MAGADH SUGAR & ENERGY LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their Second Annual Report on the performance of your company along with the Audited Financial Statements of the Company for the year ended 31st March, 2016.

Financial Results :

The Statement of Profit & Loss for the year under review shows a loss of Rs 1.09 lacs for the year which is proposed to be carried forward.

Dividend:

In view of inadequacy of profit/losses your Directors do not recommend any dividend for the year ended 31st March, 2016.

Capital:

During the year under review, there has been no change in the capital base of the Company which comprised of 50,000 fully paid Equity Shares of Rs. 10 each.

State of Company's Affairs and Future Outlook

The Company was incorporated on 19th March, 2015, as a wholly owned subsidiary of Upper Ganges Sugar & Industries Limited, pursuant to a proposed Scheme of Arrangement entered into by them. The said scheme is pending for regulatory approvals.

Material Changes Affecting the Financial Position of the Company

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate on the date of this report.

Details of significant & material orders passed by the regulators or courts or tribunals

No significant & material order has been passed by regulator or court or tribunal against the Company.

Particulars of Loan, Guarantee and Investments under Section 186

There were no Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

Related Parties Transactions

There was no arrangement or contracts made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

Directors

The Company has three Non-Executive Directors having varied experience. Mr Santosh Kumar Poddar retires by rotation and being eligible seeks re-appointment.

Board Meetings

During the year under review four Board Meeting were held on 4h May, 2015, 4th August, 2015, 17th November, 2015 and 25th February, 2016 respectively.

Directors' Responsibility Statement

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

a) that in the preparation of the annual accounts for the financial year ended 31st March, 2016 the applicable accounting standards had been followed along with proper explanations relating to material departures; if any;

b) that 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 loss of the Company for that period;

c) that 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) that the Directors had prepared the annual accounts on a going concern basis.

e) that the Directors had laid out internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Auditors, Audit Qualifications And Board's Explanations
Statutory Auditors

The Auditors M/s. S.R. Batliboi & Co. LLP., Chartered Accountants, 22, Camac Street, Kolkata 700 016 having Firm Registration No. 301003E allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as Statutory Auditors of your Company to hold office for a term of 5 (five) years from the conclusion of 1st AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 6th AGM of your Company. Accordingly, the appointment of M/s. S.R. Batliboi & Co. LLP., Chartered Accountants, as Statutory Auditors of your Company, is placed for ratification by the Members. The Board of Directors of your Company recommend ratification of their appointment from the conclusion of this AGM upto the conclusion of the 3rd AGM of your Company..

The Auditors' Report is self explanatory and does not require any further clarification/ explanations.

Fixed Deposits

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

Energy Conservation, Technology Absorption And Foreign Exchange Earning & Outgo

As the Company has no manufacturing activity at present the provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or Outflow during the year under review

Particulars Of Employees

There was no employee in the Company who was in receipt of remuneration as required to be disclosed under section 197 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details of Subsidiary, Joint Venture or Associates

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

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “Annexure A”.

Acknowledgement

Your Directors wish to place on record their appreciation for the services rendered to the Company by its employees and shareholders. Your Directors also wish to express their sincere thanks to and bankers and other lenders for their continued co-operation and assistance.

For and on behalf of the Board

Sd/-
Director
Kailash Chand Gupta
DIN - 00047493

Sd/-
Director
Santosh Kumar Poddar
DIN -00055786

Kolkata
Dated: 12th May, 2016

ANNEXURE –'A'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS	
CIN	U15122UP2015PLC069632
Registration Date	19-03-2015
Name of the Company	MAGADH SUGAR & ENERGY LIMITED
Category / Sub-Category of the Company	Company limited by shares, Indian Non-Government Company
Address of the Registered office and contact details	P.O. Hargaon, Dist – Sitapur, Uttar Pradesh – 261 121 Tel No : 05862 256 220
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Not Applicable		

Note – The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	UPPER GANGES SUGAR & INDUSTRIES LIMITED	L15421UP1932PLC025141	Holding	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	**No. of Shares held at the beginning of the year**				**No. of Shares at the end of the year**			**% change during the year**	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% change during the year
Promoter and Promoter Group									
Indian									
Individuals/Hindu Undivided Family	-	-	-	-	-	-	-	-	-
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	49,930	49,930	99.86	-	49,930	49,930	99.86	-
Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
Any Other (Total)	-	70	70	0.14	-	70	70	0.14	-
Sub-Total (A)(1)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	-
Foreign									-
Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other (Total)	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)=	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	-

(A)(1)+(A)(2)									
Public shareholding									-
Institutions									-
Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other (Total)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
Non-institutions	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >Rs. 1 Lakh.	-	-	-	-	-	-	-	-	-
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Clearing Member	-	-	-	-	-	-	-	-	-
Directors/Relatives	-	-	-	-	-	-	-	-	-
Foreign Company	-	-	-	-	-	-	-	-	-
Foreign National	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Non Resident Indians (Non Repat)l	-	-	-	-	-	-	-	-	-
Non Resident Indians (Repat)	-	-	-	-	-	-	-	-	-
Office Bearers	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-

TOTAL (A)+(B)	-	-	-	-	-	-	-	-	-
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	-

ii) Shareholding of Promoters

Shareholders Name	**Shareholding at the beginning of the year**			**Shareholding at the end of the year**			**% 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**	
SANTOSH KUMAR PODDAR	10	0.02	-	10	0.02		
DILIP PATODIA	10	0.02	-	10	0.02		
ANAND SHARMA	10	0.02	-	10	0.02		
KAILASH CHAND GUPTA	10	0.02	-	10	0.02		
BRIJ MOHAN AGARWAL	10	0.02	-	10	0.02		
SUNIL CHORARIA	10	0.02	-	10	0.02		
SUBRAMANIAN SATHYAMURTHY	10	0.02	-	10	0.02		
UPPER GANGES SUGAR & INDUSRIES LIMITED	49930	99.86	-	49930	99.86	-	-
	50,000	**100.00**	-	**50,000**	**100.00**	-	-

[#] These are nominee shareholders on behalf of Upper Ganges Sugar & Industries Limited

-iii) Change in Promoters' Shareholding

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
At the beginning of the year				
Changes during the year	50,000	100	50,000	100
At the end of the year	50,000	100	50,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

		Shareholding at the beginning of the year		Shareholding at the end of the year	
	For Each of the Top Ten Shareholders	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	NOT APPLICABLE				

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
MR SANTOSH KUMAR PODDAR, DIRECTOR	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Changes during the year	10		10	
At the end of the year	10		10	

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
MR. KAILASH CHAND GUPTA, DIRECTOR	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Changes during the year	10		10	
At the end of the year	10		10	

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
MR. SUBRAMANIAN SATHYAMURTHY, DIRECTOR	No of Shares	% of total shares of	No of Shares	% of total shares of the

		the Company		Company
At the beginning of the year	-	-	-	-
Changes during the year	10		10	
At the end of the year	10		10	

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not	--	--	--	--
Total (i+ii+iii)	--	--	--	--
Change in Indebtedness during the financial year				
Addition	--	--	--	--
Reduction	--	--	--	--
Net Change	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	--	--	--	--

ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not	--	--	--	--
Total (i+ii+iii)	--	--	--	--

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl No.	Particulars of Remuneration		Total Amount Lacs
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		
2	Stock Options		
3	Sweat Equity		
4	Commission		
	- As % of profit		
	- As others specify		
5	Others please specify		
	Total (A)		

B. Remuneration to other Directors:

1. Independent Directors

		Name of Director			Total Amount
Sl No.	Particulars of Remuneration				
	Fee for attending Board/Committee Meetings				
	Commission				
	Others, please specify				
	Total B (1)	NIL	NIL	NIL	NIL

2. Other Non-Executive Directors

Sl No.	Particulars of Remuneration	Mr Kailash Chand Gupta	Mr Santosh Kumar Poddar	Mr Subramanian Sathyamurthy	Total Amount
	Fee for attending Board/Committee Meetings				
	Commission				
	Others, please specify				
	Total B (2)	NIL	NIL	NIL	NIL
	Total (B) = (B)(1)+(B)(2)	NIL	NIL	NIL	NIL

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl No.	Particulars of Remuneration			Total Amount
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			
2	Stock Options			
3	Sweat Equity			
4	Commission			
	- As % of profit			
	- As others specify			
5	Others please specify			
	Total (A)			
		NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any(give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board

Kolkata
Dated: 12th May, 2016

Director
Kailash Chand Gupta
DIN - 00047493

Director
Santosh Kumar Poddar
DIN -00055786

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'C'
Kolkata-700 016, India
Tel : +91 33 6615 3400
Fax : +91 33 6615 3750

INDEPENDENT AUDITOR'S REPORT

To the Members of Magadh Sugar & Energy Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Magadh Sugar & Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Kolkata

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 8 to the financial statements in respect of composite scheme of arrangement to re-structure and for transfer of Sugar Business undertakings located in the state of Bihar of The Oudh Sugar Mills Limited and Upper Ganges Sugar & Industries Limited to the Company w.e.f 1st April, 2015 subject to necessary approvals, more fully described therein. Pending such approvals, no adjustment has been made in these accounts.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 58652
Place: Kolkata
Date: May 12, 2016

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Magadh Sugar & Energy Limited as at and for the year ended March 31, 2016

(i) The Company does not have any fixed assets, hence, part (a), (b) and (c) of the Order are not applicable to the company.

(ii) Since the Company did not have any inventory, the requirements under paragraph 3 (ii) of the Order are not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted. Accordingly, the provisions of Clause 3 (iv) of the Order are not applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) Since the Company has not commenced any business activity, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) There are no dues relating to provident fund, employees' state insurance, income-tax, Sales tax, service tax, duty of custom, duty of excise, value added tax and cess during the period. Accordingly, the provisions of Clause 3(vii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institutions or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under Clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company has not paid any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, the Company has not entered into any transactions with the related parties under section 188 of Companies Act, 2013 in the current year. Further, the provisions of section 177 are not applicable to the company. Accordingly, the provisions of Clause 3(xiii) of the Order are not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 58652
Place: Kolkata
Date: May 12, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT (referred to in our report of even date to the members of Magadh Sugar & Energy Limited as at and for the year ended 31st March, 2016)

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

We have audited the internal financial controls over financial reporting of Magadh Sugar & Energy Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies

and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

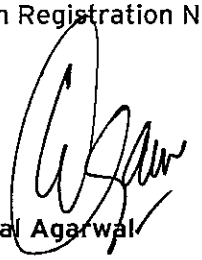
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per Kamal Agarwal
Partner
Membership Number: 58652
Place: Kolkata
Date: May 12, 2016

Magadh Sugar & Energy Ltd.

Balance sheet as at 31st March,2016

	Notes	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Equity and liabilities			
Shareholders' funds			
Share capital	3	5.00	5.00
Reserves and surplus	4	(1.58)	(0.48)
		3.42	**4.52**
Current liabilities			
Trade payables	5		
-Total outstanding dues of micro enterprises and small enterprises		-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		0.29	0.25
Current liabilities	5	-	0.23
		0.29	**0.48**
TOTAL		**3.71**	**5.00**
Assets			
Current assets			
Cash and bank balances	6	3.71	5.00
TOTAL		**3.71**	**5.00**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R. Batliboi & Co LLP
Firm Registration Number: 301003E/E300005
Chartered Accountants

Per Kamal Agarwal
Partner
Membership No: 58652

Place: Kolkata
Date: May 12, 2016

For and on behalf of the board of directors

For Magadh Sugar & Energy Limited

Director

For Magadh Sugar & Energy Limited

Director

Kolkata

Magadh Sugar & Energy Ltd.

Statement of profit and loss for the year ended 31st March, 2016

	Notes	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Expenses			
Printing & Stationary Expenses		0.13	-
Professional Fees		0.37	-
Rates & Taxes		0.03	-
Preliminary Expenses written off		-	0.23
Payment to auditor - Audit Fees		0.29	0.25
Other Expenses		0.28	-
Total Expenses		1.10	0.48
Loss for the year		**(1.10)**	**(0.48)**
Earnings per equity share [nominal value of share Rs10/-]			
Basic & Diluted	7	**(2.21)**	**(27.07)**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R. Batliboi & Co LLP
Firm Registration Number: 301003E/E300005
Chartered Accountants

Per Kamal Agarwal
Partner
Membership No: 58652

Place: Kolkata
Date: May 12, 2016

For and on behalf of the board of directors

For Magadh Sugar & Energy Limited

Director

For Magadh Sugar & Energy Limited

Director

Magadh Sugar & Energy Ltd.

Cash Flow Statement for the year ended 31st March,2016

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Cash Flow From operating activities		
Net Loss before Tax	(1.10)	(0.48)
Operating Profit before Working Capital Changes :	(1.10)	(0.48)
Movements in working capital :		
Increase in Trade Payables	(0.19)	0.25
Increase in Other Liabilities	-	0.23
Net cash flow used in operating activities (A)	**(1.29)**	**(0.00)**
Cash Flows From financing activities		
Issue of Equity Shares	-	5.00
Net cash flow from financing activities (B)	**-**	**5.00**
Net increase/(decrease) in cash and cash equivalents (A + B)	**(1.29)**	**5.00**
Cash and cash equivalents at the beginning of the year	**5.00**	**-**
Cash and cash equivalents at the end of the year *	**3.71**	**5.00**

* Represents Cash and Bank Balances as indicated in Note 6

As per our report of even date

For and on behalf of the board of directors

For S.R. Batliboi & Co LLPFirm Registration Number: 301003E/E300005Chartered Accountants

Per Kamal Agarwal
Partner
Membership No: 58652

Place: Kolkata
Date: May 12, 2016

For Magadh Sugar & Energy Limited

Director

For Magadh Sugar & Energy Limited

Director

Kolkata

Magadh Sugar & Energy Ltd.
Notes to financial statements for the year ended 31 March 2016

1. BACKGROUND

Magadh Sugar & energy Ltd. is a subsidiary of Upper Ganges Sugar & Industries Limited. The Company has been incorporated on 19th March, 2015. The Company has not started any business activity. However, a scheme of arrangement has been approved by the company subject to approval of the court & shareholders as stated in note 8 **below.**

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(c) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(d) Preliminary Expenses

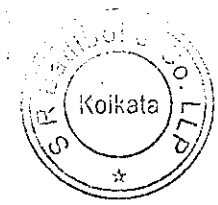
In accordance with the requirements of Accounting Standard - 26, Preliminary expenses incurred in connection with the formation of the company are charged off in the year such expenses are incurred.

(e) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(f) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Magadh Sugar & Energy Ltd.

Notes to financial statements for the year ended 31 March 2016

3. Share capital

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Authorized shares		
50,000(50,000) Equity Shares of Rs10/- each	5.00	5.00
Issued, subscribed and fully paid-up shares		
50,000(50,000) Equity Shares of Rs10/- each	5.00	5.00
	5.00	5.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31-Mar-16		31-Mar-15	
	No. of shares	Rs in lacs	No. of shares	Rs in lacs
At the beginning of the period	50,000	5.00	-	-
Issued during the period	-	-	50,000	5.00
Outstanding at the end of the period	50,000	5.00	50,000	5.00

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2016		As at 31 March 2015	
	No. of shares	% holding in	No. of shares	% holding in
Upper Ganges Sugar & Industries Limited	50,000	100.00%	50,000	100.00%

4. Reserves and surplus

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Surplus/(Deficit) in the statement of profit and loss		
Opening Balance	(0.48)	-
Loss for the year/Period	(1.10)	(0.48)
Net deficit in the statement of profit and loss	(1.58)	(0.48)
Total reserves and surplus	(1.58)	(0.48)

5. Current liabilities

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	0.29	0.25
Other Liabilities		
Amount payable to Holding Company	-	0.23
	0.29	0.48

6. Cash and bank balances

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Cash and cash equivalents		
Cash On Hand	0.03	-
Balance in Current Account	3.68	5.00
	3.71	5.00

7. Earnings per share (EPS)

The following reflects the loss and share data used in the basic and diluted EPS computations:

	31-Mar-16 Rs in lacs	31-Mar-15 Rs in lacs
Loss after tax for calculation of basic and diluted EPS	(1.10)	(0.48)
		No. in lacs
Weighted average number of equity shares in calculating basic and diluted EPS	0.50	0.02
Earnings per equity share [nominal value of share Rs 10]		
Basic & Diluted	**(2.21)**	**(27.07)**

8. The Company's Board of Directors at its meeting held on 27th March 2015 had approved a Composite Scheme of arrangement amongst the Company, The Oudh Sugar Mills Ltd, Upper Ganges Sugar & Industries Limited, Palash Securities Limited, Allahabad Canning Limited, Ganges Securities Limited, Cinnatolliah Tea Limited, Vaishali Sugar & Energy Limited, Magadh Sugar & Energy Limited in terms of the provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 & Companies Act, 2013 to the extent applicable, for transfer of Sugar Business undertaking located in the state of Bihar of The Oudh Sugar Mills Limited and Upper Ganges Sugar & Industries Limited to the company with effect from 1st April2015, subject to necessary approvals. The Company is in the process of obtaining necessary approval from the concerned authorities and pending such approval , no accounting adjustment has been made in these financial statements.

9. As the Company has not yet commenced any business activity, segment reporting disclosures as per Accounting Standard - 17, are not applicable and hence not furnished.

lagadh Sugar & Energy Ltd.

otes to financial statements for the year ended 31 March 2016

). Related party disclosures

mes of related parties and related party relationship

lated parties where control exists

lding Company	Upper Ganges Sugar & Industries Limited

lated party transactions

e following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Advances received

Rs in lacs

	Year ended	Opening Balance	Advances received	Repayment	Interest accrued	Amount owed to related parties
lding Company						
per Ganges Sugar & Industries Limited	31-Mar-16	0.23	0.01	0.24	-	-
	31-Mar-15	-	0.23	-	-	0.23

. Previous year figures including those given in brackets have been regrouped/rearranged wherever necessary.

per our report of even date
r S.R. Batliboi & Co LLP
m Registration Number: 301003E/E300005
artered Accountants

r Kamal Agarwal
rtner
embership No: 58652

ace: Kolkata
ite: May 12, 2016

For and on behalf of the board of directors

For Magadh Sugar & Energy Limited

Director

For Magadh Sugar & Energy Limited

Director

S.R. Batliboi & Co. LLP Kolkata