

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of **Vishwaraj Sugar Industries Limited** will be held on Thursday, 27th September, 2018 at 4.00 P.M. at the Registered Office of the Company situated at Bellad-Bagewadi, Taluka-Hukkeri, District-Belgaum-591305, Karnataka to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements as at 31st March 2018 and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Lava Katti (DIN: 02777164) who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in the place of Mr. Kush Katti (DIN: 02777189) who retires by rotation and being eligible, offers himself for re-appointment

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an *Ordinary Resolution*: -

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, and as amended from time to time, and such other permissions as may be necessary, the remuneration Rs.1,50,000/- (Rupees One Lakh And Fifty Thousand Only) plus applicable Taxes and reimbursement of out of pocket expenses at actuals to M/s. S. K. Tikare & Co, Cost Accountant who were appointed by the Board of Directors of the Company, upon the recommendation of Audit Committee, as "Cost Auditors" to conduct the audit of the cost records maintained by the Company for Financial Year ending 31st March, 2019, be and is hereby ratified and approved."

RESOLVED FURTHER THAT Mr. Nikhil Katti, Managing Director of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution"

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a *Special Resolution*: -

"RESOLVED THAT pursuant to the provisions of section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr.

Lava Ramesh Katti (DIN: 02777164), as the Whole-time Director of the Company for a period of 3 years w.e.f 30.06.2018 at a remuneration of Rs.2.00 Lacs per month, by the Board of Directors, as approved by the Nomination and Remuneration Committee, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.50lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. Lava Ramesh Katti (DIN: 02777164), as the Whole-time Director of the Company.

RESOLVED FURTHER THAT the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits/inadequacy of profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible as per Schedule V of the Act and that no Commission will be paid.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the terms and conditions of his appointment including remuneration, commission and/or perquisites payable or to be provided (including any monetary value thereof) to him in such manner as may be agreed to between the Board of Directors and Mr. Lava Ramesh Katti.

RESOLVED FURTHER THAT Mr. Nikhil Katti, Managing Director be and is hereby authorised to take all steps necessary for giving effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special *Resolution*: -

"**RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr. Kush Ramesh Katti (DIN: 02777189), as the Whole-time Director of the Company for a period of 3 years w.e.f 30.06.2018 at a remuneration of Rs.2.00 Lacs per month, by the Board of Directors, as approved by the Nomination and Remuneration Committee, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.50lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. Kush Ramesh Katti (DIN: 02777189), as the Whole-time Director of the Company.

RESOLVED FURTHER THAT the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits/inadequacy of profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible as per Schedule V of the Act and that no Commission will be paid.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the terms and conditions of his appointment including remuneration, commission and/or perquisites payable or to be provided (including any monetary value thereof) to him in such manner as may be agreed to between the Board of Directors and Mr. Kush Ramesh.

RESOLVED FURTHER THAT Mr. Nikhil Katti, Managing Director be and is hereby authorised to take all steps necessary for giving effect to this resolution."

By Order of the Board of Director
For **Vishwaraj Sugar Industries Limited**

Sd/-
Umesh Vishwanath Katti
Chairman

DIN: 01461050

341, Town/vill: Bellad Bagewadi

Taluk: Hukkeri Belgaum 591305

Karnataka, India

Place: **Bellad Bagewadi**

Date: 28.08.2018

NOTES:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed.
2. A member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote on a Poll instead of himself/herself and the proxy need not be a member of the Company.
3. Proxies, if any, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty-Eight) hours before the time fixed for holding the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of advance notice in writing is given to the Company.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors. M/s.Gojanur & Co, Chartered Accountants, (bearing Registration No. 000941S) shall continue to hold the office of Statutory Auditors of the Company till the conclusion of the Twenty Seventh Annual General Meeting.
6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. Corporate Members are requested to send a duly certified true copy of the Board Resolutions/ authority, authorizing their representative(s) to attend and vote at the Meeting.
8. The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed.
9. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility of remote e-voting to all members. Complete instructions on e-voting facility provided by the Company are provided hereunder. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 27th September, 2018.
10. The Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and Register of contracts and arrangements in which Directors are interested maintained under section 189 of the Act will be available for inspection by the members at the Annual General Meeting.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

12. Members may avail the nomination facility as provided under Section 72 of the Companies Act, 2013.
13. Members are requested to notify any change in their address.
14. Any member proposing to seek any clarification on the accounts is requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
15. Relevant documents referred to in the accompanying Notice, are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
16. Pursuant to Articles of Association of the Company, Mr. Lava Ramesh Katti, and Mr. Kush Ramesh Katti, Whole Time Directors, retire by rotation and being eligible offer themselves for re-appointment.
17. Route map and prominent land mark for easy location of the venue of the Meeting are attached herewith in terms of Secretarial Standards 2 (SS-2).



**ANNEXURE TO NOTICE
STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102(1) OF THE COMPANIES
ACT, 2013**

AGENDA - 4

APPROVAL, CONSIDERATION AND RATIFICATION OF REMUNERATION OF COST AUDITOR

The Ministry of Corporate Affairs has issued Companies (Cost Records & Audit) Amendment Rules 2014 which *inter alia* warrants the maintenance of cost records in respect of the sugar production, Co-generation and Distillery activity of the Company. In compliance with the said rules and based on the recommendation of Audit Committee, the Board has re-appointed M/s. S K Tikare & Co, Cost Auditors to audit the cost records of the Company at a remuneration of Rs.1,50,000/- for the financial year 2018-19 subject to the approval of members.

Accordingly, the resolution as stated in the Notice is commended for approval of the members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

AGENDA - 5

RE-APPOINTMENT OF MR. LAVA RAMESH KATTI (DIN: 02777164) AS WHOLE-TIME DIRECTOR OF THE COMPANY

The tenure of Mr. Lava Katti as Whole-time Director of the Company expired on June 29, 2018.

Pursuant to recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company, at their meeting held on June 29, 2018, have re-appointed Mr. Lava Katti as the Whole-time Director of the Company w. e. f. June 30, 2018 for a further period of 3(three) years. This is subject to the approval of the shareholders at this Annual General Meeting.

The details of remuneration payable to Mr. Lava Ramesh Katti and the terms and conditions of the re-appointment are given below:

Period:

3 years w.e.f June 30, 2018 subject to a notice period 3 (three) months from either side for termination of services.

Remuneration:

An amount not exceeding Rs. 2,00,000/- (Rupees Two Lakhs only) per month inclusive of perquisites detailed below which would be eligible for revision on a date to be determined by the Nomination and Remuneration Committee with subsequent approval by the Board from time to time.

➤ **Perquisites**

- Perquisites and allowance will include house maintenance allowance together with reimbursement of expenses or allowances for utilities as electricity, security, maintenance, staff salary etc.
- Reimbursement of expenses pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation.
- Leave and encashment of leave - as per the policy of the Company.

- Gratuity and / or contribution to the Gratuity Fund of Company - as applicable to other officers of the Company and as per the policy of the Company
- Other Allowances / benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may from time to time decide.
- The following perquisites shall not be included in the computation of remuneration stated above:
 - a. Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of service);
 - b. Earned leave with full pay or encashment as per rules of the Company.
 - c. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme, to the extent not taxable under Income Tax Act, 1961
 - d. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls but excluding long distance personal calls to be paid by Managing Director) shall not be included in the computation of perquisites.

For the purpose of calculation of remuneration, perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

OTHER TERMS & CONDITIONS OF APPOINTMENT: -

- In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Lava Katti, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.
- Mr. Lava Katti shall be liable to retire by rotation.

The terms as set out in the explanatory statement may be treated as the terms of appointment of Mr. Lava Katti under Section 190 of the Companies Act 2013.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

Except Mr. Lava Katti, Mr. Kush Katti, Mr. Nikhil Katti and Mr. Umesh Katti, none of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution as set out at Item No.5. Further, the copy of Employment Agreement entered into with Mr. Lava Katti shall be available for inspection by members at the Registered Office of the Company during business hours, on all working days till 27.09.2018.

Annexure A

Information pursuant to clause 1.2.5 of Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India

Name of Director: Lava Ramesh Katti	
DIN	02777164
Experience	On the Board of Vishwaraj Sugar Industries Limited since 2013. Experienced in administrating distillery and co-generation units of the Vishwaraj Sugar

	Industries Limited. Also part of social works in this region of Hukkeri, Taluka and surrounding villages. Serving on the advisory panel of a century old financial institution named Prathamika Krishi Patin Sahakari Sangh Limited, Bellad Bagewadi which caters to the needs of thousands of Farmers. Also involved in various social activities through Rahul Katti sports and social club.
Terms of conditions of Appointment	As mentioned in employment agreement
Details of Remuneration sought to be paid	Basic pay is Rs. 24,00,000/-p.a
Last Remuneration Drawn	Basic pay is Rs. 24,00,000/-p.a
Shareholding	He holds 1200275 Equity Shares of Rs.10 each
Relationship with other Director / KMPs	His brother Mr. Kush Katti is Whole time Director
Number of meetings of the Board attended during the year	Nine
Other Directorships	Vishwaraj Encivil India Private Limited
Membership / Chairmanship of Committees of other Boards	NIL

AGENDA - 6

RE-APPOINTMENT OF MR. KUSH RAMESH KATTI (DIN: 02777189) AS WHOLE-TIME DIRECTOR OF THE COMPANY

The tenure of Mr. Kush Ramesh Katti as Whole-time Director of the Company expired on June 29, 2018.

Pursuant to recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company, at their meeting held on June 29, 2018, have re-appointed Mr. Kush Ramesh Katti as the Whole-time Director of the Company w. e. f. June 30, 2018 for a further period of 3 (three) years. This is subject to the approval of the shareholders at this Annual General Meeting.

The details of remuneration payable to Mr. Kush Ramesh Katti and the terms and conditions of the re-appointment are given below:

Period:

3 years w.e.f June 30, 2018 subject to a notice period 3 (three) months from either side for termination of services.

Remuneration:

An amount not exceeding Rs. 2,00,000/- (Rupees Two Lakhs only) per month inclusive of perquisites detailed below which would be eligible for revision on a date to be determined by the Nomination and Remuneration Committee with subsequent approval by the Board from time to time.

➤ Perquisites

- Perquisites and allowance will include house maintenance allowance together with reimbursement of expenses or allowances for utilities as electricity, security, maintenance, staff salary etc.
- Reimbursement of expenses pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation.
- Leave and encashment of leave - as per the policy of the Company.

- Gratuity and / or contribution to the Gratuity Fund of Company - as applicable to other officers of the Company and as per the policy of the Company
- Other Allowances / benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may from time to time decide.
- The following perquisites shall not be included in the computation of remuneration stated above:
 - e. Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of service);
 - f. Earned leave with full pay or encashment as per rules of the Company.
 - g. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme, to the extent not taxable under Income Tax Act, 1961.
 - h. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls but excluding long distance personal calls to be paid by Managing Director) shall not be included in the computation of perquisites.

For the purpose of calculation of remuneration, perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

OTHER TERMS & CONDITIONS OF APPOINTMENT: -

- In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Kush Ramesh Katti, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.
- Mr. Kush Ramesh Katti shall be liable to retire by rotation.

The terms as set out in the explanatory statement may be treated as the terms of the appointment of Mr. Kush Ramesh Katti under Section 190 of the Companies Act 2013.

The Board recommends the resolution set forth in Item No. 6 for the approval of the Members.

Except Mr. Kush Katti, Mr. Lava Katti, Mr. Nikhil Katti and Mr. Umesh Katti, none of the other Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the said resolution as set out at Item No.6. Further, the copy of Employment Agreement entered into with Mr. Kush Katti shall be available for inspection by members at the Registered Office of the Company during business hours, on all working days till 27.09.2018.

Annexure A

Information pursuant to clause 1.2.5 of Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India

Name of Director: Kush Ramesh Katti	
DIN	02777189
Experience	Served on the Board of Vishwaraj Sugar Industries Limited since 2013 and actively associated with

	Bellad Bagewadi Urban Souhard Bank located in Bellad Bagewadi. Also administrating Shri V. M. Katti Educational Trust, which includes primary, secondary, PU college and ITI colleges. Also conducts social activities through Rahul Katti Sports and Social Club
Terms of conditions of Appointment	As mentioned in employment agreement
Details of Remuneration sought to be paid	Basic pay is Rs. 24,00,000/-p.a
Last Remuneration Drawn	Basic pay is Rs. 24,00,000/-p.a
Shareholding	He holds 1245075 Equity Shares of Rs.10 each
Relationship with other Director / KMPs	His brother Mr. Lava Katti is Whole time Director
Number of meetings of the Board attended during the year	Nine
Other Directorships	Vishwaraj Encivil India Private Limited
Membership / Chairmanship of Committees of other Boards	NIL

By Order of the Board of Director
For **Vishwaraj Sugar Industries Limited**

Sd/-
Umesh Vishwanath Katti
Chairman

DIN: 01461050

341, Town/vill: Bellad Bagewadi
Taluk: Hukkeri Belgaum 591305
Karnataka, India

Place: **Bellad Bagewadi**
Date: 28.08.2018

E-VOTING

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 23rd Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members as on 20th September 2018 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Monday, 24th September, 2018 (09:00 hrs) and will end on Wednesday, 26th September, 2018 (17:00 hrs). During this period, shareholders of the Company holding shares as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mr. Sudheendra Prakash Ghali, Practising Company Secretary to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

PROCEDURE FOR E-VOTING:

Instructions for members for voting electronically are as under:

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next, enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user, follow the steps given below:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. <i>(The sequence number for those members who did not update PAN, shall be provided in a separate sheet along with the Annual Report)</i>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members will then directly reach the Company selection screen.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant Company, i.e., **Vishwaraj Sugar Industries Limited** on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

General:

The voting rights of Members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on 20th September, 2017.

The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in the employment of the Company and make not later than 3 days of conclusion of the Meeting a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and declare the result of voting forthwith.

Members who do not have access to remote e-voting facility have been additionally provided the facility of voting by way of Ballot Form. They may send duly completed Ballot Form (enclosed with the Annual Report) to the Scrutinizer, Mr. Sudheendra Prakash Ghali, Practising Company Secretary (M. No.7037), at the Registered Office of the Company so as to reach before the conclusion of the 23rd Annual General Meeting or can carry the same to the Annual General Meeting and deposit in the Ballot Box during the Meeting. The facility for voting shall also be made available at the Meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

A member can opt for only one mode of voting, i.e., either through remote e-voting or by Ballot. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.

Members have the option to request for physical copy of Ballot Form by sending an e-mail to ipo@vssil.co.in by mentioning their Folio / DP ID and Client ID.

The results declared along with the Scrutinizer's Report will be posted on the Company's website.

Additional Disclosure in terms of Section II of Part II of Schedule V of the Companies Act, 2013
in relation to Item Nos.5 and 6

I. GENERAL INFORMATION

Nature of Industry	Manufacturing of Sugar, Co-generation, Distillery, Vinegar and allied products		
Date of commencement of commercial operation	The Company was incorporated in the year 1995 and obtained certificate of Commencement of Business in the year 1999.		
Financial Performance			(Rs. in lakhs)
	2017-18 (audited)	2016-17 (audited)	2015-16 (audited)
Financial parameters:			
Turnover (operational revenue)	24103.71819	24416.57709	23550.20335
Net profit after tax	(312.85889)	877.88404	441.45793
Amount of dividend paid	-	-	345.56
Rate of dividend declared	(FV 10/-)	(FV10/-)	10% (FV 10/-)
Foreign Investments or collaborations	NA		

II. INFORMATION ABOUT THE APPOINTEE

	Mr. Lava Ramesh Katti	Mr. Kush Ramesh Katti
Background Details	Mr. Lava Ramesh Katti (31 years) is a Promoter and Wholetime Director of the Company. He takes personal interest in developing teams with a strong belief that ordinary people are capable of making things possible. As Wholetime Director of the company he carries the overall responsibility for the strategy and operations of the Company.	Mr. Kush Ramesh Katti (31 years) is a Promoter and Wholetime Director of the Company. He takes personal interest in developing teams with a strong belief that ordinary people are capable of making things possible. As Wholetime Director of the company he carries the overall responsibility for the strategy and operations of the Company.
Past remuneration (Rs per annum)		
2017-18	Rs. 24Lacs	Rs. 24Lacs
2016-17	Rs. 23lacs	Rs.23lacs

Job profile and his suitability	As the Wholetime Director of the Company he handles the overall responsibility for the strategy and operations of the Company	As the Wholetime Director of the Company he handles the overall responsibility for the strategy and operations of the Company
Remuneration proposed	Rs.2 lacs per month with maximum ceiling limit of Rs. 2.50 lacs per month	Rs.2lacs per month with maximum ceiling limit of Rs. 2.50 lacs per month
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	Taking into consideration the size of the Company, the qualification and experience of Mr. Lava Ramesh Katti and the profile being handled by him, the remuneration as mentioned above is on the conservative side as compared to the remuneration being paid to similar position in other Companies.	Taking into consideration the size of the Company and the qualification and experience of Mr. Kush Ramesh Katti, and profile being handled by him, the remuneration as mentioned above is on the conservative side as compared to the remuneration being paid to similar position in other Companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel if any.	<p>In addition to the remuneration drawn by and proposed to Mr. Lava Ramesh Katti, he has entered into transaction with the Company aggregating to Rs.2.16 lacs as on 31.03.2018 towards Cane purchase and has indirect pecuniary relationship with the company during the FY 2017-18:</p> <p>Name : Kush Ramesh Katti Relation: Brother Nature of Payment: Salary: 24 lacs</p> <p>Name : Nikhil Umesh Katti Relation: Father's Brother's Son Nature of Payment: Salary: 36 lacs</p> <p>Mr. Lava Ramesh Katti is brother of Mr. Kush Ramesh Katti, the Wholetime Director of the Company</p>	<p>In addition to the remuneration drawn by and proposed to Mr. Kush Ramesh Katti, he has entered into transaction with the Company aggregating to Rs.22.39 lacs as on 31.03.2018 towards Cane purchase and has indirect pecuniary relationship with the company during the FY 2017-18:</p> <p>Name : Lava Ramesh Katti Relation: Brother Nature of Payment: Salary: 24 lacs</p> <p>Name : Nikhil Umesh Katti Relation: Father's Brother's Son Nature of Payment: Salary: 36 lacs</p> <p>Mr. Kush Ramesh Katti is brother of Mr. Lava Ramesh Katti, the Wholetime Director of the Company</p>
III. OTHER INFORMATION		
Reasons of loss or inadequacy of profits	The Company's business comprises of sales of various products. Due to low margins at domestic level and uncertain global economy, the Company could not generate expected revenues and eventual profitability.	

Steps taken or proposed to be taken for improvement	To overcome the present economic situation the Company has, inter alia, taken following steps: <ul style="list-style-type: none">• The Company is exploring new markets/buyers in the Domestic markets to increase the sales.• The Company has taken various initiatives to save on the cost so as to improve the profit margin• The Company has taking new initiatives to develop domestic business.		
Expected increase in productivity and profits	The Company is targeting an increase of 20% in the overall turnover and about 5-10% increase in operating profits as compared to previous year.		
IV. DISCLOSURES:			
Details of proposed Remuneration	Gross Remuneration Drawn - Rs.24,00,000/-p.a	Gross Remuneration Drawn - Rs.24,00,000/-p.a	

The Explanatory statement together with the accompanying notice may also be regarded as an abstract of the Memorandum of interest of Directors under the provisions of the Companies Act, 2013

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present Twenty Third Annual Report of your Company together with the Audited Financial Statements for the financial year ended 31st March, 2018 and on the state of affairs of the Company.

Summary of financial results:

The Company's Financial Performance for the financial year ended on 31st March, 2018 under review along with previous year figures are given hereunder:

(Rs.)

Particulars	2017-2018	2016-2017
Total Income	2,314,615,684.67	2,850,736,613.69
Profit before Finance cost and Depreciation	350,921,313.92	477,657,815.93
Depreciation & Amortization expense	131,996,304.86	11,53,47,353.69
Profit Before Tax	10,582,129.40	11,38,78,120.04
Tax Expense	41,868,019.00	26,089,716.00
Net Profit After Tax	(31,285,889.60)	8,77,88,404.04
Other comprehensive income	0.00	0.00
Total Comprehensive income	(31,285,889.60)	8,77,88,404.04
Basic& diluted Earnings per Share (Rs.)	(0.91)	2.54

VSIL's performance during 2017-18:

The Company has prepared the Financial Statements under Indian Accounting Standards (Ind AS) for the first time. The details of various adjustments to the Financial Statement necessitated from such implementation have been covered in the Notes to the Financial Statements.

During the year under consideration, your Company had an operational turnover of Rs. 22181.35 lakhs as against Rs. 28401.74 lakhs in previous year depicting a decline rate of 21.90% resulting in Net loss of Rs. (312.86) lakhs.

However, during the year under review, other expenses increased to Rs. 1113.98 Laacs as compared to Rs. 920.96 Laacs in the preceding financial Year.

With the aforesaid performance in the hindsight and reasonable good sugarcane harvest in the ensuing years, your Company is spirited to record better results in the ensuing Financial Years.

Business Operations:

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

Particulars	Sugar season	
	2017-18	2016-17
Sugarcane crushed (in MT)	506125.39	310681.402
Sugar produced (in quintals)	734050	321700

Segment-wise performance and outlook:**Sugar:**

The sugar season 2017-18 started with a carry-forward stock of 448532 quintals of sugar and perception of lower production due to shortage of cane output in the region. Sugarcane crushed during the year stood at 506125.39MT as compared to 3,10,681.40MT in the previous year. Recovery increased to 11.13 as compared to 10.35 achieved during the previous year owing to weather conditions which were completely conducive. The Company is providing farmers with necessary agri-inputs for increasing their farm yields and improving clean cane quality. Steps have also been taken to educate cane growers on modern agricultural practices.

During the year under review, your Company sold 489861 quintals of sugar at an average realisation of Rs. 35.11 per kilogram as against 663526 quintals at an average realisation of Rs. 32.12 per kilogram in the FY 2016-17.

Vinegar:

Production of Vinegar during the year stood at 84,60,314 ltrs as compared to 40,98,000 ltrs in the previous year. During the year the Company sold 91,79,160 ltrs at an average realization of Rs.1257.58Lakhs as against 51,61,600 ltrs at an average realization of Rs. 713.99 Lakhs.

Distillery

- The production of Rectified Spirit during the year was lowered to 5563.50 KL as compared to 8838.18 KL in the previous year. During the year under review, your Company sold 1810 KL at an average realization of Rs.812.10 Lacs as against 6886 KL at an average realization of Rs. 2,547.26 Lacs.
- The production of Natural Spirit during the year was 1192.62 KL as compared to 2269.08 KL in the previous year. During the year the Company sold 926 KL at an average realization of Rs. 131.40 Lacs as against 1450.00 KL at an average realization of Rs. 844.47 Lacs in the previous year.
- The production of M.G. Spirit during the year was lowered to 47.63KL as compared to 89.27 KL in the previous year. During the year your Company sold 50 KL at an average realization of Rs.13 Lacs as against 90.00 KL at an average realization of Rs. 30.50 Lacs in the previous year.
- During the year 2016-17 your company sold Liquid Carbon dioxide of 30,15,080KG at an average realisation of Rs.30.15 Lacs as against 34,57,620 KG at an average realisation of Rs. 69.15 Lacs in the previous year.

IML

Due to lower production of sugarcane during this period there was scarcity of raw material, molasses, a byproduct of sugar which is used in production of IML, which resulted in lower production of 2,35,750,CB as compared to 2,45,742 CB in the previous year, which resulted in lower sales of IML of 2,29,800 CB at an average realization of Rs.4763.59 Lacs as against 2,48,700 CB at an average realization of Rs. 4,854.11 Lacs in the previous year.

Cogeneration

Total power generated during the year stood at 58837700 KW compared to 55793500 KW in the previous year. Power exported to the Electric Supply Companies stood at 32777000 KW as against 38514500 KW in the previous year. The average realisation per unit stood at Rs.4.86 per KW as against Rs. 4.42 per unit in the previous year. Going forward, the power generation capacities are expected to improve their utilisation levels due to a greater availability of bagasse resulting from higher amounts of cane crushed.

Nature of Business

During the year under review, your Company carried out all its segmental activities and there was no change in its nature of Business.

Material changes and commitment:

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

Capital Expenditure:

During the year the Company has converted entire capital work in progress to fixed assets amounting to Rs.38,34,54,640/- and there by resulting in addition to fixed assets amounted to Rs.44,90,21,907/-.

Issue and Allotment of Securities/ Changes in Share Capital:

During the FY 2017-18 there was no change in the share capital of the company.

The capital Structure, as on date, stands as follows:

Authorised Capital: Rs 60 Crores

Issues, Subscribed and Paid up Capital: Rs 34.56 Crores

Dividend:

During the Financial year 2017-18, no dividend was declared. The Board does not recommend any dividend for the year.

Transfer to reserves:

It is not proposed to transfer any amount to any reserves from the profits of the Company.

Extract of Annual Return:

Extract of Annual Return in Form MGT- 9 is annexed to this Report as "Annexure I".

Boards Composition and Independence:

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 which stipulates that the Board should have optimum combination of Executive and Non-executive Directors with at least one Woman Director and at least two Independent directors. The Chairman of our Board is a Non-executive Director.

As on 31st March, 2018, the Board comprised of ten Directors. Out of these, one is Managing Director who is also a Promoter of the Company and two promoters are Whole Time Directors and one Whole Time Director who is non-promoter.

Of the six Non-Executive Directors, five are Independent Directors. The Company has also appointed one Woman Director, who also is an independent Director. All the Directors possess the requisite qualifications, expertise and experience in general corporate management, finance, banking, laws and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

Mr. Umesh Katti, Chairman, Mr. Nikhil Katti, Managing Director (MD), Mr. Lava Katti, Whole Time director (WTD) and Mr. Kush Katti, Whole Time director (WTD) are related to each.

All Independent Directors have given due declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013

Board Meetings:

During the year, Nine Board Meetings were held, details of which are provided in "Annexure II". The intervening gap between the Meetings was in compliance with the requirements stipulated under the provisions of the Companies Act, 2013 and the Secretarial Standards.

Committees of the Board:

The Board has the following committees:

- (a) Audit Committee
- (b) Nomination and Remuneration Committee
- (c) Stakeholders Relationship Committee
- (d) Corporate Social Responsibility (CSR) Committee

Details such as terms of reference, powers, functions, meetings, membership of committee, attendance of directors etc. are provided in "Annexure II" forming part of this Annual report.

Board has accepted all recommendations made by the Audit Committee during the year.

Directors:

(a) Inductions

During the year under consideration, Mr. Basavaraj Veerappa Hagaragi, Mr. Shivanand Basavanneppa Tubachi and Mrs. Pratibha Pramod Munnolli were appointed as Independent Directors at the AGM held on 30th September, 2017 and also Mr. Venkata Radhakrishna Racharla was appointed as Independent Directors at the EGM held on 18th December, 2017.

(b) Retirement/Re-appointment

Mr. Lava Ramesh Katti, Whole time director and Mr. Kush Ramesh Katti, Whole time director, retire by rotation and being eligible, offer themselves for reappointment. The Board recommends their appointment.

None of Independent Directors will retire at the ensuing Annual General Meeting.

(c) Resignation

During the year under review, Mrs. Sheela Umesh Katti, Non-Executive Director and Mr. Shrinivas Koujalgi and Rajaram Tukaram Shiralkar Independent Director of the Company resigned as a Director on September 30, 2017 and November 20, 2017 respectively on personal grounds. The Board wishes to place on record his valuable contribution to the company during his tenure as a Director.

None of the Directors of your Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013.

Key Managerial Personnel:

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Mr. Nikhil Katti, Managing Director, Mr. Lava Katti, Whole Time Director, Mr. Kush Katti, Whole Time Director, and Mr. Mallikarjun Pujar, Whole Time Director, Mr. Sheshagiri Kulkarni, Chief Financial Officer and Ms. Sneha Patil, Company Secretary & Compliance Officer.

Directors' Responsibility Statement:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards (IndAS) have been followed along with proper explanation relating to material departures.
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) The directors have 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.
- (iv) The directors have prepared the annual accounts on a going concern basis.
- (v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on 31st March, 2018.

Policy on Directors' Appointment, Remuneration, Etc.

The following policies are attached herewith and marked as “Annexure –III (a) and III (b)” respectively:

- a. Policy for selection of Directors and determining Directors Independence; and evaluation mechanism.
- b. Remuneration Policy for Directors, Key managerial Personnel and other employees.

Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the evaluation of its own performance and that of the Board Committees, viz. Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders’ Relationship Committee as well as evaluation of performance of Directors individually. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, corporate governance practices and stakeholders’ interests, etc. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, meeting risk management and competition challenges, compliance and due diligence, financial control, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Nomination and Remuneration Committee also carried out evaluation of every director’s performance. The Directors expressed satisfaction with the evaluation process.

Statutory Auditors and their Audit Report:

In accordance with Section 139 of the Companies Act, 2013 and Rules made thereunder, Members at the 22nd Annual General Meeting of the Company approved the appointment of Statutory Auditors, M/s. Gojanur & Co., Chartered Accountants, for a period of 5 years. The said appointment was subject to ratification by members every year.

However, the requirement of ratification of appointment of Statutory Auditors under proviso to Section 139 of the Companies Act, 2013 is done away with under the Companies (Amendment) Act, 2017. As such, Board does not seek members’ ratification for their appointment.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year ended March 31, 2018. Pursuant to provisions of section 143 (12) of the Companies Act 2013, the Statutory Auditors have not reported any incident of fraud to the Audit and Risk Management Committee during the year under review.

Secretarial Auditors and their Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, your company has appointed Mr. Sudheendra P. Ghali, a practising Company Secretary, to undertake the secretarial audit of the company for the financial year 2017-18. The Secretarial Audit Report for the FY 2017-18 is attached as “Annexure IV” and forms part of this Report.

There are no qualifications made by the Secretarial Auditor in his report for the financial year ended 31 March, 2018. Response to the comment made by the Secretarial Auditor in respect of the Company not fully expending the requisite quantum of CSR spend during the year as required under Section 135 of the Companies Act 2013 is given in Annual Report on CSR activities.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed Mr. Sudheendra P. Ghali, Company Secretary in Practice to conduct the Secretarial Audit for FY 2018-19 at its meeting held on 28 August, 2018.

Cost Auditors and their Audit Report

Section 148 of the Companies Act 2013 read with Rules made thereunder mandates every Company belonging to category prescribed in the Rules to undertake a Cost Audit. In compliance with said provision, Company had appointed M/s S.K. Tikare & Co., Cost Accountants, Belgaum to audit the cost records for FY 2017-18. The Cost Auditor has submitted the Cost Audit report for FY 2017-18.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended 31st March, 2018.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s S K Tikare & Co., Cost Accountants, Belgaum as the Cost Auditors for FY 2018-19 at a fixed remuneration of Rs. 1,50,000/-, excluding applicable taxes, subject to approval by the members at the ensuing Annual General Meeting of the Company.

Board recommends the approval of the said remuneration payable to the Cost Auditor in accordance with Section 148 of the Companies Act 2013 and the Rules made thereunder.

Particulars of loans, guarantees or investments:

Your company has invested an amount of around of Rs 10,000 in the BBUSS Bank and Rs.53,14,000/- BDCC Bank. Further, during the year under review, your company has not given any loans or guarantees to any of the parties.

Related Party Transactions:

All the transactions carried out with Related parties for the year under review were on arm's length basis and are in compliance with the applicable provisions of the Act. There are no material significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. Details of each of the related party transaction entered into by the Company during the Year together with justification are annexed herewith in Form AOC-2 as "Annexure V".

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule8(3) of the Companies (Accounts) Rules, 2014 is furnished in "Annexure VI".

Corporate Social Responsibility:

Your Company as part of its Corporate Social Responsibility (CSR) initiative, undertook many projects like promotion of education in rural areas, infrastructure and sanitation development, welfare of girl child, facilitating pure drinking water to the identified rural areas in and around the factory at Bellad-Bagewadi

Your management wants to ensure that the fund so earmarked reaches out to the needy and is in the process of outlining a program to benefit the needy local populace. Annual report on CSR activities is enclosed as "Annexure VII" to this report.

Development and implementation of Risk Management policy:

The company has adequate risk management policy. The policy on risk assessment and minimisation procedures as laid down by the Board are periodically reviewed by the Audit Committee and the Board. The policy facilitates in identification of risks at appropriate time and ensures necessary steps to be taken to mitigate the risks.

Deposits:

Your company neither accepted nor repaid any deposits during the FY ended 31st March, 2018. Further, there were no outstanding deposits as at the beginning of the FY or at any time during the FY 2018. Hence, there are no details to be provided pursuant to Rule 8 (5) (v) & (vi) of Companies (Accounts) Rules, 2014.

Subsidiary Companies:

The Company has no subsidiaries, joint ventures or associate companies.

Internal Financial Control:

Your company adopted policies and procedures which enables implementation of appropriate internal financial controls across the organisation and also ensures the orderly and efficient conduct of business, including adherence to the Company's Policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Internal Financial Controls are an integral part of the Risk Management Process, addressing financial and financial reporting risks. The Internal Financial Controls have been documented, digitized and embedded in the business process.

Assurance on the effectiveness of the Internal Financial Controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the Internal Auditor during the course of audits. It is believed that these systems provide reasonable assurance that your Internal Financial Controls are commensurate with the requirements of our organization.

Internal Auditor

The Board of Directors based on the recommendation of the Audit Committee have appointed Mr. Sudheendra P. Ghali, Company Secretary, Belgaum, as the Internal Auditor of your Company. The Internal Auditor are submitting their reports on quarterly basis.

Management Discussion and Analysis Report:

In accordance with the provisions of SEBI (LODR) Regulations, 2015, a Report on the Management Discussion and Analysis is set out in Annexure-VIII attached to this Report

Significant and Material Orders:

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

Corporate Governance:

Highest standards of Corporate Governance practices are maintained and followed in every walk of life of our Company. A separate report on Corporate Governance is provided together with a certificate from Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 is attached as Annexure- IX to this Report.

A certificate of the CEO and CFO of the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting matters to the Audit Committee is also annexed in the Corporate Governance Report

Particulars of Employees:

The Company does not have any employee whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Vigil Mechanism/Whistle Blower Policy:

In terms of the provisions of Section 177 of the Companies Act, 2013 your company has formalized the process and institutionalized 'Whistle Blower Policy' within the Company, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage/misappropriation of assets to the Company.

The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

The Vigil Mechanism and Whistle Blower Policy may be accessed on our Website at: www.vsil.co.in

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The company strongly support the rights of all the employees to work in harassment – free environment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

Your company further confirm that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your company confirm that we have complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Listing of Securities:

During the year the Company has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India (SEBI) on 21st December, 2017.

Compounding:

During the year the Company has filed Joint Application For Compounding Under Section 441 Of The Companies Act, 2013 For Composition Of Offences Under Sections 56,60,60b,64,67,68a(2),72,73 Read With Section 629a Of The Companies Act, 1956 matter is pending with NCLT.

Acknowledgements:

The Directors wish to place on record their appreciation to the wholehearted help and co-operation the Company has received from the business associates, partners, vendors, clients, government authorities, and bankers of the Company.

The relations between the management and the staff were cordial during the period under review.

The Company also wishes to put on record its appreciation for the work done by the staff. Your Directors appreciate and value the trust imposed upon them by the members of the Company.

For and on behalf of the Board
Vishwaraj Sugar Industries Limited



Umesh V. Katti
Chairman
DIN:01461050

Place: Bellad Bagewadi

Date: 28/08/2018

ANNEXURE - I

[Annexure to Director's Report - Statutory Disclosures]

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:

i	CIN	U85110KA1995PTC017730
ii	Registration Date	02/05/1995
iii	Name of the Company	Vishwaraj Sugar Industries Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/ Non Government Company
v	Address of the Registered office & contact details	Bellad Bagewad Taluka - Hukkeri District Belgaum Karnataka-591305
vi	Whether listed company	No
vii	Name, Address & contact details of Registrar & Transfer Agent, if any	No

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 & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacturing of Sugar	10721	66.34%
2	Power Generation	35102	6.15%
3	IMFL	11011	18.37%
4	Ethyl Alcohol (Ethanol)	1101	3.32%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES: NIL

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NA	NA	NA	NA	NA

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i. 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	11769700	11769700	34.06%	0	11681900	11681900	33.81%	
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
SUB TOTAL:(A)(1)	0	11769700	11769700	34.06%	0	11681900	11681900	33.81%	
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL:(A)(2)	0	0	0	0	0	0	0	0	
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	11769700	11769700	34.06%	0	11681900	11681900	33.81%	
B. Promoter group									
(1) Indian									
a) Individual/HUF	0	7015800	7015800	20.30%	0	6995350	6995350	20.24%	
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									

SUB TOTAL: (B)(1)	0	7015800	7015800	20.30%	0	6995350	6995350	20.24%	
(2) Foreign									
a) NR1- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL: (B)(2)	0	0	0	0	0	0	0	0	
Total Shareholding of Promoter (B)= (A)(1)+(A)(2)	0	7015800	7015800	20.30%	0	6995350	6995350	20.24%	
C. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
C) Central govt									
d) State Govt									
e) Venture Capital Fund									
f) Insurance Companies									
g) FII/IS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL: (C)(1)									
(2) Non Institutions									
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding	0	6785900	6785900	19.64%	0	6854650	6854650	19.84%	

27	Suhas Mahalingappa Ghuli	1000	0.00	1000	0.00	0.00	0.00
28	Channappa Jagannath Chinnamuri	1000	0.00	1000	0.00	0.00	0.00
29	Shammukappa J Chinnamuri	1000	0.00	1000	0.00	0.00	0.00
30	Ramappa Khemalapure	537000	1.55	537000	1.55	1.55	0.00
	TOTAL	6995350	20.24			20.24	0.00

iv. Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Promoter's Name	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
1	Umesh Vishwanath Katti				
	At the beginning of the year	1402475	4.06	1402475	4.06
	Changes During the Year	16100	0.05	16100	0.05
	Reason for Changes	Transfer		Transfer	
	At the end of the year	1418575	4.11	1418575	4.11
2	Nikhil Umesh Katti				
	At the beginning of the year	3656125	10.58	3656125	10.58
	Changes During the Year	36750	0.11	36750	0.11
	Reason for Changes	Transfer		Transfer	
	At the end of the year	3692875	10.69	3692875	10.69

v. Change in Promoters group Shareholding (please specify, if there is no change):

Sl. No.	Promoter's Name	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
1	Satish Mahalingappa Ghuli At the				
		1000	0.00	1000	0.00

	beginning of the year			
	Changes During the Year	1000		
	Reason for Changes	Transmission		
	At the end of the year	2000	0.01	0.01
2	Mahalingappa B Ghuli			
	At the beginning of the year	1000	0.00	0.00
	Changes During the Year	-1000	0.00	0.00
	Reason for Changes	Transmission		
	At the end of the year	0	0.00	0.00

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

Sl. No.	Shareholders Name	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
1	Riyaz Dasttagger Bargeer				
	At the beginning of the year	789100	2.28%	789100	2.28%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
	At the end of the year	789100	2.28%	789100	2.28%
2	Basavaraj Channappa Mahashetti				
	At the beginning of the year	540000	1.56%	540000	1.56%
	Changes During the Year	-	-	-	-

	Reason for Changes	-	-	-	-
	At the end of the year	540000	1.56%	540000	1.56%
3	Appasahel Allappa Shiragur				
	At the beginning of the year	455500	1.32%	455500	1.32%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
	At the end of the year	455500	1.32%	455500	1.32%
4	Siddappa Veerappa Hagaragi				
	At the beginning of the year	403200	1.17%	403200	1.17%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
	At the end of the year	403200	1.17%	403200	1.17%
5	Ramesh Bandappa Munnoli				
	At the beginning of the year	369800	1.07%	369800	1.07%
	Changes During the Year	-300	0.00%	-300	0.00%
	Reason for Changes	Transfer	-	Transfer	-
	At the end of the year	369500	1.07%	369500	1.07%
6	Deelip Gurulingappa Walikindi				
	At the beginning of the year	342000	0.99%	342000	0.99%
	Changes During the Year	-	-	-	-

	Reason for Changes	-	-	-	-	-
	At the end of the year	342000	0.99%	342000	0.99%	0.99%
7	Girigouda Paragouda Patil					
	At the beginning of the year	340500	0.99%	340500	0.99%	0.99%
	Changes During the Year	-	-	-	-	-
	Reason for Changes	-	-	-	-	-
	At the end of the year	340500	0.99%	340500	0.99%	0.99%
8	Shivajit Ishwarappa Shetti					
	At the beginning of the year	314400	0.91%	314400	0.91%	0.91%
	Changes During the Year	-	-	-	-	-
	Reason for Changes	-	-	-	-	-
	At the end of the year	314400	0.91%	314400	0.91%	0.91%
9	Laxman Bhimarao Ramdurgji					
	At the beginning of the year	304500	0.88%	304500	0.88%	0.88%
	Changes During the Year	-	-	-	-	-
	Reason for Changes	-	-	-	-	-
	At the end of the year	304500	0.88%	304500	0.88%	0.88%
10	Sidalingayya Balayya Kadahatti					
	At the beginning of the year	260100	0.75%	260100	0.75%	0.75%
	Changes During the Year	-	-	-	-	-
	Reason for Changes	-	-	-	-	-
	At the end of the year	260100	0.75%	260100	0.75%	0.75%

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	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
1	Unesh Vishwanth Katti				
	At the beginning of the year	1402475	4.05%	1402475	4.05%
	Changes During the Year	16100	0.047	16100	0.047
	Reason for Changes	Transfer	-	Transfer	-
	At the end of the year	1418575	4.11%	1418575	4.11%
2	Nikhil Unesh Katti				
	At the beginning of the year	3656125	10.58%	3656125	10.58%
	Changes During the Year	36750	0.11	36750	0.11
	Reason for Changes	Transfer	-	Transfer	-
	At the end of the year	3692875	10.69%	3692875	10.69%
3	Malikarjun Kadayya Pujar				
	At the beginning of the year	250	0.07%	250	0.07%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
	At the end of the year	250	0.07%	250	0.07%
4	Lava Ramesh Katti				
	At the beginning of the year	1200275	3.47%	1200275	3.47%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
		-	-	-	-

	At the end of the year	1200275	3.47%	1200275	3.47%
5	Kush Ramesh Katti				
	At the beginning of the year	1245075	3.60%	1245075	3.60%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
6	Sheela Umesh Katti	1245075	3.60%	1245075	3.60%
	At the beginning of the year	1141000	3.30%	1141000	3.30%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
7	Surendra Khot	1141000	3.30%	1141000	3.30%
	At the beginning of the year	0	0.00%	0	0.00%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
8	Pratibha Munnoli	0	0.00%	0	0.00%
	At the beginning of the year	0	0.00%	0	0.00%
	Changes During the Year	-	-	-	-
	Reason for Changes	-	-	-	-
	At the end of the year	0	0.00%	0	0.00%

9	Shivanand Tubachi					
	At the beginning of the year	0		0.00%	0	0.00%
	Changes During the Year	-		-	-	-
	Reason for Changes	-		-	-	-
10	At the end of the year	0		0.00%	0	0.00%
	Venkata Radhakrishna Racharla					
	At the beginning of the year	0		0.00%	0	0.00%
	Changes During the Year	-		-	-	-
11	Reason for Changes	-		-	-	-
	At the end of the year	0		0.00%	0	0.00%
	Basavaraj Hagargi					
	At the beginning of the year	5300		0.02%	5300	0.02%
12	Changes During the Year	-		-	-	-
	Reason for Changes	-		-	-	-
	At the end of the year	5300		0.00%	5300	0.00%
	Sheshagiri Kulkarni					
13	At the beginning of the year	0		0.00%	0	0.00%
	Changes During the Year	-		-	-	-
	Reason for Changes	-		-	-	-
	At the end of the year	0		0.00%	0	0.00%
13	Sneha Patil					
	At the beginning of the year	0		0.00%	0	0.00%
	Changes During the Year	-		-	-	-
		-		-	-	-

Reason For Changes				
At the end of the year	0	0.00%	0	0.00%

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	2266753546			2266753546
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	2266753546	0	0	2266753546
Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition				
* Reduction	750131069			750131069
Net Change	-750131069	0	0	-750131069
Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	3,01,68,84,615			3016884615
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	3016884615	0	0	3016884615

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Nikhil Katti	Kush Katti	Madhikarjun Pujar	Lava katti	
1	Gross salary	3600000	2400000	800000	2400000	9200000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					0

	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961								
2	Stock Option								0
3	Sweat Equity								0
4	Commission	--			--				0
	- as % of profit								0
	- others, specify								0
5	Others, please specify								0
	Total (A)		3600000	2400000	800000	2400000			9200000
	Ceiling as per the Act								0

B. Remuneration to other Directors: NIL.

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending board committee meetings						
	Commission						
	Others, please specify						
	Total (1)						
2	Other Non-Executive Directors						
	Fee for attending board committee meetings						
	Commission						
	Others, please specify						
	Total (2)						
	Total (B)=(1+2)						
	Total Managerial Remuneration = (A)+(B)						
	Overall Ceiling as per the Act						

C. Remuneration to key Managerial Personnel other than MD/MANAGER/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Sneha Patil Company Secretary	Sheshagiri Kulkarni CFO		
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	420000	468000		888000
	(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 Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify ...				
5	Others, please specify				
	Total	420000	468000		888000

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding g fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0

Punishment	0	0	0	0	0	0	0	0	0
Compounding	0	0	0	0	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT									
Penalty	0	0	0	0	0	0	0	0	0
Punishment	0	0	0	0	0	0	0	0	0
Compounding	0	0	0	0	0	0	0	0	0

By order of the Board

For Vishwaraj Sugar Industries Limited


 Umesha V. Katti
 Chairman
 (DIN: 01461050)
 Date: 28/08/2018

Annexure II

Number of Board Meetings:

The Board of Directors met Nine times during the financial year 2017-18. The meetings were held on 08th May, 2017, 01st July, 2017, 10th July, 2017, 16th August, 28th August, 2017, 30th September, 2017, 20th November, 2017, 18th December, 2017, 27th March 2018. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days.

Details of the Directors as on March 31, 2018

Name of the Director	Category	Number of Board meetings held	Number of Board meetings attended	Meetings held during tenure as Director	Whether attended last AGM	Number of Directorships of other public companies (a)	Committee Positions ⁽ⁱ⁾	
							Chairman	Member
Umesh Vishwanath Katti	Chairman	9	9	9	Yes	1	-	-
Nikhil Umesh Katti	Managing Director	9	9	9	Yes	1	-	-
Lava Ramesh Katti	Whole Time Director	9	9	9	Yes	-	-	-
Kush Ramesh Katti	Whole Time Director	9	9	9	Yes	-	-	-
Malikarjun Kadayya Pejar	Whole Time Director	9	9	9	Yes	-	-	-
Surendra Shantaveer Khot	Independent	9	7	9	Yes	-	-	-
Pratibha Pramod Munnoli*	Independent	9	4	4	Yes	-	-	-
Basavaraj Veerappa Hagaragi*	Independent	9	4	4	Yes	-	-	-
Shivanand Basavannappa Tubachi*	Independent	9	4	4	Yes	-	-	-
Venkata Radhakrishna Racharla***	Independent	9	2	2	No	1	-	-
Srinivas Koujalgi**	Independent	9	4	6	No	-	-	-
Sheela Umesh Katti**	Director	9	5	5	Yes	-	-	-

(a) Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).

Chairmanship/Membership of Audit committee and Stakeholder's Relationship Committee in other public companies has been considered.

* Appointed as Director at the 22nd Annual General Meeting of the Company held on 30 September, 2017.

** Resigned from the office of Director w.e.f 30 September, 2017 and 20 November, 2017.

*** Appointed as Director at the Extra-Ordinary General Meeting of the Company held on 18th December, 2017.

Committees of Board:

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its charter and has well defined terms of reference which outline the scope, roles, responsibilities and powers of the Committee. All the decisions and recommendations of the Committee are placed before the Board for its approval. The various board level committees are as under -

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility (CSR) Committee

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. During the year under review, Board of Directors at their meeting held on 18th December, 2017 have reconstituted all the committees w.e.f. 18th December, 2017.

Details on the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

(a) Audit Committee

The Audit and Risk Management Committee met four times during the year 2017-18 on 8th May, 2017, 28th August, 2017, 18th December, 2017, and 27th March, 2018. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days. The minutes of the meetings of the Audit Committee are noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings, are given in Table below.

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended
Mr. Shivanand Tubachi	Independent Director	Chairman	4	2
Mr. R.V. Radhakrishna	Independent Director	Member	4	2
Mr. Umesh Katti	Chairman & Non Executive Director	Member	4	4

(b) Nomination and Remuneration Committee

As on 31st March, 2018, the Committee comprises of three Directors wherein all are Independent Directors.

The Chairman of the Committee was present at the 22nd Annual General Meeting of the Company held on 30th September, 2017 to answer shareholder queries.

This Committee met once during the financial year i.e. on 18th December, 2017.

Ms. Sneha Patil, Company Secretary is the Secretary to the committee.

The details of the composition of the Committee, meeting held, attendance at the meeting, are given in Table below:

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended
Mr. Basavaraj Hagargi	Independent Director	Chairman	1	1
Mrs. Pratibha Munnolli	Independent Director	Member	1	1
Mr. Surendra R. Khot	Independent Director	Member	1	1

(c) Stakeholders Relationship Committee

This Committee met 4 times during the financial year i.e. on 8th May, 2017, 28th August, 2017, 18th December, 2017, and 27th March, 2018. Ms. Sneha Patil, Company Secretary is the secretary to this Committee.

The details of the composition of the Committee, meetings held, attendance at the meetings, are given in Table below:

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended
Mr. Shivanand Tubachi	Independent Director	Chairman	4	2
Mr. Lava. Katti	Whole Time Director	Member	4	4
Mr. Nikhil Katti	Managing Director	Member	4	4

(d) Corporate Social Responsibility (CSR) Committee

CSR Committee comprises of One Non-executive Director, One Executive Director and one Independent Director viz. Mr. Umesh V. Katti (Chairman), Mr. Kush R. Katti and Mrs. Pratibha Munnolli

During 2017-18, the Committee met once i.e. on 18th December, 2017.

The details of the composition of the Committee, meetings held, attendance at the meetings are given in Table below:

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended
Mr. Umesh V. Katti	Chairman & Non Executive Director	Chairman	1	1
Mr. Kush R. Katti	Whole Time Director	Member	1	1
Mrs. Pratibha Munnolli	Independent Director	Member	1	1

More details on CSR spend by the Company is provided in the Annual report in the section on CSR activities, which forms part of Directors' Report.

CSR Policy of the Company can be accessed at the following link: <http://vsil.co.in/wp-content/uploads/2018/01/CSR-Policy.pdf>

ANNEXURE - III
[Annexure to Director's Report – Statutory Disclosures]

Annexure – II(a)

Policy for selection of Directors and determining Directors Independence

1. Introduction:

- 1.1 Vishwaraj Sugar Industries Limited believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, Vishwaraj Sugar Industries Limited ensures constitution of the Board of Directors with required composition, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 Vishwaraj Sugar Industries Limited recognizes the importance of Independent Directors in achieving the effectiveness of the Board.

2. Scope:

- 2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 **"Director"** means a Director appointed to the Board of the Company.
- 3.2 **"Nomination and Remuneration Committee"** means a Committee constituted by Vishwaraj Sugar Industries Limited's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3 **"Independent Director"** means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. Policy:

4.1 Qualifications and Criteria

- 4.1.1 The Nomination and Remuneration (NR) Committee and the Board shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- 4.1.2 In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee may take into account factors, such as:
- General understanding of the Industry vis a vis Company's business perspective;
 - Educational and professional background
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;

- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall disclose his concern or interest in any Company or Companies or Bodies Corporate, Firms including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.

4.1.4 The NR Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The NR Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself nor any of his relatives—

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lessor or lessee of the company.

f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.

g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.

h. who is not less than 21 years of age.

4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

4.3 Other directorships / committee memberships

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2 A Director shall not serve as a Director in more than 20 companies of which not more than shall be 10 Public Limited Companies.

Remuneration Policy for Directors, Key Managerial Personnel and other employees

1. Introduction:

Vishwaraj Sugar Industries Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees to run the company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration is based on such parameters reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2. Scope:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

3.1 "Director" means a director appointed to the Board of the company.

3.2 "Key Managerial Personnel" means

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013

3.3 "Nomination and Remuneration Committee" means the committee constituted by the Board of Directors of Vishwaraj Sugar Industries Limited in accordance with the provisions of Section 178 of the Companies Act, 2013.

4. Policy:

4.1 Remuneration to Executive Directors and Key Managerial Personnel

4.1.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

4.1.2 The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

4.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel may include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Executive Directors)
- (iv) Retiral benefits
- (v) Annual Performance Bonus

4.2 Remuneration to Non-Executive Directors

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders, if any.

4.3 Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

Annexure IV
[Annexure to Director's Report – Statutory Disclosures]
FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Vishwaraj Sugar Industries Limited
Bellad Bagewadi Taluk: Hukkeri,
Belgaum- 591305

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VISHWARAJ SUGAR INDUSTRIES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations. Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, to the extent applicable, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Having regards to the compliance system prevailing, on examination of the relevant documents on a test check basis, explanations provided; I further report that the Company has complied with the following laws applicable specifically to the Company:

1. Sugar Cess Act, 1982 and the Rules made thereunder;
2. Sugar Development Fund Act, 1982 and the Rules made thereunder;
3. Sugar (Control) Order, 1966;
4. Sugarcane (Control) Order, 1966;
5. Levy Sugar Price Equalisation Fund Act, 1976;
6. Food Safety & Standards Act, 2006 and the Rules & Regulations made thereunder;

7. Agricultural and Processed Food Products Export Act, 1986;
8. Export (Quality Control and Inspection) Act, 1963;
9. Essential Commodities Act, 1955;
10. Sugar (Packing and Marketing) Order, 1970;
11. The Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013;
12. The Karnataka Sugar (Regulation of Production) Order, 1975;
13. The Electricity Act, 2003;
14. The Electricity Regulatory Commission Act, 1998;
15. The Electricity Supply Act, 1948
16. The Legal Metrology Act, 2009
17. The Indian Boilers Act, 1923
18. The Petroleum Act, 1934
19. The Prevention of Food Adulteration Act, 1976
20. The Molasses Control Order, 1966
21. The Factories Act, 1948 and Rules made thereunder;
22. Labour laws and other incidental laws related to labour and employees appointed by the Company;
23. Acts and Rules prescribed under prevention and control of pollution;
24. Acts and Rules relating to Environmental protection, energy conservation and hazardous substances and chemicals;
25. Acts and Rules relating to boilers, electricity explosives, fire, etc.,

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that

- (a) 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.
- (b) 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.
- (c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.
- (d) I further report that subject to our observation above there are adequate 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.

For S. P. Ghali & Co.,

Sudheendra P. Ghali
Proprietor
M. No. 7037
CP No. 7537
Place: Belgaum
Date: 28/08/2018

[This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.]

Annexure A

To,
The Members,
Vishwaraj Sugar Industries Limited
Bellad Bagewadi Taluk: Hukkeri,
Belgaum- 591305

Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. 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.

For S. P. Ghali & Co.,

Sudheendra P. Ghali
Proprietor
M. No. 7037
CP No. 7537

Place: Belgaum
Date: 28/08/2018

Annexure – V
[Annexure to Director's Report – Statutory Disclosures]

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

S L N o.	Particulars	Details	Details	Details	Details	Details	Details
1	Name (s) of the related party & nature of relationship	Nikhil U Katti, Director	Lava R Katti, Director	Kush R Katti, Director	Umesh V Katti, Director	Mallikarjun K Pujar, Director	Basavaraj V Hagaragi
2	Nature of contracts/arrangements/transaction	Cane Purchase and Lease security Deposit	Cane Purchase	Cane Purchase	Cane Purchase	Cane Purchase	Cane Purchase
3	Duration of the contracts/arrangements/transaction	NA	NA	NA	NA	NA	NA
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs.2,00,86,000/-	Rs.2,16,000/-	Rs.22,39,000/-	Rs.26,28,000/-	Rs.33,000/-	Rs.98,000/-
5	Date of approval by the Board	08/05/2017	08/05/2017	08/05/2017	08/05/2017	08/05/2017	08/05/2017
6	Amount paid as advances, if any	Rs.40,78,000/-	Rs.52,47,000/-	Rs.57,24,000/-	-	-	-

For and on behalf of the Board
Vishwaraj Sugar Industries Limited


Umesh V Katti
Chairman
DIN: 01461050

Place: Bellad Bagewadi
Date: 28/08/2018

ANNEXURE VI
[Annexure to Director's Report – Statutory Disclosures]

A) CONSERVATION OF ENERGY

1) Step taken for conservation of energy

The company has taken various steps towards energy conservation. The company continues to give high priority to the conservation of energy on an ongoing basis. Some of the important measures taken are:

SUGAR DIVISION:

Sl No	Description of Energy conservation implemented	Remarks/Results
1	The plant includes 5 Milling tandem & its auxiliaries 1 st & 5 th mill are advanced technology compact multi roller with TRF system	The 1 st mill increase the primary extraction & 5 th mill decreases the bagasse moisture. Hence bagasse will be saved
2	Our co-generation both boilers are 70 & 80 TPH	Both boilers steam fuel ratio is 2.2, thereby bagasse will be saved
3	For Co-gen Plant	
a)	80 TPH Boiler Feed water pump soft starters to be replaced by 415 V LT drive with VFD	10% saving in power
b)	Cooling Tower main cooling water pumps Auto transformer starters to be replaced by VFD drive	15% Saving of power
c)	Boiling House pump auto transformer starters to be replaced by VFDs drives	15% Saving of power
4	Street Light & Plant lighting	
a)	In co-gen Plant total 300 numbers street light sodium vapour lamps 250 Watt to be replaced by 100 Watt LED	Energy saving /day 12Hours consideration: 54 Kwh
b)	In co-gen plant total 300 numbers plant lighting sodium vapour lamps 70 watt is to be replaced by 26 watt LED	Energy saving /day 12Hours consideration: 160 Kwh
5	For Boiling House	
a)	PHE installed for RJ 3 rd heating by using heat from common condensate at boiling house	Steam Saving, 10 Tonnes /Hr
b)	PHE installed for SJ 1 st heating by using heat from common condensate at boiling house	Steam Saving, 4 Tonnes /Hr
c)	PHE installed for clear juice heating in 3 stages by using PTFE vapour	Steam Saving, 10 Tonnes /Hr
d)	PTFE installed at evaporator station	Steam Saving 6 to 8 % on Cane
e)	All A – massecuite batch pans mechanical circulators fitted & runs on 4 th body of PTFE	Steam Saving 3 % on Cane
f)	For B - massecuite 6 compartments vertical pan with mechanical circulators running on 4 th body of PTFE	Steam Saving 3 % on Cane
g)	C-massecuite continuous pan running on 2 nd body of evaporator	Steam Saving 2 Tonnes / Hr
h)	Spray Pond is working on gravity pressure no pumps	Saving of power 325 HP X 4 No per Hr
i)	PTFE & SCP working on auto mode -DCS system	Steam Saving 2 % on Cane
j)	7 Kg/cm ² steam is not used	Power generation & export increased
k)	Sulphur Burner station vapcon system installed No 7 Kg/cm ² steam is used	Saving Steam 0.5 % on cane
l)	SHWW system PHE installed , NO 7 Kg/cm ² steam is used for centrifugal station for maintaining wash water temperature	Saving Steam 0.5 % on cane

2) Steps taken by company to use alternate source of energy, if any: NIL

3) Capital investment on energy conservation equipments: NIL

B) TECHNOLOGY ABSORPTION:

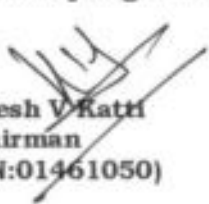
(a) The efforts made towards technology absorption	The following Activities developed in factory area. 1) Vinegar- From Rectified Spirit 2) Compost from Press Mud 3) Bio gas Plant 4) Carbon Dioxide Plant 5) Condensate Polishing Unit (CPU)
(b) The benefits derived like product improvement, cost reduction, product development or import substitution	1) Vinegar is product from rectified Spirit. which is a export quality product. 2) Revenue from CO ₂ selling 3) From Biogas generate methane gas which is used in boiler. Ultimately reduce the steam cost. 4) Compost from Press mud .use as a manual for farmers 5) CPU by treating 20 to 25 % condensate, waterconsumption to be reduce. 6) For Primary extraction & Brix curve mill tests are conducted for sugar mill performances. 7) Addition 02 Nos mills with TRFin milling pant & commissioning of plate type Falling Film Evaporator & Continuous Pan.to improve crushing rate & Production of better quality of Sugar
(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year:	Production of Vinegar from Rectified spirit
(i) The details of technology imported	From German
(ii) The year of import	2015
(iii) Whether the technology been fully absorbed	Yes
(iv) If not fully absorbed, areas where absorption has not taken place and the reasons thereof	-
(d) The expenditure incurred on Research and development.	NIL

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs.in Lakh)

Foreign Exchange earned in terms of actual inflow	2017-18	2016-17
		NIL
Foreign Exchange outgo in terms of actual outflow	2017-18	2016-17
	462,742,108.00	22,831,287.52

By order of the Board
Vishwaraj Sugar Industries Limited


Umesh V. Ratti
Chairman
(DIN:01461050)

ANNEXURE - VII

[Annexure to Director's Report – Statutory Disclosures]

Annual Report on Corporate Social Responsibility (CSR) Activities

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

The Company has developed and implemented its Corporate Social Responsibility (CSR) Policy. The Company deeply acknowledges that its business operations have wide impact on the regions where it operates, and therefore it is committed to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

As per the CSR policy of the Company, the Company can undertake any of the programme or activities as mentioned in the Schedule VII of the Companies Act, 2013, and which will include any modification or amendment thereof.

Within the policy parameters, we have been actively supporting Healthcare and Educational projects across the country.

The detailed policy is available on the Company's Website at: www.vsil.co.in

- 2 Composition of the CSR Committee:

1. Mr. Umesh V. Katti	Chairman
2. Mr. Nikhil U. Katti	Member
3. Mr. Rajaram Shiralkar	Member

- 3 Average net profit of the Company for last three financial years: Rs. 62059517

- 4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

Rs.1241190

- 5 Details of CSR spend for the financial year:

Total amount to be spent for the financial year:

Amount unspent if any: NIL

Manner in which amount is spent during the financial year, is detailed below

(Rs. in Lakhs)

Sr No.	CSR Project or activity indetified	Sector in which the Activity is covered	Projects or Programs 1. Local or other area 2. Specify the state and district where the Program or project is undertaken	Amount Outlays project	Amount Spent on Project or program 1. Direct expenditure 2. Overhead	CumulativeExpenditure on upto the Reporting period	Amount spent: Direct or through implementing agency
1	Making Available Safe drinking water	Community Healthcare	Local Area- Belgaum, Karnataka	12	14.19	14.19	14.19
		TOTAL		12	14.19	14.19	14.19

- 6 In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reason for not spending the amount in its Board report. - Not applicable.
- 7 We, the CSR Committee, hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Vishwaraj Sugar Industries Limited

Umesh V. Katti
Chairman
DIN:01461050

Annexure-VIII

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Structure and Development:

Currently the sugar industry in India is covered by public, co-operative and private sector companies. Co-operative Sector accounts for nearly 39% in terms of number of factories, installed capacity and production. India is the largest consumer and the second largest producer of sugar in the world. There are over 502 sugar factories of various capacities operated this year. The ownership of sugar industry is a combination of public, private and co-operative sectors. Sugar is produced in almost all the major Indian States. Maharashtra and U.P. contribute 70% of the country's total production. Tamilnadu, Karnataka, Andhra Pradesh, Bihar and Gujarat are the other major sugar producing States. The sugar prices are very sensitive from the common man's point of view.

The sugar production in the country during the year will be around 315 Lakh tonne compared to 203 Lakh tonne in the previous year. The sugar production during the year 2018-19 is likely to remain at par with current year due to expected good monsoons and increase in plantation area. The long term outlook for sugar looks to be bearish on account of excess production and low demand position

BUSINESS OVERVIEW

We are an integrated sugar and other allied products manufacturing company operating from Belgaum District in the State of Karnataka which is designated as one of the "High Recovery zones" for sugar production by Government of India. We operate a single location sugar unit having licensed crushing capacity of 11,000 TCD. In addition to sugar we also manufacture other allied products like Rectified Spirits, Extra-Neutral Spirits, Indian Made Liquor, Vinegar, Compost, Carbon dioxide (CO₂), etc. and are further engaged in the generation of Power for captive consumption as well as external sale. Our business can hence be broken up into five main segments namely Sugar, Co-Generation, Distillery, Indian Made Liquor (IML) and Vinegar.

In the year 2001, we commenced operations of manufacture of Distillery products such as Ethanol, Rectified Spirit and Extra Neutral Spirit. In the year 2006, our Company implemented backward integration and began commercial operations for Sugar manufacture from sugarcane, along with Co-Generation capabilities. During the year 2008, we began bottling of Indian Made Liquor. Currently our integrated unit processes sugarcane to produce sugar and the by-products are used to generate electricity for captive use and commercial sale, manufacture rectified spirit, ENA, IML, Vinegar, Press-mud and Compost. Over the years, we have expanded the production / manufacturing capacities of all our products.

During the production of sugar; bagasse and molasses are produced which are the basic raw materials for power generation and Distillery (Spirit) manufacturing unit, respectively. The sugar unit of our integrated production facility first crushes sugarcane to extract juice and

processes the juice to produce sugar. The sugar manufactured is then graded and packed based on the size of crystals and quality of the sugarcane. During the last fiscal year we produced 32,170 tonnes of sugar. After extracting the juice from sugarcane, the residual fibre leftover called Bagasse is used as a fuel for power generation. The molasses used in the process of sugar production is fermented and distilled to manufacture various spirits (Rectified Spirit and Extra Neutral Spirit) and IML in the distillery unit of our integrated production and manufacturing facility.

Bagasse is the fibrous residual matter used as a bio-fuel to generate steam in high pressure boilers for turning turbines to generate electricity. We obtain enough Bagasse during the crushing seasons, such that the electricity produced is used not just for captive consumption, but also for sale. For electricity generated over and above our captive consumption, we have entered into Power Purchase Agreements with 5 electricity distribution companies in Karnataka to supply a total of 22.4 MW. It is possible that during the year we may produce surplus energy and supply the surplus energy to other Companies / Industries based on demand.

Molasses is the viscous product resultant of refining sugarcane juice. Molasses, which forms the primary raw material for the distillery unit, is fermented, distilled and made to undergo various processes for making rectified spirit and extra neutral spirit. Rectified Spirit is processed to manufacture Industrial Vinegar. Extra- Neutral spirit is further processed for manufacture of IML products. The Extra-Neutral spirit is blended to manufacture Whiskey which is sold by us under our various brands like "Our Choice", "Your Choice", District-1 and VSL Black. Further the waste water extracted from Distillery unit is called as spentwash which is further mixed with mud to form Compost / Organic Manure, which is supplied back to farmers for cultivation of their fields which ensures higher yields. Further the company has set up a CO₂ plant also. Thus, we believe that nothing is wasted, as every single output whether residue or by-product is utilised.

Opportunities and Threats:

Opportunities:

- Liberalisation and decontrol measures taken by the Government.
- Environmental friendly power generation from co-generation units equipped with high pressure boilers and turbines is getting maximum energy output.
- Bio-composting processes and conversion of organic and in-organic matter into bio-manure to ensure zero discharge from distillery.
- The Government of India is promoting Ethanol blending up to 10% and the oil Companies have issued tenders for Ethanol supply and have also revised the ethanol prices.
- The interest rates have started coming down.
- The Government of India has approved National Bio-fuel Policy recently.

Threats:

The sugar industry presently is coming across the following threats:

- Falling sugar prices and no demand for the sugar due to bumper production of sugar. The Central Government has announced 20 Lakh MT minimum indicative export quotas (MIEQ) to stabilise the Sugar price.
- Shortage in availability of farm labour for harvesting and transportation, loading and unloading of sugarcane.
- Continuous increase in FRP for the last 3 to 4 years has resulted in increase in cane procurement price where as Sugar Price has gone much below of Cost of Production.
- Increase in number of sugar factories in surrounding area and also increase in their crushing capacity.

Segment wise Performance:**Sugar:**

During the Current Year the Company has crushed 5.06 Lakh MT of sugar cane (as against 3.10 Lakh MT during previous year) and produced 7.34 lakh Qtls of sugar (as against 3.21 Qtls of sugar during previous year) at the recovery of 11.13%. The crushing during the year has increased substantially almost double as compared to last year. This is mainly because of good rain during October last year which has also resulted in increase in recovery and output per acre.

Industrial and Potable Alcohol:

The Company has sold 4763.59 Lakh of Industrial and Potable Alcohol during the year (against the last year sales of 4854.11 Lakh.) Overall production has remained stable.

Co-generation:

We have generated 588.37 Lakh KW power during the year (as against 557.93 lakh during previous year) and have exported 327.77 Lakh KW of power during the year (as against 385.14 Lakh KW during previous year). The power generation and export of power have improved substantially due to increase in crushing, we have entered into Power Purchase Agreement for supply of power to Electric Supply Companies (ESCOMS) i.e, HESCOM, BESCOM, GESCOM, MESCOM and CESCO.

Adequacy of Internal Control:

The Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected. The Internal Auditor submits report covering almost all the areas of operations.

Human Resources Development:

The Company provides regular training and all round exposure to the employees and staff. The Company has staff Quarters and guest house.

The Company has a dedicated workforce of 951 people.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Governance:

Your Company remains committed to the concept of good corporate governance practices in all its activities to ensure the ultimate goal of making the Company a value driven organization.

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally in a truthful manner, about how the Company is run internally
- Comply with the laws of the country in which we operate
- Have a simple and transparent corporate structure driven solely by business needs
- Management is the trustee of the shareholders' capital and not the owner.

We have been making conscious efforts to institutionalize Corporate Governance practices and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavor to take forward the best practices to enhance stakeholder's value.

We also endeavor to enhance long term shareholders value and respect minority rights in all our business decisions. Over the years, governance processes and systems have been strengthened and institutionalized at Vishwaraj Sugar Industries Ltd. Effective implementation of these policies underpins the commitment of the Company to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance shareholder's value.

Our Board of Directors is at the core of our corporate governance practices and oversees how the Management serves and protects the long term interests of all our stakeholders. We believe that an active, well informed and independent Board is necessary to ensure highest standards of corporate governance.

BOARD OF DIRECTORS

- **Composition**

Our Board of Directors has an optimum combination of executive and non-executive directors. There are 10 directors on the Board, out of which 3 are Executive (promoter) Directors, 1 Executive Director, 1 Director is Non-executive (Promoter) and 5 directors are Non-executive Independent Directors which includes one woman director.

- **Board Meetings and attendance**

The Board meets at least once in a quarter to review the quarterly results and to transact the other items on agenda. Additional meetings are held as and when necessary. It is ensured that the intervening gap between any two consecutive Board Meetings is within the period prescribed under the provisions of the Companies Act, 2013.

- The Company Secretary prepares the agenda for each meeting, along with explanatory notes, in consultation with the Managing Director and circulates the same in advance to the Directors.

- Every Board member is free to suggest additional items for inclusion in the agenda. Presentations are made on business operations to the Board by the CAO and other Functional Heads.

- The Minutes of the proceedings of the Meetings are noted and the draft Minutes are circulated amongst the members of the Board for their perusal and feedback. Comments, if any, received from the Directors are recorded in the Minutes, in consultation with the Chairman of the Meeting. Minutes are signed thereafter.

- Senior management personnel are invited to provide additional inputs for the items being discussed by the Board as and when necessary.

During the year under review, the Board of Directors met 9 times i.e. on 08th May, 2017, 01st July, 2017, 10th July, 2017, 16th August, 28th August, 2017, 30th September, 2017, 20th November, 2017, 18th December, 2017, 27th March 2018. The maximum interval between any two board meetings does not exceed 120 days.

The composition of the Board of the Directors, their attendance at Board Meetings during the year and at the last Annual General Meeting and number of directorships held by them in other companies are given below;

Name of the Director	Category	Number of Board	Whether attended	Number of Directorships	Committee Positions #
----------------------	----------	-----------------	------------------	-------------------------	-----------------------

		meetings attended	last AGM	of other companies (a)	Chairman	Member
Umesh Vishwanath Katti	Chairman	9	Yes	3	-	-
Nikhil Umesh Katti	Managing Director	9	Yes	3	-	-
Lava Ramesh Katti	Whole Time Director	9	Yes	-	-	-
Kush Ramesh Katti	Whole Time Director	9	Yes	-	-	-
Mallikarjun Kadayya Pujar	Whole Time Director	9	Yes	-	-	-
Surendra Shantaveer Khot	Independent	7	Yes	-	-	-
Pratibha Pramod Munnolli*	Independent	4	Yes	-	-	-
Basavaraj Veerappa Hagaragi*	Independent	4	Yes	-	-	-
Shivanand Basavanneppa Tubachi*	Independent	4	Yes	-	-	-
Venkata Radhakrishna Racharla***	Independent	1	No	1	-	-
Srinivas Koujalgi**	Independent	4	No	-	-	-
Sheela Umesh Katti**	Director	5	Yes	-	-	-

Notes:

(a) Other Directorships include both private as well as Public Limited Companies.

* Appointed as Director at the 22nd Annual General Meeting of the Company held on 30 September, 2017.

** Resigned from the office of Director w.e.f 30 September, 2017 and 20 November, 2017.

*** Appointed as Director at the Extra-Ordinary General Meeting of the Company held on 18th December, 2017.

• **Board Agenda**

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All

significant agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

• **Availability of information to Board members**

The Board of Directors of the Company is apprised of all the relevant information and developments pertaining to the Company's business and this facilitates them to take timely corporate decisions.

The Board of Directors has complete access to all the information that is within the Company. At the meetings of the Board, the senior executives and if required, even functional managers, who can provide in-depth insight into the agenda items, are being invited.

AUDIT COMMITTEE

a. Composition

Your Company has a qualified and independent audit committee comprising of two Independent directors and one promoter non-executive director constituted in accordance with the provisions of Section 177 of the Companies Act 2013.

S. No	Name	Designation
1	Mr. Shivanand Tubachi	Chairman
2	Mr. R.V. Radhakrishna	Member
3	Mr. Umesh Katti	Member

The Company secretary is the secretary of the committee.

b. Meetings and attendance during the year

The Audit Committee met 4 times during the financial year 2017-18 on 8th May, 2017, 28th August, 2017, 18th December, 2017, and 27th March, 2018.

S. No	Name	No of meetings held during the year	No of meetings attended
1	Mr. Shivanand Tubachi	4	2

2	Mr. R.V. Radhakrishna	4	2
3	Mr. Umesh Katti	4	4

c. Terms of Reference

The terms of reference of the Audit Committee are as per the Section 177 of the Companies Act, 2013 and include such other functions as may be assigned to it by the Board from time to time.

i) Powers of the Audit Committee

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

ii) Role of the Audit Committee

- a) Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - ✓ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - ✓ Changes, if any, in accounting policies and practices and reasons for the same
 - ✓ Major accounting entries involving estimates based on the exercise of judgment by management
 - ✓ Significant adjustments made in the financial statements arising out of audit findings
 - ✓ Compliance with listing and other legal requirements relating to financial statements
 - ✓ Disclosure of any related party transactions
 - ✓ Qualifications in the draft audit report.

- e) Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- f) Reviewing, with the management, the statement of uses / application of funds raised through an Offer (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussion with internal auditors any significant findings and follow up there on.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the whistle blower mechanism.
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

NOMINATION AND REMUNERATION COMMITTEE:

a. Composition

S. No	Name	Designation
1	Mr. Basavaraj Hagargi	Chairman
2	Mrs. Pratibha Munnolli	Member
3	Mr. Surendra R. Khot	Member

The Company secretary is the secretary of the committee

b. Meetings and attendance during the year

The said committee met two times during the financial year 2015-16 i.e. on 18th December, 2017 .

S. No	Name	No of meetings held during the year	No of meetings attended
1	Mr. Basavaraj Hagargi	1	1
2	Mrs. Pratibha Munnolli	1	1
3	Mr. Surendra R. Khot	1	1

c. Terms of reference

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;

- Devising a policy on Board diversity
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.

d. Remuneration Policy

Remuneration of the Executive Directors is determined periodically by the Nomination and Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by the Board of Directors and shareholders. The remuneration of the Executive Directors is within the ceiling limit laid down under Section 197 of the Act of the Companies Act, 2013.

Our remuneration policy is driven by the success and performance of the managerial person. Our Remuneration Policy for Directors, Key managerial Personnel and other employees forms part of the Annual Report.

While reviewing the remuneration of management personnel, the Committee takes into account the following:

- Financial position of the Company
- Scales prevailing in the industry
- Opportunities
- Appointee's qualification and expertise
- Past performance
- Past remuneration etc.

e. Details of remuneration paid during the financial year ended March 31, 2018 to the Directors.

1. Executive Directors

Name	Designation	Remuneration paid for the financial year 2015-16 (in Rs.)	
		Maximum permissible remuneration	Actual paid / payable
Mr. Nikhil Umesh Katti	Managing Director	Rs.3.00 Lakhs per month	Rs.36.00 Lakhs
Mr. Lava Ramesh Katti	Whole Time Director	Rs.2 Lakhs per month	Rs.24.00 Lakhs
Mr. Kush Ramesh Katti	Whole Time Director	Rs.2 Lakhs per month	Rs.24.00 Lakhs
Mr. Mallikarjun Kadayya Pujar	Whole Time Director	Rs.0.75 Lakhs per month	Rs.9.00 Lakhs

2. Non-Executive Director

Name of the Director	Sitting fees Rs.	Commission Rs.	Total Rs.
Mr. Surendra Shantaveer Khot	0	0	0
Mrs. Pratibha Pramod Munnolli	0	0	0
Mr. Basavaraj Veerappa Hagaragi	0	0	0
Mr. Shivanand Basavanneppa Tubachi	0	0	0
Mr. Venkata Radhakrishna Racharla	0	0	0

STAKEHOLDERS RELATIONSHIP COMMITTEE:

a. Composition:

S. No	Name	Designation
1	Mr. Shivanand Tubachi	Chairman
2	Mr. Lava. Katti	Member
3	Mr. Nikhil Katti	Member

The Company Secretary is the secretary of the Committee.

b. Roles and Responsibilities of Stakeholders Relationship Committee.

To supervise and ensure:

- a) Allotment and listing of our shares in future
- b) Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- c) Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- d) Reference to statutory and regulatory authorities regarding investor grievances;
- e) To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- f) And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
- g) overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and
- h) carrying out such other functions as may be specified by the Board from time to time or specified/ provided under the Companies Act, 2013 or SEBI Listing Regulations, or by any other regulatory authority.

c. Details of investor complaints received and redressed during the year.

Nature of complaints	Year 2017-18		
	Received	Resolved	Pending
Total complaints	Nil	Nil	Nil

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

a. Composition

The Corporate Social Responsibility Committee has been formed pursuant to Section 135 of the Companies Act, 2013 comprising of One Non-Executive Independent Directors, One Non-Executive Director (Promoter) and One Executive Promoter Director:

S. No	Name	Designation	Category
1.	Mr. Umesh V. Katti	Chairman	Non-Executive and Independent
2.	Mr. Kush R. Katti	Member	Non-Executive and Independent
3.	Mrs. Pratibha Munnolli	Member	Promoter and Executive

The Company Secretary is the secretary of the committee

b. Meetings and attendance during the year

The said committee met two times during the financial year 2017-18 i.e. on 18th December, 2018.

S. No	Name	No of meetings held during the year	No of meetings attended
1	Mr. Umesh V. Katti	1	1
2	Mr. Kush R. Katti	1	1
3	Mrs. Pratibha Munnolli	1	1

c. Terms of reference

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company in accordance with the provisions of the Companies Act, 2013;
- b) Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;
- c) Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time; and
- d) Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

DISCLOSURES

None of the transactions with the related parties is in conflict with the interest of the Company. The companies' major related party transactions are generally with its Associates. All related party transactions are negotiated at arm's length basis and are intended to further the interests of the Company.

SHAREHOLDING PATTERN AS ON 31st MARCH 2018

Category of Shareholders	No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares
A. Promoters				
(1) Indian				
a) Individual/HUF	0	11681900	11681900	33.81%
b) Central Govt./or State Govt.				
c) Bodies Corporates				
d) Bank/FI				
e) Any other				
SUB TOTAL:(A)(1)	0	11681900	11681900	33.81%
(2) Foreign				
a) NRI- Individuals				
b) Other Individuals				

c) Bodies Corp.				
d) Banks/ FI				
e) Any other...				
SUB TOTAL:(A)(2)	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	11681900	11681900	33.81%
B. Promoter group				
(1) Indian				
a) Individual/ HUF	0	6995350	6995350	20.24%
b) Central Govt.or State Govt.				
c) Bodies Corporates				
d) Bank/ FI				
e) Any other				
SUB TOTAL:(B)(1)	0	6995350	6995350	20.24%
(2) Foreign				
a) NRI- Individuals				
b) Other Individuals				
c) Bodies Corp.				
d) Banks/ FI				
e) Any other...				
SUB TOTAL:(B)(2)	0	0	0	0
Total Shareholding of Promoter (B)= (A)(1)+(A)(2)	0	6995350	6995350	20.24%
C. PUBLIC SHAREHOLDING				
(1) Institutions				
a) Mutual Funds				
b) Banks/ FI				
c) Cenntal govt				
d) State Govt.				
e) Venture Capital Fund				
f) Insurance Companies				
g) FIIS				
h) Foreign Venture Capital Funds				
i) Others (specify)				
SUB TOTAL:(C)(1)				
(2) Non Institutions				
a) Bodies corporates				
i) Indian				
ii) Overseas				
b) Individuals				
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	6854650	6854650	19.84%

ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	9024100	9024100	26.11%
c) Others (specify)				
SUB TOTAL:(C)(2)		15878750	15878750	45.95%
Total Public Shareholding (C)= (C)(1)+(C)(2)	0	15878750	15878750	45.95%
D. Shares held by Custodian for GDRs & ADRs	0	0	0	0
Grand Total (A+B+C+D)	0	34556000	34556000	100.00%

Name & Designation of the Compliance Officer: Ms. Sneha P Patil
Company Secretary

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting Date and Time: Thursday, 27th September, 2018 at 4.00 P.M

Venue : Bellad Bagewadi Taluk: Hukkeri
District Belgaum Karnataka 591305,

Address for correspondence: Company Secretary
Vishwaraj Sugar Industries Limited
Bellad Bagewadi Taluk: Hukkeri,
District Belgaum Karnataka 591305
Phone : 08333 - 251251
Fax : 08333 - 251251
Email: cs@vsil.co.in
Website: www.vsil.co.in

Registered Office: Bellad Bagewadi Taluk: Hukkeri
District Belgaum Karnataka 591305

REGISTRAR & TRANSFER AGENTS: BIGSHARE SERVICES PVT. LTD.
E-2 Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai 400072

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company has entered into Tripartite Agreements with the National Securities Depository Limited (NSDL). Hence, the Company's shares are available for dematerialization in National

DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS

Your Company has adopted a CODE OF CONDUCT OR ETHICS POLICY FOR DIRECTORS AND SENIOR MANAGEMENT, This code is applicable to all the members of the Board, senior management of the Company i.e all members of management one level below the Executive directors, including all general managers and functional heads.

I, Nikhil Umesh Katti, Managing Director of Vishwaraj Sugar Industries Limited hereby declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year under 31st March, 2018

For and on behalf of the Board



Nikhil Umesh Katti

Managing Director

Date: 28.08.2018

Place: Bellad Bagewadi

INDEPENDENT AUDITOR'S REPORT

**TO ,
THE MEMBERS OF
VISHWARAJ SUGAR INDUSTRIES LIMITED,**

Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind-AS financial statements of **VISHWARAJ SUGAR INDUSTRIES LIMITED** ("the Company), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive income), the Statement of changes in Equity and Statement of Cash Flows Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information(hereinafter referred to as "the standalone Ind AS financial statement").

Management's Responsibility for the Ind-AS Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the state of affairs, profit/loss (including Other Comprehensive income), changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 effectively design, implementation and maintenance of adequate internal financial controls, that were operating for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 Ind AS 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 here under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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 including the Ind AS of the state of affairs of the Company as at 31st March, 2018, its loss (including Other Comprehensive income), its changes in Equity and its cash flows for the year ended on that date.

Other Matters:

The comparative financial information of the company for the year ended 31st March, 2017 and Transition date opening balance sheet as on 1st April, 2016 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the then auditors as on 31st March, 2017 and 1st April, 2016 and their reports for the year ended 31st March, 2017 and 31st March, 2016 dated 28th August, 2017 and 28th August, 2016 respectively expressed unmodified opinion on those financial statements.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Ind AS financial statements:

- a) The pending litigations that describes A the same has been disclosed in the Note-43 (O) of notes to accounts to the Balance sheet :-

Sl.No	Particulars	Rs. In Lakhs
1	High Court, Karnataka, Appeal for Purchase Tax	290.05
2	Central Excise, Belgaum Show Cause Notice	88.16
3	Central Excise, Bangalore (Appeals)	637.16
4	Central Excise, Mysore (Appeals)	238.29

- b) The Ind AS financial statements of the Company have been prepared on a going concern basis.





Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's Report) order, 2016 ("the order") issued by the Government of India in terms of sub section (11) of Section 143 of the companies Act 2013, we give in the "**Annexure A**" statement on the matters specified in paragraph (3) and (4) of the order to the extent applicable.
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 purposes 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, the Statement of Profit and Loss, the Statement of changes in Equity and statement of Cash Flow dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of internal financial control over the financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**" and
 - g) With respect to 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements Refer note (a) under 'emphasis of matters' under Audit report.
 - ii. The Company did not have any long term contracts including Derivative contracts for which there were any material foreseeable losses to the financial statements;
 - iii. There are no any instances during the audit period wherein the amount is required to be transferred to the 'Investor Education and Protection Fund' by the Company.

"As per our report of even date"

For, M/s Gojanur & Co.,

Chartered Accountants

FRN : 000941S



(CA) G. M. Channappa Setty)

Proprietor

M. No: 020227

Date: 28-08-2018

Place: Shivamogga

ANNEXURE A TO THE AUDITOR'S REPORT

The Annexure Referred To In Our Independent Auditor's Report To The Members Of The "Vishwaraj Sugar Industries Limited" On The Standalone Ind As Financial Statements For The Period Ended 31st March, 2018, We Report That:

1. (a) The Company has maintained proper records showing full particulars including the quantitative details and the situation of fixed assets.

(b) According to information and explanation given to us the fixed assets have been physically verified by the Management during the year in a periodical manner which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company and are deposited with Bank of India, State Bank of India, and BDCC Bank.

2. (a) According to the information and explanation given to us the inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.

In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(b) Company is maintaining proper records of inventory and there is no material discrepancies noticed on physical verification.

3. The Company has not granted following advances during the year to parties covered in the register maintained under section 189 of the Companies Act, 2013.

Director	Nature of Advances	Amount (in Lakh Rs.)
1.Nikhil U Katti	Cane Purchase Advance	40.78
2.Lava R Katti	Cane Purchase Advance	52.47
3.Kush R Katti	Cane Purchase Advance	57.24

4. In our opinion and according to the information and explanations given to us, the company has not granted any loans and not made any investments, or provided securities & guarantees to companies and other parties listed under section 185 and 186 of the Companies Act, 2013.

5. In our opinion and according to the information and explanation given to us, the company has not accepted Deposits from public hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for maintenance of cost records prescribed under section 148(1) of the Companies Act, 2013 and are of the opinion that





Prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the same. And the same have been audited by independent cost auditor.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable
- (b) According to the information and explanations given to us, the following amounts payable in respect of statutory dues were in arrears as at 31-03-2018 for a period of more than six months from the date they became payable:
 - i. Purchase Tax of Rs. 24,84,38,202.59 is outstanding for the period more than six months and Rs.93,19,199.00 is outstanding for the period less than six months, all together Rs. 25,77,57,401.59 but the Management has claimed interest free loan from the State Government and the same is eligible for conversion into interest free loan, and the same is pending with Govt.
8. In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to a financial institutions.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. According to information and explanations given to us and on the basis of our examination of the books of account, records, and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the





Financial Statements as required by the applicable Indian Accounting Standards (Ind-AS).

14. According to information and explanations given to us and on the basis of our examination of the books of account, records, and the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and 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. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

"As per our report of even date"

For, M/s Gojanur & Co.,

Chartered Accountants

FRN : 000941S

Date: 28-08-2018

Place: Shivamogga



(CA. G. M. Channappa Setty)

Proprietor

M. No: 020227



ANNEXURE (B)

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF COMPANIES ACT, 2013.

We have audited the internal financial controls over financial reporting of "**VISHWARAJ SUGAR INDUSTRIES LIMITED**" ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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 ICAI. 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 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.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 judgment, 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 Company's 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31 March 2018, 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 ICAI.

"As per our report of even date"

For, M/s Gojanur & Co.,

Chartered Accountants

FRN : 000941S



(CA. G. M. Channappa Setty)

Proprietor

M. No: 020227

Date: 28-08-2018

Place: Shivamogga

VISHWARAJ SUGAR INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2018.

Particulars	Notes No.	As at 31st March , 2018	As at 31st March, 2017	As at 01st April, 2016
I ASSETS				
NON-CURRENT ASSETS				
a Property, Plant and Equipments	2	2,71,88,79,874.20	2,40,69,43,146.15	2,44,13,22,382.70
b Capital Work-in-Progress	2	-	38,34,54,640.70	1,28,82,218.00
c Investment Property		-	-	-
d Goodwill		-	-	-
e Other Intangible Assets				
f Intangible Assets under Development	3	-	-	-
g Biological Assets other than bearer Plant.	-	-	-	-
h Financial Assets	-	-	-	-
i Deferred Tax Assets(net)	4	-	-	-
j Other Non-Current Assets	5	2,13,44,721.00	2,62,89,318.25	2,63,17,818.25
CURRENT ASSETS				
a Inventories	6	2,55,99,19,535.40	1,77,04,71,727.92	2,39,97,51,032.84
b Financial assets				
i. Investments	7	53,24,000.00	37,98,000.00	37,65,000.00
ii. Trade Receivables	8	37,88,40,676.24	45,92,00,982.98	19,67,09,964.51
iii. Cash & Cash Equivalents	9	7,45,71,972.89	12,73,64,703.99	51,64,93,128.94
iv. Bank Balances	10	-	-	-
v. Loans and Advances	11	70,23,40,008.87	45,37,97,914.78	46,44,88,637.85
vi. Others	12	-	-	-
c Current Tax Assets(Net)	13	-	-	-
d Other Current Assets	14	5,62,60,666.06	4,97,65,103.50	4,93,21,846.30
Total Assets		6,51,74,81,454.67	5,68,10,85,538.27	6,11,10,52,029.39
II EQUITY AND LIABILITIES				
Equity:				
a Equity Share Capital	15	34,55,60,000.00	34,55,60,000.00	34,55,60,000.00
b Other Equity	16	2,06,48,11,819.84	2,09,60,97,709.44	2,00,83,09,305.40
LIABILITIES				
1 Non-Current Liabilities				
a Financial Liabilities				
i. Borrowings	17	37,01,07,575.00	10,01,36,866.00	20,85,76,611.00
ii. Trade Payables	18	-	-	-
iii. Other Financial Liabilities.	-	-	-	-
b Provisions	19	3,10,99,168.00	2,17,91,202.00	2,17,29,772.00
c Deferred Tax Liabilities(Net)	20	28,01,39,484.00	23,82,71,465.00	21,21,81,749.00
d Other Non-current Liabilities	21	-	-	-
2 Current Liabilities				
a Financial Liabilities				
i. Borrowings	22	2,64,67,77,039.91	2,16,66,16,680.28	2,26,47,16,536.74
ii. Trade Payables	23	26,86,38,815.76	14,34,35,712.21	26,94,24,553.96
iii. Other Financial Liabilities	24	-	-	-
b Other Current Liabilities	25	50,81,89,977.16	54,59,57,462.34	75,60,02,061.29
c Provisions	26	-	-	-
d Current Tax Liabilities	27	21,57,575.00	2,32,18,441.00	2,45,51,440.00
Total Equity and Liabilities		6,51,74,81,454.67	5,68,10,85,538.27	6,11,10,52,029.39

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"As per our report of even date"

For and on behalf of the Board

For M/s. GOJANUR & CO

CHARTERED ACCOUNTANTS



PROPRIETOR
M. No. 020227



(Nikhil U. Katti)
Managing Director
DIN.02505734

(Umesh V. Katti)
Chairman
DIN.1461050

Chief Financial Officer
(Shreshagiri Kulkarni)

Company Secretary
(CS.Sneha Patil)

Place: Belgaum.
Date: 28-08-2018

VISHWARAJ SUGAR INDUSTRIES LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDING 31ST MARCH, 2018.

Particulars	Notes No.	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
I. INCOME				
Revenue from Operations	28	2,21,81,35,442.69	2,84,01,73,851.36	3,35,64,65,658.22
Other Income	29	9,64,80,241.98	1,05,62,762.33	2,88,72,657.11
Total Income		2,31,46,15,684.67	2,85,07,36,613.69	3,38,53,38,315.33
II. EXPENDITURE				
Cost of Materials Consumed	30	2,36,81,06,830.49	1,38,42,70,095.56	2,36,81,81,944.14
Purchase of Stock-in-trade				
Change in Inventories of Finished goods, Work-in-progress	31	(78,07,75,813.40)	60,62,31,037.40	25,04,67,570.73
Other Manufacturing Expenses	32	13,53,34,411.98	15,82,70,055.78	17,32,52,755.72
Employee Benefit Expenses	33	12,96,30,060.45	13,22,11,106.55	12,80,46,029.00
Finance Costs	34	20,83,42,879.67	24,84,32,342.20	17,92,21,603.25
Depreciation & Amortisation Expenses	2 & 3	13,19,96,304.86	11,53,47,353.69	11,33,96,092.43
Other Expenses	35	11,13,98,881.23	9,20,96,502.47	10,26,38,354.69
Total Expenses :		2,30,40,33,555.27	2,73,68,58,493.65	3,31,52,04,349.96
Profit Before exceptional and extraordinary items and tax		1,05,82,129.40	11,38,78,120.04	7,01,33,965.37
Exceptional Items		-	-	-
Profit Before extraordinary items & tax		1,05,82,129.40	11,38,78,120.04	7,01,33,965.37
Extraordinary Items		-	-	-
Profit Before Tax		1,05,82,129.40	11,38,78,120.04	7,01,33,965.37
Tax Expenses:				
-Current Tax (including Wealth Tax)		21,57,575.00	2,32,18,441.00	1,42,99,510.00
-Deferred Tax Charge/(Credit)		4,18,68,019.00	2,60,89,716.00	2,59,88,172.00
-MAT Credit Entitlement		(21,57,575.00)	(2,32,18,441.00)	(1,42,99,510.00)
		4,18,68,019.00	2,60,89,716.00	2,59,88,172.00
Profit for the period from continuing operations		(3,12,85,889.60)	8,77,88,404.04	4,41,45,793.37
Profit/(Loss) from discontinued operations		-	-	-
Tax expenses of discontinued operations		-	-	-
Profit/(Loss) from discontinued operations (After Tax)		-	-	-
Profit for the period		(3,12,85,889.60)	8,77,88,404.04	4,41,45,793.37
Other Comprehensive Income				
A i. Items that will not be reclassified to Profit or loss		-	-	-
ii. Income tax relating to items that will not be reclassified to Profit or loss		-	-	-
B i. Items that will be reclassified to Profit or loss		-	-	-
ii. Income tax relating to items that will be reclassified to Profit or loss		-	-	-
Total Comprehensive Income for the Period		(3,12,85,889.60)	8,77,88,404.04	4,41,45,793.37
Basic Earnings Per Share of ₹.10 each (In Rupees)	38	(0.91)	2.54	1.28
Diluted Earnings Per Share of ₹.10 each (In Rupees)	38	(0.91)	2.54	1.28

"As per our report of even date"

For M/s. GOJANUR & CO.,
CHARTERED ACCOUNTANTS

M.No. 020227
 FRN No. 0008415
(CA. G. L. CHANNAPPA SETTY)
 Proprietor
 M.No. 020227

For and on behalf of the Board

(Nikhil U. Katti)
 Managing Director
 DIN.02505734

(Umesh V. Katti)
 Chairman
 DIN.1461050

Place: Belgaum.
 Date: 28-08-2018



(Sheshagiri Kulkarni)
 Chief Financial Officer

(CS.Sneha Patil)
 Company Secretary

VISHWARAJ SUGAR INDUSTRIES LIMITED

(in Lakhs)

STATEMENT OF CASH FLOW

Particulars	For the year ended March 31,		As at 01st April, 2016
	2018	2017	
Cash flow from operating activities:			
Net Profit before tax as per Profit And Loss account	105.82	1,138.78	701.34
Adjusted for:			
Depreciation & Amortisation	1,319.96	1,129.13	1,133.76
Dividend	3.40	4.30	0.02
Interest & Financial Charges	2,083.43	2,484.32	1,792.22
Operating Profit Before Working Capital Changes	3,512.62	4,756.54	3,627.33
Adjusted for (Increase)/ Decrease in:			
Trade Receivables	803.60	(2,624.91)	(650.58)
Inventories	(7,894.48)	6,292.79	2,478.11
Short Term Loans and Advances (Other than MAT Credit)	(2,485.03)	339.09	2,352.15
Other Current Assets	(64.96)	(4.43)	(71.63)
Trade Payables	1,252.03	(1,259.89)	(2,867.63)
Short Term Provisions	(211.00)		
Long Term Provisions	93.08	0.61	104.19
Other Non Current Liabilities	-	-	-
Other Current Liabilities	(377.67)	(2,100.45)	(1,071.88)
Cash Generated From Operations Before Extra-Ordinary Items	(5,371.81)	5,399.35	3,900.06
Add:- Extra-Ordinary Items	-	-	-
Cash Generated From Operations	(5,371.81)	5,399.35	3,900.06
Direct Tax Paid	-	143.00	4.13
Net Cash Flow from/(used in) Operating Activities: (A)	(5,371.81)	5,256.36	3,895.93
Cash Flow From Investing Activities:			
Purchase of Fixed Assets	(4,490.22)	(836.35)	(960.99)
Sale of Fixed Assets	50.89	51.01	12.79
Changes in Capital WIP (Net)	3,834.55	(3,705.72)	379.39
Investment in Shares	(15.26)	(0.33)	-
Changes in Other Non Current Assets (Including Opening Reserves Adjusted)	49.45	0.28	58.98
Dividend Received	(3.40)	(4.30)	(0.02)
Net Cash Flow from/(used in) Investing Activities: (B)	(574.00)	(4,495.41)	(509.84)
Cash Flow from Financing Activities:			
Increase / (Decrease) in Long Term Borrowing	2,699.71	(1,084.40)	(1,320.39)
Increase / (Decrease) in Short Term Borrowing	4,801.60	(981.00)	3,213.37
Interest & Financial Charges	(2,083.43)	(2,484.32)	(1,792.22)
Dividend and Dividend Distribution Tax Paid	-	(102.52)	(314.35)
Net Cash Flow from/(used in) Financing Activities (C)	5,417.88	(4,652.24)	(213.58)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(527.93)	(3,891.29)	3,172.51
Cash & Cash Equivalents As At Beginning of the Year	1,273.64	5,164.93	1,992.43
Cash & Cash Equivalents As At End of the Year	745.72	1,273.64	5,164.94

Notes:

1

Figures in brackets represent outflows.

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For and on behalf of the Board

"As per our report of even date"

For M/s. GOJANUR & CO

CHARTERED ACCOUNTANTS

Place: Belgaum

Date: 28-08-2018



(Nikhil U. Katti)
Managing Director
DIN.02505734

(Sheshagiri Kulkarni)

(Umesh V. Katti)
Chairman
DIN.1461050

(CS.Sneha Patil)

(₹ in lakhs, except for share data, and if otherwise stated)



	Cash dividends	-	-	-	-	-	-	-	-
	Dividend distribution tax	-	-	-	-	-	-	-	-
	Transfer to general reserve	-	-	-	-	-	-	-	-
	Balance as at 31 March 2018	1,466.39	-	19,181.74	-	-	-	20,648.13	

Nature and purpose of reserves

Securities premium reserve:

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

General reserve:

The reserve is created out of surplus balance of profit of the Company and is a distributable reserve maintained by the Company. However Company has not transferred any amount to General reserve till 31st March, 2018.

Retained earnings:

Retained earnings pertain to the accumulated earnings by the Company over the years.

Notes to the financial statements

1 to 42

The notes referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

"As per our report of even date"

For M/s. GOJANUR & CO

CHARTERED ACCOUNTANTS



(C.A. G.M. CHANNAPPA SETTY)

PROPRIETOR

M. No. 020227

Place: Belgaum.

Date: 28-08-2018



(Nikhil U. Katti)

Managing Director

DIN. 02505734

Chief Financial Officer

(Sheshgiri Kulkarni)

(Umesh V. Katti)

Chairman

DIN. 1461050

Company Secretary

(CS. Sucha Patil)

PROPERTY, PLANT & EQUIPMENT

		Land		Buildings		Plant & Machinery	Vehicles	Office Equipments	Furniture & Fixtures	Total
		Freehold	Leaschold	Factory	Others					
For the year ending 31st March, 2018	Opening	4,61,53,932.00	-	49,20,52,388.97	31,15,71,467.44	2,50,63,05,256.30	7,24,38,219.85	83,63,951.35	88,14,430.91	3,44,56,99,646.82
	Additions	-	-	87,23,830.00	2,58,85,522.14	41,28,54,521.38	-	15,58,034.10	-	44,90,21,907.62
	Deletions	-	-	-	-	43,18,133.96	7,94,030.00	-	-	51,12,163.96
A	Total	4,61,53,932.00	-	50,07,76,218.97	33,74,56,989.58	2,91,48,41,643.72	7,16,44,189.85	99,21,985.45	88,14,430.91	3,88,96,09,390.48
Depreciation	Opening	-	-	13,36,63,121.84	1,85,13,664.66	83,82,99,367.11	3,75,38,314.81	62,25,037.06	45,16,995.19	1,03,87,56,500.67
	Additions	-	-	1,57,06,331.73	53,22,537.41	10,34,23,184.34	61,09,433.78	6,84,052.49	7,50,765.11	13,19,96,304.86
	Deletions	-	-	-	-	-	23,289.25	-	-	23,289.25
B	Total	-	-	149,36,9453.6	2,38,36,202.07	94,17,22551.4	43,62,4459.35	69,09,089.551	52,67,760.299	1,17,07,29,516.28
WDV as on 31-03-2018	(A - B)	4,61,53,932.00	-	35,14,06,765.41	31,36,20,787.51	1,97,31,19,092.27	2,80,19,730.50	30,12,895.90	35,46,670.61	2,71,88,79,874.20
For the year ending 31st March, 2016		4,46,65,862.00		34,17,37,865.59	26,73,72,466.69	1,74,60,36,489.57	3,42,17,009.64	22,44,488.38	50,48,200.84	2,44,13,22,382.70
For the year ending 31st March, 2017		4,61,53,932.00		34,17,37,865.59	26,73,72,466.69	1,74,60,36,489.57	3,42,17,009.64	22,44,488.38	50,48,200.84	2,44,28,18,452.70

"As per our report of even date"

For M/s. GOJANUR & CO
CHARTERED ACCOUNTANTS



Place: Belgaum.
Date: 28-08-2018

For and on behalf of the Board

(Nikhil U. Katti)
Managing Director
DIN. 07505734



(Uma K. Katti)
Chairman
DIN. 07505734

(Suresh G. Kulkarni)
Chief Financial Officer
(Suresh G. Kulkarni)

(Uma K. Katti)
Chairman
DIN. 07505734
(Suresh G. Kulkarni)
Chief Financial Officer
(Suresh G. Kulkarni)

INTANGIBLE ASSETS

[illegible]

"As per our report of even date"
For M/s. GOJANUR & CO
CHARTERED ACCOUNTANTS



Place: Belgium.
Date: 28-08-2018

For and on behalf of the Board



(Nilhil U. Katti)
Managing Director
DIN.02505734

Chief Financial Officer
(Sheshagiri Kulkarni)

~~Chairman~~
~~DAK 1461050~~

Company Secretary
(CS.Sneha Patil)

VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
4	DEFERRED TAX ASSETS			
	Deferred Tax Assets	-	-	-
	Deferred Tax Assets (Net)	-	-	-

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
5	OTHER NON-CURRENT ASSETS			
	<u>Unsecured, considered good, unless otherwise stated</u>			
	Security Deposits			
	Electric Deposit	1,50,930.00	1,50,930.00	1,50,930.00
	Telephone Deposit	38,391.00	38,391.00	66,891.00
	VSL Deposit With TPTCL	-	49,44,597.25	49,44,597.25
	H P C L Deposit	2,000.00	2,000.00	2,000.00
	Indian Gas Deposit	3,400.00	3,400.00	3,400.00
	Security Deposit of Hindustan Petroleum Corporation Ltd	5,00,000.00	5,00,000.00	5,00,000.00
	Security Deposit of Indian Oil Corporation Ltd	5,00,000.00	5,00,000.00	5,00,000.00
	Yalahanka Unit (Building Deposit)	50,000.00	1,50,000.00	1,50,000.00
	Refundable Deposit N U K	2,00,00,000.00	2,00,00,000.00	2,00,00,000.00
	Building Deposit (Bengaluru)	1,00,000.00	-	-
	Total :-	2,13,44,721.00	2,62,89,318.25	2,63,17,818.25

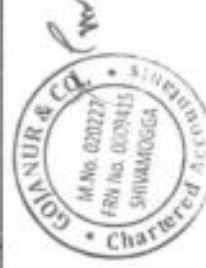


VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
6	INVENTORIES			
	Valued at lower of cost and net realisable value.			
	-Raw Materials	11,78,59,918.50	6,57,25,824.42	17,90,06,531.94
	-Process Stocks	-	-	-
	-Finished Goods	2,44,20,59,616.90	1,70,47,45,903.50	2,22,07,44,500.90
	Total	2,55,99,19,535.40	1,77,04,71,727.92	2,39,97,51,032.84

Write down of inventory to net realisable value

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
7	INVESTMENTS			
	Trade Investments (Long-term) in Subsidiary Companies			
	A) Fully Paid Equity Shares			
	Non Trade Investments			
	Unquoted investments in equity instruments at FVTPL			
	Bellad Bagewadi Urban Souhard Sahakari Shares	10,000.00	10,000.00	10,000.00
	BDCC Bank Shares	53,14,000.00	37,88,000.00	37,55,000.00
	Equity Shares Fully Paid-up (quoted)	53,24,000.00	37,98,000.00	37,65,000.00
	Aggregate amount of quoted investment and market value thereof			
	Aggregate amount of unquoted investments	53,24,000.00	37,98,000.00	37,65,000.00
	Aggregate amount of impairment in value of investments			
	Total Non-Current Investments	53,24,000.00	37,98,000.00	37,65,000.00



VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
8	TRADE RECEIVABLES			
	Secured			
	-Promoters	-	-	-
	-Others:			
	-Over Six Months -Good	1,33,05,298.52	1,33,05,298.52	1,33,05,298.52
	-Other Debts -Good	36,55,35,377.72	44,58,95,684.46	18,34,04,665.99
	Unsecured			
	-Promoters	-	-	-
	-Others:			
	-Over Six Months -Good	-	-	-
	-Doubtful	-	-	-
	-Other Debts -Good	-	-	-
	Less: Provision for Doubtful Debts	37,88,40,676.24	45,92,00,982.98	19,67,09,964.51
	Total :-	37,88,40,676.24	45,92,00,982.98	19,67,09,964.51
	No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.			

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
9	CASH & CASH EQUIVALENTS			
	-Cash in hand and as Imprest			
	Cash in Hand	13,12,472.00	12,04,364.41	13,66,939.05
	-Cheques/Drafts in hand	-	-	-
	-On Current Accounts	-	-	-
	Cash at Banks	6,57,89,500.89	12,30,02,839.58	51,22,13,689.89
	-On Dividend Account	-	-	-
	-On Deposit Accounts	74,70,000.00	31,57,500.00	29,12,500.00
	-As Margin Money	-	-	-
	Total :-	7,45,71,972.89	12,73,64,703.99	51,64,93,128.94



[Signature]



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VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
10 BANK BALANCES			
-Cash in hand and as Imprest	-	-	-
Cash in Hand	-	-	-
-Cheques/Drafts in hand	-	-	-
-On Current Accounts	-	-	-
Cash at Banks	-	-	-
-On Dividend Account	-	-	-
-On Deposit Accounts	-	-	-
-As Margin Money	-	-	-
Total :-	-	-	-

Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
11 LOANS AND ADVANCES			
Unsecured, considered good, unless otherwise stated			
Deposits/Balances with Statutory Authorities	31,77,69,733.00	27,19,84,791.63	26,02,28,416.46
Other Advances (includes Advances to Suppliers & Services)	38,45,70,275.87	18,18,13,123.15	20,42,60,221.39
Less : Allowances for doubtful assets	-	-	-
Total :-	70,23,40,008.87	45,37,97,914.78	46,44,88,637.85

Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
12 OTHERS			
	-	-	-
Total :-	-	-	-








VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars		31st March, 2018	31st March, 2017	As at 01st April, 2016
13	<u>CURRENT TAX ASSETS</u>			
		0	-	-
		0	-	-
	Total :	-	-	-

Particulars		31st March, 2018	31st March, 2017	As at 01st April, 2016
14	<u>OTHER CURRENT ASSETS</u>			
	Secured, considered good, unless otherwise stated			
	Stores & Spare Parts	5,58,00,082.81	4,95,10,827.50	4,49,05,467.29
	Interest Receivable	4,60,583.25	2,54,276.00	44,16,379.00
	Total :	5,62,60,666.06	4,97,65,103.50	4,93,21,846.30





VISHWARAJ SUGAR INDUSTRIES LIMITED

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(' in lakhs, except for share data, and if otherwise stated)

15 Equity share capital	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Amounts	Number	Amounts	Number	Amounts
Authorised share capital Equity shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Issued, subscribed and fully paid up Equity shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	3,45,56,000	3,455.60	3,45,56,000	3,455.60	3,45,56,000	3,455.60
Total	3,45,56,000	3,456	3,45,56,000	3,456	3,45,56,000	3,456
a) Reconciliation of equity share capital						
Balance at the beginning of the year	3,45,56,000	3,456.00	3,45,56,000	3,456.00	3,45,56,000	3,456.00
Add : Issued during the year	-	-	-	-	-	-
Balance at the end of the year	3,45,56,000	3,456.00	3,45,56,000	3,456.00	3,45,56,000	3,456.00

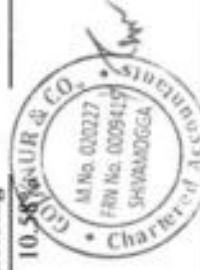
b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any fresh issue of equity shares shall rank pari-passu with the existing shares. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting, except interim dividend.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% of the shares

Equity shares of ₹ 10 each	Number	% holding	Number	% holding	Number	% holding
Umesh Katti	36,56,125	10.58%	36,56,125	10.58%	36,56,125	10.58%



VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
16	OTHER EQUITY			
	Capital Reserve			
	Capital Redemption Reserve	14,66,39,000.00	14,66,39,000.00	14,66,39,000.00
	Securities Premium Reserve			
	General Reserve	1,91,81,72,819.84	1,94,94,58,709.44	1,86,16,70,305.40
	Profit & Loss Account (Note-1)	2,06,48,11,819.84	2,09,60,97,709.44	2,00,83,09,305.40
	Total :-			
		(3,12,85,889.60)	8,77,88,404.04	4,41,45,793.37
	Notes:			(3,45,56,000.00)
	1. Profit for the Period			(71,30,600.00)
	Less: -Dividend on Equity Shares @ 10% on Paid up Capital			
	-Tax on Distributed Profits on Equity Shares @ 16.2225%			
	-Transfer to General Reserve	(3,12,85,889.60)	8,77,88,404.04	24,59,193.37








VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
17 BORROWINGS				
A Secured				
Loans From Banks				
-Term Loans ;		49,65,16,350.00	9,65,16,950.00	20,68,92,104.00
-Hypothecation Loans for Vehicles:		31,38,433.00	36,19,916.00	16,84,507.00
B Loans From Others				
-Term Loans		-	-	-
Less : Current maturities of long-term debt		49,96,54,783.00	10,01,36,866.00	20,85,76,611.00
		12,95,47,208.00	-	-
Total :-		37,01,07,575.00	10,01,36,866.00	20,85,76,611.00
Unsecured				
Non Convertible Debentures		-	-	-
Zero Coupon Foreign Currency Convertible Bonds		-	-	-
Deferred Sales Tax Loans		-	-	-
		-	-	-
		-	-	-
Details of guarantee for each type of borrowings				
Guaranteed by directors				
Term loans				
From banks		-	-	-
From NBFCs		-	-	-
Loans repayable on demand		-	-	-
Working capital loan from banks		-	-	-
		Jointly & Severally	Jointly & Severally	
Nature of Security and terms of repayment for secured borrowings				
Nature of Security		Value of security	Terms of Repayment	
Term loans from banks are secured by:				
First charge by way of Mortgage of Net Block of Sugar Unit & Co-Gen Plant Assets.		WDV as at 31 March 2018 ₹.23,657.55 lakhs	Repayable in 24 equal quarterly installments from the end of the reporting period ranging between ₹36.00 lakhs to ₹ 166.66lakhs along with interest rate ranging from 9.30% to 13% p.a	
Term loans from NBFCs are secured by:				
First charge by way of hypothecation of certain number of Vehicles		WDV as at 31 March 2018 ₹.280.19 lakhs	Repayable in 60 EMLs from the end of the reporting period ranging between ₹.0.06 lakhs to ₹.0.26 lakhs along with interest rate ranging from 9.30% to 14% p.a and subject to changes in the Margin %.	

VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
18	TRADE PAYABLES			
	Trade Payables	-	-	-
	Sundry Creditors	-	-	-
	Total	-	-	-
19	LONG-TERM PROVISIONS			
	Employee Benefits			
	Gratuity	3,10,99,168.00	2,17,91,202.00	2,17,29,772.00
	Total	3,10,99,168.00	2,17,91,202.00	2,17,29,772.00
a) Employee benefits	i) Defined Contribution Plans: The amount recognised as an expense during the year is ₹ 61.84 lakhs (31 March 2017: ₹ 68.12 lakhs).			
	Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
	Employer's Contribution to Provident Fund	61,84,108.00	68,12,857.00	70,30,367.00
	Employer's Contribution to Labour Welfare Fund	-	-	-
	Employer's Contribution to Employees State Insurance	-	-	-
ii) Defined Benefit Plans	Gratuity is provided based on actuarial valuation for employees covered under the Group Gratuity Scheme. Few employees like drivers and hamaals are not covered under the Group Gratuity Scheme on account of high attrition rates (specific to the industry and in their categories). However Gratuity amount is made as mere provision and such amount has not been invested in any Approved Gratuity schemes..			
20	DEFERRED TAX LIABILITY			
	Deferred Tax Liabilities			
	Depreciation & Amortisation	28,01,39,484.00	23,82,71,465.00	21,21,81,749.00
	Deferred Tax Liabilities (Net)	28,01,39,484.00	23,82,71,465.00	21,21,81,749.00
21	OTHER NON CURRENT LIABILITIES			
	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
		-	-	-



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VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
22	<u>BORROWINGS</u>			
	Secured			
	Term Loans from Banks			
	Working Capital - Loans repayable on Demand			
	Cash Credit (Bank of India) A/c 002	77,47,54,816.91	36,80,66,982.28	58,17,60,982.22
	Cash Credit (SBI) WHR Loan A/c No. 969	16,41,10,116.00	42,62,17,876.50	63,28,99,116.52
	Cash Credit (Bank of India) A/c 58	(99,000)	11,97,49,580.50	-
	Cash Credit (SBI) Demand Loan A/c	70,76,93,302.00	30,25,82,241.00	10,00,56,438.00
	Harvesting & Transport Loan	95,00,00,000.00	95,00,00,000.00	95,00,00,000.00
	Total	2,64,67,77,039.91	2,16,66,16,680.28	2,26,47,16,536.74
	Working capital loan from banks are secured by:			
	Second charge by way of equitable mortgage on Land and Building situated at Bellad Bagewadi & Belagavi.	WDV as at 31 March 2018 ₹ 7,111.81 lakhs	Interest rate is ranging between 7.95% to 11.70% p.a.	
	First charge by way of hypothecation of inventory and trade receivable upto 120 days	As at 31 March 2018 ₹ 25,599.19 lakhs	Interest rate is ranging between 7.95% to 11.70% p.a.	






VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
23	TRADE PAYABLES			
	Trade Payables	-	-	-
	Micro, Small and Medium Enterprises	-	-	-
	Payables to related parties (refer note 46)	26,86,38,815.76	14,34,35,712.21	26,94,24,553.96
	Others	-	-	-
	Total	26,86,38,815.76	14,34,35,712.21	26,94,24,553.96
a)	The Company has amount due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:			
		31 March 2018	31 March 2017	01 April 2016
	Principal amount due to suppliers under MSMED Act	-	-	-
	Interest accrued and due to suppliers under MSMED Act on the above unpaid amount	-	-	-
	Interest accrued and not due to suppliers under MSMED Act	-	-	-
	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	-
	Interest paid to suppliers under MSMED Act (Other than Section 16)	-	-	-
	Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
	Interest due and payable to suppliers under MSMED Act for payment already made	-	-	-
	Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act	-	-	-
	Note:- There is no sufficient information available with the company regarding Micro and Small enterprises Vendors , hence it is not possible to identify vendors as Micro and Small enterprises			

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
24	OTHER FINANCIAL LIABILITIES			
		-	-	-
	Total	-	-	-

*There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.



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VISHWARAJ SUGAR INDUSTRIES LIMITED

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
25	<u>OTHER CURRENT LIABILITIES</u>			
	Current Maturities of Long-term Debt	12,95,47,208.00	11,59,93,080.00	20,52,72,816.00
	Trade Deposits & Advances	4,91,74,240.96	10,00,50,524.91	
	Statutory Dues Payable	26,07,02,070.59	25,51,95,488.82	23,97,45,177.77
	Other Payables	6,87,66,457.61	7,47,18,368.61	31,09,84,067.52
	Total :	50,81,89,977.16	54,59,57,462.34	75,60,02,061.29

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
26	SHORT-TERM PROVISIONS			
	Dividends on Equity Shares	-	-	
	(Including Dividend Distribution Tax)			
		-	-	
	Total *	-	-	

	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
27	CURRENT TAX LIABILITIES			
	Dividends on Equity Shares	-	-	1,02,51,930.00
	(Including Dividend Distribution Tax)			
	Income Tax & Wealth Tax	21,57,575.00	2,32,18,441.00	1,42,99,510.00
	Total :	21,57,575.00	2,32,18,441.00	2,45,51,440.00
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
	Tax reconciliation (for profit and loss)			
	Profit before income tax expense			
	Tax at the rate of (MAT 18.5% + Surcharges + Education Cess) of re	21,57,575.00	2,32,18,441.00	1,42,99,510.00
	Tax adjustments pertaining to earlier year	-	-	-
	Tax expense for the year	21,57,575.00	2,32,18,441.00	1,42,99,510.00



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VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars		31st March, 2018	31st March, 2017	As at 01st April, 2016
28	REVENUE FROM OPERATIONS			
	Sales of Products:			
	Sale of Sugar	1,71,99,73,904.00	2,13,10,55,280.00	2,49,67,15,855.00
	Sale of Power	15,94,86,283.00	17,02,55,186.50	28,73,58,428.92
	Sale of Ethanol, Spirit and allied Products	8,60,38,750.00	34,22,23,750.00	26,41,77,000.00
	Sale of IMFL	47,63,59,080.00	48,54,11,700.00	91,57,98,050.10
	Sale of Vinegar	12,57,58,460.00	7,13,99,950.00	47,01,780.00
	Sale of by-products	1,98,90,517.69	1,74,44,415.88	8,49,71,006.01
	Sale of others	53,23,228.00	6,30,456.98	38,60,722.19
	Less:	2,59,28,30,222.69	3,21,84,20,739.36	4,05,75,82,842.22
	Excise Duty	37,46,94,780.00	37,82,46,888.00	70,11,17,184.00
	Net Sales Rs.	2,21,81,35,442.69	2,84,01,73,851.36	3,35,64,65,658.22
29	OTHER INCOME			
	Dividend Income	3,40,376.00	4,30,391.00	1,500.00
	Rental Income	13,10,221.00	10,52,026.00	29,63,670.00
	Profit on Sale of Assets	-	1,71,264.04	-
	Insurance Claims and Income	55,46,258.00	65,83,338.50	19,00,854.00
	Other Operating Income	8,28,72,149.26	10,53,553.15	1,95,23,793.99
	Electricity Income - minor electricity sale to individuals	82,226.00	83,952.00	93,353.00
	Other Mis. Income	60,31,082.72	11,88,237.64	43,89,486.12
	Input Tax Vat Credit	2,97,929.00	-	-
	Total Rs.	9,64,80,241.98	1,05,62,762.33	2,88,72,657.11



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VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars		31st March, 2017	As at 01st April, 2016
32	OTHER MANUFACTURING EXPENSES		
	Processing, Transportation and Other Charges	5,98,15,638.48	7,53,61,352.76
	Repairs - Plant & Machinery	9,84,54,417.30	9,78,91,402.96
	TotalRs.	15,82,70,055.78	17,32,52,755.72

Particulars		31st March, 2017	As at 01st April, 2016
33	EMPLOYEE BENEFITS EXPENSES		
	Salaries and Wages	12,40,96,212.00	10,86,05,351.00
	Contribution to Provident and other Funds	77,75,468.00	1,80,92,056.00
	Staff Welfare Expenses	3,39,426.55	13,48,622.00
	TotalRs.	13,22,11,106.55	12,80,46,029.00

Particulars		31st March, 2017	As at 01st April, 2016
34	FINANCE COST		
	Interest Expenses	23,99,88,781.70	16,62,34,050.50
	Other Borrowing Costs	84,43,560.50	1,29,87,552.75
	TotalRs.	24,84,32,342.20	17,92,21,603.25



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VISHWARAJ SUGAR INDUSTRIES LIMITED

35	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
	OTHER EXPENSES			
	Rent	6,94,205.00	6,89,287.00	6,32,388.00
	Advertisement, Publicity & Sales Promotion	2,20,27,683.00	1,11,82,500.00	1,63,105.00
	Insurance	1,02,69,799.00	96,30,697.00	78,20,886.00
	Travelling Expenditure	26,38,973.98	33,97,982.62	38,28,908.56
	Vehicle Running & Maintenance	1,46,25,301.28	1,55,20,868.79	1,59,62,186.00
	Printing & Stationery	10,78,370.49	9,95,051.06	8,89,463.00
	Communication Expenses	16,26,185.94	12,64,143.26	15,27,234.51
	Legal, Professional & Consultancy Charges	2,05,85,162.00	65,88,091.00	64,93,815.00
	Discount, Rebate & Commission on Power sale	6,82,741.58	20,17,249.73	43,14,335.57
	Loss/(Gain) on Sale / Disposal of Fixed Assets	5,02,771.75	6,50,143.63	8,33,417.86
	Freight Charges	11,08,518.00	10,02,781.00	9,17,191.00
	Donation	2,00,000.00	2,50,000.00	5,000.00
	Licence Fees & Taxes	2,20,89,269.88	2,30,21,494.47	3,73,92,468.75
	Corporate Social Responsibility Expenses	14,19,228.00	21,80,083.00	-
	Other Miscellaneous Exp	1,18,50,671.33	1,37,06,129.91	2,18,57,955.44
	Total Rs.	11,13,98,881.23	9,20,96,502.47	10,26,38,354.69

36	Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
	CAPITAL COMMITMENTS			
	Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advances) Rs. NIL Lakhs (Previous year Rs. 172.75 Lakhs) [Advances Rs. NIL Lakhs (Previous year Rs. 67.13)]			



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VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars	31st March, 2018	31st March, 2017	As at 01st April, 2016
37 CONTINGENT LIABILITIES			
Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
A] Claims against the Company not acknowledged as Debts			
Income tax matters	-	-	-
Central Excise	892.26	1,771.94	-
Purchase tax matters	290.05	290.05	-
ESIC matter	-	-	-
Additional Bonus that may be payable	-	-	-
B] Disputed claims pending in Courts	-	-	-
C] Guarantees given on behalf of the Company by banks	-	-	-
D] Other contractual matters	110.28	115.50	-
	-	-	-
a. The Company is in appeal against demands on Central Excise & Purchase tax Matters.			




VISHWARAJ SUGAR INDUSTRIES LIMITED

Particulars		31st March, 2018	31st March, 2017	As at 01st April, 2016
38	EARNINGS PER SHARE (EPS)			
The amount considered in ascertaining the Company's earnings per share constitutes the net profit after tax and includes post tax effect of any exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential shares.				
I	Net Profit as per Profit & Loss Account available for Equity Shareholders	(3,12,85,889.60)	8,77,88,404.04	4,41,45,793.37
II	Weighted Average Number of Equity Shares for Earnings Per Share Computation			
A	For Basic Earnings Per Share of Rs. 10 each	3,45,56,000.00	3,45,56,000.00	3,45,56,000.00
B	For Diluted Earnings Per Share of Rs. 10 each; No. of Shares for Basic EPS as per II A Add: Weighted Average outstanding option/Shares related to FCCB	3,45,56,000.00	3,45,56,000.00	3,45,56,000.00
	No. of Shares for Diluted EPS of Rs. 10 each	3,45,56,000.00	3,45,56,000.00	3,45,56,000.00
III	Earnings Per Share (Weighted Average)			
	-Basic	(0.91)	2.54	1.28
	-Diluted	(0.91)	2.54	1.28

For and on behalf of the Board

(Nikhil U. Katti)
Managing Director
DIN: 02505734

(Umesh V. Katti)
Chairman
DIN: 7461050

(Sheshagiri Kulkarni)
Chief Financial Officer

(CS. Sneha Patil)
Company Secretary

"As per our report of even date"

For M/s. GOJANUR & CO

CHARTERED ACCOUNTANTS



(CA. GAMCHANNAPPA SETTY)
PROPRIETOR
M. No. 020227



Place: Belgaum.
Date: 28-08-2018

VIŠHWARAJ SUGAR INDUSTRIES LIMITED

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

39	First time adoption of Ind AS
A	<p>First Ind AS Financial statements</p> <p>These are the Company's first financial statements prepared in accordance with Ind AS.</p> <p>The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).</p> <p>An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and Cash flow is given below:</p>
i	<p>Optional exemptions availed</p> <p>Business combinations</p> <p>The Company has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS 103 – Business combinations.</p> <p>The Company applies the requirements of Ind AS 103 – Business combinations to business combinations occurring after the date of transition to Ind AS</p> <p>Deemed cost</p> <p>Since, there is no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment, other intangible assets and investment properties on the date of transition.</p>








VISHWARAJ SUGAR INDUSTRIES LIMITED

	<p>Leases</p> <p>Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.</p> <p>Designation of previously recognised financial instruments</p> <p>Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to Ind ASs.</p> <p>Company has elected to apply this exemption for its investment in equity instruments.</p>
ii	<p>Mandatory exceptions applied</p> <p>Estimates</p> <p>The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the following items where the application of previous GAAP did not require estimation:</p> <ul style="list-style-type: none"> (i) Impairment of financial assets based on the expected credit loss model; and (ii) Investments in equity instruments carried as FVPL or FVOCI. <p>The estimates used by the Company to present the amounts in accordance with Ind AS reflect conditions that existed at the date on transition to Ind AS.</p> <p>De-recognition of financial assets and liabilities</p> <p>Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.</p> <p>The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.</p> <p>Classification and measurement of financial assets</p> <p>Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.</p>




VISHWARAJ SUGAR INDUSTRIES LIMITED

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018
(₹ in lakhs, except for share data, and if otherwise stated)

40 Reconciliation of Reserve between Ind AS and Previous GAAP

Particulars	Note	As at 31 March 2017	As at 01 April 2016
Equity under erstwhile Indian GAAP		24,416.58	2,35,38,69,305.40
Interest income resulting from fair valuation of security deposits paid	A.1	-	-
Amortisation of prepaid lease rent arising from discounting of security deposits paid	A.1	-	-
Fair valuation of financial liabilities	A.2	-	-
Finance cost de-recognised based on effective interest cost	A.3	-	-
Deferred tax benefit	A.4	-	-
Equity under Ind AS		24,416.58	2,35,38,69,305.40

44.1 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31 March 2017

Particulars	Note	Year ended 31 March 2017
Net profit for the period under erstwhile Indian GAAP		1,138.78
Interest income resulting from fair valuation of security deposits paid	A.1	-
Amortisation of prepaid lease rent arising from discounting of security deposits paid	A.1	-
Rent income arising on fair valuation of security deposits received	A.2	-
Fair valuation of financial liabilities	A.2	-
Finance cost recognised based on effective interest cost	A.3	-



Re-classification of actuarial loss on defined employee benefit obligations	A.5	-
Deferred tax impact		-
Net profit for the period under Ind AS		1,138.79
Other comprehensive income (net of tax)	A.6	-
Total comprehensive income		1,138.79

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2017 -

All the adjustments on account of Ind AS are non - cash in nature and hence, there is no material impact on the cash flows in the cash flow statement.

A. 1 The Company has carried its Security deposits at Original cost and hence there is no material impact,

A. 2 The Company has carried its Financial Liabilities at Original cost and hence there is no material impact,

A.3 The Company has carried its Financial Charges as per the terms of finance arrangements made and hence there is no material impact.

A.4 Impact on account of deferred taxes

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax has not impacted the reserves on date of transition, with has not impacted the statement of profit and loss for the subsequent periods.

A.5 The company has not recognised Impact of actuarial gains / losses on defined benefit obligations and hence it has not effected other comprehensive income (OCI)

A.6 Under Ind AS, all items of income and expense recognised in period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in Statement of profit and loss as "Other comprehensive income" includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.




VISHWARAJ SUGAR INDUSTRIES LIMITED

VISHWARAJ SUGAR INDUSTRIES LIMITED

41

SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lakhs)

NO	PARTICULARS	SUGAR	CO-GENERATION	DISTILLERY	IML	VINEGAR UNIT	OTHERS	UNALLOCATED	TOTAL
1	Total Sales	21,219.96	5,735.37	1,433.55	4,763.59	1,257.58	216.21	-	34,626.27
	External Sales	17,199.74	1,600.64	890.54	4,763.59	1,257.58	216.21	-	25,928.30
	Inter-segment Sales	4,020.22	4,134.73	543.02	-	-	-	-	8,697.97
2	RESULTS:								
	Segment Results	1,203.20	358.43	1,004.47	437.54	885.57	603.55	(948.47)	3,544.30
	Unallocated corporate expenses	-	-	-	-	-	-	-	-
	Interest Expense	2,489.25	-	-	-	-	-	-	2,489.25
	Interest Income	370.73	-	-	-	-	-	-	370.73
	Profit before Depreciation & Exceptional	(915.32)	358.43	1,004.47	437.54	885.57	603.55	(948.47)	1,425.78
	Depreciation	775.01	373.49	45.93	45.44	80.09	-	-	1,319.96
	Profit before Exceptional Items	(1,690.33)	(15.06)	958.54	392.10	805.48	603.55	(948.47)	105.82
	Exceptional items	-	-	-	-	-	-	-	-
	Profit before Tax	(1,690.33)	(15.06)	958.54	392.10	805.48	603.55	(948.47)	105.82
	Tax Expenses	-	-	-	-	-	-	(418.68)	(418.68)
	Net profit	(1,690.33)	(15.06)	958.54	392.10	805.48	603.55	(1,367.15)	(312.86)
3	OTHER INFORMATION								
	Total assets	17,252.04	6,405.51	1,327.87	386.39	1,816.99	-	37,985.63	65,174.43
	Total Liabilities	31,442.40	-	-	-	-	-	33,732.03	65,174.43
	Capital expenditure (Taken from Audit R	4,102.74	17.17	42.35	262.43	65.53	-	-	4,490.22

For and on behalf of the Board

"As per our report of even date"

For M/s. GOJANUR & CO

CHARTERED ACCOUNTANTS

(Signature)

(CA. G.M.CHANNAPPA SETTY)

PROPRIETOR

M. No. 020227

Place: Belgaum.

Date: 28-08-2018



(Signature)

(Nikhil U. Katti)

Managing Director

DIN.02505734

(Signature)

(Vinita A. Katti)

Chairman

DIN.1461050

(Signature)

Company Secretary

(CS.Sneha Patil)

(Signature)

(Sheshgiri Kulkarni)

VISHWARAJ SUGAR INDUSTRIES LIMITED

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

42 Related party disclosures

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

a) Names of related parties and description of relationship:

Key Management Personnel (KMP) and their relatives	1.Mr.Umesh V. Katti	Chairman
	2.Mr.Nikhil Katti	Managing Director
	3.Mr.Mallikarjun Pujar	Director
	4.Mr.Lava Katti	Director
	5.Mr.Kush Katti	Director
	6.Mrs.Sheela U Katti	Spouse of Chairman
	7.Mrs.Sneha Patil	Company Secretary
	8.Mr.Sheshagiri Kulkarni	Chief Financial Officer
Companies in which KMP or their relative have significant influence	1.U R Agrofresh Private Limited	
	2.Vishwaraj Infrastructure Private Limited	
	3.UK 27 Hospitality Services (India) Limited	
	4.Vishwaraj Developers	
Enterprise having significant influence over the entity	---	

Transaction with Related Party

(Rs.in Lakhs)

Name of Related Party	Nature of Transaction	Amount (as at March 31,2018)
1.Mr.Nikhil Katti	Directors Remuneration	36.00
2.Mr.Mallikarjun Pujar	Directors Remuneration	9.00
3.Mr.Lava Katti	Directors Remuneration	24.00
4.Mr.Kush Katti	Directors Remuneration	24.00
5.Mrs.Sneha Patil	Salary	4.20
6.Mr.Sheshagiri Kulkarni	Salary	4.68
1.Mr.Nikhil Katti	Cane Purchase	0.86
2.Mr.Mallikarjun Pujar	Cane Purchase	0.33
3.Mr.Lava Katti	Cane Purchase	2.16
4.Mr.Kush Katti	Cane Purchase	22.39
5.Mr.Umesh V. Katti	Cane Purchase	26.28
6.Mr.Basavaraj V Hagaragi	Cane Purchase	0.98
1.Nikhil U Katti	Cane Purchase Advance	40.78
2.Lava R Katti	Cane Purchase Advance	52.47
3.Kush R Katti	Cane Purchase Advance	57.24
4.Mr.Mallikarjun Pujar	Advances	-
1.Mr.Nikhil Katti	Lease security Deposit.	200.00



VISHWARAJ SUGAR INDUSTRIES LIMITED

43. NOTES FORMING PART OF ACCOUNTS AND BALANCE SHEET AS ON **31.03.2018**

A. Disclosure of Significant Accounting Policies:

(a) Basis of Preparation of Financial Statements:

The separate financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 133 of Companies Act, 2013 (the "Act") as per Companies (Indian Accounting Standards (Ind AS)) Rules, 2015 and other relevant provisions of the Act and rules framed thereunder.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These are the first Ind AS financial statements of the Company. Refer note 39 for understanding the transition from previous GAAP to Ind AS and its effect on the Company's balance sheet, financial performance and cash flows.

The Ind AS financial statements have been prepared on a historical cost convention and accrual basis, except for certain financial assets and liabilities measured at fair value and plan assets towards defined benefit plans, which are measured at fair value

(b) Valuation of Inventories

Inventories are valued in accordance with the requirements of Indian Accounting Standards (Ind-AS) on Valuation of Inventories.

- i. Raw-materials, Stores, Spare parts & Chemicals are valued at cost.
- ii. Finished goods are valued at cost / Net Realizable Value whichever less is. According to the information provided by management Average sale rate is Rs. 3511/- and cost of production is Rs. 3,371/-,00 Hence lower of the both i.e cost is taken for valuation of finished good i.e frees Sugar.
- iii. Stock in process is valued at cost or net realizable value whichever is lower.
- iv. Waste is valued at net realizable value.
- v. By product is valued at net realizable value.
- vi. Cost of inventories is ascertained on FIFO basis.

B. Subsequent Events after Balance Sheet date:

The Company has taken steps to expansion of project and the company is in the process of complying with the required compliance under the various statutes.

C. Prior Period Item :

Company is following principles of said Standard in presenting profit or loss from ordinary activities, extraordinary items and prior period items in the statement of profit and loss, in accounting for changes in accounting estimates, and in disclosure of changes in accounting policies.



VISHWARAJ SUGAR INDUSTRIES LIMITED

During the year under audit following prior period items are accounted in current year, due to which the company's profits are understated by amount Rs. 7,79,80,299/-

SI NO.	Nature of Expenses	Amount	Effect on Profit
1	Cane Bill 2013-14	7,79,80,299/-	Decrease

D. Recognition of Income and Expenditure:

- Income & Expenditures are recognized and accounted on accrual basis.
- Sugarcane 'Fair & Remunerative Price' fixed by the central government is Rs.2,778/- per M.T Ex-factory for the season 2017-18, where as the said factory has paid Rs.2500.00 per M.T Ex field price for sugarcane and Transport & Harvesting amounts to Rs.715.00 average per M.T which is actually paid. Hence the total payment amounts to Rs. 3215.00 per M.T, thus FRP is fully paid.
- Sales have been stated exclusive of Excise Duty/GST.
- The old outstanding balance of the creditor have been written off and taken as income during the year as time limit for the recovery is barred.

E. Property, Plant & Equipments :

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Assets acquired but not ready for use are classified under Capital work in progress and are stated at cost comprising direct cost and related incidental expenses.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.



VISHWARAJ SUGAR INDUSTRIES LIMITED

F. Other intangible assets:

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets. However company does not have intangible assets.

Method of Depreciation:

- i. Depreciation is provided under the straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Act.
- ii. Cost of leasehold improvements is amortised over the period of the lease or its useful life, whichever is lower.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

G. Valuation of Investments:

Investments are classified into Current and long-term investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in the value of Long-Term investments is made only if such a decline is other than temporary.

H. Impairment of non-financial assets :

Assessment is done at each Balance Sheet date to evaluate whether there is any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.



VISHWARAJ SUGAR INDUSTRIES LIMITED

I. Equity investments:

All equity investments in the scope of Ind AS 109, Financial Instruments, are measured at fair value. For equity instruments, the Company may make an irrevocable election to present the subsequent fair value changes in Other Comprehensive Income (OCI). The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

There is no recycling of the amounts from OCI to profit or loss, even on sale of investment.

Equity instruments included within the FVTPL (fair value through profit and loss) category are measured at fair value with all changes in fair value recognized in the profit or loss.

J. Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value

K. Recognition of Income

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding taxes or duties collected on behalf of the government and reduced by any rebates and trade discount allowed.

The specific recognition criteria described below must also be met before income is recognised.

- i. Income is recognised on accrual basis and provision is made for all known losses and liabilities.
- ii. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.
- iii. Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.
- iv. Dividend income is recognised when the right to receive the dividend is established.



VISHWARAJ SUGAR INDUSTRIES LIMITED

L. Employees Benefits :

i. Provident fund:

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The Contributions as specified under the law are paid to respective Regional Provident Fund Commissioner. The Company is liable for annual contributions and recognizes such contributions as an expense in the year incurred. The Company has categorised its Provident Fund as a defined contribution plan since it has no further obligations beyond these contributions and such contribution is charged to Statement of Profit & Loss.

ii. Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Gratuity payment is accounted for on accrual basis as per actuarial valuation. However such Gratuity amount is not deposited in any Gratuity Fund Account.

M. Borrowing Cost:

Interest and other borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use. Other interest and borrowing costs are charged to revenue. During the Financial Year 2017-18 the Company has not capitalized any Borrowing Cost.

N. Taxation:

Deferred Tax Assets & Liabilities have been disclosed separate heading in the Balance Sheet of the Company, separately from current assets & current liabilities. Deferred Tax has been provided on time difference arising out of excess depreciation as per Income Tax and accumulated disallowances u/s 43B of Income Tax Act, 1961 for the year 2017-18.

The Break-up of Deferred Tax Assets, Deferred Tax Liability & Deferred Tax

Sl. No.	Particulars	Amount
I	<u>Deferred Tax Liabilities:</u>	
1	Depreciation as per Income Tax	25,86,38,830.00
2	Less: Depreciation as per Books	13,19,96,304.86
	Excess Depreciation as per Income Tax(I)	12,66,42,525.14



VISHWARAJ SUGAR INDUSTRIES LIMITED

II	Deferred Tax Assets:	
1	Disallowed u/s 43B	NIL
	Total (II)	NIL
III	Net Deferred Tax Liability (I-II)	12,66,42,525.14
IV	Deferred Tax for accounting (33.06%)	4,18,68,019.00

The Company has provided current tax provision of Rs. 21,18,801.00 as per MAT provision as per Income tax Act, 1961.

O. Provisions and Contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Such liabilities are disclosed by way of notes to the financial statements. No disclosure is made if the possibility of an outflow on this account is remote.

Sl.No	Particulars	Amount in Lakhs
1	High Court, Karnataka, Appeal for Purchase Tax	290.05
2	Central Excise, Belgaum Show Cause Notice	88.16
3	Central Excise, Bangalore (Appeals)	637.16
4	Central Excise, Mysore (Appeals)	238.29
5	Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (The Govt of Karnataka, Excise Department)	45.00
6	Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (Karnataka State Pollution Control Board)	12.00
7	Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (Chief Engineer (Ele) SLDC, KPTCL Bangalore)	8.78
8	Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (Puducherry Distillery Ltd)	40.00
	Total	1,359.44



VISHWARAJ SUGAR INDUSTRIES LIMITED

Other notes

1. Minimum Alternative Tax:

Company have Total MAT Credit of Rs. 23,55,45,227.00 for the year ended 31.03.2018, accumulated up to date MAT Credit as under:

Sl. No.	Financial Year	MAT Credit Amount
1	2003-04	60,685.00
2	2004-05	6,28,965.00
3	2006-07	79,39,145.00
4	2008-09	2,52,06,166.00
5	2010-11	3,24,39,686.00
6	2011-12	4,23,14,183.00
7	2012-13	4,06,40,140.00
8	2013-14	4,62,66,685.00
9	2014-15	4,12,820.00
10	2015-16	1,42,99,510.00
11	2016-17	2,32,18,441.00
12	2017-18	21,18,801.00
	Total	23,55,45,227.00

2. Accounting for Excise Duty:

- (a) The Excise duty/GST paid on purchase of Raw-material has been treated as cost of stock and cost of Raw-materials.
- (b) The Cenvat/GST benefit attributable to acquisition of fixed Assets (other than civil works) is netted against the cost of fixed Assets in accordance with guidance note issued by ICAI and no depreciation is claimed on that part of Assets.
- (c) Cenvat/GST benefit attributable to purchase of inputs has been reduced from Manufacturing expenses.



VISHWARAJ SUGAR INDUSTRIES LIMITED

During the year the Company has availed the Cenvat/GST Credit and utilized as under.

Sl. No.	Particulars	Op. Balance (Dr.)	Credit	Debit	Transfer to CGST Account	Cl. Balance (Dr.)
1	Capital Goods	1,74,96,059.00	6,01,178.00	10,54,148.00	1,70,43,089.00	--
2	E. Cess on CG	3,53,518.44	--	--	3,53,518.44	--
3	SH. Cess on CG	1,76,718.72	--	--	1,76,718.72	--
4	Addl. Duty	15,593.00	2,64,46,947.00	2,64,62,540.00	--	--
Total Capital Goods		1,80,41,889.16	2,70,48,125.00	2,75,16,688.00	1,75,73,326.16	--
5	Input Goods	90,24,533.51	72,46,980.00	58,49,529.51	1,04,21,984.00	--
6	E. Cess on IG	2,25,729.00	--	--	2,25,729.00	--
7	SH. Cess on IG	1,12,860.00	--	--	1,12,860.00	--
Total Input Goods		93,63,122.51	72,46,980.00	58,49,529.51	1,07,60,573.00	--
8	Service Tax Cenvat	36,36,463.96	19,66,044.00	--	56,02,507.96	--
9	E. Cess on ST	74,734.00	--	--	74,734.00	--
10	SH. Cess on ST	37,388.00	--	--	37,388.00	--
Total Service Tax Cenvat		37,48,585.96	19,66,044.00	--	57,14,629.96	--
<u>GST CREDIT</u>		Transfer from Cenvat Account	Credit	Debit	--	Cl. Balance (Dr.)
11	CGST CREDIT	9,97,08,891.00	72,45,112.00	4,31,20,715.00	--	6,38,33,288.00
12	SGST CREDIT	--	1,01,78,047.00	98,54,731.00	--	3,23,316.00
13	IGST CREDIT	--	1,53,27,524.72	1,47,73,927.72	--	5,53,597.00
Total GST Credit		9,97,08,891.00	3,27,50,683.72	6,77,49,373.72	--	6,47,10,201.00

(Shown in the Balance Sheet under Schedule No.11)

3. Secured Loans:

As on 31.03.2018, the Term Loan under SEFASU Scheme -2014 outstanding as under

1. Bank of India, Shahapur Branch, Belagavi Rs.356.00 Lakhs
2. The B D C C Bank Ltd, Main Branch Belagavi Rs.609.16 Lakhs

As on 31.03.2018, the Term Loan For Sugar Export outstanding as under

1. The B D C C Bank Ltd, Main Branch Belagavi Rs.4,000.00 Lakhs



VISHWARAJ SUGAR INDUSTRIES LIMITED

The Working Capital Loan in the form of Cash Credit from Bank of India & State Bank of India Cash Credit was secured by pledge of Sugar. The Loan outstanding as on 31.03.2018 is as under.

1. Bank of India, Shahapur Branch, Belagavi Rs.7,747.55 Lakhs
2. State Bank of India, SME Branch, Belagavi Rs.9,220.22 Lakhs

The Term Hypothecation Loan Details:

SLNO	PARTICULARS	in Lakhs	LENDING BANKS
1	Bolero	5.53	State Bank of India
2	Bolero Champer	4.80	State Bank of India
3	Ashok Leyland	6.15	BDCC Bank BB
4	Bolero Maxi Truck	2.50	BDCC Bank BB
5	Bolero Maxi Truck	2.50	BDCC Bank BB
6	Case 770 Ex Loader	9.89	BDCC Bank BB

The Term Hypothecation Loan is secured by respective Hypothecation of Vehicles.

The Term Loan Installments due during next 12 months have been included under Other Current Liabilities (Note no.25).

4. Auditors Remuneration:

Sl. No.	Particulars	2017-18	2016-17
1	Statutory Audit Fees	5,00,000.00	5,00,000.00
2	For Other Matters	2,00,000.00	2,00,000.00

The above Remuneration is exclusive of GST.

5. Corporate Social Responsibility (CSR) Expenditure:

- a) Gross amount required to be spent by the company during the year Rs.12.41 Lakhs
- b) Amount spent during the year 2017-18: (Rs.in Lakhs)

	2018		2017	
	In Cash	Yet to be Paid in Cash	In Cash	Yet to be Paid in Cash
1. Construction/acquisition of assets	NIL	NIL	NIL	NIL
2. Purposes other than (1) above	14.19	NIL	21.80	NIL

6. i) Distillery Unit:

No.	Particulars	Unit	2017-18	2016-17
a)	Licensed Capacity Rectified Spirit	Ltrs	35,000	35,000
b)	Installed Capacity Rectified Spirit	Ltrs	35,000	35,000
c)	Licensed Capacity Neutral Spirit	Ltrs	30,000	30,000
d)	Installed Capacity Neutral Spirit	Ltrs	30,000	30,000
e)	IEM (Part-A) Capacity	Ltrs	35,000	35,000



VISHWARAJ SUGAR INDUSTRIES LIMITED

ii) Co-generation Unit:

No.	Particulars	Unit	2017-18	2016-17
a)	Licensed Capacity Electricity	MW	36.4	36.4
b)	Installed Capacity Electricity	MW	36.4	36.4
c)	IEM (Part-A) Capacity	MW	66.4	66.4

iii) Sugar Unit:

No.	Particulars	Unit	2017-18	2016-17
a)	Licensed Capacity Sugar Cane	MT	8500	8,500
b)	Installed Capacity Sugar Cane	MT	8,500	8,500
c)	IEM (Part-A) Capacity	TCD	11,000	11,000

iv) IML Unit:

No.	Particulars	Unit	2017-18	2016-17
a)	Licensed IML Bottling	CB	5,800	5,800
b)	Installed IML Bottling	CB	5,800	5,800

v) Natural Alcoholic Vinegar:

No.	Particulars	Unit	2017-18	2016-17
a)	Licensed	Ltrs	75,000	75,000
b)	Installed	Ltrs	75,000	75,000

Note: The Installed capacity is certified by a Director and being a technical matter same is accepted by the Auditors without verification.

7. Production:

Particulars	Unit	2017-18	2016-17
		Qty	Qty
Distillery Unit			
Rectified Spirit	KL	5563.50	8838.18
Extra Nautral Spirit	KL	1192.62	2269.08
M. G. Spirit	KL	47.63	89.27
Compost	Bags	1,37,305	85,696.00
Compost	MT	13,600.00	9218.150
Co-generation Unit			
Electricity	KWh	5,88,37,700	5,57,93,500
Sugar Unit			
Sugar	Qtls	7,34,050.00	3,21,700.00
Molasses	MT	46,543.00	15,500.00

GOJANUR & Co.
Auditors

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VISHWARAJ SUGAR INDUSTRIES LIMITED

Bagasse	MT	1,43,842.00	91,960.00
IML Unit			
IML (Liquor) VSIL	CB	2,35,750.00	2,45,742.00
Natural Alcoholic Vinegar Unit			
Vinegar	Ltrs	84,60,314.00	40,98,000.00

8. Turnover

Particulars		2017-18		2016-17	
	Unit	Qty	Value in Lakhs	Qty	Value in Lakhs
Distillery Unit					
Rectified Spirit	KL	1810.00	812.10	6886.00	2,547.26
Extra Natural Spirit	KL	--	35.28	1450.00	844.47
M G Spirit	KL	50.00	13.00	90.00	30.50
Liquid Carbon Di Oxide	KG	30,15,080.00	30.15	34,57,620.00	69.15
Co-Gen Unit					
Electricity	KWh	3,27,77,000	1594.86	3,85,14,500	1702.55
Boiler Ash	MT	--	5.77	--	4.46
Sugar Unit					
Sugar	QTLS	4,89,861.00	17,199.73	6,63,526.00	21,310.55
Scrap	-	--	53.23	--	6.30
Compost	Bags	1,37,305.00	162.97	85,696.00	100.83
IML Unit					
IML (VSIL)	CB	2,29,800	4763.59	2,48,700	4,854.11
Natural Alcoholic Vinegar					
Vinegar	Ltrs	91,79,160.00	1257.58	51,61,600.00	713.99
Total	-		25,928.30		32,184.21

9. Consumption of Raw Materials:

Particulars	Unit	2017-18		2016-17	
		Qty	Value in Lakhs	Qty	Value in Lakhs
Distillery Unit					
Molasses	MT	40,588.65	1,220.73	33,366.60	2,001.99
Chemicals	-	--	25.11	----	21.36
R.S. (Captive)	KL	1,206.75	217.21	2,439.63	954.46
N.S. (Captive)	KL	926.00	131.40	929.00	167.22
Co-generation Unit					
Bagasse	MT	1,39,974.00	2,799.48	1,08,994.00	2,179.88
Coal	MT	18,444.70	714.52	13,260.32	637.85

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VISHWARAJ SUGAR INDUSTRIES LIMITED

Chemicals	-	--	25.68	--	24.47
Sugar Unit					
Sugar Cane	MT	5,06,125.39	13,427.00	3,10,681.40	8,387.53
Chemicals	-	--	134.78	--	58.79
IML Unit					
Chemicals	-	--	4.63	--	8.94
Vinegar Unit					
Chemicals	-	--	4.96	--	4.17
R S Consumption	Ltrs	12,20,000.00	194.40	7,00,000.00	126.00

10. Opening Stock:

Particulars	Unit	2017-18		2016-17	
		Qty	Value in Lakhs	Qty	Value in Lakhs
Distillery Unit					
Molasses	MT	102.65	6.15	308.25	13.87
Rectified Spirit	KL	287.41	129.33	779.22	249.35
Extra Neutral Spirit	KL	131.33	61.72	243.30	109.49
M. G. Spirit	KL	22.10	7.29	22.96	3.44
Denature Spirit	KL	19.53	5.27	19.53	5.29
Co-generation Unit					
Coal	MT	580.19	28.52	4,603.87	232.44
Bagasse	MT	--	--	27,764.08	374.82
Sugar Unit					
Sugar	Qtls	4,48,532.00	16,676.42	7,90,358.00	21,466.12
Molasses	MT	10,376.19	622.57	28,037.190	1261.67
Compost MT	MT	9,218.15	18.43	5,975.00	11.95
IML Unit					
Liquor VSL	CB	2,387	10.71	5,345	22.12
Vinegar Unit					
Vinegar	Ltrs	10,24,100	138.25	21,59,100	323.87
Total			17,704.72		24,076.00

11. Closing Stock:

Particulars	Unit	2017-18		2016-17	
		Qty	Value in Lakhs	Qty	Value in Lakhs
Distillery Unit					
Rectified Spirit	KL	1611.90	531.93	287.41	129.33
Extra Neutral Spirit	KL	397.01	158.80	131.33	61.72



VISHWARAJ SUGAR INDUSTRIES LIMITED

M. G. Spirit	KL	19.66	5.11	22.10	7.29
Denature Spirit	KL	19.53	5.27	19.53	5.27
Molasses (D)	MT	--	--	102.65	6.15
Co-generation Unit					
Coal	MT	2149.00	115.24	580.19	28.52
Coal in transit	MT	--	--	--	--
Bagasse	MT	3868.00	77.36	--	--
Sugar Unit					
Sugar	Qtls	6,92,721.00	23,351.62	4,48,532.00	16,676.42
Molasses (S)	MT	16,433.19	985.99	10,376.19	622.57
Compost	MT	15,952.90	319.05	9,218.15	18.43
IML Unit					
Liquor VSIL	CB	5,950.00	26.71	2,387.00	10.71
Vinegar Unit					
Vinegar	Ltrs	1,63,554	22.07	10,24,100	138.25
Total			25,599.19		17,704.72

12. CIF Value of Imports and Export in Foreign Currencies Paid:

CIF Value of Import	Currency	2017-18	2016-17
Vinegar Chemical Charges	EURO	62,574.00	---
Kasurth Certification Plant Fees	USD	4,410.00	4200.00
Vinegar Machinery Parts	EURO	44,181.00	35,790.00
IML Brick Filling Machine	USD	--	2,65,000.00
IML Brick Filling Papers	USD	--	33,862,.50
Raw Sugar Purchase	USD	69,24,097.62	--

13. Balance Sheet abstract is prepared for the year ending and enclosed.

CIF Value of Export		2017-18	2016-17
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14. Balance appearing under the head Sundry Debtors, Creditors, Loans and Advances, Secured & Unsecured Loans is subject to confirmation, adjustments if any on receipts and reconciliation of such accounts.

"As per our report of even date"
For, M/s Gojanur & Co.,
Chartered Accountants
FRN : 000941S



Signature

Date: 28-08-2018
Place: Shivamogga

(CA. G. M. Channappa Setty)
Proprietor
M. No: 020227



