtra)	100000/-	75926/-	75926/-	Direct
	<b>TOTAL</b>				75926/-	75926/-	



6. The Company has not been able to spend the entire amount as prescribed under the Act and the rules made thereunder, as time was too short to identify suitable areas where the amount could be spent.
7. The CSR Committee of the Company hereby states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**For Natural Sugar & Allied Ind. Ltd.**

**Mr. B.B. Thombare**  
**Chairman & Managing Director**  
**(DIN 0022391)**

**Annexure –3**  
**FORM NO. AOC -2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2016, which were not at arm's length basis.

**2. Details of contracts or arrangements or transactions at Arm's length basis:**

Name(s) of the related party	Nature of Relationship	Duration of contract	Salient terms	Dates of Approval by the Board	Amount Rs.	Amount paid as advances , if any
<b>Nature of Contract:</b> Lease rent received & other						
Shri Sai Gramin Bigar Sheti Sahakari Patsanstha Ltd.	Chairman & Managing Director; and Director	01/04/2015 to 31/03/2016	As per market rate	24/04/2015	37781/-	---
<b>Nature of Contract:</b> Purchase & Sale of goods						
Natural Bazaar Consumer Stores Ltd.	Director	01/04/2015 to 31/03/2016	As per market rate	24/04/2015	Purchase Rs.3145677/- Sale Rs.9046963/-	---
<b>Nature of Contract:</b> Sale of Molasses & other						
Natural Cattle Feed Private Ltd.	Director	01/04/2015 to 31/03/2016	As per market rate	24/04/2015	Rs.12448321/-	---
<b>Nature of Contract:</b> Rent received						
Saibaba Securities Private Ltd.	Director	01/04/2015 to 31/03/2016	As per market rate	24/04/2015	Rs. 1282129/-	---

**For Natural Sugar & Allied Ind. Ltd.**

**Mr. B.B. Thombare**  
**Chairman & Managing Director**  
**(DIN 00022391)**

**Annexure 4**  
**Nomination & Remuneration Policy**

The company considers Human Resources as its invaluable assets. This policy on the nomination and remuneration of the Directors, Key Managerial Persons (KMPs) and other employees has been formulated in terms of the Companies Act, 2013, in order to pay equitable remuneration to the Directors, Key Managerial Persons (KMPs) and other employees of the company and to harmonize the aspiration of human resources consistent with the Goal of the company.

In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this Policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a) "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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMP and senior management 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".

The purpose of the policy are:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties

Key principles governing this remuneration policy are as follows:

### **Remuneration for Independent Directors and Non-Independent Non-Executive Directors**

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Overall remuneration practices should be consistent with recognized best practices.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company.

The Nomination and Remuneration Committee (NCR) or the Board may review the Policy as and when it deems necessary. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

### **Remuneration for Managing Director (MD)/Executive Directors (EDs)/KMP/rest of the employees**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
- Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company,
- Reflective of size of the Company, complexity of the sector/ industry/company's operations and the Company's capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

**For Natural Sugar & Allied Ind. Ltd.**

**Mr. B.B. Thombare**  
**Chairman & Managing Director**  
**(DIN 00022391)**

**Annexure -5**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31/03/2016**  
[Pursuant to section 92(3) of the Companies Act, 2013 and  
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

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**I. REGISTRATION AND OTHER DETAILS:**

1. i) CIN : U72214MH1998PLC121048
2. ii) Registration Date : 24/11/1998
3. iii) Name of the Company : NATURAL SUGAR AND ALLIED INDUSTRIES LIMITED
4. iv) Category / Sub-Category of the Company: PUBLIC LIMITED COMPANY
5. v) Address of the registered office and contact details: SAINAGAR RANJANI, TAL. KALLAM DIST. OSMANABAD -413528
6. vi) Whether listed company: NO
7. vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: NO

**8. II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

9. 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	White Crystal Sugar	170199.02 / 170199.09	55.29
2	Ferro Alloys / Silico Slag	IS.2544	2.39
3	Rectified Spirit	IS.323/1959	13.51
4	Extra Neutral Alcohol	IS.6613/1972	
5	Power Generation	9983324	1.70
6	Bio-Gas & Bio-Power	99925109	
7	Milk & Milk by Product	9961122	24.06

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NA**

S. no.	Name & Address of the company	CIN/ GLN	Holding/ Subsidiary/Associate	% of Shares Held	Applicable Section

**IV. SHAREHOLDING PATTERN: (Equity Share Capital Breakup as Percentage of Total Equity)**

**A) Category Wise Share Holding:**

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the End of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters 1) Indian a) Individual/ HUF	0	150800	1809200	8.34	0	160900	1809200	8.90	0.56
B. Public Shareholding: 1. Institutions 2. Non Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	274900	1809200	15.19	0	274900	1809200	15.19	0
	0	1383500	1809200	76.47	0	1373400	1809200	75.91	-0.56
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	1809200	1809200	100.00	0	1809200	1809200	100.00	0.00

**B. SHAREHOLDING OF PROMOTERS:**

Sl. No.	Shareholder's Name	Shareholding at the Beginning of the year (01/04/2015)			Shareholding at the End of the year (31/03/2016)			% 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	Thombare Bhairavnath Bhagwanrao	44000	2.43	Nil	44000	2.43	Nil	0
2	Thombare Pratibha Bhairavnath	20000	1.11	Nil	20000	1.11	Nil	0
3	Thombare Anil Bhagwanrao	13000	0.72	Nil	13000	0.72	Nil	0
4	Kaldate Dnyaneshwar Ramrao	1300	0.07	Nil	1300	0.07	Nil	0
5	Mohite Vishnu Tukaram	2000	0.11	Nil	2000	0.11	Nil	0
6	Thombare Harshal Bhairavnath	11200	0.62	Nil	11200	0.62	Nil	0
7	Thombare Shubhangi Bhairavnath	10000	0.55	Nil	10000	0.55	Nil	0
8	Thombare Nagarbai Bhagwanrao	11000	0.61	Nil	11000	0.61	Nil	0
9	Thombare Nanda Anil	10000	0.55	Nil	10000	0.55	Nil	0
10	Thombare Vimal Goroba	13000	0.72	Nil	13000	0.72	Nil	0
11	Thombare Shripad Goroba	11000	0.61	Nil	11000	0.61	Nil	0
12	Thombare Shivani Bhairavnath	2500	0.14	Nil	5000	0.28	Nil	0.14
13	Thombare Geetanjali Harshal	1500	0.08	Nil	5000	0.28	Nil	0.20
14	Thombare Shivkumar Anil	0	0	Nil	2800	0.15	Nil	0.15
15	Thombare Pallavi Shripad	0	0	Nil	1200	0.07	Nil	0.07
16	Thombare Rutuja Goroba	200	0.01	Nil	300	0.01	Nil	0.01
17	Thombare Geeta Goroba	100	0.01	Nil	100	0.01	Nil	0
	<b>TOTAL</b>	<b>150800</b>	<b>8.34</b>	<b>Nil</b>	<b>160900</b>	<b>8.90</b>	<b>Nil</b>	<b>0.56</b>

**C. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE): No Change in Promoters' Shareholding during the year.**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date wise Increase/ Decrease in promoters share holding during the year	Reasons for increase / decrease
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
01.	Thombare Shivani Bhairavnath	2500	0.14	5000	0.28	26/08/2015 & 26/10/2015	Transfer of Shares
02.	Thombare Geetanjali Harshal	1500	0.08	5000	0.28	26/08/2015 & 26/10/2015	Transfer of Shares
03.	Thombare Shivkumar Anil	0	0	2800	0.15	26/08/2015 & 26/10/2015	Transfer of Shares
04.	Thombare Pallavi Shripad	0	0	1200	0.07	26/08/2015	Transfer of Shares
05.	Thombare Rutuja Goroba	200	0.01	300	0.02	26/08/2015	Transfer of Shares

**D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date wise Increase/ Decrease in share holding during the year	Reasons for increase / decrease
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
01.	Choughule Gajanan Tatyrao	11000	0.61	11000	0.61	NA	NA
02.	Shah Ashok Padamshi	10000	0.55	10000	0.55	NA	NA
03.	Dale Mangala Kishor	10000	0.55	10000	0.55	NA	NA
04.	Munde Pankaja Gopinathrao	10000	0.55	10000	0.55	NA	NA
05.	Munde Pradnya Gopinathrao	10000	0.55	10000	0.55	NA	NA
06.	Gangane Vishal Vishwambhar	9000	0.50	9000	0.50	NA	NA
07.	Bhise Balasaheb Vaijanath	8500	0.47	8500	0.47	NA	NA
08.	Lakde Kranti Shivaji	8100	0.45	8100	0.45	NA	NA
09.	Ikhe Pratibha Banshidhar	8000	0.44	8000	0.44	NA	NA
10.	Patil Shivraj Ramrao	8000	0.44	8000	0.44	NA	NA



**E. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date wise Increase/ Decrease in share holding during the year	Reasons for increase / decrease
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
	<b>For each of the Directors and KMP</b>						
01.	Thombare Bhairavnath Bhagwanrao	44000	2.43	44000	2.43	NA	NA
02	Gore Dinkar Baburao	13700	0.76	13700	0.76	NA	NA
03	Awad Pandurang Sahebrao	12000	0.66	12000	0.66	NA	NA
04	Thombare Anil Bhagwanrao	13000	0.72	13000	0.72	NA	NA
05	Thombare Harshal Bhairavnath	11200	0.62	11200	0.62	NA	NA
06	Bhatlawande Bibhishan Krishna	6000	0.33	6000	0.33	NA	NA
07	Patil Agatrao Rangnath	10000	0.55	10000	0.55	NA	NA
08	Pardeshi Surajmal Sukhlal	9000	0.50	8000	0.44	24/04/2015	Transfer of Shares
09	Pawar Lalasaheb Balasaheb	4000	0.22	4000	0.22	NA	NA
10	Devane Sunil Ashruba	8200	0.45	8200	0.45	NA	NA
11	Tat Balaji Bajirao	10500	0.58	10500	0.58	NA	NA
12	Thombare Pratibha Bhairavnath	20000	1.11	20000	1.11	NA	NA

**V. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	427764214/-	250000000/-	-	677764214/-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (I + ii + iii)</b>	<b>427764214/-</b>	<b>250000000/-</b>	<b>-</b>	<b>677764214/-</b>
<b>Change in Indebtedness during the financial year</b>				
1) Addition	382962099/-	-	-	-
2) Reduction	-	150500000/-	-	130172099/-
<b>Net Change</b>	<b>382962099/-</b>	<b>150500000/-</b>	<b>-</b>	<b>130172099/-</b>
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	448092115/-	99500000/-	-	547592115/-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due.	-	-	-	-
<b>Total (I + ii + iii)</b>	<b>448092115/-</b>	<b>99500000/-</b>	<b>-</b>	<b>547592115/-</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. B. B. Thombare	Mr. Anil B. Thombare	Mr. H. B. Thombare	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2412372/-	901584/-	330792/-	3644748/-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission: - as % of profit - others, specify...	-	-	-	-
5	Others, please Specify				
	Total (A)	2412372/-	901584/-	330792/-	3644748/-
	Ceiling as per the Act	30,00,000/-	30,00,000/-	30,00,000/-	90,00,000/-

### B. Remuneration to Other Director:

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
		Mr. P. S. Awad	Mr. A. R. Patil	
	1. Independent Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	7000/-	5000/-	12000/-
	Total (1)	7000/-	5000/-	12000/-
	2. Other Non-Executive Directors <ul style="list-style-type: none"> <li>• Fees for attaining Board/ Committee meeting</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	-	-	-
	Total (2)	-	-	-
	Total (B) = (1)+(2)	7000/-	5000/-	12000/-
	Total Managerial Remuneration	2419372/-	906584/-	3656748/-
	Overall Ceiling as per the Act.	30,00,000/-	30,00,000/-	30,00,000/-

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:**

Sl .No.	Particulars of Remuneration	Key Managerial Person			
		CEO	CS	CFO	Total
				<b>Mr. S. U. Vedpathak</b>	
<b>1</b>	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	467712/-	-
<b>2</b>	Stock Option	-	-	-	-
<b>3</b>	Sweat Equity	-	-	-	-
<b>4</b>	Commission: - as % of profit - others, specify...	-	-	-	-
	Others, please Specify	-	-	-	-
	Total	-	-	<b>467712/-</b>	-

**VII. PENALTIES/ PUNISHMENTS/ COMPOUNDING OF OFFENCES: Nil**

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal Made, if any (Give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For Natural Sugar & Allied Ind. Ltd.**

**Mr. B.B. Thombare**  
**Chairman & Managing Director**  
**(DIN 00022391)**

**Annexure -6**

**FORM MR- 3**

**SECRETARIAL AUDIT REPORT**

**For the financial year ended on 31<sup>st</sup> March 2016**

*[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  
Natural Sugar and Allied Industries Limited  
Ranjani, Tal. Kallam,  
Dist. Osmanabad,  
Maharashtra- 413528

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Natural Sugar And Allied Industries Limited** (hereinafter called as the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

**Management's Responsibility for Secretarial Compliances:**

The company's management is responsible for preparation and maintenance of secretarial records and devising proper systems to ensure compliance with the provisions of applicable Laws and Regulations.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on the Secretarial records, standards and procedures followed by the Company with respect to Secretarial Compliances on test basis.

**Opinion:**

Based on our verification of the company's books papers minute books forms and returns filed and other records maintained by the company and also the information provided by the company its officers agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion the company has during the audit period covering the 12 months financial period ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent in the manner and subject to the reporting made hereinafter.

We have examined the books papers minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016 according to the provisions of:

- i. The Companies Act 2013 (the Act) and the rules made thereunder and the Companies Act 1956 (to the extent applicable):
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - **Not Applicable.**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under- **Not Applicable.**
- iv. 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**

- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act') **Not Applicable**

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided to us by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016, complied with the above listed statutory provisions; subject to our observations as listed in the **Annexure A** to this report.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

Based on the information received and records maintained, we further report that;

1. The Board of Directors of the Company is duly constituted with 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.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. As per the minutes of the meetings duly recorded and signed by the chairman, the decisions of the board were unanimous and no dissenting views have been recorded.

Based on the compliance mechanism established by the company and based on the decisions taken by the board of directors at their meetings, we are of the opinion that the management has;

- A. Reasonable 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.
- B. Complied the following laws and the Rules made thereunder which are applicable to the Company; subject to our observations in the **Annexure A** to this report;
  1. Essential Commodities Act, 1955
  2. Sugarcane (Control) Order, 1966
  3. Sugar Cess Act, 1982
  4. Sugar Development Fund Act, 1982
  5. Food Safety and Standards Act, 2006
  6. Factories Act, 1948
  7. The Boiler Act, 1923
  8. The Electricity Act, 2003

9. Environment Protection Act, 1986
10. Hazardous Waste (Management and Handling) Rules, 1989
11. The Water (Prevention and Control of Pollution) Act, 1974
12. The Air (Prevention and Control of Pollution) Act, 1981
13. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
14. Employee State Insurance Act, 1948
15. The Payment of Wages Act, 1956
16. The Minimum Wages Act, 1948
17. The Employees' Compensation Act, 1923
18. Equal Remuneration Act, 1976
19. The Payment of Bonus Act 1965
20. The Payment of Gratuity Act, 1972
21. The Legal Metrology Act, 2011
22. Land Revenue and all other local laws applicable to its plants and offices
23. Various Laws cover under Maharashtra Pollution Control Board (MPCB)
  - I. Bombay Labour Welfare Fund Rules, 1953
  - II. Bombay Prohibition Act, 1949

We further report that during the audit period the company;

The company has filed a Writ Petition on 07<sup>th</sup> April 2015, with the High Court, Mumbai Bench, vide Writ Petition No. 3753, against the Order passed by the subordinate Court, in the matter of the assets of the company lying with the Jagdamba Sugar Sahakari Karkhana (JSSK), which was reported in the balance sheet by way of contingent liability of INR 8,51,88,050/-. In this regard the Hon'ble Mumbai Bench has passed an Oder, directing ad interim relief till the next hearing.

**For KPRC& Associates,  
Company Secretaries**

*Sd/-*

**CS Kuldeep Ruchandani**

**Partner**

Date: 26<sup>th</sup> August 2016

Place: Pune

Membership No. 7971

C.P. No. 8563

## **ANNEXURE TO THE SECRETARIAL AUDIT REPORT**

In furtherance to our aforementioned observations/remarks/comments, we further report that;

### **➤ Companies Act, 2013:**

- We have not verified the correctness and appropriateness of financial records and books of accounts of the company
- We have obtained wherever required the management representation about the compliance of laws rules and regulations and happening of events etc.
- 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.
- Pursuant to the provision of Section 204 of the Companies Act 2013, the company is required to appoint a company secretary in whole time employment and the company is in process of recruiting a suitable candidate as a company secretary of the company.
- Pursuant to the provisions of Section 177 (9) of the Companies Act, 2013, the company is required to establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed. The company is in the process of establishing vigil mechanism policy.

### **➤ The Payment of Wages Act, 1936:**

- During the year under report the company has not paid wages to the employees within the time limit as prescribed in section 9 to section 13 of Payment of Wages Act 1936. However the Company has paid the wages on or before 15th of the following month.

### **➤ The Sugarcane (Control) Order, 1966:**

- During the year under report, the company has made payment of only 80% of cane price to sugarcane farmers for sugarcane supplied by them to the company within 14 days of the date of delivery of such sugarcane in accordance with the provisions as mentioned under the Sugarcane (Control) Order, 1966.

### **➤ The Payment of Bonus Act, 1965:**

- During the year under report, the company has paid minimum prescribed bonus i.e. 8.33% to all workers/employees of the company in accordance with the provision of Payment of Bonus Act, 1965. However, the company has not filed Annual Return in Form D in accordance with the provision of section 26 of the Payment of Bonus Act, 1965. The company is in the process of complying with the provisions as mentioned in the Payment of Bonus Act, 1965.
- During the year under report, the company has not maintained the records of bonus paid in "Form A" as prescribed under The Payment of Bonus Act, 1965. However, the company is in the process of complying with the provisions as mentioned in the Payment of Bonus Act, 1965.

### **➤ Environmental Laws:**

- The company is required to file the Water Cess Return (water consumption) in prescribed "Form-I" under Water (Prevention & Control of Pollution) Cess Act 1977, on 5th day of every calendar month, showing the quantity of water consumed during the previous month, however there has been insignificant delay in filing of these returns in few months.

- The company is required to file annual return of hazardous waste before 30th June every year for financial ended in March, in Form No. 4as prescribed under Hazardous Waste (MH & TM) Rules 2008. However, the company has not filed the annual return for its sugar division.
- The company is required to file annual return and records of recyclable hazardous wastes by 30th June every year for financial ended in March, in Form No. 6 as prescribed under Hazardous Waste (MH & TM) Rules 2008. However, the company has not filed the return for its sugar division.
- The company is required to maintain the records of hazardous wastes in Form No. 3 as prescribed under Hazardous Waste (MH & TM) Rules 2008, however, the company has not maintained the said records for its sugar and distillery division. The company is in the process of complying with the provisions of Hazardous Waste (MH & TM) Rules 2008.

➤ **The Food Safety and Standards Act, 2006:**

- The company has registered under Food Safety and Standards Act 2006, and obtained a state license for its dairy division for the product category-Milk and Milk products. During the year under report, the company has crossed the limit as prescribed under the state license of the Foods Safety and Standards Authority of India and the company is in the process of making an application for getting the central license for its dairy division.

➤ **Maharashtra Pollution Control Board:**

- The company has obtained renewed consent to operate during the year for its sugar and distillery division. However, the maximum limit allowed in the consent to operate of sugar division for the molasses had exceeded in the month of January 2016. The Company is in the process of complying with the conditions and limits prescribed in the consent to operate.

➤ **No Objection Certificate from the Director Maharashtra Fire & Emergency Services, Mumbai (FIRE NOC)**

- The company is required to obtain No Objection Certificate from the Director Maharashtra Fire & Emergency Services, Mumbai, however, the company has not obtained such NOC till date and the company is in the process of obtaining the same.

**For KPRC& Associates,  
Company Secretaries**

Sd/-

**CS Kuldeep Ruchandani  
Partner**

Date : 26<sup>th</sup> August, 2016

Place : Pune

Membership No. 7971

C.P. No. 8563