

**ANNUAL REPORT**  
**2019-20**



**CIN: U85110KA1995PLC017730**

**Regd. Off.: BELLAD-BAGEWADI, TALUKA-HUKKERI  
BELGAUM, KARNATAKA-591 305.**

## COMPANY INFORMATION

- **BOARD OF DIRECTORS:**

|                        |   |                      |
|------------------------|---|----------------------|
| Mr. Umesh V. Katti     | : | Chairman             |
| Mr. Nikhil U. Katti    | : | Managing Director    |
| Mr. Mukesh Kumar       | : | Whole Time Director  |
| Mr. Lava R. Katti      | : | Whole Time Director  |
| Mr. Kush R. Katti      | : | Whole Time Director  |
| Mr. Basavaraj Hagaragi | : | Independent Director |
| Mr. Shivanand Tubachi  | : | Independent Director |
| Mr. Surendra S. Khot   | : | Independent Director |
| Mrs. Pratibha Munnoli  | : | Independent Director |
| Mr. R V Radhakrishna   | : | Independent Director |

Mr. Sheshagiri Kulkarni : Chief Financial Officer  
Miss. Sneha P. Patil : Company Secretary

- **REGISTERED & CORPORATE OFFICE:**

Bellad Bagewadi, Taluka: Hukkeri District Belgaum, Karnataka - 591305, India.

- **STATUTORY AUDITORS:**

M/s. Gojanur & Co.,  
Chartered Accountants,  
No. 2 & 13, Basava Sadana Complex, Nehru Road,  
Shivamogga - 577 201, Karnataka

- **COST AUDITOR**

M/s S K Tikare & Co,  
Cost Accountants, Belgaum

- **SECRETARIAL AUDITOR**

M/s. S P Ghali & Co.  
Company Secretaries  
Belgaum

- **BANKERS & FINANCIAL INSTITUTIONS:**

State Bank of India Belgaum  
Bank of India, Shahapur Branch, Belgaum  
Belagavi District Central Co-Operative Bank, Belgaum  
Bellad-Bagewadi Urban Souharda Sahakari Bank, Bellad Bagewadi

- **BANKERS & FINANCIAL INSTITUTIONS:**

Bigshare Services Private Limited  
(Unit: Vishwaraj Sugar Industries Limited)  
E-2 Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai 400072  
Website: <https://www.bigshareonline.com/>

## BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present Twenty-Fifth Annual Report of your Company together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020 and on the state of affairs of the Company.

### Financial performance:

The Company's Financial Performance for the financial year ended on 31<sup>st</sup> March, 2020 under review along with previous year figures are given hereunder:

| Particulars                                 | 2019-2020  | 2018-2019  |
|---|------------|------------|
| <b>Revenue from operations</b>              | 30,679.58  | 25,928.30  |
| <b>Gross Revenue</b>                        | 37,814.82  | 30,787.55  |
| Profit before Finance cost and Depreciation | 3,976.90   | 2,581.26   |
| Depreciation & Amortization expense         | 1,457.16   | 1334.28    |
| Finance cost                                | 4,173.88   | 3,635.69   |
| <b>Profit Before Tax</b>                    | (1,654.14) | (2,388.72) |
| Tax Expense                                 | (866.10)   | (626.72)   |
| <b>Net Profit After Tax</b>                 | (788.05)   | (1761.99)  |
| Other comprehensive income                  | 20.95      | 23.74      |
| Total Comprehensive income                  | (767.10)   | (1738.26)  |
| Basic & diluted Earnings per Share (Rs.)    | (2.19)     | (5.10)     |

### Successful Initial Public Issue:

The Company has successfully completed initial public offering (IPO) in the current year pursuant to applicable SEBI rules and Regulations. The IPO of the Company received good response from the investors and the public issue was subscribed by more than 1.09 times. Shares have been listed with both BSE and NSE w.e.f. 15th October 2019. Consequently, the Company's paid up capital increased from Rs. 34,55,60,000/- to Rs. 37,55,60,000/-. The equity shares of Rs.10/- each were issued at a premium of Rs.50/- per share.

### VSIL's operations during 2019-20:

During the year under review, your Company had an operational turnover of **Rs. 37,153.60** lakhs as against **Rs. 30,330.73** lakhs in previous year depicting an increase rate of 22.49%.

Your Company has incurred total expenses of Rs. 39,468.97 lakhs as compared to Rs. 33,176.27 lakhs in the previous year. Further, during the year under review, certain fixed expenses such as finance costs increased from Rs. 3,635.69 lakhs to Rs. 4,173.88 lakhs and depreciation & amortisation expense increased from Rs.1334.28 lakhs to Rs.1457.16 lakhs as compared to the previous year.

Further, due to increased price of Sugarcane, your Company has incurred a net loss of Rs.788.05 lakhs as compared to loss of Rs.1761.99 lakhs in the previous year.

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

### Business Operations:

The Company has augmented its sugarcane crushing capacity from 8500 TCD to 11000 TCD as per the clearance received from MOEF and has applied to KSPCB to give the consent for Operation for the augmented capacity, and KSPCB has agreed to issue the CFO for the augmented capacity, and the company shall in the coming season operate the sugar mill at a capacity of 11000 TCD.

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

| Particulars                  | Sugar season |             |
|------------------------------|--------------|-------------|
|                              | 2019-20      | 2018-19     |
| Sugarcane crushed (in MT)    | 7,02,776.2   | 8,78,405.91 |
| Sugar produced (in quintals) | 7,71,500.00  | 9,84,150.00 |

## ECONOMY & INDUSTRY SCENARIO

### Global outlook

Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened, although there was a pick up in the second quarter of 2019. Faced with sluggish demand for durable goods, firms scaled back industrial production. Global trade—which is intensive in durable final goods and the components used to produce them—slowed to a standstill.

During the end of the last quarter of the financial year 2019-20, the COVID-19 pandemic outbreak has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020—the deepest global recession in eight decades, despite unprecedented policy support. Per capita incomes in the vast majority of emerging market and developing economies (EMDEs) are expected to shrink this year, tipping many millions back into poverty.

As a result of the pandemic, the global economy is projected to contract sharply by -3 percent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario—which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial. The global economic growth rate is expected to be 1.6% in 2020 and 3.2% in 2021

### Indian Economy

It was a bit challenging for the Indian Economy to overcome all the hurdles and barriers. India saw a steep decline in its growth rate in the July-September quarter of 2019, when Gross Domestic Product (GDP) was at its lowest in 7 years at 4.5 percent. Several sectors such as real estate, aviation, automobile and construction sectors suffered a constant decline in demand. On the other hand, the Banking sector and financial services witnessed serious crisis due to rising NPAs & bad loans and squeezing credit limits.

This economic slowdown could be attributed to weakened investments and declining consumer demand. To revive the Indian economy and improve its growth rate, the Central Government announced and undertook several measures and initiatives.

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term, and long-term measures.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

With the forecast of a bountiful monsoon, domestic sugar production is estimated at 30.5 million tonnes (MT) in the 2020-21 crushing season, which would be 12 per cent higher than the estimated production of 27.2 MT this season.

These projections have been made by the Indian Sugar Mills Association (ISMA) assuming normal rainfall and other 'optimum conditions'. The pan India cane acreage has been pegged at 5.23 million hectares (MH) in 2020-21, 8 per cent higher than this season's cropped area of 4.84 MH. It is also estimated that a larger quantity of

cane juice and B molasses will get diverted for ethanol production. However, the COVID-19 pandemic has drastically altered this outlook.

### **Global Sugar**

Currently, about 110 countries produce sugar from either cane or beet, and eight countries produce sugar from both cane and beet. Sugarcane, on average, accounts for nearly 80% of global sugar production. Last October/September season the top ten producing countries (India, Brazil, Thailand, China, the US, Mexico, Russia, Pakistan, France, Australia) accounted for nearly 70% of global output.

Global Sugar Production to Jump in 2020/21, but Stocks Continue to Fall. Global production for Marketing Year (MY) 2020/21 is forecast up 22 million tons to 188 million (raw value) due to higher production in Brazil, India, and Thailand. Consumption is expected to rise to a new record due to growth in markets such as India and is projected to continue to draw stocks lower despite a rebound in output. Exports are forecast up sharply with rising supplies. Impacts of COVID-19 have been taken into consideration in the global sugar forecast for trade and consumption. However, the impact of the pandemic on the global economy remains highly uncertain.

### **Indian Sugar**

In India, Sugar industry is the second largest agro-based industry and it contributes significantly to the socio-economic development of the nation. Indian sugar industry is also a major sector to create employment probably 7.5 per cent in Indian economy. The sugar industry plays a leading role in global market being the world's second largest producer after Brazil, producing nearly 15 and 25 per cent of global sugar and sugarcane respectively.

The Indian sugar industry is a key driver of rural development, supporting India's economic growth. The industry is inherently inclusive supporting over 50 million farmers and their families, along with workers and entrepreneurs of almost 500 mills, apart from a host of wholesalers and distributors spread across the country.

Sugar industries development is backbone to economic development of the nation. In India, Sugar industry is the second largest agro-based industry and it contributes significantly to the socio-economic development of the nation. Indian sugar industry is also a major sector to create employment probably 7.5 per cent in Indian economy. The Indian sugar industry plays a leading role in global market producing nearly 15 and 25 per cent of global sugar and sugarcane respectively.

### **Govt of India Sugar Policies**

India is the second most populated country in the world. It has always struggled for food security and sugar is considered an important commodity under the Essential Commodities Act of 1955, which allows the Government of India (GOI) to intervene and regulate the sugar sector.

Government of India came out with corrective measures and supportive mechanisms in 2018-19, providing much needed support to the sugar industry on mounting cane arrears and the high debt burden.

The Central Government, in order to maintain demand supply balance in the domestic market and to stabilize sugar prices, notified a scheme in July 2019 for creation of buffer stock of 40 LMT of sugar for a period of one year from August 01, 2019 to July 31, 2020. The Government to reimburse the carrying cost of Rs.1,674 Crore to sugar mills for maintaining such buffer stock.

The Central Government announced a scheme of soft loan of Rs. 10,540 Crore with interest subvention of 7% on actual rate of interest charged by bank, for a period of one year. The Government also said that all loans sanctioned & disbursed by May 31, 2019 would be covered by the scheme.

### **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 (CO<sub>2</sub>), 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 7,71,500 Qtls 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 spent wash 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 CO<sub>2</sub> plant also. Thus, we believe that nothing is wasted, as every single output whether residue or by-product is utilised.

#### **Discussion on financial performance with respect to operational performance**

Our revenue from operations increased to Rs. 37,673.60 lakhs from Rs. 30,679.58 in the previous year, at a growth rate of 23% approx. Company has posted yet another impressive year of performance with increase on sale of Sugar to Rs. 29,677.27 lakhs from Rs. 21,906.64 lakhs in the previous year. Out of the total revenue approx... 85% has been generated from the sale of sugar.

#### **1. Income**

| Particulars                 | (Rs. In Lakhs)   |                  |
|-----------------------------|------------------|------------------|
|                             | 2019-20          | 2018-19          |
| Sales - Goods               | 36,133.84        | 28,854.46        |
| Sales - Processing Activity | 1,539.76         | 1,825.12         |
| Other Income                | 141.22           | 107.97           |
| <b>Total</b>                | <b>37,814.82</b> | <b>30,787.55</b> |

## 2. Expenditure

(Rs. In Lakhs)

| Particulars                        | 2019-20   | 2018-19   |
|------------------------------------|-----------|-----------|
| Cost of Product and Services       | 28,081.46 | 21,385.10 |
| Employee benefit Expenses          | 1,254.70  | 1,303.28  |
| Financial Charges                  | 4,173.89  | 3,635.69  |
| Depreciation amortization expenses | 1,457.16  | 1,334.28  |
| Other Expenses                     | 4,501.76  | 5,517.91  |
| Total                              | 39,468.97 | 33,176.27 |

Cost of products & services mentioned above is net of changes in inventories of finished goods, work in progress and stock-in-trade.

### Segment wise Performance

#### Sugar:

The sugar season 2019-20 started with a carry-forward stock of 9,60,717 quintals of sugar and perception of lower production due to shortage of cane output in the region. Sugarcane crushed during the year stood at 7,02,776.20 MT as compared to 8,78,405.91 MT in the previous year. Recovery decreased to 10.98 as compared to 11.20 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 9,68,026 quintals of sugar at an average realisation of Rs. 29.60 per kilogram as against 716154 quintals at an average realisation of Rs. 30.59 per kilogram in the FY 2019-20.

Through there was an increase in the sugarcane price by Rs.130/- per MT, the same was more than offset by increase in sugar sale price by Rs.2/- per KG.

The company had given an advance of Rs.13.52 crores to the sugar cane farmers during the year 2017-18, which the company was unable to receive and therefore had to be written off thereby incurring a loss of Rs.788.05 lakhs as compared to a loss of Rs.1761.99 lakhs in the previous year.

#### Vinegar:

Production of Vinegar during the year stood at 54,26,692ltrs as compared to 1,07,79,000 ltrs in the previous year. During the year the Company sold 57,90,130.00ltrs at an average realization of Rs. 13.78 per litre as against 87,63,890 ltrs at an average realization of Rs. 13.72 per litre in the previous year.

#### Distillery

- The Company has received clearance from Karnataka State Pollution Control Board (KSPCB) to operate the primary distillery of 100 KLPD, Ethanol Plant of 96 KLPD and ENA Plant 50 KLPD in the month of March 2020.
- The production of Rectified Spirit during the year was lowered to 2497.54 KL as compared to 3156.59 KL in the previous year. During the year under review, your Company sold 1162 KL at an average realization of Rs. 46.88 per litre as against 2155 KL at an average realization of Rs.32.36 per litre in the previous year.
- The production of Natural Spirit during the year was 2342.94 KL as compared to 969.47 KL in the previous year. During the year the Company sold 1665 KL at an average realization of Rs. 56.06 per litre.
- The production of M.G. Spirit during the year was increased to 235.28KL as compared to 38.18 KL in the previous year. During the year your Company sold 235KL at an average realization of Rs. 37.00 per litre as against 77 KL at an average realization of Rs.32 per litre in the previous year.
- During the year 2019-20 your company sold Liquid Carbon dioxide of 1,72,750 KG at an average realisation of Rs. 2.30 per Kilogram as against 10,35,920 KG at an average realization of Rs. 2.00 per kilogram in the previous year.

### IML

The company was upgrading its primary distillery capacity from 35 KLPD to 100 KLPD and ethanol production capacity to 96 KLPD, along with ENA production to 50 KLPD during the year, and as such for a better part of the year the distillery was unoperational, thus the IML production of the company which was reduced to just 38,170 cases as against 1,23,000 cases in the previous year, which resulted in lower sales of IML of 38,170 CB at an average realization of Rs.2125.16 per CB as against 1,23,000 CB at an average realization of Rs.2105.35 per CB in the previous year.

### Cogeneration

Total power generated during the year stood at 74803100 KWh compared to 80822900 KWh in the previous year. Power exported to the Electric Supply Companies stood at 49279000 KWh as against 48693000 KWh in the previous year. The average realisation per unit stood at Rs. 4.58 per unit as against Rs.4.46 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.

### **Ratios where there has been significant change from financial year 2018-19 to financial year 2019-20**

During the year under review, there were significant changes in the financial ratios which are more than 25% as compared to previous year are summarized below.

| S. No | Financial ratios         | 2019-20 | 2018-19 | Changes | Explanation                                   |
|-------|--------------------------|---------|---------|---------|---|
| 1     | Interest Coverage Ratio  | 0.60    | 0.32    | 60.40%  | Increase in total debt and decrease in profit |
| 2     | Inventory Turnover Ratio | 1.30    | 0.95    | 37.00%  | Driving sales growth                          |

### **Performance Analysis, Opportunity & Threats**

#### **Opportunities:**

- Liberalisation and decontrol measures taken by the Government.
- Environmentally 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.

#### **RISKS AND CONCERNS:**

We have incurred losses during FY2019-20 and in the past during FY 2018-19, FY 2017-18 and FY 2014-15 for amount of Rs. 788.05 lakhs, Rs. 1,761.99 lakhs, Rs. 426.67 and Rs. 57.68 lakhs, respectively. In particular, our Sugar Segment, which is the primary manufacturing business of our Company, has incurred significant losses in the past and there is no assurance that it will not incur similar losses in the future. These losses are mainly

attributable to the seasonal nature of our business, fluctuating sugar prices, increasing sugarcane prices and / or to period of low overall sugarcane growth and availability. In the event of such loss in the future, our business operations, financial conditions and overall growth will be materially and adversely affected.

#### **COVID-19 Impact**

In its battle against the Corona virus pandemic, the Indian government had extended the national lockdown from March 25, 2020 till May 03, 2020. Even though sugar was declared an essential commodity and was exempt from the restrictions of the lockdown, plunge in institutional use, shortage of labour, disruption in supply chain and limited port operations severely affected the business operations of the Company and has rendered this fiscal a difficult one on the business performance front.

Consequent to global slowdown due to COVID-19 pandemic, there is a global hit in the market for the FY 2020-21 and the Company expects that the financial results for FY 2020-21 would be adversely impacted. At this juncture, on a conservative note we are unable to quantify the expected quantum of losses.

The recent corona crisis (COVID-19) is adversely affecting the present and future activities of sugar industry by interfering with the national and international sugar and ethanol business. It will have an effect, directly or indirectly, on sugar industry stakeholders and its integrated industries. A significant impact due to the COVID-19 lockdown would be on the sugar consumption. It is estimated that there will be a drastic decline in demand for sugar from the bulk consumers as the commodities like ice cream/cold drinks/confectionery are produced less during this period. Sugar supplies to the aerated and non-aerated beverages manufacturers is greatly reduced as they have suspended operations in bottling plants during the summer time when demand for such beverages is high. The hotel, retail and catering market segment, which is one of the largest consumers of sugar, is among the industry's most severely impacted by the national lockdown as all hotels, restaurants, bars, sweetmeat shops and other miscellaneous food establishments have been closed.

#### **INTERNAL FINANCIAL CONTROLS**

Your Company has appropriate internal control systems for business processes, efficiency in its operations, and compliance with all the applicable laws and regulations. Regular internal checks and audits ensure that the responsibilities are being effectively executed. In-depth review of internal controls, accounting procedures and policies of Company is conducted. Your Company has adopted adequate internal control and audit system commensurate with its size and nature of business.

Internal audit is carried on a quarterly basis. Internal auditors work with all levels of management and the report is placed before the audit committee. The audit committee after reviewing the findings and suggestions directs the respective departments to implement the same.

#### **HUMAN RESOURCES**

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 850 people.

#### **Share Capital:**

Consequent to IPO, the Company's paid up Equity capital as at 31 March 2020 stood at 34,55,60,000/-. The company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the company held instruments convertible into equity shares of the Company.

#### **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:**

Barring the adverse financial impact arising out of the COVID-19 pandemic, there were no other material changes and commitments that occurred subsequent to the end of the financial year till the date of this report, which affects the financial position of the Company.

**Capital Expenditure:**

During the year, the Company has converted capital work in progress to fixed assets amounting to Rs. 1126.02 lakhs and thereby resulting in addition to fixed assets amounted to Rs. 3886.72 lakhs.

**Dividend:**

In view of loss incurred the Board has not recommended any Dividend for the year ended March 31, 2020.

**Transfer of unpaid and unclaimed amount to IEPF:**

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") all dividends, which remains unpaid or unclaimed for a period of seven years are required to be transferred by the Company to the IEPF established by the Central Government. During the year under consideration, no amount was due for transfer to IEPF in accordance with Section 125 of the Companies Act, 2013.

**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**" and the same is uploaded on the website of the Company. (<http://vsil.co.in/>)

**Boards Composition and Independence:**

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, which stipulates that the Board should have optimum combination of Executive and Non-executive Directors with at least one Independent Woman Director and at least 50% of the Board should consist of Independent directors, as the Chairman of our Board is an Executive Director.

As on 31<sup>st</sup> March, 2020, the Board comprised of ten Directors. Out of said, one is Managing Director who is also a Promoter of the Company, two are Whole Time Directors who are also promoters of the company and one is Whole Time Director who is non-promoter. The Chairman of the company, Mr. Umesh Vishwanath Katti, is a Non-executive promoter director of the company.

Further, out of the remaining directors, five are Independent Directors (including woman 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.

None of the Directors of the Company are related to each other except Mr. Umesh Katti, Chairman (Non-executive), Mr. Nikhil Katti, Managing Director (MD), Mr. Lava Katti, Whole Time director (WTD) and Mr. Kush Katti, Whole Time director (WTD).

All Independent Directors have given due declarations that they meet the criteria of independence as laid down under section149(7) of the Companies Act, 2013

**Meetings of the Board of Directors:**

During the year, thirteen Board Meetings were held, details of which are provided in the *Corporate Governance Report* which form part of this Annual Report. The intervening gap between the Meetings was in compliance with the requirements stipulated under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

**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

- (e) Further, your company place a Committee under the name and style “Internal Complaints Committee” which looks into various matters concerning harassment, if any, against women at workplace. Details of composition etc., of the said committee are provided in the section on Corporate Governance.

Details such as terms of reference, powers, functions, meetings, membership of committee, attendance of directors etc. are provided in the *Corporate Governance Report* forming part of this Annual report.

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

**Directors and Key Managerial personnel:**

**(a) Inductions**

Pursuant to the recommendation of the Nomination & Remuneration/Compensation Committee, Mr. Vishnukumar Mahadeo Kulkarni (DIN: 01756948), has been co-opted as Director, has assumed charge as Independent Director with effect from 17<sup>th</sup>July, 2020.

Brief resume and other particulars of Mr. Vishnukumar Mahadeo Kulkarni, as stipulated under Secretarial Standard-2 on General Meetings, is given in the Notice of Annual General Meeting, which forms part of this Annual Report. The Board recommends the appointment of the Mr. Vishnukumar Mahadeo Kulkarni for members’ approval.

**(b) Retirement/Re-appointment**

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

Mr. Umesh Vishwanath Katti and Mr. Lava Ramesh Katti, retired by the rotation in the previous AGM held on 24<sup>th</sup> September 2019 and were re- appointed thereat.

Mr. Vishnukumar Mahadeo Kulkarni, was appointed w.e.f. 17<sup>th</sup>July, 2020 as Additional Independent Director. Based on the recommendation of Nomination and Remuneration Committee, Board at its meeting held on 17<sup>th</sup>July, 2020 appointed him for a term of 5 years w.e.f. 17<sup>th</sup>July, 2020 subject to approval of shareholders by Special Resolution at the ensuing General Meeting. Detailed reasons as required under the Companies Act, 2013, have been set out in the Notice of the Annual General Meeting.

**(c) Resignation**

Mr. Venkata Radhakrishna Racharla resigned as Independent Director with effect from 17<sup>th</sup>July 2020. The Board wishes to place on record his valuable contribution to the company during his tenure as a Director.

**Statutory Disclosures:**

None of the Directors of your Company is disqualified by virtue 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 and SEBI Listing Regulations. A Certificate to that effect as mandated under Schedule V of the SEBI (LODR) Regulations, 2015 has been obtained from a Company Secretary in practice.

**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. Mukesh Kumar, Executive Director, Mr. Sheshagiri H 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 31<sup>st</sup> March, 2020.

#### **Policy on Directors' Appointment, Remuneration, Etc.:**

The following policies are attached herewith and marked as "Annexure II" 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.

The said policy alternatively can also be accessed on the website of the Company at the following link:  
<http://vsil.co.in/wp-content/uploads/2018/01/Nomination-and-Remuneration-Policy.pdf>

#### **Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing regulations, 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 the Rules made thereunder, Members at the 22<sup>nd</sup> Annual General Meeting held on 30/09/2017 approved the appointment of Statutory Auditors, M/s. Gojanur & Co., Chartered Accountants, for a period of 5 years till the conclusion of 27<sup>th</sup> Annual General Meeting.

#### **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 2019-20. The Secretarial Audit Report for the FY 2019-20 is attached as "Annexure III" and forms part of this Report.

Pursuant to the recommendation of the Audit Committee, the Board of Directors has re-appointed Mr. Sudheendra P. Ghali, Company Secretary in Practice to conduct the Secretarial Audit for FY 2020-21 at its meeting held on 17<sup>th</sup> July, 2020.

**Compliance with Secretarial Standard on Board Meetings and General Meetings:**

During the year under review, your company has complied with Secretarial Standard issued by The Institute of Company Secretaries of India.

**Auditors Observations:**

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year ended March 31, 2020. 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 Committee during the year under review.

There are no qualifications made by the Secretarial Auditor in his report for the financial year ended 31<sup>st</sup> March, 2020.

**Cost Auditors and their Audit Report:**

Section 148(3) 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, Belagavi to audit the cost records for FY 2019-20. The Cost Auditor has submitted the Cost Audit report for FY 2019-20.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended 31<sup>st</sup>March, 2020.

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 2020-21 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:**

The company has not given any loans covered under the provisions of section 186 of the Companies Act,2013. Details of guarantee given and investments made by the company are as follows:

Guarantees given or Investments made during the Financial Year 2019-20

| Name of the Person             | Relation | Amount (Rs.)    | Particulars of loans, guarantees given or investments made | Purpose for which the loans, guarantees and investments are proposed to be utilised |
|--------------------------------|----------|-----------------|--|---|
| Belagavi Dist. Cen. Co-op Bank | Nil      | 22,50,000.00/-  | Investment in shares                                       | For purpose of obtaining Loan   |
| Puducherry Distillery Ltd      | NIL      | 40,00,000.00    | Bank Guarantee   | For ENA Supply  |
| Bank of India                  | NIL      | 40,00,00,000.00 | Corporate Guarantee for H&T loans                          | Procurement of sugarcane form famers  |
| State Bank of India            | NIL      | 40,00,00,000.00 | Corporate Guarantee for H&T loans                          | Procurement of sugarcane form famers  |

**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 IV”.

**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 Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in “Annexure V”.

**Corporate Social Responsibility:**

In terms of Rule 3(2) of Companies (Corporate Social Responsibility Policy) Rules, 2014, your company ceased to be covered under sub section (1) of section 135 of the Companies Act, 2013 for three consecutive financial years i.e. 2016-17, 2017-18 and 2018-19 and therefore the provisions contained in sub-section (2) to (5) of the said section will not apply to the company till such time the criteria specified in sub-section (1) of section 135 are met.

**Development and implementation of Risk Management policy:**

Your company is following the principle of risk minimisation vis a vis business needs and the industry norms.

The Role of Risk Management Committee includes the implementation of Risk Management Systems and framework, review of the Company’s financial and risk management policies, assessment of Risk and Procedures to minimize the same.

The Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company’s enterprise wide risk management framework and (b) overseeing that all the risks that the organization faces such as financial, liquidity, security, property, legal, regulatory, reputational and other risks have been identified and assessed and ensuring that there is an adequate risk management mechanism in place capable of addressing those risks.

The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board’s Report.

**Deposits:**

Your company neither accepted nor repaid any deposits during the FY ended 31st March, 2020. Further, there were no outstanding deposits as at the beginning of the FY or at any time during the FY 2020. Hence, there are no details to be provided pursuant to Rule 8 (5) (v) & (vi) of Companies (Accounts) Rules, 2014.

**Credit Rating:**

During the year India Ratings & Research Private Limited has downgraded the Long-term rating of the Company from “IND BBB/Negative” to “IND BB/Negative”. The outlook on the long-term rating is expected to improve.

**Subsidiary Companies/ Joint Venture/Associate Companies:**

Your Company is not having any subsidiaries, joint ventures or associate companies as on 31 March 2020:

**Internal Financial Control Systems:**

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 your organization.

**Business Responsibility Report:**

Securities Exchange Board of India vide recent notification mandated top 1,000 listed companies to include a report on business responsibility. The said report forms part of this Annual Report.

**Particulars of Employees:**

The information required pursuant to Section 197 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms of this report and annexed herewith as “**Annexure VI**”.

A statement containing top ten employees in terms of remuneration and the names of every employee who was in employment of the Company throughout the year and was in receipt of the specified remuneration is also included therein.

**Corporate Governance:**

Highest standards of Corporate Governance practices are maintained and followed in every walk of life of your 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 VII**” to this Report.

A certificate of the MD 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

**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 Website at: [http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism\\_Whistle-Blower\\_vsil.pdf](http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism_Whistle-Blower_vsil.pdf)

**Prevention of Insider Trading:**

The Company has adopted a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders with a view to regulate trading in securities by the Directors and certain designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

The said code is available on the website of the Company and can be accessed at the following link. <http://vsil.co.in/wp-content/uploads/2018/01/Insider-Trading-Policy.pdf>

**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.

**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.

**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.

**By order of the Board  
Vishwaraj Sugar Industries Limited**

**Umesh V. Katti  
Chairman  
DIN: 01461050**

**Place: Bellad Bagewadi**

**Date: 17/07/2020**

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

FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
as on financial year ended on 31.03.2019

[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   | U851101KA1995PTC017730   |
| 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                                      | B dlad 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                            | 76.07%                             |

**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)**

**1. 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 |                          |
| <b>A. Promoters</b>            |   |          |          |                   |   |          |          |                   |                          |
| (1) Indian                     |   |          |          |                   |   |          |          |                   |                          |
| a) Individual/HUF              | 0   | 11734750 | 11734750 | 33.96%            | 11334750                                  | 0        | 11334750 | 30.18%            | -3.78%                   |
| b) Central Govt or State Govt. |   |          |          |                   |   |          |          |                   |                          |
| c) Bodies Corporates           |   |          |          |                   |   |          |          |                   |                          |
| d) Bank/FI                     |   |          |          |                   |   |          |          |                   |                          |
| e) Any other                   |   |          |          |                   |   |          |          |                   |                          |
| <b>SUB TOTAL:(A)(1)</b>        | 0   | 11734750 | 11734750 | 33.96%            | 11334750                                  | 0        | 11334750 | 30.18%            | -3.78%                   |

|  |   |          |          |        |          |   |          |        |         |
|--|---|----------|----------|--------|----------|---|----------|--------|---------|
| <b>(2) Foreign</b>                                       |   |          |          |        |          |   |          |        |         |
| a) NRI- Individuals                                      |   |          |          |        |          |   |          |        |         |
| b) Other Individuals                                     |   |          |          |        |          |   |          |        |         |
| c) Bodies Corp.  |   |          |          |        |          |   |          |        |         |
| d) Banks/FI  |   |          |          |        |          |   |          |        |         |
| e) Any other ...   |   |          |          |        |          |   |          |        |         |
| <b>SUB TOTAL:(A)(2)</b>                                  | 0 | 0        | 0        | 0      | 0        | 0 | 0        | 0      |         |
| <b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b> | 0 | 11734750 | 11734750 | 33.96% | 11334750 | 0 | 11334750 | 30.18% | -3.78%  |
| <b>B. Promoter group</b>                                 |   |          |          |        |          |   |          |        |         |
| (1) Indian   |   |          |          |        |          |   |          |        |         |
| a) Individual/HUF  | 0 | 7000850  | 7000850  | 20.26% | 994800   | 0 | 994800   | 2.65%  | -17.61% |
| b) Central Govt or State Govt.                           |   |          |          |        |          |   |          |        |         |
| c) Bodies Corporates                                     |   |          |          |        |          |   |          |        |         |
| d) Bank/FI   |   |          |          |        |          |   |          |        |         |
| e) Any other   |   |          |          |        |          |   |          |        |         |
| <b>SUB TOTAL:(B)(1)</b>                                  | 0 | 7000850  | 7000850  | 20.26% | 994800   | 0 | 994800   | 2.65%  | -17.61% |
| <b>(2) Foreign</b>                                       |   |          |          |        |          |   |          |        |         |
| a) NRI- Individuals                                      |   |          |          |        |          |   |          |        |         |
| b) Other Individuals                                     |   |          |          |        |          |   |          |        |         |
| c) Bodies Corp.  |   |          |          |        |          |   |          |        |         |
| d) Banks/FI  |   |          |          |        |          |   |          |        |         |
| e) Any other ...   |   |          |          |        |          |   |          |        |         |
| <b>SUB TOTAL:(B)(2)</b>                                  | 0 | 0        | 0        | 0      | 0        | 0 | 0        | 0      |         |
| <b>Total Shareholding of Promoter (B)= (A)(1)+(A)(2)</b> | 0 | 7000850  | 7000850  | 20.26% | 994800   | 0 | 994800   | 2.65%  | -17.61% |
| <b>C. PUBLIC SHAREHOLDING</b>                            |   |          |          |        |          |   |          |        |         |
| <b>(1) Institutions</b>                                  |   |          |          |        |          |   |          |        |         |
| a) Mutual Funds  |   |          |          |        |          |   |          |        |         |
| b) Banks/FI  |   |          |          |        |          |   |          |        |         |
| c) Central govt  |   |          |          |        |          |   |          |        |         |
| d) State Govt.   |   |          |          |        |          |   |          |        |         |
| e) Venture Capital Fund                                  |   |          |          |        |          |   |          |        |         |
| f) Insurance Companies                                   |   |          |          |        |          |   |          |        |         |
| g) Foreign Portfolio investor                            | 0 | 0        | 0        | 0      | 1000080  | 0 | 1000080  | 2.66%  | 2.66%   |
| h) Foreign Venture Capital Funds                         |   |          |          |        |          |   |          |        |         |
| i) Others (specify)                                      |   |          |          |        |          |   |          |        |         |
| <b>SUB TOTAL:(C)(1)</b>                                  | 0 | 0        | 0        | 0      | 1000080  | 0 | 1000080  | 2.66%  | 2.66%   |

| <b>(2) Non Institutions</b>  |   |          |          |         |          |         |          |         |         |
|--|---|----------|----------|---------|----------|---------|----------|---------|---------|
| a) Bodies corporates   |   |          |          |         | 4476559  | 0       | 4476559  | 11.92%  | 5.33%   |
| i) Indian  |   |          |          |         |          |         |          |         |         |
| ii) Overseas   |   |          |          |         |          |         |          |         |         |
| b) Individuals   |   |          |          |         |          |         |          |         |         |
| i) Individual shareholders holding nominal share capital upto Rs 1 lakhs   | 0 | 6811300  | 6811300  | 19.71%  | 344104   | 1273950 | 1618054  | 4.31%   | -15.40% |
| ii) Individuals shareholders holding nominal share capital upto Rs 1 lakhs | 0 | 9009100  | 9009100  | 26.07%  | 11836436 | 5134700 | 16971136 | 45.19%  | 19.12%  |
| HINDU UNDIVIDED FAMILY   |   |          |          |         | 260554   | 0       | 260554   | 0.69%   | 0.69%   |
| CLEARING MEMBER  |   |          |          |         | 887704   | 0       | 887704   | 2.36%   | 2.36%   |
| NON RESIDENT INDIANS (NRI)   |   |          |          |         | 12363    | 0       | 12363    | 0.03%   | 0.03%   |
| <b>SUB TOTAL: (C)(2)</b>   |   | 15820400 | 15820400 | 45.78%  | 17817720 | 6408650 | 24226370 | 64.51%  | 18.73%  |
| <b>Total Public Shareholding (C)= (C)(1)+(C)(2)</b>                        | 0 | 15820400 | 15820400 | 45.78%  | 18817800 | 6408650 | 25226450 | 67.17%  | 21.39%  |
| <b>D. Shares held by Custodian for GDRs &amp; ADRs</b>                     | 0 | 0        | 0        | 0       | 0        | 0       | 0        | 0       | 0.00%   |
| <b>Grand Total (A+B+C+D)</b>   | 0 | 34556000 | 34556000 | 100.00% | 31147350 | 6408650 | 37556000 | 100.00% | 0.00%   |

**ii. Shareholding of Promoters**

| SI No. | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|--------|--------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|        |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Umesh V. Katti     | 1418575                                   | 4.11%                            |  | 1418575                              | 3.78%                            |  | -0.33%                                    |
| 2      | Nikhil U. Katti    | 3692875                                   | 10.69%                           |  | 3492875                              | 9.30%                            |  | -1.39%                                    |
| 3      | Sheela U. Katti    | 1141000                                   | 3.30%                            |  | 1141000                              | 3.04%                            |  | -0.26%                                    |
| 4      | Ramesh V. Katti    | 1328950                                   | 3.85%                            |  | 1328950                              | 3.54%                            |  | -0.31%                                    |
| 5      | Kush R. Katti      | 1245075                                   | 3.60%                            |  | 1145075                              | 3.05%                            |  | -0.55%                                    |
| 6      | Lava R. Katti      | 1200275                                   | 3.47%                            |  | 1100275                              | 2.93%                            |  | -0.54%                                    |
| 7      | Jayashree R. Katti | 1258800                                   | 3.64%                            |  | 1258800                              | 3.35%                            |  | -0.29%                                    |
| 8      | Sneha Nithin Dev   | 449200                                    | 1.30%                            |  | 449200                               | 1.20%                            |  | -0.10%                                    |
|        | <b>TOTAL</b>       | <b>11734750</b>                           | <b>33.96%</b>                    | <b>0.00%</b>                                     | <b>11334750</b>                      | <b>30.18%</b>                    | <b>0.00%</b>                                     | <b>-3.78%</b>                             |

**iii Shareholding of Promoters Group**

| SI No. | Shareholder's Name              | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|--------|---------------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|        |                                 | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Ashok Shekar Utture             | 1029300                                   | 2.98%                            |  | 0                                    | 0.00%                            |  | -0.03                                     |
| 2      | Kashinath Shekhar Utture        | 681000                                    | 1.97%                            |  | 0                                    | 0.00%                            |  | -0.02                                     |
| 3      | Kadavya Siddalingappa Pujar     | 643550                                    | 1.86%                            |  | 0                                    | 0.00%                            |  | -0.02                                     |
| 4      | Basavya Siddalingappa Pujar     | 639600                                    | 1.85%                            |  | 0                                    | 0.00%                            |  | -0.02                                     |
| 5      | Ramesh Rajaram Shiralakar       | 500650                                    | 1.45%                            |  | 2300                                 | 0.01%                            |  | -0.01                                     |
| 6      | Sudhir Mallappa Katti           | 400700                                    | 1.16%                            |  | 0                                    | 0.00%                            |  | -0.01                                     |
| 7      | Ramappa Siddappa Bani           | 340850                                    | 0.99%                            |  | 0                                    | 0.00%                            |  | -0.01                                     |
| 8      | Ravindra Srikanth Katti         | 497900                                    | 1.44%                            |  | 497900                               | 1.33%                            |  | 0.00                                      |
| 9      | Muragesh Basavaraj Katti        | 321500                                    | 0.93%                            |  | 0                                    | 0.00%                            |  | -0.01                                     |
| 10     | Kallappa Siddappa Bani          | 297500                                    | 0.86%                            |  | 0                                    | 0.00%                            |  | -0.01                                     |
| 11     | Abhinandan Dhanpal Khemalapur e | 275500                                    | 0.80%                            |  | 275500                               | 0.73%                            |  | 0.00                                      |
| 12     | Rajaram Tukaram Shiralkar       | 263400                                    | 0.76%                            |  | 0                                    | 0.00%                            |  | -0.01                                     |
| 13     | Basavaraj Shekhar Utture        | 211100                                    | 0.61%                            |  | 211100                               | 0.56%                            |  | 0.00                                      |
| 14     | Guappa Chamappa Katti           | 165850                                    | 0.48%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 15     | Vinod Chamabasappa Katti        | 157550                                    | 0.46%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 16     | Purnima AnnappaPangi            | 5000                                      | 0.01%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 17     | Padmaja Subhash Katti           | 10000                                     | 0.03%                            |  | 5000                                 | 0.01%                            |  | 0.00                                      |
| 18     | Sanjay Ramappa Khemalapur e     | 4900                                      | 0.01%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 19     | Sudharshan Ramappa Khemalapur e | 1500                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 20     | Satish Mahalingappa Ghuli       | 2000                                      | 0.01%                            |  | 1000                                 | 0.00%                            |  | 0.00                                      |
| 21     | Pallavi Suh as Ghuli            | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 22     | Tejasvini Yuvaraj Chunamun      | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 23     | Yuvaraj J. Chunamuri            | 2000                                      | 0.01%                            |  | 1000                                 | 0.00%                            |  | 0.00                                      |
| 24     | Praachi Satish Ghuli            | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 25     | Suh as Mahalingappa Ghuli       | 2000                                      | 0.01%                            |  | 1000                                 | 0.00%                            |  | 0.00                                      |
| 26     | Chamavva Jaganath Chunamun      | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 27     | Shanmukappa J. Chunamun         | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 28     | Ramappa Khemalapur e            | 537000                                    | 1.55%                            |  | 0                                    | 0.00%                            |  | -0.02                                     |
| 29     | Shailaja Shivaprasad Uchale     | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 30     | Drakashayani Ravi Katti         | 3500                                      | 0.01%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
| 31     | Kalavati Dundappa Savadakar     | 1000                                      | 0.00%                            |  | 0                                    | 0.00%                            |  | 0.00                                      |
|        | <b>TOTAL</b>                    | <b>7000850</b>                            | <b>20.26%</b>                    |  | <b>994800</b>                        | <b>2.65%</b>                     |  | <b>-0.18</b>                              |

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 | No. of shares                           | % of total shares of the |
| 1       | <b>Nikhil Umesh Katti</b>    |   |                          |   |                          |
|         | At the beginning of the year | 3692875                                   | 9.83                     | 3692875                                 | 9.83                     |
|         | Changes During the Year      | 200000                                    | 0.53                     | 200000                                  | 0.53                     |
|         | Reason for Changes           | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year       | 3492875                                   | 9.30                     | 3492875                                 | 9.30                     |
| 2       | <b>Lava Ramesh Katti</b>     |   |                          |   |                          |
|         | At the beginning of the year | 1200275                                   | 3.20%                    | 1200275                                 | 0.031959607              |
|         | Changes During the Year      | 100000                                    | 0.27%                    | 100000                                  | 0.00266269               |
|         | Reason for Changes           | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year       | 1100275                                   | 2.93%                    | 1100275                                 | 0.029296917              |
| 3       | <b>Kush ramesh Katti</b>     |   |                          |   |                          |
|         | At the beginning of the year | 1245075                                   | 3.32                     | 1245075                                 | 3.32                     |
|         | Changes During the Year      | 100000                                    | 0.27                     | 100000                                  | 0.27                     |
|         | Reason for Changes           | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year       | 1145075                                   | 3.05                     | 1145075                                 | 3.05                     |

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 | No. of shares                           | % of total shares of the |
| 1       | <b>Ashok Shekar Utture</b>         |   |                          |   |                          |
|         | At the beginning of the year       | 1029300                                   | 2.74                     | 1029300                                 | 2.74                     |
|         | Changes During the Year            | 1029300                                   | 2.74                     | 1029300                                 | 2.74                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 2       | <b>Kashinath Shekar Utture</b>     |   |                          |   |                          |
|         | At the beginning of the year       | 681000                                    | 1.81                     | 681000                                  | 1.81                     |
|         | Changes During the Year            | 681000                                    | 1.81                     | 681000                                  | 1.81                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
| 3       | <b>Kadavya Siddalingayya Pujar</b> |   |                          |   |                          |
|         | At the beginning of the year       | 643550                                    | 1.71                     | 643550                                  | 1.71                     |
|         | Changes During the Year            | 643550                                    | 1.71                     | 643550                                  | 1.71                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
| 4       | <b>Basayya Siddalingayya Pujar</b> |   |                          |   |                          |
|         | At the beginning of the year       | 639600                                    | 1.70                     | 639600                                  | 1.70                     |
|         | Changes During the Year            | 639600                                    | 1.70                     | 639600                                  | 1.70                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 5       | <b>Ramesh Rajaram Shiralkar</b>    |   |                          |   |                          |
|         | At the beginning of the year       | 500650                                    | 1.33                     | 500650                                  | 1.33                     |
|         | Changes During the Year            | 498350                                    | 1.33                     | 498350                                  | 1.33                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 2300                                      | 0.01                     | 2300                                    | 0.01                     |
| 6       | <b>Sudhir Mallappa Katti</b>       |   |                          |   |                          |
|         | At the beginning of the year       | 400700                                    | 1.07                     | 400700                                  | 1.07                     |
|         | Changes During the Year            | 400700                                    | 1.07                     | 400700                                  | 1.07                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 7       | <b>Ramappa Siddappa Bani</b>       |   |                          |   |                          |
|         | At the beginning of the year       | 340850                                    | 0.91                     | 340850                                  | 0.91                     |
|         | Changes During the Year            | 340850                                    | 0.91                     | 340850                                  | 0.91                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 8       | <b>Muragesh Basavaraj Katti</b>    |   |                          |   |                          |
|         | At the beginning of the year       | 321500                                    | 0.86                     | 321500                                  | 0.86                     |
|         | Changes During the Year            | 321500                                    | 0.86                     | 321500                                  | 0.86                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 9       | <b>Kallapa Siddappa Bani</b>       |   |                          |   |                          |
|         | At the beginning of the year       | 297500                                    | 0.79                     | 297500                                  | 0.79                     |
|         | Changes During the Year            | 297500                                    | 0.79                     | 297500                                  | 0.79                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |
| 10      | <b>Rajaram Tukaram Shiralkar</b>   |   |                          |   |                          |
|         | At the beginning of the year       | 263400                                    | 0.70                     | 263400                                  | 0.70                     |
|         | Changes During the Year            | 263400                                    | 0.70                     | 263400                                  | 0.70                     |
|         | Reason for Changes                 | Offer for sale                            |                          | Offer for sale                          |                          |
|         | At the end of the year             | 0   | 0.00                     | 0                                       | 0.00                     |

|    |                                       |                |      |                |      |
|----|---------------------------------------|----------------|------|----------------|------|
| 11 | <b>Gurappa Channappa Katti</b>        |                |      |                |      |
|    | At the beginning of the year          | 165850         | 0.44 | 165850         | 0.44 |
|    | Changes During the Year               | 165850         | 0.44 | 165850         | 0.44 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 0              | 0.00 | 0              | 0.00 |
| 12 | <b>Vinod Channabasappa Katti</b>      |                |      |                |      |
|    | At the beginning of the year          | 157550         | 0.42 | 157550         | 0.42 |
|    | Changes During the Year               | 157550         | 0.42 | 157550         | 0.42 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 0              | 0.00 | 0              | 0.00 |
| 13 | <b>Purnima AnnappaPangi</b>           |                |      |                |      |
|    | At the beginning of the year          | 5000           | 0.01 | 5000           | 0.01 |
|    | Changes During the Year               | 5000           | 0.01 | 5000           | 0.01 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 0              | 0.00 | 0              | 0.00 |
| 14 | <b>Padmaja Subhash Katti</b>          |                |      |                |      |
|    | At the beginning of the year          | 10000          | 0.03 | 10000          | 0.03 |
|    | Changes During the Year               | 5000           | 0.01 | 5000           | 0.01 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 5000           | 0.01 | 5000           | 0.01 |
| 15 | <b>Sanjay Ramappa Khemalapure</b>     |                |      |                |      |
|    | At the beginning of the year          | 4900           | 0.01 | 4900           | 0.01 |
|    | Changes During the Year               | 4900           | 0.01 | 4900           | 0.01 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 0              | 0.00 | 0              | 0.00 |
| 16 | <b>Sudharshan Ramappa Khemalapure</b> |                |      |                |      |
|    | At the beginning of the year          | 1500           | 0.00 | 1500           | 0.00 |
|    | Changes During the Year               | 1500           | 0.00 | 1500           | 0.00 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 0              | 0.00 | 0              | 0.00 |
| 17 | <b>Satish Mahalingappa Ghuli</b>      |                |      |                |      |
|    | At the beginning of the year          | 2000           | 0.01 | 2000           | 0.01 |
|    | Changes During the Year               | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                    | Offer for sale |      | Offer for sale |      |
|    | At the end of the year                | 1000           | 0.00 | 1000           | 0.00 |

|    |                                    |                |      |                |      |
|----|------------------------------------|----------------|------|----------------|------|
| 25 | <b>Ramappa Khemalapure</b>         |                |      |                |      |
|    | At the beginning of the year       | 537000         | 1.43 | 537000         | 1.43 |
|    | Changes During the Year            | 537000         | 1.43 | 537000         | 1.43 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 26 | <b>Shallaja Shivaprasad Uchale</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 27 | <b>Drakashayani Ravi Katti</b>     |                |      |                |      |
|    | At the beginning of the year       | 3500           | 0.01 | 3500           | 0.01 |
|    | Changes During the Year            | 3500           | 0.01 | 3500           | 0.01 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 28 | <b>Kalavati Dundappa Savadakar</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |

vi. 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 | No. of shares                           | % of total shares of the |
| 1       | <b>S K GROWTH FUND PVT LTD</b>                |   |                          |   |                          |
|         | At the beginning of the year                  | 1395759                                   | 3.72%                    | 1395759                                 | 3.72%                    |
|         | Changes During the Year                       | -   | -                        | -                                       | -                        |
|         | Reason for Changes                            | -   | -                        | -                                       | -                        |
|         | At the end of the year                        | 1395759                                   | 3.72%                    | 1395759                                 | 3.72%                    |
| 2       | <b>ELARA INDIA OPPORTUNITIES FUND LIMITED</b> |   |                          |   |                          |
|         | At the beginning of the year                  | 1000080                                   | 2.66%                    | 1000080                                 | 2.66%                    |
|         | Changes During the Year                       | -   | -                        | -                                       | -                        |
|         | Reason for Changes                            | -   | -                        | -                                       | -                        |
|         | At the end of the year                        | 1000080                                   | 2.66%                    | 1000080                                 | 2.66%                    |

|    |                                    |                |      |                |      |
|----|------------------------------------|----------------|------|----------------|------|
| 18 | <b>Pallavi Suhas Ghuli</b>         |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 19 | <b>Tejasvini Yuvaraj Chumamuri</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 20 | <b>Yuvaraj J Chumamuri</b>         |                |      |                |      |
|    | At the beginning of the year       | 2000           | 0.01 | 2000           | 0.01 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 1000           | 0.00 | 1000           | 0.00 |
| 21 | <b>Prachi Satish Ghuli</b>         |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 22 | <b>Suhas Mahalingappa Ghuli</b>    |                |      |                |      |
|    | At the beginning of the year       | 2000           | 0.01 | 2000           | 0.01 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 1000           | 0.00 | 1000           | 0.00 |
| 23 | <b>Channava Jaganath Chumamuri</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 24 | <b>Shannukappa J Chumamuri</b>     |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |

|    |                                    |                |      |                |      |
|----|------------------------------------|----------------|------|----------------|------|
| 25 | <b>Ramappa Khemalpure</b>          |                |      |                |      |
|    | At the beginning of the year       | 537000         | 1.43 | 537000         | 1.43 |
|    | Changes During the Year            | 537000         | 1.43 | 537000         | 1.43 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 26 | <b>Shallaja Shivaprasad Uchale</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 27 | <b>Drakashayani Ravi Katti</b>     |                |      |                |      |
|    | At the beginning of the year       | 3500           | 0.01 | 3500           | 0.01 |
|    | Changes During the Year            | 3500           | 0.01 | 3500           | 0.01 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |
| 28 | <b>Kalavati Dandappa Savadakar</b> |                |      |                |      |
|    | At the beginning of the year       | 1000           | 0.00 | 1000           | 0.00 |
|    | Changes During the Year            | 1000           | 0.00 | 1000           | 0.00 |
|    | Reason for Changes                 | Offer for sale |      | Offer for sale |      |
|    | At the end of the year             | 0              | 0.00 | 0              | 0.00 |

vi. 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 | No. of shares                           | % of total shares of the |
| 1       | <b>S K GROWTH FUND PVT LTD</b>                |   |                          |   |                          |
|         | At the beginning of the year                  | 1395759                                   | 3.72%                    | 1395759                                 | 3.72%                    |
|         | Changes During the Year                       | -   | -                        | -                                       | -                        |
|         | Reason for Changes                            | -   | -                        | -                                       | -                        |
|         | At the end of the year                        | 1395759                                   | 3.72%                    | 1395759                                 | 3.72%                    |
| 2       | <b>ELARA INDIA OPPORTUNITIES FUND LIMITED</b> |   |                          |   |                          |
|         | At the beginning of the year                  | 1000080                                   | 2.66%                    | 1000080                                 | 2.66%                    |
|         | Changes During the Year                       | -   | -                        | -                                       | -                        |
|         | Reason for Changes                            | -   | -                        | -                                       | -                        |
|         | At the end of the year                        | 1000080                                   | 2.66%                    | 1000080                                 | 2.66%                    |

|    |   |        |       |        |       |
|----|---|--------|-------|--------|-------|
| 3  | <b>ANKUR TILAKCHANDRA KHONA</b>                   |        |       |        |       |
|    | At the beginning of the year                      | 755796 | 2.01% | 755796 | 2.01% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 755796 | 2.01% | 755796 | 2.01% |
| 4  | <b>ARYAMAN CAPITAL MARKETS LIMITED</b>            |        |       |        |       |
|    | At the beginning of the year                      | 654192 | 1.74% | 654192 | 1.74% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 654192 | 1.74% | 654192 | 1.74% |
| 5  | <b>Basavaraj Chamappa Mahashetti</b>              |        |       |        |       |
|    | At the beginning of the year                      | 540000 | 1.44% | 540000 | 1.44% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 540000 | 1.44% | 540000 | 1.50% |
| 6  | <b>VINOD HARILAL JHAVERI</b>                      |        |       |        |       |
|    | At the beginning of the year                      | 529000 | 1.41% | 529000 | 1.41% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 529000 | 1.41% | 529000 | 1.41% |
| 7  | <b>SHRI PARASRAM HOLDINGS PRIVATE LIMITED</b>     |        |       |        |       |
|    | At the beginning of the year                      | 500000 | 1.33% | 500000 | 1.33% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 500000 | 1.33% | 500000 | 1.33% |
| 8  | <b>PROGYAN CONSTRUCTION AND ENGINEERS PRIVATE</b> |        |       |        |       |
|    | At the beginning of the year                      | 499724 | 1.33% | 499724 | 1.33% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 499724 | 1.33% | 499724 | 1.33% |
| 9  | <b>VENKATESHWARA INDUSTRIAL PROMOTION CO LIM</b>  |        |       |        |       |
|    | At the beginning of the year                      | 491650 | 1.31% | 491650 | 1.31% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 491650 | 1.31% | 491650 | 1.31% |
| 10 | <b>Appasaheb Allappa Shiragur</b>                 |        |       |        |       |
|    | At the beginning of the year                      | 456000 | 1.21% | 456000 | 1.21% |
|    | Changes During the Year                           | -      | -     | -      | -     |
|    | Reason for Changes                                | -      | -     | -      | -     |
|    | At the end of the year                            | 456000 | 1.21% | 456000 | 1.21% |

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 | No. of shares                           | % of total shares of the |
| 1       | <b>Umesh Vishwanth Katti</b> |   |                          |   |                          |
|         | At the beginning of the year | 1418575                                   | 3.78%                    | 1418575                                 | 3.78%                    |
|         | Changes During the Year      | -   | -                        | -                                       | -                        |
|         | Reason for Changes           | -   | -                        | -                                       | -                        |
|         | At the end of the year       | 1418575                                   | 3.78%                    | 1418575                                 | 3.78%                    |
| 2       | <b>Nikhil Umesh Katti</b>    |   |                          |   |                          |
|         | At the beginning of the year | 3692875                                   | 9.83%                    | 3692875                                 | 9.83%                    |
|         | Changes During the Year      | 200000                                    | 0.53%                    | -                                       | -                        |
|         | Reason for Changes           | Offer for sale                            | -                        | -                                       | -                        |
|         | At the end of the year       | 3492875                                   | 9.30%                    | 3492875                                 | 9.30%                    |
| 3       | <b>Lava Ramesh Katti</b>     |   |                          |   |                          |
|         | At the beginning of the year | 1200275                                   | 3.20%                    | 1200275                                 | 3.20%                    |
|         | Changes During the Year      | 100000                                    | 0.27%                    | -                                       | -                        |
|         | Reason for Changes           | Offer for sale                            | -                        | -                                       | -                        |
|         | At the end of the year       | 1100275                                   | 2.93%                    | 1100275                                 | 2.93%                    |
| 4       | <b>Kush Ramesh Katti</b>     |   |                          |   |                          |
|         | At the beginning of the year | 1245075                                   | 3.32%                    | 1245075                                 | 3.32%                    |
|         | Changes During the Year      | 100000                                    | 0.27%                    | -                                       | -                        |
|         | Reason for Changes           | Offer for sale                            | -                        | -                                       | -                        |
|         | At the end of the year       | 1145075                                   | 3.05%                    | 1145075                                 | 3.05%                    |
| 5       | <b>Mukesh Kumar</b>          |   |                          |   |                          |
|         | 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%                    |
| 6       | <b>Surendra Khot</b>         |   |                          |   |                          |
|         | 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%                    |
| 7       | <b>Pratibha Munoli</b>       |   |                          |   |                          |
|         | 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%                    |

|    |                                      |       |       |       |       |
|----|--------------------------------------|-------|-------|-------|-------|
| 8  | <b>Shivanand Tubachi</b>             |       |       |       |       |
|    | 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  | <b>Venkata Radhakrishna Racharla</b> |       |       |       |       |
|    | 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% |
| 10 | <b>Basavaraj Hagargi</b>             |       |       |       |       |
|    | At the beginning of the year         | 54900 | 0.15% | 54900 | 0.15% |
|    | Changes During the Year              | -     | -     | -     | -     |
|    | Reason for Changes                   | -     | -     | -     | -     |
|    | At the end of the year               | 54900 | 0.15% | 54900 | 0.15% |
| 11 | <b>Sheshagiri Kulkarni</b>           |       |       |       |       |
|    | 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% |
| 12 | <b>Sneha Patil</b>                   |       |       |       |       |
|    | 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% |

*B. Remuneration to other Directors: NIL*

| Sl. No. | Particulars of Remuneration                    | Name of Directors             |  | Total Amount |
|---------|--|-------------------------------|--|--------------|
|         |  | Venkata Radhakrishna Racharla |  |              |
| 1       | <b>Independent Directors</b>                   |                               |  |              |
|         | Fee for attending board committee meetings     |                               |  |              |
|         | Commission                                     |                               |  |              |
|         | Others, please specify                         |                               |  |              |
|         | Total (1)                                      |                               |  |              |
| 2       | <b>Other Non-Executive Directors</b>           |                               |  |              |
|         | Fee for attending board committee meetings     | 100000                        |  | 100000       |
|         | Commission                                     |                               |  |              |
|         | Others, please specify                         |                               |  |              |
|         | Total (2)                                      |                               |  |              |
|         | Total (B)=(1+2)                                | 100000                        |  | 100000       |
|         | <b>Total Managerial Remuneration = (A)+(B)</b> |                               |  | 11200000     |
|         | 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         |                            |        |
|---------|---|----------------------------------|----------------------------|--------|
|         |   | Sneha Patil<br>Company Secretary | Sheshagiri Kulkarni<br>CFO | Total  |
| 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  |                                  |                            |        |
|         | <b>Total</b>  | 420000                           | 468000                     | 888000 |

**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 Indebtness   |
|---|----------------------------------|-----------------|----------|--------------------|
| i) Principal Amount                                 | 3387942338                       |                 |          | 3387942338         |
| ii) Interest due but not paid                       |                                  |                 |          |                    |
| iii) Interest accrued but not due                   |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             | <b>3387942338</b>                | <b>0</b>        | <b>0</b> | <b>3387942338</b>  |
| Change in Indebtedness during the financial year    | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness   |
| * Addition  | 80204956                         |                 |          | 80204956.61        |
| * Reduction   |                                  |                 |          |                    |
| <b>Net Change</b>                                   | <b>80204956</b>                  | <b>0</b>        | <b>0</b> | <b>80204955.61</b> |
| Indebtedness at the end of the financial year       | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness   |
| i) Principal Amount                                 | 3468147294                       |                 |          | 3468147294         |
| ii) Interest due but not paid                       |                                  |                 |          |                    |
| iii) Interest accrued but not due                   |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             | <b>3468147294</b>                | <b>0</b>        | <b>0</b> | <b>3468147294</b>  |

**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 | Lava katti | Mukesh  |              |
| 1       | Gross salary  | 3600000                 | 2400000    | 2400000    | 2700000 | 11100000     |
|         | (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             |                         |            |            |         | 0            |
| 2       | Stock Option  |                         |            |            |         | 0            |
| 3       | Sweat Equity  |                         |            |            |         | 0            |
| 4       | Commission  | --                      | --         | --         | --      | --           |
|         | - as % of profit  |                         |            |            |         | 0            |
|         | - others, specify   |                         |            |            |         | 0            |
| 5       | Others, please specify  |                         |            |            |         | 0            |
|         | Total (A)   | 3600000                 | 2400000    | 2400000    | 2700000 | 11100000     |
|         | Ceiling as per the Act  |                         |            |            |         |              |

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                              |                                    |
| Penalty                             | 0                            | 0                 | 0  | 0                            | 0                                  |
| Punishment                          | 0                            | 0                 | 0  | 0                            | 0                                  |
| Compounding                         | 0                            | 0                 | 0  | 0                            | 0                                  |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                              |                                    |
| Penalty                             | 0                            | 0                 | 0  | 0                            | 0                                  |
| Punishment                          | 0                            | 0                 | 0  | 0                            | 0                                  |
| Compounding                         | 0                            | 0                 | 0  | 0                            | 0                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                              |                                    |
| Penalty                             | 0                            | 0                 | 0  | 0                            | 0                                  |
| Punishment                          | 0                            | 0                 | 0  | 0                            | 0                                  |
| Compounding                         | 0                            | 0                 | 0  | 0                            | 0                                  |

By order of the Board

For Vishwaraj Sugar Industries Limited

Umesh V. Katti  
Chairman  
DIN: 01461050

**ANNEXURE - II**  
**[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 –

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. 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;
- d. 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;
- e. 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.

*Annexure - II(b)*

### **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.

**By order of the Board**  
**Vishwaraj Sugar Industries Limited**

**Umesh V Katti**  
**Chairman**  
**DIN: 01461050**

**Place: BelladBagewadi**  
**Date: 17/07/2020**

**Annexure III**  
**[Annexure to Director's Report – Statutory Disclosures]**  
**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019**  
**[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, 2020 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, 2020, 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 & 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 and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e) The Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulation, 2015.

The Company has not dealt with Employee Stock Option Scheme and Employee Stock Purchase Scheme, Issue and Listing of Debt Securities, Delisting of Equity Shares, Buyback of Securities and therefore the following regulations are not applicable: -

- a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- d) 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, as per the explanations and representations received from the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following: -

- (a) The Company had violated of Regulation 4(2)(d) & (e), 5(1), (2), (5), & (7), 6(1), 7, 26(1), (2) & (6), 32(1), 36, 37, 46(1), 47(1), 49(1), 57(1), 58(1) & (2), 63 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in the past. After taking into consideration all facts and circumstances SEBI imposed Penalty of Rs. 7,00,000/- vide Adjudication order no. Order/MC/DS/2019-20/7326 dated 23<sup>rd</sup> March, 2020.

I further report that based on the information provided and representation made by the Company and on the basis of Compliance report taken on record by the Board, in my opinion adequate systems and processes exist in the Company to monitor and ensure Compliance with other laws applicable, rules, regulations and guidelines.

I further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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) In general, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and wherever shorter notices were given, the same was given with the consent of all the Directors and such meeting were held with the participation of Independent Director/s, 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) As per the Minutes of the Meetings recorded, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that as per the information provided by the management, and based on the review of compliance reports by the respective department/ functional heads, duly taken on records by the Board of Directors of the company, there are adequate system and processes in the company commensurate with the size and operation of the company to monitor and ensure compliance with Applicable laws, rules, regulations and guidelines.

During the audit period, apart from that mentioned hereunder, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs.

1. The Company has made an Initial Public Offer for 1,00,00,000 Equity Shares of face value of INR 10 each, consisting of a fresh issue of 30,00,000 Equity Shares and an offer for sale of upto 70,00,000 shares and complied with the requirements thereon.
2. Listed its shares on the Bombay Stock Exchange and National Stock Exchange with effect from 15 October, 2019.
3. The Company has received show cause notice under Rule 4(1) of the SEBI (Procedure for Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995 dated November 06, 2019 for the alleged violations of Regulation 4(2)(d) & (e), 5(1), (2), (5), & (7), 6(1), 7, 26(1), (2) & (6), 32(1), 36, 37, 46(1), 47(1), 49(1), 57(1), 58(1) & (2), 63 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. After taking into consideration all facts and circumstances SEBI imposed Penalty of Rs. 7,00,000/- vide Adjudication order no. Order/MC/DS/2019-20/7326 dated 23<sup>rd</sup> March, 2020.
4. There are some continuing civil/criminal proceedings pending with appropriate authorities/courts and the same is not likely to have a major bearing on the Affairs of the Company.

\* Physical verification of statutory records could not be done due to Covid-19.

**For S.P.Ghali &Co.,**

**Sudheendra P. Ghali**

**Proprietor**

**M. No. 7037**

**CP No. 7537**

**Place: Belgaum**

**Date: 17/07/2020**

[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: 17/07/2020**

**Annexure -IV**  
**[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:

| SL | Particulars   | 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 | Ramesh V Katti, Director |
| 2  | Nature of contracts/arrangements/transaction  | Cane Purchase and Lease security Deposit | Cane Purchase          | Cane Purchase          | Cane Purchase           | Cane Purchase            |
| 3  | Duration of the contracts/arrangements/transaction  | NA                                       | NA                     | NA                     | NA                      | NA                       |
| 4  | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 2,20,60,000/-                        | Rs.12,79,000/-         | Rs. 14,69,000/-        | Rs. 21,84,000/-         | Rs. 8,60,000/-           |
| 5  | Date of approval by the Board   | 29/05/2019                               | 29/05/2019             | 29/05/2019             | 29/05/2019              | 29/05/2019               |
| 6  | Amount paid as advances, if any   | --                                       | --                     | --                     | --                      | --                       |

| SL | Particulars   | Details                  |                              |                                |                               |  |                      |
|----|---|--------------------------|------------------------------|--------------------------------|-------------------------------|--|----------------------|
| 1  | Name (s) of the related party & nature of relationship                                    | Mallikarjun K Pujar, CAO | Sheela Umesh Katti, Promoter | Basavaraj V Hagaragi, Director | U R Agrofresh Private Limited | UK 27 Hospitality Services(India ) Private Limited | Vishwaraj Developers |
| 2  | Nature of contracts/arrangements/transaction  | Cane Purchase            | Cane Purchase                | Cane Purchase                  | Sales                         | Sales  | Sales                |
| 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. 4,39,000/-           | Rs. 12,72,000/-              | Rs. 2,60,000/-                 | Rs.3322000/-                  | Rs.148000/-  | Rs.58000/-           |
| 5  | Date of approval by the Board   | 29/05/2019               | 29/05/2019                   | 29/05/2019                     | 29/05/2019                    | 29/05/2019   | 29/05/2019           |
| 6  | Amount paid as advances, if any   | --                       | --                           | --                             | --                            | --   | --                   |

**By order of the Board**

**Umesh V Katti**  
**Chairman (DIN: 01461050)**  
**Place: Bellad Bagewadi**  
**Date: 17/07/2020**

**ANNEXURE V**  
**[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 <sup>st</sup> & 5 <sup>th</sup> mill are advanced technology compact multi roller with TRF system | The 1 <sup>st</sup> mill increases the primary extraction & 5 <sup>th</sup> mill decreases the bagasse moisture with pole. 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 2 <sup>nd</sup> heating by using heat from common condensate at boiling house  | Steam Saving,10 Tonnes /Hr   |
| b)     | PHE installed for SJ 1 <sup>st</sup> 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 <sup>th</sup> body of PTFE  | Steam Saving 3 % on Cane   |
| f)     | For B - massecuite 6 compartments vertical pan with mechanical circulators running on 4 <sup>th</sup> body of PTFE  | Steam Saving 3 % on Cane   |
| g)     | C-massecuite continuous pan running on 2 <sup>nd</sup> 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 <sup>2</sup> steam is not used  | Power generation & export increased  |

|    |   |                            |
|----|---|----------------------------|
| k) | Sulphur Burner station vapcon system installed No 7 Kg/cm <sup>2</sup> steam is used  | Saving Steam 0.5 % on cane |
| l) | SHWW system PHE installed , 7 Kg/cm <sup>2</sup> steam is not 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 equipment: NIL

**B) TECHNOLOGY ABSORPTION:**

|  |   |
|--|---|
| (a) The efforts made towards technology absorption   | The following Activities developed in factory area.<br>1) Vinegar- From Rectified Spirit<br>2) Compost from Press Mud<br>3) Bio gas Plant<br>4) Carbon Dioxide Plant<br>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.<br>2) Revenue from CO <sub>2</sub> sale.<br>3) From Biogas generate methane gas which is used in boiler. Ultimately reduce the steam cost.<br>4) Compost from Press mud useds as a manual for farmers<br>5) CPU by treating 20 to 25 % condensate, water consumption to be reduce.<br>6) For Primary extraction & Brix curve mill tests are conducted for sugar mill performances.<br>7) Addition 02 Nos mills with TRF in 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): | NIL   |
| (i) The details of technology imported   |   |
| (ii) The year of import  |   |
| (iii) Whether the technology been fully absorbed   |   |
| (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 | 2019-20      | 2018-19 |
|   | 78,34,305.00 | NIL     |

**Note: Denature Spirit Export 30% Advance Amount Received**

|   |              |                |
|---|--------------|----------------|
| Foreign Exchange outgo in terms of actual outflow | 2019-20      | 2018-19        |
|   | 35,53,647.00 | 1,16,75,238.00 |

**By order of the Board**  
**Umesh V Katti**  
**Chairman**  
**(DIN:01461050)**

**Annexure VI**  
**[Annexure to Director's Report - Statutory Disclosures]**

**A. Statement of particulars of Employees pursuant to Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The ratio of the remuneration of each Director to the median remuneration of the employee for the financial year

| Sl. No. | Name                   | Designation         | Ratio of Remuneration |
|---------|------------------------|---------------------|-----------------------|
| 1       | Mr. Nikhil Umesh Katti | Managing Director   | 45:1                  |
| 2       | Mr. Lava Ramesh Katti  | Whole Time Director | 30:1                  |
| 3       | Mr. Kush Ramesh Katti  | Whole Time Director | 30:1                  |
| 4       | Mr. Mukesh Kumar       | Whole Time Director | 34:1                  |

Notes:

- None of the other directors are paid any remuneration other than sitting fees. As such their names are not included in the above table.
- Considering the industry in which the Company operates, it is pertinent to note that a majority of the employees of the Company comprise of Cane Assistants, Cane Supervisors, drivers, hamals whose salary would be as per the industry standard.
- Computation of median as detailed above is arrived at also considering the salary drawn by said assistants, cleaner, mechanics and hamals.

2. The percentage increase in remuneration of each Director, CFO, CS in the financial year

| Sl. No. | Name                      | Designation             | Increase in % |
|---------|---------------------------|-------------------------|---------------|
| 1       | Mr. Nikhil Umesh Katti    | Managing Director       | --            |
| 2       | Mr. Lava Ramesh Katti     | Whole Time Director     | --            |
| 3       | Mr. Kush Ramesh Katti     | Whole Time Director     | --            |
| 4       | Mr. Mukesh Kumar          | Whole Time Director     | --            |
| 5       | Mr. Sheshgiri Kulkarni    | Chief Financial Officer | --            |
| 6       | Ms. Sneha Prabhakar Patil | Company Secretary       | --            |

**Note:**

Except Executive Directors, none of the other directors are paid any remuneration except sitting fees and reimbursement of expenses for attending Board and Committee meetings. The details of sitting fees paid are given in the report on Corporate Governance which forms part of this Annual Report.

**3. The percentage increase in the median remuneration of employees in the financial year**

There is no increase in the median remuneration paid to employees.

**4. The number of permanent employees on the rolls of the Company**

There were 850 permanent employees as on March 31, 2020.

**5. Average percentile increase already made in the salaries of employees other than the Managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

There is no increase in the remuneration paid to employees.

**6. Affirmation that the remuneration is as per the remuneration policy of the Company**

The remuneration paid is in accordance with the remuneration policy of the Company.

**B. Statement of particulars of employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014**

**(a) Employed throughout the year and were in receipt of remuneration of not less than Rs. 102 Lakhs per annum - NIL**

**(b) Employed for a part of the year and were in receipt of remuneration of not less than Rs. 8.50 Lakhs per month - NIL**

**(c) Top 10 employees in terms of remuneration**

| SL No | Name & Qualification                  | Age, Designation                             | Remuneration (Rs.) Yearly | Exp in Yrs | Date of Joining | Previous employment/position held of employment   |
|-------|---------------------------------------|--|---------------------------|------------|-----------------|---|
| 1     | Mr. Nikhil Umesh Katti                | 36, Managing Director                        | 36,00,000                 | 11         | 16-01-2009      | -   |
| 2     | Mr. Lava Ramesh Katti                 | 33, Whole Time Director                      | 24,00,000                 | 7          | 30-06-2013      | -   |
| 3     | Mr. Kush Ramesh Katti                 | 33, Whole Time Director                      | 24,00,000                 | 7          | 30-06-2013      | -   |
| 4     | Mr. Mukesh Kumar                      | 56, Whole Time Director                      | 27,00,000                 | 30         | 01-03-2019      | -   |
| 5     | Mr. Vinayak Natha Bhosale             | 56, General Manager (Process)                | 10,20,000                 | 13         | 28-06-2018      | Lokamangal Sugars Solapur (Maharashtra), Manager  |
| 6     | Mr. Shashidhargouda Basanagouda Patil | 45, Asst. General Manager (Cane)             | 9,05,168                  | 23         | 07-05-2019      | Olam Agro India Pvt. Ltd. Dputy Manager Cane & H&T  |
| 7     | Mr. Mallikarjun Kadayya Pujar         | 58, Chief Administrative Officer             | 8,19,276                  | 20         | 01-04-2016      | -   |
| 8     | Mr. Sunil Dada Arbale                 | 50, Civil Engineer                           | 5,40,000                  | 22         | 01-03-2007      | S. S. Muchandi Engg & Contractors, Kolhapur and Design Collaborative Arch & Engg., Kolhapur, Civil Engineer |
| 9     | Mr. Vasant Shankar Patil              | 50, Distillery Manager (Technical & Process) | 5,40,000                  | 08         | 04-09-2018      | Nirani Sugars Limited Mudhol, Manager Distillery  |
| 10    | Mr. Sheshgiri Kulkarni                | 42, Chief Financial Officer                  | 4,32,000                  | 14         | 01-06-2006      | Ms. P G Ghali & Co, Chartered Accountants   |

**Notes:**

1. Remuneration shown above includes salary and perquisites.
2. The monetary value of perquisites is calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made there under.
3. Nature of Employment of the Executive Directors as stated above is contractual. The other individuals named above are employees of the Company.
4. None of the employees listed above held any shares in the Company as of 31.03.2020 except Mr. Nikhil Umesh Katti who held 34,92,875 shares (9.30% of the paid up capital of the Company), Mr. Lava Ramesh Katti who held 11,00,275 (2.93% of the paid up capital of the Company) shares, Mr. Kush Ramesh Katti who held 11,45,075 (3.05% of the paid up capital of the Company) shares, as of that date.
5. Mr. Nikhil Umesh Katti, Mr. Lava Ramesh Katti and Mr. Kush Ramesh Katti are related to each other.

**For and on behalf of the Board  
Vishwaraj Sugar Industries Limited**

**Umesh V Katti  
Chairman (DIN: 01461050)  
Place: Bellad Bagewadi  
Date: 17/07/2020**

**Annexure VII**  
**[Annexure to Director's Report – Statutory Disclosures]**

**REPORT ON CORPORATE GOVERNANCE**

**[Pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations')]**

**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 endeavour to take forward the best practices to enhance stakeholder's value.

We also endeavour 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.

**1. BOARD OF DIRECTORS**

**(a) 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.

**(b) Number of Board Meetings**

During the year under review, the Board of Directors met 13 times i.e. on 29<sup>th</sup> May 2019, 31<sup>st</sup> May 2019, 19<sup>th</sup> June 2019, 8<sup>th</sup> July 2019, 28<sup>th</sup> August 2019, 16<sup>th</sup> September 2019, 05<sup>th</sup> October 2019, 11<sup>th</sup> October 2019, 13<sup>th</sup> November 2019, 05<sup>th</sup> December 2019, 10<sup>th</sup> January 2020, 17<sup>th</sup> January 2020, and 14<sup>th</sup> February 2020. The maximum interval between any two board meetings does not exceed 120 days.

**(c) Directors' attendance record and details of Directorships/Committee Positions held**

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 as follows:

| Name of the Director            | Category            | Number of Board meetings attended | Whether attended last AGM | Number of Directorships of other companies (a) | Committee Positions # |        | Name of other listed entities where he /she is a director and the category of directorship |
|---------------------------------|---------------------|-----------------------------------|---------------------------|--|-----------------------|--------|--|
|                                 |                     |                                   |                           |  | Chairman              | Member |  |
| Umesh Vishwanath Katti          | Chairman            | 12                                | Yes                       | 3  | -                     | -      |  |
| Nikhil Umesh Katti              | Managing Director   | 13                                | Yes                       | 3  | -                     | -      |  |
| Lava Ramesh Katti               | Whole Time Director | 13                                | Yes                       | 1  | -                     | -      |  |
| Kush Ramesh Katti               | Whole Time Director | 13                                | Yes                       | 1  | -                     | -      |  |
| Mallikarjun Kadayya Pujar*      | Whole Time Director | 2                                 | NA                        | -  | -                     | -      |  |
| Surendra Shantaveer Khot        | Independent         | 8                                 | Yes                       | -  | -                     | -      |  |
| Pratibha Pramod Munnoli         | Independent         | 13                                | Yes                       | -  | -                     | -      |  |
| Basavaraj Veerappa Hagaragi     | Independent         | 13                                | Yes                       | -  | -                     | -      |  |
| Shivanand Basavanneppa Tubachi  | Independent         | 12                                | Yes                       | -  | -                     | -      |  |
| Venkata Radhakrishna Racharla** | Independent         | 11                                | No                        | 1  | -                     | -      |  |
| Mukesh Kumar                    | Independent         | 13                                | Yes                       | -  | -                     | -      |  |

**Notes:**

(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).

\* Resigned from the office of Director w.e.f. 01<sup>st</sup> June, 2019.

\*\* Resigned from the office of Director w.e.f. 17<sup>th</sup> July, 2020.

**None of the Directors of the Company are on the Board of any other listed entity.**

**(d) Disclosure of relationships between directors inter-se;**

- Mr. Umesh Vishwanath Katti- Father of Mr. Nikhil Katti, Managing Director and Uncle of Mr. Lava Katti and Mr. Kush Katti Whole time Directors of the Company.
- Mr. Nikhil Umesh Katti - Son of Mr. Umesh Vishwanath Katti, Non-Executive Chairman and first Cousin to Mr. Lava Katti and Mr. Kush Katti Whole time Directors of the Company.
- Mr. Lava Ramesh Katti - Nephew to Mr. Umesh Vishwanath Katti, Non-Executive Chairman and first Cousin to Mr. Nikhil Umesh Katti Managing Director and brother of Mr. Kush Ramesh Katti Whole time Directors of the Company.
- Mr. Kush Ramesh Katti - Nephew to Mr. Umesh Vishwanath Katti Non-Executive Chairman and first Cousin to Mr. Nikhil Umesh Katti Managing Director and brother of Mr. Lava Ramesh Katti Whole time Directors of the Company.

Except mentioned above, none of the Director(s) is related to each other.

**(e) Number of shares and convertible instruments held by non- executive directors;**

Except below mentioned, none of the non-Executive Directors hold any equity shares in the Company:

| S. No | Name and designation of the Director         | No. of Shares held |
|-------|--|--------------------|
| 1     | Mr. Umesh Katti, Non-Executive Director      | 14,18,575          |
| 2     | Mr. Basavaraj Hagaragi, Independent Director | 54,900             |

**(f) Web link where details of familiarisation programmes imparted to Independent directors:**

A formal familiarization programme was conducted about the amendments in the Companies Act, 2013, Rules prescribed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws of the Company.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time to the Board of Directors regularly. The details of such familiarization programmes for Independent Directors are posted on the website of the Company at [www.vsil.co.in](http://www.vsil.co.in).

**(g) A chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:**

The Company requires skills, expertise and competencies in the areas of strategy, finance, accounting, legal and regulatory matters, the environment, sustainability and operations of the Company's businesses to efficiently carry on its core businesses such as manufacturing of Sugar, knowledge on domestic and international sugar markets, marketing of Sugar.

The Board comprises of qualified members who bring in the required skills, expertise and competence as mentioned above which allow them to make effective contributions to the Board and its committees. The members of the Board are committed to ensure that the Company is in compliance with the highest standards of corporate governance.

**Core skills / expertise identified by the Board as requirement for the Company**

| Name of the Director            | Sugar Industry experience | Business Operations & Mgmt. | Information Technology | Business Development & Strategy | Human Resource Management | Risk Management | Finance & Accounts | Corporate Governance, Ethics | Legal Expertise |
|---------------------------------|---------------------------|-----------------------------|------------------------|---------------------------------|---------------------------|-----------------|--------------------|------------------------------|-----------------|
| Umesh Vishwanath Katti          | √                         | √                           |                        | √                               | √                         | √               | √                  | √                            | √               |
| Nikhil Umesh Katti              | √                         | √                           | √                      |                                 |                           |                 |                    | √                            |                 |
| Lava Ramesh Katti               | √                         | √                           | √                      |                                 | √                         |                 |                    |                              |                 |
| Kush Ramesh Katti               | √                         | √                           | √                      |                                 |                           |                 |                    |                              |                 |
| Surendra Shantaveer Khot        | √                         | √                           |                        | √                               | √                         |                 |                    |                              |                 |
| Pratibha Pramod Munnolli        | √                         |                             | √                      |                                 |                           |                 | √                  | √                            | √               |
| Basavaraj Veerappa Hagaragi     | √                         |                             |                        |                                 |                           |                 | √                  | √                            | √               |
| Shivanand Basavanneppa Tubachi  | √                         |                             |                        |                                 |                           |                 | √                  | √                            | √               |
| Venkata Radhakrishna Racharla** |                           |                             | √                      | √                               |                           | √               | √                  | √                            | √               |
| Mukesh Kumar                    | √                         | √                           |                        | √                               | √                         | √               | √                  | √                            | √               |

**(h)** The Board of Directors be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

**(i)** During the year under review, there was no resignation of an independent director.

**(j) Meeting of Independent Directors**

During the year under review, the Independent Directors met on 14<sup>th</sup> February, 2020, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors who were present at the meeting expressed their satisfaction on the above matters.

### **(k) 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.

### **(l) 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.

## **2. 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. The Company secretary is the secretary of the committee.

The Audit Committee met 5 times during the financial year 2019-20 on 31<sup>st</sup> May, 2019, 08<sup>th</sup> July 2019, 05<sup>th</sup> October, 2019, 13<sup>th</sup> November 2019 and 14<sup>th</sup> February, 2020.

| S. No | Name                       | Category               | Position | Number of meetings held during their tenure | Number of meetings attended |
|-------|----------------------------|------------------------|----------|---|-----------------------------|
| 1     | Mr. Shivanand Tubachi      | Independent Director   | Chairman | 5   | 5                           |
| 2     | Mr. R.V. Radhakrishna      | Independent Director   | Member   | 5   | 4                           |
| 3     | Mr. Umesh Vishwanath Katti | Non-Executive Director | Member   | 5   | 5                           |

### **(b) 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.

### **(c) 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.

### **(d) Role of the Audit Committee**

- 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.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 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.
- Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- 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.

- Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- 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.
- 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.
- To review the functioning of the whistle blower mechanism.
- 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.
- 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.

### 3. NOMINATION AND REMUNERATION COMMITTEE

#### (a) Composition

The committee met once during the financial year 2019-20 i.e. on 14<sup>th</sup> February, 2020

| S. No | Name                   | Category               | Position | Number of meetings held during their tenure | Number of meetings attended |
|-------|------------------------|------------------------|----------|---|-----------------------------|
| 1     | Mr. Basavaraj Hagargi  | Independent Director   | Chairman | 1   | 1                           |
| 2     | Mrs. Pratibha Munnolli | Independent Director   | Member   | 1   | 1                           |
| 3     | Mr. Surendra R. Khot   | Non-Executive Director | Member   | 1   | 1                           |

#### (b) 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.

#### (c) Nomination and 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.

#### 4. REMUNERATION OF DIRECTORS

(a) All pecuniary relationship or transactions of the non-executive directors

Non-Executive Directors including Independent Directors are entitled to payment of sitting fee for the Board and Committee meetings attended by them of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 and the shareholders passed a resolution to this effect in their meeting held on 26th September, 2016.

(b) Criteria of making payments to non-executive directors

Keeping in view the size, scale and complexity of the Company's operations and the level of involvement of the non-executive directors in the supervision and control of the Company and their guidance for the growth of the Company as members of the Board and also as Chairman or Members of the relevant Committees of the Board, the Board and Shareholders decided that such remuneration/commission should be commensurate with their roles which have undergone significant qualitative changes.

(c) Disclosures with respect to remuneration:

The appointment and remuneration of Executive Directors including MD is governed by the recommendation of the Nomination and Remuneration Committee, resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements entered into between them and the Company, as approved by the shareholders at the general meeting.

#### Remuneration paid / payable to Directors for the year ended March 31, 2020.

| Name of the Director               | Salaries, perquisites and allowances | Sitting fees | Commission Rs. | Rs. In Lakhs |
|------------------------------------|--------------------------------------|--------------|----------------|--------------|
|                                    |                                      |              |                | Total Rs.    |
| Mr. Nikhil Umesh Katti             | 36.00                                | --           | --             | 36.00        |
| Mr. Lava Ramesh Katti              | 24.00                                | --           | --             | 24.00        |
| Mr. Kush Ramesh Katti              | 24.00                                | --           | --             | 24.00        |
| Mr. Mallikarjun Kadayya Pujar      | 1.50                                 | --           | --             | 1.50         |
| Mr. Mukesh Kumar                   | 27.00                                | --           | --             | 27.00        |
| Mr. Umesh Vishwanath Katti         | --                                   | --           | --             | --           |
| Mr. Surendra Shantaveer Khot       | --                                   | --           | --             | --           |
| Mrs. Pratibha Pramod Munnolli      | --                                   | --           | --             | --           |
| Mr. Basavaraj Veerappa Hagaragi    | --                                   | --           | --             | --           |
| Mr. Shivanand Basavanneppa Tubachi | --                                   | --           | --             | --           |
| Mr. Venkata Radhakrishna Racharla  | --                                   | 1.00         | --             | 1.00         |

#### Service Contracts, Notice Period and Severance fees:

As at March 31, 2020, the Board comprised of ten directors including four executive directors, one non-executive director and five independent directors. The Company has entered into agreements with Mr. Nikhil Umesh Katti, Managing Director, Mr. Lava Ramesh Katti, Whole time Director, Mr. Kush Ramesh Katti, Whole time Director and Mr. Mukesh Kumar, Whole time Director wherein there is no stipulation on notice period to vacate their respective office held. There is no provision for payment of severance fees. The other Non-Executive Directors and Independent Directors are not subject to any specific requirement of notice period and severance fees.

During the year, no stock options were granted to any executive / non-executive director of the Company.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

As on March 31, 2020, this Committee comprised of three Directors viz. Mr. Shivanand Tubachi (Chairman), Mr. Lava Ramesh Katti and Mr. Nikhil Umesh Katti. Ms. Sneha Patil, Company Secretary has been appointed as the Compliance Officer of the Company as per Regulation 6 of the SEBI Listing Regulations to discharge all duties under the said SEBI Listing Regulations.

The Committee twice during the financial year i.e. 13 November 2019 and 14 February 2020. The details of the composition of the Committee, meetings held, attendance at the meetings are as follows:

| S. No | Name                   | Category             | Position | Number of meetings held during their tenure | Number of meetings attended |
|-------|------------------------|----------------------|----------|---|-----------------------------|
| 1     | Mr. Shivanand Tubachi  | Independent Director | Chairman | 2   | 2                           |
| 2     | Mr. Lava Ramesh Katti  | Wholetime Director   | Member   | 2   | 2                           |
| 3     | Mr. Nikhil Umesh Katti | Managing Director    | Member   | 2   | 2                           |

The terms of reference of the Committee are as follows:

- 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;
- 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;
- Reference to statutory and regulatory authorities regarding investor grievances;
- To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
- 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
- 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.

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

| Nature of complaints | Received | Resolved | Pending |
|----------------------|----------|----------|---------|
| Total complaints     | Nil      | Nil      | Nil     |

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been formed pursuant to Section 135 of the Companies Act, 2013 comprising of One Non-Executive Director (Promoter), One Executive Promoter Director and One Non-Executive Independent Director. This Committee met one time during the financial year on 29 May 2019.

| S. No | Name                       | Category                          | Position | Number of meetings held during their tenure | Number of meetings attended |
|-------|----------------------------|-----------------------------------|----------|---|-----------------------------|
| 1     | Mr. Umesh Vishwanath Katti | Non-Executive and Non-Independent | Chairman | 1   | 1                           |
| 2     | Mr. Kush Ramesh Katti      | Wholetime Director                | Member   | 1   | 1                           |
| 3     | Mrs. Pratibha Munnolli     | Non-Executive and Independent     | Member   | 1   | 1                           |

**Terms of reference of the Committee are as under:**

- 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;
- Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;
- Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time; and
- 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.

**7. GENERAL BODY MEETINGS**

The last three Annual General Meetings (AGMs) were held at Registered Office of the Company at Bellad Bagewadi, Taluka: Hukkeri, Dist: Belagavi, Karnataka as detailed below:

| Financial Year Ended         | Date        | Day      | Time       | Special Resolutions passed at the AGMs by the Shareholders   |
|------------------------------|-------------|----------|------------|--|
| 31 <sup>st</sup> March, 2019 | 24 -09-2019 | Tuesday  | 4.00 p.m.  | Appointment of Mr. Mukesh Kumar as whole time Directors for a term of 3 years<br>Re-appointment of Mr. Surendra Khot as Independent Director for second term of 5 Years. |
| 31 <sup>st</sup> March, 2018 | 27 -09-2018 | Thursday | 4.00 p.m.  | Re-appointment of Lava Katti and Kush Katti as whole time Directors for a term of 3 years.   |
| 31 <sup>st</sup> March, 2017 | 30-09-2017  | Saturday | 10.00 a.m. | Resolution passed under Sec 180(1)(c) &Sec 180(1)(a) of Companies act 2013   |

During the year under review, no resolution was passed through postal ballot process. No resolution is proposed to be passed through postal ballot.

**8. MEANS OF COMMUNICATION**

We regularly interact with the shareholders through the multiple channels of communication such as publication of notices, results, annual Reports and our website at [www.vsil.co.in](http://www.vsil.co.in)

- All the communication, may it be results or notices etc, by way of News Papers is published in Financial Express (English) and Vijaywani and Kannada prabha (Kannada) dailies.
- Financials are furnished to BSE and NSE within the time specified under Regulation 33 of SEBI (LODR) Regulations, 2015 and simultaneously, they are also put on the Company's website can be accessed at <http://vsil.co.in/>
- Event based news releases are posted on our website and also furnished to the Stock Exchange.
- No presentations were made to institutional investors or to the analysts during the financial year under review.
- The company promptly informs Stock Exchange about all the price sensitive information and all such other matters which in our opinion are material and relevant for the shareholders.
- The Company's website: [www.vsil.co.in](http://www.vsil.co.in) contains separate section for investors where shareholders information is made available.

**9. GENERAL SHAREHOLDER INFORMATION****Forthcoming Annual General Meeting**

Date : 21<sup>st</sup> August, 2020 at

Day : Friday

Time : 3.00 P.M.

Venue : Bellad Bagewadi Taluk: Hukkeri District Belgaum Karnataka 591305

**Last date for Receipt of Proxies:**

19 August 2020 (before 3:00 p.m. at the Registered Office of the Company)

**Financial Year:**

The financial year of the Company covers the period commencing from April 1 up to March 31 of the succeeding year.

**Dividend Payment date:**

No final dividend for FY 2019-20 is proposed by the Board.

**Listing:**

The Equity Shares of the Company are listed on the following exchanges:

- (a) BSE Limited (BSE), Floor 25, P J Towers, Dalal Street, Mumbai 400 001  
 (b) National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai- 400 051

The Company has paid the annual listing fees for the year 2019-20 to BSE and NSE.

**Stock Codes:**

|                                       |               |
|---------------------------------------|---------------|
| ISIN (Equity Shares) in NSDL and CDSL | INE 430N01014 |
| BSE Code                              | 542852        |
| NSE Code                              | VISHWARAJ     |

**Distribution of shareholding as on March 31, 2020**

| Range of Equity Shares | No of shares | % to capital | No of share holders | % of shareholders |
|------------------------|--------------|--------------|---------------------|-------------------|
| 1 - 500                | 1359456      | 3.6198       | 11153               | 95.948            |
| 501-1000               | 94656        | 0.252        | 140                 | 1.2044            |
| 1001-2000              | 58250        | 0.1551       | 40                  | 0.3441            |
| 2001-3000              | 40653        | 0.1082       | 15                  | 0.129             |
| 3001-4000              | 15700        | 0.0418       | 5                   | 0.043             |
| 4001-5000              | 25000        | 0.0666       | 5                   | 0.043             |
| 5001-10000             | 79827        | 0.2126       | 10                  | 0.086             |
| 10001 & Above          | 35882458     | 95.5439      | 256                 | 2.2023            |

**Category of Shareholders as on 31.03.2020**

| Sl.No | Category of shareholders   | No. of shares   | Percentage |
|-------|----------------------------|-----------------|------------|
| 1     | Promoters                  | 12329550        | 32.83      |
| 2     | Public                     | 18589190        | 49.51      |
|       | Foreign Portfolio investor | 1000080         | 2.66       |
| 3     | Corporate Bodies           | 4476559         | 11.92      |
| 4     | Clearing Members           | 887704          | 2.36       |
| 5     | Non-Resident Indians       | 12363           | 0.03       |
| 6     | HUF                        | 260554          | 0.69       |
|       | <b>Total</b>               | <b>37556000</b> | <b>100</b> |

**Shareholders holding more than 1% of the shares**

The Details of the shareholders (non promoters) holding more than 1% of the equity as at 31 March 2020 are as follows:

| Sl. No | Name of the Shareholder                | No of shares | % of share capital |
|--------|--|--------------|--------------------|
| 1      | S K GROWTH FUND PVT LTD                | 1395759      | 3.72               |
| 2      | ELARA INDIA OPPORTUNITIES FUND LIMITED | 1000080      | 2.66               |
| 3      | ANKUR TILAKCHANDRA KHONA               | 755796       | 2.01               |

|    |  |        |      |
|----|--|--------|------|
| 4  | ARYAMAN CAPITAL MARKETS LIMITED                    | 654192 | 1.74 |
| 5  | BASAVARAJ CHANNAPPA MAHASHETTI                     | 540000 | 1.44 |
| 6  | VINOD HARILAL JHAVERI                              | 529000 | 1.41 |
| 7  | SHRI PARASRAM HOLDINGS PRIVATE LIMITED             | 500000 | 1.33 |
| 8  | PROGYAN CONSTRUCTION AND ENGINEERS PRIVATE LIMITED | 499724 | 1.33 |
| 9  | VENKATESHWARA INDUSTRIAL PROMOTION CO LIMITED      | 491650 | 1.31 |
| 10 | APPASAHEB ALLAPPA SHIRAGUR                         | 456000 | 1.21 |
| 11 | SIDDAPPA HAGARAGI                                  | 403200 | 1.07 |

**Registrar & Transfer Agents:**

Bigshare Services Private Limited  
(Unit: Vishwaraj Sugar Industries Limited)  
E-2 Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai 400072  
Website: <https://www.bigshareonline.com/>

**Share Transfer System:**

Transfers / transmission are carried out in accordance with the provisions of Section 56 of the Companies Act, 2013 and Regulation 40 of the SEBI (LODR) Regulations, 2015. Our Stakeholders Relationship Committee takes note of the transfers / transmission affected by our Share Transfer Agent and the same is in turn reported to the Board of Directors. Share transfer requests which are received in physical form, are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being in order and complete in all respects.

The Company obtains from a Company Secretary in practice a Half-Yearly Certificate of compliances with the share transfer formalities and files a copy of the Certificate with the Stock Exchange(s).

**Dematerialization of Shares and Liquidity:**

As at 31 March 2020, 3,11,47,350 equity shares representing 82.94% of the total equity capital of the company were held in dematerialized form and the rest in the physical form.

The break-up of equity shares held in dematerialized and physical form as on March 31, 2020 is given below:

| Category           | Number of Share holders | Total Shares    | Percentage |
|--------------------|-------------------------|-----------------|------------|
| NSDL               | 832                     | 3588459         | 9.56       |
| CDSL               | 1033                    | 27558891        | 73.38      |
| Physical Mode      | 9759                    | 6408650         | 17.06      |
| <b>Grand Total</b> | <b>11624</b>            | <b>37556000</b> | <b>100</b> |

**Outstanding Instruments**

There are no outstanding Global Depository Receipts / American Depository Receipts / warrants / any convertible instruments.

**Commodity price risk or foreign exchange risk and hedging activities:**

During the year under review, the Company was not exposed to any significant Foreign Exchange Risk and hence there was no need to enter into any Hedging arrangements.

**Plant location:**

Bellad Bagewadi Taluk: Hukkeri District Belgaum Karnataka 591305.

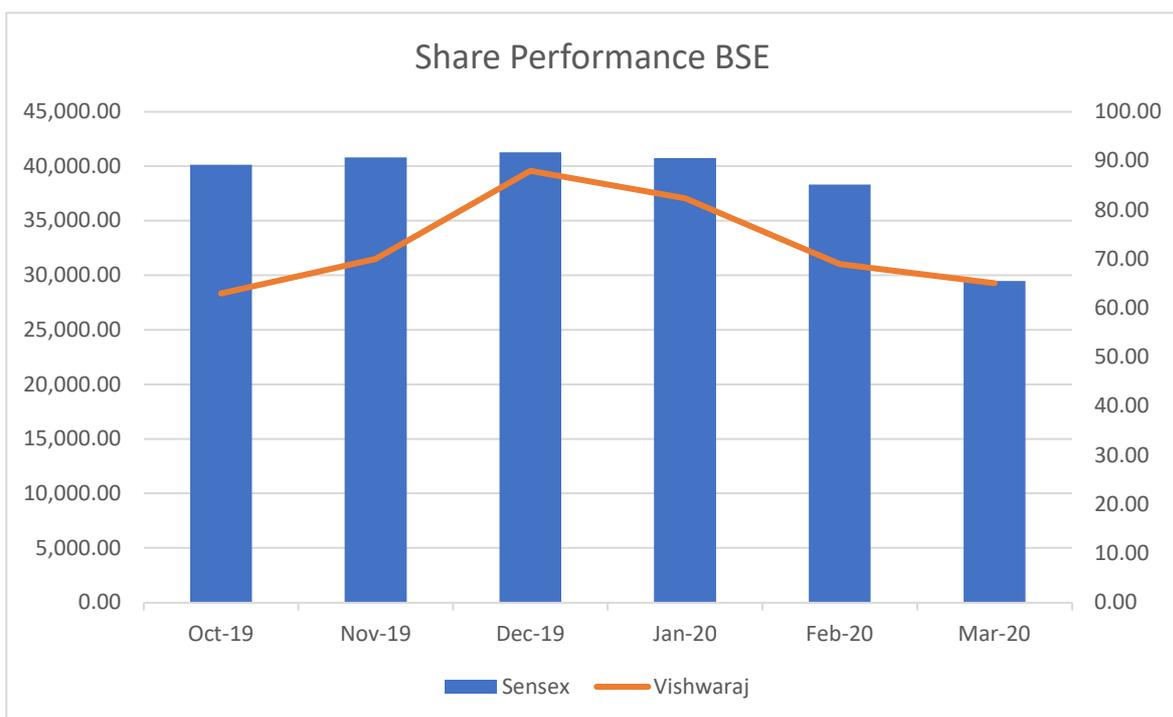
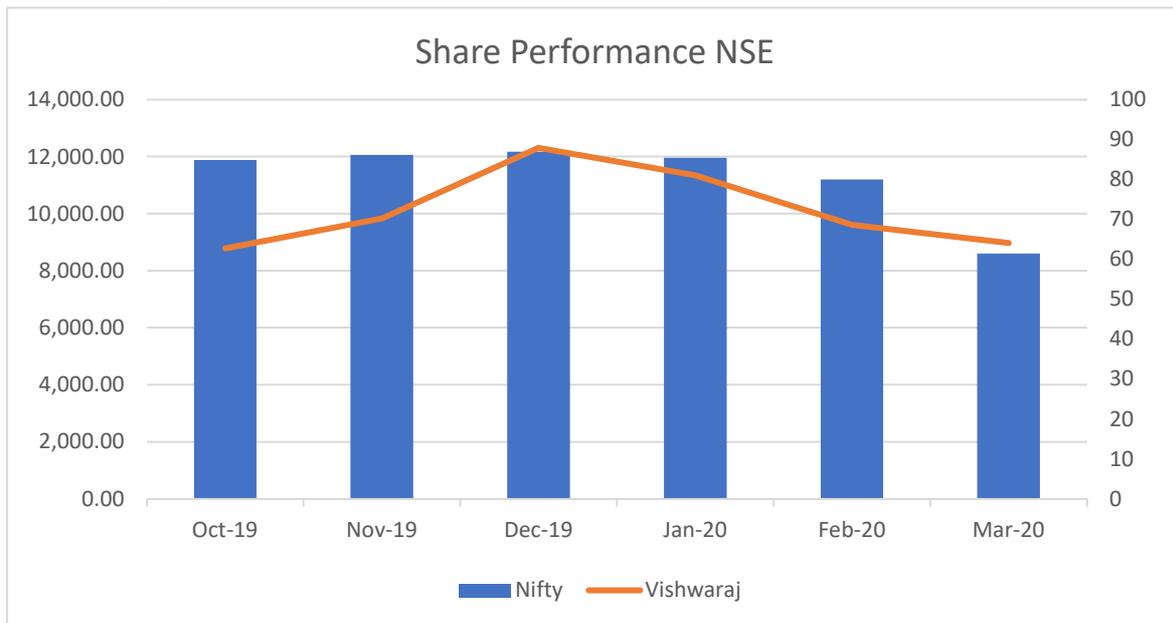
**Credit Rating:**

India Ratings & Research Private Limited has downgraded the Long-term rating of the Company from "IND BBB/Negative" to "IND BB/Negative". The outlook on the long-term rating is expected to improve.

**Share Price Data: High/Low and Volume during each month of 2018-2019 at BSE and NSE:**

| Month    | BSE        |           |              | NSE        |           |              |
|----------|------------|-----------|--------------|------------|-----------|--------------|
|          | High Price | Low Price | Volume (Rs.) | High Price | Low Price | Volume (Rs.) |
| Oct-2019 | 65.50      | 60.15     | 15,61,52,446 | 63.05      | 60.10     | 21,32,86,922 |
| Nov-2019 | 94.00      | 62.00     | 7,56,90,303  | 94.50      | 61.35     | 18,51,02,488 |
| Dec-2019 | 104.90     | 66.05     | 4,41,23,440  | 102.00     | 66.10     | 34,86,08,482 |
| Jan-2020 | 94.00      | 78.05     | 4,68,94,355  | 94.00      | 75.60     | 21,40,62,843 |
| Feb-2020 | 85.00      | 66.00     | 1,04,29,187  | 86.00      | 65.00     | 2,27,13,421  |
| Mar-2020 | 74.75      | 56.30     | 2,04,53,305  | 72.00      | 51.30     | 3,05,68,812  |

**Performance comparison to broad based indices i.e. NSE Nifty and BSE Sensex:**



**Address for correspondence:**

Members are requested to correspond with the Registrars and Share Transfer Agents at the address given above for all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

The Company has maintained an exclusive email id: investors@vrllogistics.com which is designated for investor correspondence for the purpose of registering any investor related complaints and the same has been displayed on the Company's website: www.vsil.co.in

Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for related matters.

Members may contact the Compliance Officer at the following address:

**Company Secretary & Compliance Officer**

Name: CS Sneha Patil

Address: Bellad Bagewadi, Taluka Hukkeri, District Belgaum - 591305.

Tel. No.: +91 - 8333 - 251251

Fax No.: +91 - 8333 - 251322

Email: cs@vsil.co.in

**10. OTHER DISCLOSURES****Related Party Transactions:**

Details of related party transactions are presented as part of the Notes to the Financial Statements. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters.

During the financial year, no materially significant related party transactions, that may have potential conflict with the interests of the Company at large, have been entered into by the Company. All transactions entered into with the Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis.

The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and the weblink is <http://vsil.co.in/wp-content/uploads/2018/01/Related-Party-Policy.pdf>

**Non-compliance, penalties, strictures imposed on the Company:**

The Company is in compliance with the requirements of the Stock Exchanges or SEBI or any other statutory authority on all matters related to capital markets, since listing on the Stock Exchanges.

Except as mentioned below, there were no non-compliances, or penalties, or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority during the last three years.

- The Company had violated of Regulation 4(2)(d) & (e), 5(1), (2), (5), & (7), 6(1), 7, 26(1), (2) & (6), 32(1), 36, 37, 46(1), 47(1), 49(1), 57(1), 58(1) & (2), 63 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in the past. After taking into consideration all facts and circumstances SEBI imposed Penalty of Rs. 7,00,000/- vide Adjudication order no. Order/MC/DS/2019-20/7326 dated 23rd March, 2020.

**Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:**

The Company has implemented the vigil mechanism policy to report genuine concerns. The policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

During the year, none of such personnel have been denied access to the audit committee. The whistle blower policy of the Company can be accessed through the following link.

[http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism\\_Whistle-Blower\\_vsil.pdf](http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism_Whistle-Blower_vsil.pdf)

**Details of compliances with mandatory requirements of corporate governance and adoption of non-mandatory requirements:**

All mandatory requirements of corporate governance have been complied with.

**Subsidiary:**

The Company does not have any Material Non-Listed Indian Subsidiary as defined under Regulation 16 of SEBI Listing Regulations.

**Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

During the year under review, the Company has not raised any amount through preferential allotment or qualified institutional placement.

**Certificate from a company secretary in practice:**

The Company has obtained a Certificate pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, from a Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said certificate forms part of this report.

**Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year:**

There are no such instances during the year and the Board considered and accepted the recommendations of all the Committees.

**Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

Details of remuneration paid to Auditors of the Company are provided below:

| Sl. No.      | Particulars   | Amount (Rs. In Lakhs) |
|--------------|---------------|-----------------------|
| 1            | Audit Fees    | 5,00,000              |
| 2            | Other Matters | 2,00,000              |
| <b>Total</b> |               | <b>7,00,000</b>       |

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The details relating to the same are provided in the Board's report.

**Compliance with Secretarial Standards:**

The Institute of Company Secretaries of India issued Secretarial Standards for Board and General Meetings in exercise of powers under Section 118 of the Companies Act, 2013. The Company complies with all requirements of said Secretarial Standards.

**11. Non-compliance of any requirement of corporate governance report, with reasons thereof:**

All the corporate governance requirements are complied with to the extent applicable to the Company.

**12. Disclosures of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:**

| Regulation | Particulars of regulations            | Compliance status (Yes/No) |
|------------|---------------------------------------|----------------------------|
| 17         | Board of directors                    | Yes                        |
| 18         | Audit committee                       | Yes                        |
| 19         | Nomination and Remuneration committee | Yes                        |
| 20         | Stakeholders Relationship committee   | Yes                        |
| 21         | Risk Management committee             | NA                         |
| 22         | Vigil mechanism                       | Yes                        |

|                 |   |     |
|-----------------|---|-----|
| 23              | Related party transactions  | Yes |
| 24              | Corporate Governance requirements with respect to Subsidiary of listed entity         | NA  |
| 25              | Obligations with respect to Independent directors (to the extent applicable)          | Yes |
| 26              | Obligation with respect to Directors and Senior Management (to the extent applicable) | Yes |
| 27              | Other Corporate Governance requirements (to the extent applicable)                    | Yes |
| 46(2)(b) to (i) | Website   | Yes |

### **Code of Conduct**

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code covers duties of independent directors also gives guidance and support needed for ethical conduct of business and compliance of law.

Further a policy on obligation of directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place.

All the Directors and senior management confirmed the compliance of code of conduct. The Company has posted the Code of Conduct for Directors and Senior Management on the website and the weblink is [http://vsil.co.in/wp-content/uploads/2017/12/code-of-conduct\\_vsil.pdf](http://vsil.co.in/wp-content/uploads/2017/12/code-of-conduct_vsil.pdf)

Declaration on compliance with Code of Conduct is annexed.

### **Business Responsibility Report:**

Business Responsibility Report is given in a separate section forming part of this Annual Report.

### **Management Discussion and Analysis:**

Management discussion and analysis are given as a part of directors' report forming part of this Annual Report.

### **Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges:**

As required under Regulation 30 of the Listing Regulations, the Board of directors of the Company approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges effective from December 1, 2015 and has been hosted on the website of the Company at the following link: <http://vsil.co.in/wp-content/uploads/2018/01/Materiality-Policy.pdf>

### **Compliance under SEBI Listing Regulations pertaining to mandatory requirements and Auditors Certificate on Corporate Governance: As required under SEBI Listing Regulations, the Auditor's Certificate on compliance of the Corporate Governance norms is attached.**

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 33(2)(a) of SEBI Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended 31st March, 2020 and the same is annexed herewith.

## **CODE OF CONDUCT DECLARATION**

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

**To  
The Members of Vishwaraj Sugar Industries Limited**

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.

Pursuant to Regulation 34(3) read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board members and Senior Management personnel of the Company for the financial year ended 31 March 2020.

**Nikhil Umesh Katti  
Managing Director  
DIN: 02505734**

**Date: 17.07.2020  
Place: Bellad Bagewadi**

**COMPLIANCE CERTIFICATE**

**Ref: Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To  
The Members,  
Vishwaraj Sugar Industries Limited**

We, Nikhil Katti, Managing Director and Sheshagiri Kulkarni, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended March 31, 2019 and to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in the internal control over financial reporting during the year;
  - (ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) that there are no instances of significant fraud of which they have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Nikhil Katti  
Managing Director  
DIN: 02505734**

**Sheshagiri Kulkarni  
Chief Financial Officer**

**Place: Bellad Bagewadi  
Date: 17/07/2020**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To**  
**The Members,**  
**Vishwaraj Sugar Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Vishwaraj Sugar Industries Limited ('the Company') for the year ended 31<sup>st</sup> March, 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S P Ghali & Co**  
**Company Secretaries**

**Sudheendra Ghali**  
**Proprietor**  
**M. No.: 7037**  
**C.P. No.: 7537**

**Place: Belgaum**  
**Date: 17/07/2020**

**BUSINESS RESPONSIBILITY REPORT**  
**for the financial year 2019-20**

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

| S. No. | Particulars   | Company Information   |  |
|--------|---|---|--|
| 1      | Corporate Identity Number (CIN) of the Company  | U85110KA1995PLC017730   |  |
| 2      | Name of the Company   | VISHWARAJ SUGAR INDUSTRIES LIMITED  |  |
| 3      | Registered Office address   | Bellad Bagewadi Taluk: Hukkeri District Belgaum<br>Karnataka 591305 India |  |
| 4      | Website   | <a href="http://www.vsil.co.in">www.vsil.co.in</a>                        |  |
| 5      | E-mail id   | <a href="mailto:info@vsil.co.in">info@vsil.co.in</a>                      |  |
| 6      | Financial Year reported   | 01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020              |  |
| 7      | Sectors that the Company is engaged in (industrial activity code wise)                            | NIC Code  | Description                                |
|        |   | 10721   | Manufacturing of sugar and allied products |
|        |   | 1101  | Production of Alcohol                      |
|        |   | 35106   | Generation of Power                        |
| 2209   | Vinegar   |   |  |
| 8      | List three key products/services that the Company manufactures/provides (as in the Balance sheet) | The Company manufactures sugar, electricity and IML.                      |  |
| 9      | Total number of locations where business activity is undertaken by the Company                    | Bellad Bagewadi Taluk: Hukkeri District Belgaum<br>Karnataka 591305 India |  |
| 9(i)   | Number of International Locations   | No  |  |
| 9(ii)  | Number of National Locations  | Bellad Bagewadi Taluk: Hukkeri District Belgaum<br>Karnataka 591305 India |  |
| 10     | Markets served by the Company - Local/State/National/International                                | Local   | Yes  |
|        |   | State   | Yes  |
|        |   | National  | Yes  |
|        |   | International   | No   |

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

| S. No. | Particulars  | Company Information |
|--------|--|---------------------|
| 1      | Paid up capital (INR)  | Rs. 37,55,60,000    |
| 2      | Total Turnover (INR):  | Rs. 37,814.82 Lakhs |
| 3      | Total profit after taxes (INR):  | Rs. (788.05) Lakhs  |
| 4      | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): | Not applicable      |
| 5      | List of activities in which expenditure in 4 above has been incurred: -                        | Not applicable      |

**SECTION C: OTHER DETAILS**

| S. No. | Particulars   | Company Information |
|--------|---|---------------------|
| 1      | Company Subsidiaries/ Joint Ventures  | No                  |
| 2      | Subsidiaries participating in Company's Business Responsibility (BR) initiatives            | N.A.                |
| 3      | Other entities (e.g suppliers, distributors etc.) participating in Company's BR initiatives | No                  |

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

| S. No. | Particulars | Company Information    |
|--------|-------------|------------------------|
| 1.     | DIN         | 02505734               |
| 2.     | Name        | Mr. Nikhil Umesh Katti |
| 3.     | Designation | Managing Director      |

(b) Details of BR head

| S. No. | Particulars      | Company Information |
|--------|------------------|---------------------|
| 1.     | DIN              | 02827073            |
| 2.     | Name             | Mr. Mukesh Kumar    |
| 3.     | Designation      | Executive Director  |
| 4.     | Telephone number | +91 8333 251251     |
| 5.     | E-mail ID        | ed@vsil.co.in       |

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

|           |   |
|-----------|---|
| <b>P1</b> | Business should conduct and govern themselves with Ethics, Transparency and Accountability  |
| <b>P2</b> | Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle                                     |
| <b>P3</b> | Business should promote the well- being of all employees  |
| <b>P4</b> | Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. |
| <b>P5</b> | Business should respect and promote human rights  |
| <b>P6</b> | Business should respect, protect and make efforts to restore the environment  |
| <b>P7</b> | Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner  |
| <b>P8</b> | Business should support inclusive growth and equitable development  |
| <b>P9</b> | Business should engage with and provide value to their Customers and consumers in a responsible manner  |

### Details of Compliance (Y/N)

| No. | Principle-wise Policies   | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|---|--|----|----|----|----|----|----|----|----|
| 1   | Do you have a policy/policies for   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2   | Has the policy being formulated in consultation with the relevant stakeholders?                                       | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3   | Does the policy conform to any national / international standards? If yes, specify? (50 words)                        | Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.                             |    |    |    |    |    |    |    |    |
| 4   | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes, the Board of Directors of the Company has approved the Policy at their meeting held on 26th June, 2020 and the Policy has been signed by the Company Secretary, pursuant to the authorisation by the Board. |    |    |    |    |    |    |    |    |

|    |  |  |   |   |   |   |   |   |   |   |
|----|--|--|---|---|---|---|---|---|---|---|
| 5  | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | Y  | Y | Y | Y | Y | Y | Y | Y | Y |
| 6  | Indicate the link for the policy to be viewed online?  | Y  | Y | Y | Y | Y | Y | Y | Y | Y |
| 7  | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Yes, The Policy has been posted on the Company's website for information of all stakeholders.  |   |   |   |   |   |   |   |   |
| 8  | Does the company have in-house structure to implement the policy/ policies.  | Y  | Y | Y | Y | Y | Y | Y | Y | Y |
| 9  | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes, any grievances or feedback to the policies can be sent to Compliance Officer of the Company at <a href="mailto:cs@vsil.co.in">cs@vsil.co.in</a> |   |   |   |   |   |   |   |   |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | The head of the respective departments are made responsible for effective implementation of the policies.  |   |   |   |   |   |   |   |   |

(a) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions   | Principle 1 to 9 |
|-----|---|------------------|
| 1   | The company has not understood the Principles   | Not applicable   |
| 2   | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |                  |
| 3   | The company does not have financial or manpower resources available for the task  |                  |
| 4   | It is planned to be done within next 6 months   |                  |
| 5   | It is planned to be done within the next 1 year   |                  |
| 6   | Any other reason (please specify)   |                  |

### 3. Business Responsibility (BR) Governance:

| S. No. | Particulars  | Company Information   |
|--------|--|---|
| 3.a    | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | The performance on aspects of BR is reviewed by the Company's Management on periodical basis and atleast once a year put up to the Board.   |
| 3.b    | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?   | The Company publishes the information on Business Responsibility which forms part of the Annual Report of the Company. The same will be disclosed on the website of the Company at <a href="http://www.vsil.co.in">www.vsil.co.in</a> |

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

Vishwaraj Sugar Industries Limited (Vishwaraj) lays a strong emphasis on ethical corporate citizenship and establishment of good corporate culture. It has always believed in adhering to the best governance practices to ensure protection of interests of all stakeholders of the Company in tandem with healthy growth of the Company. The Company has always discouraged practices that are abusive, corrupt, or anticompetitive.

Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community.

The Company has a strong and effective Whistle blower Policy which aims to deter and detect actual or suspected misconduct. It has been established to ensure that genuine concerns of misconduct/ unlawful conduct, which an individual believes may be taking place within the organisation, are raised at an early stage in a responsible and confidential manner. This mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism. Any employee may report such incident without fear to the Chairman of the Audit Committee or alternatively may report to the Compliance officer of the Company. The Policy on Vigil Mechanism may be accessed on the Company's website by [http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism\\_Whistle-Blower\\_vsil.pdf](http://vsil.co.in/wp-content/uploads/2017/12/Vigil-Mechanism_Whistle-Blower_vsil.pdf)

#### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes

The Company's policies on Ethics, Transparency and Accountability along with the Company's Code of Conduct and Business Ethics ("the Code") are applicable to all directors and employees of the Company. The directors and employees of the Company are expected to read and understand the Code, uphold the standards mentioned thereunder in their day-to-day activities and comply with all applicable laws, rules and regulations. The Company also has in place a Whistle Blower Policy.

There is no group structure or joint venture of the Company. The Company does not have any subsidiary. The Company is gradually encouraging parties associated with it like vendors, suppliers, contractors, etc., to follow the principles envisaged in the Policy.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 word or so.

|                     | Pending as on 31-03-2019 | Received during 2019-20 | Redressed during 2019-20 | Pending as on 31-03-2020 |
|---------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| Customer Complaints | NA                       | Nil                     | Nil                      | Nil                      |
| Investor Complaints | NA                       | Nil                     | Nil                      | Nil                      |
| Consumer cases      | NA                       | Nil                     | Nil                      | Nil                      |

### Principle 2: Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle

#### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is engaged in manufacturing of sugar, industrial alcohol and co-generation of power. All the products of the Company take care of the social / environment concerns and risks. The Company has bagasse-based power generation facilities, which is a great alternative to fossil fuels and reduces greenhouse gas emission to safeguard the environment. The Company has also invested in optimization of power and steam consumption which saves additional bagasse and provides additional raw material for enhanced running of capacities already installed. Earlier the effluents from sugar mills was considered a nuisance, however, with

improved effluent treatment systems now available, the treated effluent has become a boon for farmers for land irrigation. The treated water is recycled through RO Plants to substitute fresh water requirements.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company has progressively invested in optimum use of resources. The core cane crushing operation generates molasses (as by product) and bagasse (as waste); molasses is utilized to manufacture ethanol (a green fuel) while bagasse is being utilized to generate green power.

Sugarcane process produces 45 - 50% water (450 - 500 litres / ton cane crush) on cane crushed in the form of vapour condensate of 70-80 degree centigrade out of which approximately 28 - 30% (280 - 300 litres / ton cane crush) evaporates through cooling towers while the remaining 17 - 20% (170 - 200 litres / ton cane crush) is captured within the system through recirculation.

All our sugar units are now equipped with the latest effluent treatment plants (ETP) coupled with buffer storage reservoirs to avoid shock dosing of the ETP and with ponds for irrigation to comply with pollution control norms. We are one of the few companies having Sulphate removal system installed and running at our units.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The data regarding reduction during usage by consumers is not available with the Company but the Company regularly makes investments to reduce steam and power consumption.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**-Yes**

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the Company deploys sustainable procurement practice. The plant of the Company is situated close to cane growing area. Entire raw material is procured sustainably. Since the inputs are procured from sources close to the unit, it also helps in minimizing transportation costs. Cane is also supplied by small and medium farmers through bullock driven carts. This significantly reduces the environmental impact of transportation of raw materials.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? Yes**

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company sources 100% of its raw materials (that is, sugarcane) from areas near to the unit. It procures cane from the farmers (including small and medium farmers) based on the areas allotted to the respective unit by the Cane Commissioner. The Company works closely with cane growers of the allotted areas to improve their productivity. In order to achieve this, the Company shares knowledge and expertise in sustainable agriculture practices with the farmers for cane cultivation. Besides this, the farmers are also guided on selection and use of right type of agri-inputs. These developmental activities help in improvement of quality and yield of cane thereby benefitting the Company as well as the farmers. The Company has been highly effective in encouraging farmers to grow the best variety of cane.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The core cane crushing operation generates molasses as a by-product which is utilized to manufacture ethanol. Waste generated from sugar crushing operation (bagasse) & distillery operation (spent wash) are used as fuel for generating clean energy. Further, Boiler Ash generated from Incineration Plant which is rich in Potash and thereby serves as a vital soil nutrient.

Thus, the by-products and waste generated out of manufacturing processes are mostly recycled.

### Principle 3: Business should promote the well- being of all employees

We believe that our human capital is one of the most valuable resources to tap the perennial growth of business. Company's Code of Conduct provides guidelines for employee wellbeing related to participation, freedom, gender equality, good environment and harassment free workplace. A strong mechanism is established for deployment of guidelines and grievance redressing mechanism.

1. Please indicate the Total number of employees: 850 as on 31.03.2020.
2. Please indicate the Total number of employees hired on contractual basis: 0
3. Please indicate the Number of permanent women employees: 4
4. Please indicate the Number of permanent employees with disabilities: 0
5. Do you have an employee association that is recognized by management- No
6. What percentage of your permanent employees is members of this recognized employee association? NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year -

| S. No. | Category                                      | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|--------|---|--|--|
| 1      | Child labour/forced labour/involuntary labour | Nil  | Nil  |
| 2      | Sexual harassment                             | Nil  | Nil  |
| 3      | Discriminatory employment                     | Nil  | Nil  |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

|  |      |
|--|------|
| (a) Permanent Employees                    | 100% |
| (b) Permanent Women Employees              | 100% |
| (c) Casual/Temporary/Contractual Employees | 100% |
| (d) Employees with Disabilities            | 100% |

### Principle 4: Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes

Vishwaraj has always acknowledged the vital contribution of all stakeholders such as employees, communities, suppliers, customers, regulatory bodies, industry associations, shareholders, academic institutes and media in building a sustainable business and has accorded importance to their voices and concerns.

The Company has carried out comprehensive stakeholder identification program. This allowed us to understand the needs and expectations of our stakeholders better.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. Yes

The Company identifies marginal growers with very small land holdings around its unit as disadvantaged, vulnerable & marginalized stakeholders. The Company continuously engages with majority of them for identifying their needs & priorities and provides need-based resolution to their problems

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Developmental activities are carried out by the Company by providing necessary guidance to the small and marginalized cane growers towards selection of right variety of seed and agri-inputs, etc.

**Principle 5: Business should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's policy on Respecting and Promoting Human Rights is applicable to all directors and employees of the Company. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary. The Company is gradually encouraging vendors, suppliers, contractors, etc., associated with it, to follow the principles envisaged in the Policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

NO stakeholder complaints have been received by the Company in the past financial year

**Principle 6: Business should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company's policies on Environment, Health & Safety are applicable to all directors and employees of the Company. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary. The Company is gradually encouraging vendors, suppliers, contractors, etc. associated with it to follow the principles envisaged in the Policy.

2. Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Global environment issues such as climate change, global warming, GHG emissions pose challenges to all. The Company is totally committed to reduce their impact. At the captive power plant, Bagasses (waste generated) is used as fuel for generating power. At the Distillery, Spent Wash (effluent generated) is mixed with Bagasse and used as fuel in boilers to generate clean energy with minimal carbon footprint by incineration process.

3.Potential environmental risks?

Since there are no chemicals used in the production process everything is organic in nature. Potential environmental risks are constantly being assessed as part of the company's risk management identification process. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

NO

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, the Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc. The Company has achieved spectacular results in utilization of hazardous and pollutant industrial waste namely Bagasse, Spent Wash etc. This waste is used as a fuel at the incineration boilers of the Company for generating clean energy.

Further details relating to conservation of energy can be found in separate annexure forming part of the Board's Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All emissions and waste generated by the Company are within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause/ legal notices from CPCB/SPCB are pending as on 31st March, 2020.

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas

**Principle 8: Business should support inclusive growth and equitable development**

We at Vishwaraj believe that in order to have a growth and equitable development the company has to work in proper coordination with its ecosystem. The Company also believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. We are committed to ensure a positive impact of our existence on all these stakeholders. It's our continuous endeavour to integrate sustainability considerations in all our business decisions.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. NO

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? Not Applicable

3. Have you done any impact assessment of your initiative? Not Applicable

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. Not Applicable

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. NO

**Principle 9: Business should engage with and provide value to their Customers and consumers in a responsible manner**

There are no cases filed by any customer or consumer against the Company as at the end of financial year 2019-20. The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers. The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behaviour. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

Information with reference to BRR framework:

| No. | Questions   | Information   |
|-----|---|---|
| 9.1 | What percentage of customer complaints/consumer cases are pending as on the end of financial year.  | Following is the status of customer complaints/consumer cases as on the end of the financial year ended on 31 <sup>st</sup> March, 2020:<br><br>1.Customer complaints- Nil<br>2.Consumer cases- Nil |
| 9.2 | Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)  | Vishwaraj adheres to all the applicable regulations regarding product labelling and displays relevant information on it.  |
| 9.3 | Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. | No case filed by any stakeholder related to the afore mentioned subject is pending as at the end of financial year ended on 31 <sup>st</sup> March, 2020.   |
| 9.4 | Did your company carry out any consumer survey/ consumer satisfaction trends?   | The Company regularly carries out consumer satisfaction surveys continuously to understand their tastes and preferences and to develop better products.   |

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind As financial statements of **VISHWARAJ SUGAR INDUSTRIES LIMITED (“the Company”)** which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss(including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the loss and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No.  | Key Audit Matter   | Auditor’s Response   |
|----------|--|--|
| <b>1</b> | <b>Allowance for Credit Losses:</b><br>The Company determines the allowance for credit losses based on historical loss experience adjusted | Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others: |



|          |  |  |
|----------|--|--|
|          | <p>to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.</p> | <p>We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses.</p> <p>For a sample of customers: We tested the credit related information used in estimating the probability of default by comparing them to external and internal sources of information. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p>  |
| <b>2</b> | <p><b>Properties are being held by way of General Power of Attorney:</b><br/>Properties are being held by way of General Power of Attorney in the name of Shri.Mallikarjun Kadayya Pujar, Director of the Company held on behalf of the Company.</p>   | <p>According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company. However Some of the Properties are being held by way of General Power of Attorney in the name of Shri.Mallikarjun Kadayya Pujar, Director of the Company held on behalf of the Company. The details are furnished in the Point.1 in the Annexure-A to the Auditors Report. The title of the such Properties shall be converted in the name of the company by Executing sale deed.</p> |
| <b>3</b> | <p><b>Recovery of Advances:</b> The Company has given advances to various parties including Directors in normal course of its operations in compliance with Companies Act,2013 &amp; Rules there under.</p>  | <p>The Company has granted advances to farmer members in its normal course of business during the year which includes the parties covered in the register maintained under section 189 of the Companies Act, 2013 and complied the provisions of rules thereunder. However some of advances which are outstanding since long time shall be recovered along with interest.</p>  |
| <b>4</b> | <p><b>Obtaining an insurance in the manner prescribed under Payment of Gratuity Act, 1972 :</b> The company has not invested the Gratuity provision made in any manner prescribed under Payment of Gratuity Act, 1972.</p>   | <p>As per Sec.4A of Payment of Gratuity Act, 1972 every employer, other than an employer or an establishment belonging to, or under the control of, the Central Government or a State Government, shall, subject to the provisions of sub-section (2), obtain an insurance in the manner prescribed, for his liability for payment towards the gratuity under this Act, from the Life Insurance Corporation of India established under the Life Insurance Corporation of India Act, 1956 (31 of 1956) or any other prescribed insurer.</p>   |

### **Emphasis of Matter**

As more fully described in Note.50 to the standalone financial statements. The scope, duration or outcome of these matters are uncertain. Our opinion is not modified in respect of this matter.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the *Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report and Shareholder's Information*, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Ind AS Financial Statement**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
  - g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The company has disclosed the impact of pending litigations on its financial position in its Notes forming part of Ind AS financial statements Refer “notes-50”.
  - ii. The Company did not have any long term contracts including Derivative contracts for which there were any material foreseeable losses;
  - 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.
2. As required by Companies (Auditor’s Report) order, 2016, issued by Central Government in terms of Section 143 (11) of the companies Act 2013, we give in the “Annexure A” statement on matters specified in paragraph (3) and (4) of said order

**“As per our report of even date”**  
**For, M/s Gojanur & Co.,**  
**Chartered Accountants**  
**FRN : 000941S**  
**P.R.C.No.011335**

**Date: 26-06-2020**  
**Place: Belgaum**

**(CA. G. M. Channappa Setty)**  
**Proprietor**  
**M. No: 020227**  
**UDIN: 20020227AAAAFY6251**

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**ANNEXURE-A TO THE AUDITOR'S REPORT**

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON STANDALONE FINANCIAL STATEMENTS OF "VISHWARAJ SUGAR INDUSTRIES LIMITED" FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2020.**

**1. In respect of the Company's fixed Assets:**

(a) The Company has maintained proper records showing full particulars including quantitative details and 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 phased programme which in our opinion is reasonable having regard to the size of the company and the nature of the assets. 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.

**Some of the Properties are being held by way of General Power of Attorney in the name of Shri.Mallikarjun Kadavya Pujar, Director of the Company held on behalf of the Company.**

**The details are furnished below:**

| Sl No. | Survey No. | Name of the owner/s   | Area  |        | Date of GPA | Doc. No.    | Amount Paid (Rs. in Lakhs) |
|--------|------------|---|-------|--------|-------------|-------------|----------------------------|
|        |            |   | Acres | Guntas |             |             |                            |
| 1      | 204/2A     | Shri Jotiba Bharmanna More  | 0     | 20     | 30.12.2016  | 508/2016-17 | 3.00                       |
| 2      | 206/A      | 1.Shri Narayan Balkrishna Sutar<br>2.Shri Chudappa Balkrishna Sutar   | 0     | 33     | 30.12.2016  | 509/2016-17 | 5.00                       |
| 3      | 206/B      | 1.Smt.Savitri W/O Yallappa Pawashe<br>2.Smt.Janabai W/O Dhankalu Gurav<br>3.Shri Yallappa S/O Dhakalu Gurav | 2     | 20     | 14.03.2017  | 620/2016-17 | 6.00                       |
| 4      | 207/1      | 1.Smt. Renuka W/O Late Tippanna Talwar<br>2.Shri. Nagaraj S/O. Tippanna Talwar                              | 0     | 36     | 28.12.2018  | 667/2018-19 | 8.10                       |
| 5      | 206/1      | Shri. Rajaram Balappa Chigare   | 0     | 33     | 28.12.2018  | 670/2018-19 | 7.42                       |



|    |       |   |   |    |            |                   |       |
|----|-------|---|---|----|------------|-------------------|-------|
| 6  | 207/1 | Shri. Monappa Ganesh Talwar   | 0 | 36 | 28.12.2018 | 664/2018<br>-19   | 8.10  |
| 7  | 207/1 | 1.Smt. Anandi W/O. Late Dudappa Talwar<br>2.Shri. Pundalik S/O. Dudappa Talwar Talwar<br>3.Smt. Mayuri W/O. Pundalik Talwar<br>4.Shri. Bharat S/O. Dudappa Talwar     | 0 | 36 | 28.12.2018 | 665/2018<br>-19   | 8.10  |
| 8  | 206/A | 1.Shri Shanlkar Arjun Gurav<br>2.Shri Bharna Arjun Gurav<br>3.Devappa Arjun Gurav   | 0 | 30 | 28.12.2018 | 655/2018<br>-2019 | 6.75  |
| 9  | 206/A | Shri. Devappa Kumanna Gurav   | 0 | 12 | 28.12.2018 | 657/2018<br>-19   | 2.70  |
| 10 | 207/1 | 1. Smt. Laxmi W/O. Late Yavagappa Talwar<br>2. Shri. Pandurang S/O. Yavagappa Talwar<br>3. Smt. Droupada W/O. Pandurang Talwar<br>4. Shri. Balu S/O. Yavagappa Talwar | 0 | 36 | 28.12.2018 | 663/2018<br>-19   | 8.10  |
| 11 | 206/A | Shri. Maruti Yallappa Humbarwadi  | 0 | 33 | 28.12.2018 | 671/2018<br>-19   | 7.42  |
| 12 | 206/A | Shri. Raghunath Krishna Hurakadli   | 0 | 13 | 28.12.2018 | 661/2018<br>-19   | 2.92  |
| 13 | 206/A | 1.Shri. Jayram Kallappa Patil<br>2.Smt. Madhu Jayram Patil<br>3.Smt. Sushma Madhu Patil<br>4.Shri. Pundalik Jayram Patil  | 1 | 5  | 28.12.2018 | 659/2018<br>-19   | 10.12 |
| 14 | 206/B | Smt. Yeshodha Parashuram Gawade   | 0 | 26 | 28.12.2018 | 656/2018<br>-19   | 5.85  |
| 15 | 206/A | Shri. Ravalu Shankar Motankar   | 0 | 13 | 28.12.2018 | 672/2018<br>-19   | 2,92  |



|    |       |                                 |   |    |            |                 |      |
|----|-------|---------------------------------|---|----|------------|-----------------|------|
| 16 | 206/A | Shri. Narayan Krishna Yallurkar | 1 | 0  | 28.12.2018 | 660/2018<br>-19 | 9.00 |
| 17 | 207/1 | Shri. Babu Basawant Talwar      | 0 | 36 | 28.12.2018 | 662/2018<br>-19 | 8.10 |
| 18 | 206/A | Shri. Babu Somanna Motankar     | 1 | 0  | 28.12.2018 | 668/2018<br>-19 | 9.00 |

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.

(b) 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.

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

3. The Company has not granted any advances during the year to parties covered in the register maintained under section 189 of the Companies Act, 2013 except following which are in compliance with the said section.

(Rs. in Lakhs)

| PURCHASE ADVANCE | 2019-20 | 2018-19 |
|------------------|---------|---------|
| Nikhil U Katti   | 40.78   | 40.78   |
| Lava R Katti     | 52.47   | 52.47   |
| Kush R Katti     | 57.24   | 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, security & guarantees covered 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, 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, 2020 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 due to disputes as at 31-03-2020 for a period of more than six months from the date they became payable:

| Sl.No | Particulars                                  | Amount<br>(in lakhs) |
|-------|--|----------------------|
| 1     | Central Excise, Belgaum Show Cause Notice    | 87.85                |
| 2     | Central Excise, Bangalore (Appeals)          | 974.43               |
| 3     | Central Excise, Belagavi (Appeals)           | 0.65                 |
| 4     | High Court, Karnataka, Appeal for Sugar Cess | 252.80               |

8. In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to any financial institutions.

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has raised moneys by way of initial public offer during the year to the extent of Rs.3.00 Crores (30 lakh shares @ Face Value Rs.10.00 & Premium Rs.50.00 each). The company has utilized the money raised by way of initial public offer during the year for the purposes for which they were raised. 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;

| DIRECTORS REMUNERATION |  | 2019-20 | 2018-19 |
|------------------------|--|---------|---------|
| Mr.Nikhil Katti        |  | 36.00   | 36.00   |
| Mr. Mukesh Kumar       |  | 27.00   | 2.25    |
| Mr.Mallikarjun Pujar   |  | 1.50    | 9.00    |
| Mr.Lava Katti          |  | 24.00   | 24.00   |
| Mr.Kush Katti          |  | 24.00   | 24.00   |

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). *(refer note.32 to the Financial Statements)*
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. 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**

**P.R.C.No.011335**

**Date: 26-06-2020**

**Place: Belgaum**

**(CA. G. M. Channappa Setty)**

**Proprietor**

**M. No: 020227**

**UDIN: 20020227AAAAFY6251**

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**ANNEXURE (B)**  
**TO THE AUDITOR'S REPORT OF EVEN DATE ON STANDALONE FINANCIAL**  
**STATEMENTS OF "VISHWARAJ SUGAR INDUSTRIES LIMITED" FOR THE**  
**YEAR ENDING 31<sup>st</sup> MARCH, 2020.**

**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" as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the 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 2020, 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.

**For, M/s Gojanur & Co.,  
Chartered Accountants  
FRN: 000941S  
P.R.C.No.011335**

**Date: 26-06-2020  
Place: Belgaum**

**(CA. G. M. Channappa Setty)  
Proprietor  
M. No: 020227  
UDIN: 20020227AAAAFY6251**

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**AUDITED BALANCE SHEET AS AT 31st MARCH, 2020**

**(Rs.in Lakhs)**

| Particulars                           | Note No. | 2020            | 2019            |
|---------------------------------------|----------|-----------------|-----------------|
| <b>ASSETS</b>                         |          |                 |                 |
| <b>Non-current assets</b>             |          |                 |                 |
| Property plant and Equipment          | 2        | 28837.26        | 26440.54        |
| Capital Work In Progress              | 2        | 0.00            | 1126.02         |
| Intangible assets                     |          | 0.00            | 0.00            |
| <b>Financial assets</b>               |          |                 |                 |
| Investments                           | 3        | 130.74          | 108.24          |
| Other financial assets                | 4        | 504.12          | 214.60          |
| <b>Deferred tax Assets (net)</b>      | 14       | 100.88          | 0.00            |
| <b>Other non current assets</b>       | 5        | 0.00            | 0.00            |
|                                       |          | <b>29573.00</b> | <b>27889.39</b> |
| <b>Current assets</b>                 |          |                 |                 |
| <b>Inventories</b>                    | 6        | 29035.12        | 32434.62        |
| <b>Financial assets</b>               |          |                 |                 |
| Investments                           | 3        | 0.00            | 0.00            |
| Trade receivables                     | 7        | 2525.90         | 3835.87         |
| Cash and cash equivalent              | 8        | 744.99          | 169.35          |
| Other Bank Balances                   | 9        | 25.00           | 15.00           |
| Other financial assets                | 4        | 22.10           | 4.47            |
| <b>Other current assets</b>           |          | 5276.35         | 7606.26         |
|                                       |          | <b>37629.46</b> | <b>44065.57</b> |
|                                       |          | <b>67202.46</b> | <b>71954.96</b> |
| <b>EQUITY AND LIABILITIES</b>         |          |                 |                 |
| <b>Equity</b>                         |          |                 |                 |
| Equity Share Capital                  | 10       | 3755.60         | 3455.60         |
| Other Equity                          | 11       | 18426.98        | 17694.09        |
|                                       |          | <b>22182.58</b> | <b>21149.69</b> |
| <b>Liabilities</b>                    |          |                 |                 |
| <b>Non-current liabilities</b>        |          |                 |                 |
| <b>Financial Liabilities</b>          |          |                 |                 |
| Borrowings                            | 12       | 9266.29         | 6541.43         |
| <b>Long Term Provisions</b>           | 13       | 196.61          | 182.65          |
| <b>Deferred tax liabilities (net)</b> | 14       | 0.00            | 765.22          |
| <b>Other non-current liabilities</b>  | 15       | 0.00            | 0.00            |
|                                       |          | <b>9462.90</b>  | <b>7489.30</b>  |
| <b>Current liabilities</b>            |          |                 |                 |
| <b>Financial Liabilities</b>          |          |                 |                 |
| Borrowings                            | 12       | 23909.30        | 25385.68        |
| Trade payables                        | 16       | 6211.75         | 11271.89        |
| Other financial liabilities           | 17       | 2524.48         | 3716.34         |
| <b>Other current liabilities</b>      | 15       | 2900.04         | 2931.57         |
| <b>Provisions</b>                     | 18       | 11.41           | 10.49           |
|                                       |          | <b>35556.98</b> | <b>43315.97</b> |
| <b>TOTAL</b>                          |          | <b>67202.46</b> | <b>71954.96</b> |

The accompanying notes 01 to 51 form an integral part of the financial statements.

"As per our report of even date"

**For M/s. GOJANUR & CO**

FRN.000941S

P.R.C.No.011335

**(CA. G.M. CHANNAPPA SETTY)**

PROPRIETOR

M.No: 020227

**UDIN:20020227AAAAFY6251**

Place: Belgaum.

Date:26-06-2020

**For and on behalf of Board**

**(Nikhil U. Katti)**

Managing Director

DIN.02505734

**(Sheshagiri H.**

**Kulkarni)**

Chief Financial officer

**(Mukesh Kumar)**

Executive Director

DIN.02827073

**(CS.Sneha Patil)**

Company Secretary

**AUDITED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2020**

(Rs.in Lakhs)

| PARTICULARS   | Note No. | 2020             | 2019             |
|---|----------|------------------|------------------|
| <b>Income</b>   |          |                  |                  |
| Revenue from operations   | 19       | 37673.60         | 30679.58         |
| Other income  | 20       | 141.22           | 107.97           |
| <b>Total Revenue</b>  |          | <b>37814.82</b>  | <b>30787.55</b>  |
| <b>Expenses</b>   |          |                  |                  |
| Cost of materials consumed  | 21       | 24466.14         | 27665.37         |
| Changes in inventories  | 22       | 3615.32          | (6280.27)        |
| Other Manufacturing expenses  | 23       | 1776.53          | 2058.96          |
| Excise and Service Tax  | -        | 639.79           | 2044.29          |
| Employee benefits expense   | 24       | 1254.70          | 1303.28          |
| Finance costs   | 25       | 4173.89          | 3635.69          |
| Depreciation and amortization expense                                   | 2        | 1457.16          | 1334.28          |
| Other expenses  | 26       | 2085.44          | 1414.66          |
| <b>Total Expenses</b>   |          | <b>39468.97</b>  | <b>33176.27</b>  |
| <b>Profit before tax</b>  |          | <b>(1654.15)</b> | <b>(2388.72)</b> |
| <b>Tax expense</b>  |          |                  |                  |
| (1) Current tax   |          | -                | -                |
| (2) Deferred tax  |          | (866.09)         | (626.72)         |
| <b>Profit for the year</b>  |          | <b>(788.06)</b>  | <b>(1761.99)</b> |
| <b>Other comprehensive income (OCI)</b>                                 |          |                  |                  |
| Items that will not be reclassified to profit or loss                   |          | 20.95            | 23.74            |
| Tax on items that will not be reclassified to profit or loss            |          | -                | -                |
| <b>Items that will be reclassified to profit or loss:</b>               |          |                  |                  |
| Tax on items that may be reclassified to profit or loss                 |          |                  |                  |
| Items that may be reclassified subsequently to profit or loss           |          |                  |                  |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b> |          | <b>-</b>         | <b>-</b>         |
| <b>Total comprehensive income for the year</b>                          |          | <b>(767.11)</b>  | <b>(1738.26)</b> |
| <b>Earnings per share:</b>  |          |                  |                  |
| Basic earnings per share of 10/-each                                    |          | (2.19)           | (5.10)           |
| Diluted earnings per share of 10/- each                                 |          | (2.19)           | (5.10)           |

The accompanying Significant accounting policies and notes form an integral part of the financial statements.

"As per our report of even date"

**For M/s. GOJANUR & CO**

Chartered Accountants

FRN.000941S

P.R.C.No.011335

**(CA. G.M. CHANNAPPA SETTY)**

PROPRIETOR

M.No: 020227

**UDIN: 20020227AAAAFY6251**

Place: Belgaum.

Date: 26-06-2020

**For and on behalf of Board**

**(Nikhil U.Katti)**

Managing Director

DIN.02505734

**(Mukesh Kumar)**

Executive Director

DIN.02827073

**(Sheshagiri H. Kulkarni)**

Chief Financial officer

**(CS. Sneha Patil)**

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020**

**(Rs.in  
Lakhs)**

| Particulars   | 2020             | 2019             |
|---|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                 |                  |                  |
| Net profit before tax                                       | (1654.15)        | (2388.72)        |
| Adjustments for:  |                  |                  |
| Depreciation and amortization expense                       | 1457.16          | 1334.28          |
| Finance Cost  | 4173.89          | 3635.69          |
| Dividend Income   | (4.46)           | (3.41)           |
| (Profit)/Loss on sale of assets                             | (7.22)           | 83.72            |
| Operating profit before working capital changes             | <b>3965.22</b>   | <b>2661.56</b>   |
| Movements in Working Capital                                |                  |                  |
| (Increase)/Decrease in Trade Receivables                    | 1309.97          | (447.81)         |
| (Increase)/Decrease in Other financial assets               | (307.16)         | (1.01)           |
| (Increase)/Decrease in Inventories                          | 3399.50          | (6277.42)        |
| (Increase)/Decrease in Other Current Assets                 | 2329.90          | (2938.70)        |
| Increase/(Decrease) in Trade Payables                       | (5060.14)        | 8585.51          |
| Increase/(Decrease) in Other financial liabilities          | (745.43)         | 642.04           |
| Increase/(Decrease) in Other Current liabilities            | (31.53)          | 267.13           |
| Increase/(Decrease) in Long Term Provisions                 | 13.96            | 14.69            |
| Increase/(Decrease) in Short Term Provisions                | 21.87            | 21.87            |
| <b>Changes in Working Capital</b>                           | <b>930.94</b>    | <b>(133.71)</b>  |
| <b>Cash generated from operations</b>                       | <b>4896.16</b>   | <b>2527.85</b>   |
| Direct Taxes Paid   | 0.00             | (21.58)          |
| <b>Net Cash from operating activities (A)</b>               | <b>4896.16</b>   | <b>2506.27</b>   |
| <b>Cash flows from Investing Activities</b>                 |                  |                  |
| Dividends Received  | 4.46             | 3.41             |
| Purchase of Fixed Assets (Including CWIP)                   | (2760.70)        | (1916.59)        |
| Sale of Fixed Assets  | 40.06            | 120.83           |
| Purchase/Sale of Investment                                 | (22.50)          | (55.00)          |
| <b>Net Cash used in Investing Activities</b>                | <b>(2738.68)</b> | <b>(1847.34)</b> |
| <b>Cash flows from/(used in) Financing Activities</b>       |                  |                  |
| Proceeds from Long term borrowings                          | 436.44           | 3,497.48         |
| Repayment/(Proceeds) of/from Short-term borrowings          | 365.61           | (1082.09)        |
| Interest paid   | (4173.89)        | (3635.69)        |
| Proceedings from Share Issue                                | 300.00           | 0.00             |
| Premium on Share Issue                                      | 1500.00          | 0.00             |
| <b>Net Cash used in Financing Activities</b>                | <b>(1571.84)</b> | <b>(1220.30)</b> |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>585.64</b>    | <b>(561.37)</b>  |
| Cash and Cash equivalents at the beginning of the year      | 184.35           | 745.72           |
| <b>Cash and Cash equivalents at the ending of the year</b>  | <b>769.99</b>    | <b>184.35</b>    |

Notes: -

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements". (Ind AS-7)

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

"As per our report of even date"

**For M/s. GOJANUR & CO**

Chartered Accountants

FRN.000941S

P.R.C.No.0111335

**(CA. G.M. CHANNAPPA SETTY)**

PROPRIETOR

M.No: 020227

UDIN: 20020227AAAAFY6251

Place: Belgaum.

Date: 26-06-2020

**For and on behalf of Board**

**(Nikhil U. Katti)**

Managing Director

DIN.02505734

**(Sheshagiri H. Kulkarni)**

Chief Financial officer

**(Mukesh Kumar)**

Executive Director

DIN.02827073

**(CS. Sneha Patil)**

Company Secretary

**VISHWARAJ SUGAR INDUSTRIES LIMITED, BELLAD - BAGEWADI**  
**Registered Office: Bellad Bagewadi, Taluka Hukkeri, District Belgaum – 591 305**  
**(CIN: U85110KA1995PLC017730)**

**Statement of changes in equity**

**Statement of changes in equity for the period ended 31.03.2020**

**2019-20**

**(Rs.in Lakhs)**

| <b>Equity share capital</b>                               | <b>Opening<br/>balance as at<br/>01/04/2019</b> | <b>Changes in equity<br/>share capital during<br/>the year</b> | <b>Closing<br/>balance as<br/>at<br/>31/03/2020</b> |
|---|---|--|---|
| 3,45,56,000 Equity Shares of Rs.10 each,<br>fully paid up | 3,456   | 300  | 3,756   |
|   | <b>3,456</b>                                    | <b>300</b>   | <b>3,756</b>  |

| <b>PARTICULARS</b>  | <b>RETAINED<br/>EARNINGS</b> | <b>GENERAL<br/>RESERVE</b> | <b>CAPITAL<br/>RESERVE</b> | <b>ACTUARIAL<br/>GAINS OR<br/>LOSSES</b> | <b>TOTAL<br/>EQUITY</b> |
|---|------------------------------|----------------------------|----------------------------|--|-------------------------|
| Balance as at 1/4/2019  | 16,138.14                    | -                          | 1,466.39                   | 89.56                                    | 17,694.09               |
| Profit for the year   | (788.06)                     | -                          | 1,500.00                   | -  | 711.94                  |
| Actuarial gain/(loss) on post-employment<br>benefit obligations, net of tax benefit | -                            | -                          | -                          | 20.95                                    | 20.95                   |
| <b>Balance as at 31/03/2020</b>   | <b>15,350.08</b>             | <b>-</b>                   | <b>2,966.39</b>            | <b>110.51</b>                            | <b>18,426.98</b>        |

**2018-19**

**(Rs.in Lakhs)**

| <b>Equity share capital</b>                               | <b>Opening<br/>balance as at<br/>01/04/2018</b> | <b>Changes in equity<br/>share capital during<br/>the year</b> | <b>Closing<br/>balance as at<br/>31/03/2019</b> |
|---|---|--|---|
| 3,45,56,000 Equity Shares of Rs.10 each,<br>fully paid up | 3,456   | -  | 3,456   |
|   | <b>3,456</b>                                    | <b>-</b>   | <b>3,456</b>                                    |

| <b>PARTICULARS</b>  | <b>RETAINED<br/>EARNINGS</b> | <b>GENERAL<br/>RESERVE</b> | <b>CAPITAL<br/>RESERVE</b> | <b>ACTUARIAL<br/>GAINS OR<br/>LOSSES</b> | <b>TOTAL<br/>EQUITY</b> |
|---|------------------------------|----------------------------|----------------------------|--|-------------------------|
| Balance as at 1/4/2018  | 17,900.13                    | -                          | 1,466.39                   | 65.82                                    | 19,432.34               |
| Profit for the year   | (1,761.99)                   | -                          | -                          | -  | (1,761.99)              |
| Actuarial gain/(loss) on post-employment<br>benefit obligations, net of tax benefit | -                            | -                          | -                          | 23.74                                    | 23.74                   |
| <b>Balance as at 31/03/2019</b>   | <b>16,138.14</b>             | <b>-</b>                   | <b>1,466.39</b>            | <b>89.56</b>                             | <b>17,694.09</b>        |

**VISHWARAJ SUGAR INDUSTRIES LIMITED, BELLAD - BAGEWADI**  
**Registered Office: Bellad Bagewadi, Taluka Hukkeri, District Belgaum – 591 305**  
**(CIN: U85110KA1995PLC017730)**

**Note.1. Overview and notes to the financial statements & Accounting Policies.**

**1.1. Company overview:**

Vishwaraj Sugar Industries Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at Bellad Bagewadi, Taluka Hukkeri, Belgaum – 591 305, Karnataka, India. The company's operations comprises of Production of sugar, alcoholic spirits by distillation including ethanol, blending and bottling of Indian made foreign liquor (IMFL), vinegar and generation of power.

These financial statements have been prepared using presentation and disclosure requirements of the Schedule III of Companies Act 2013 in conformity with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India

**1.2. Basis of preparation of financial statements**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year figures reported in this statement.

**1.3. Use of estimates and judgments**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**1.4. Critical accounting estimates and judgments**

**Revenue Recognition:**

The Company recognizes revenue from Sale of Goods when it transfers the property in Goods to the buyer for a price or all significant risks and rewards of ownership has been transferred to the buyer and no significant uncertainty exists as to the amount of consideration that would be derived from such sale. The recognition event is usually the dispatch of goods to the buyer such that the Company retains no effective control over the goods dispatched. Sales have been stated exclusive of Excise Duty (except IMFL sales) and GST. Other revenue is recognized only when it is reasonably certain that the ultimate collection will be made. The same is in compliance with Ind AS-18 to the extent applicable.

### **1.5. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on REFERENCE WITH Schedule-II t the Companies act,2013 and historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### **1.6. Leases**

Interests in leasehold land are recorded and classified as operating leases or finance leases as per set definition and classification criteria. An important consideration is that the land has an indefinite economic life. Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset.

### **1.7. Allowance for credit losses on receivables**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and it operates. In calculating expected credit loss, the Company has also considered related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

### **1.8. Income taxes:**

The company has not made any Provision for Current taxes as there is Book Loss and also Income tax Losses during the year.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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**2. Property, plant and equipment.**
**(Rs.in Lakhs)**
**FY 2019-20**

| Particulars               | Gross carrying value  |                 |                 |                        | Accumulated depreciation / impairment |                 |                            |              |                        | Net carrying value        |                           |
|---------------------------|-----------------------|-----------------|-----------------|------------------------|---------------------------------------|-----------------|----------------------------|--------------|------------------------|---------------------------|---------------------------|
|                           | As at<br>1 April 2019 | Additions       | Disposals       | As at<br>31 March 2020 | As at<br>1 April 2019                 | For the year    | Impairment<br>for the year | Disposals    | As at<br>31 March 2020 | As at<br>31 March<br>2020 | As at<br>31 March<br>2019 |
| Land                      | 588.88                | -               | -               | 588.88                 | -                                     | -               | -                          | -            | -                      | 588.88                    | 588.88                    |
| Factory Buildings         | 3,895.21              | 567.47          | -               | 4,462.68               | 470.90                                | 177.23          | -                          | -            | 648.13                 | 3,814.55                  | 3,424.31                  |
| Other Building            | 3,249.24              | -               | -               | 3,249.24               | 155.68                                | 53.39           | -                          | -            | 209.08                 | 3,040.16                  | 3,093.56                  |
| Plant and equipment       | 21,800.66             | 3,239.70        | -               | 25,040.36              | 2,815.88                              | 1,161.48        | -                          | -            | 3,977.36               | 21,063.01                 | 18,984.78                 |
| Vehicles                  | 427.07                | 62.17           | 92.31           | 396.94                 | 151.65                                | 46.52           | -                          | 59.46        | 138.70                 | 258.23                    | 275.42                    |
| Office Equipment          | 42.22                 | 1.60            | -               | 43.82                  | 17.80                                 | 7.31            | -                          | -            | 25.10                  | 18.71                     | 24.42                     |
| Furniture & Fixtures      | 73.92                 | 15.79           | -               | 89.70                  | 24.75                                 | 11.23           | -                          | -            | 35.98                  | 53.72                     | 49.17                     |
|                           | <b>30,077.20</b>      | <b>3,886.72</b> | <b>92.31</b>    | <b>33,871.62</b>       | <b>3,636.66</b>                       | <b>1,457.16</b> | -                          | <b>59.46</b> | <b>5,034.36</b>        | <b>28,837.26</b>          | <b>26,440.54</b>          |
| Capital Work in Progress* | 1126.02               | -               | 1,126.02        | 0.00                   | -                                     | -               | -                          | -            | -                      | 0.00                      | 1,126.02                  |
| <b>Total</b>              | <b>31,203.22</b>      | <b>3,886.72</b> | <b>1,218.33</b> | <b>33,871.62</b>       | <b>3,636.66</b>                       | <b>1,457.16</b> | -                          | <b>59.46</b> | <b>5,034.36</b>        | <b>28,837.26</b>          | <b>27,566.56</b>          |

\* The Capital WIP amount reflected in the Disposal column is actually the amount transferred from Capital WIP to the Respective Capital Assets when capitalised.

**FY 2018-19**
**(Rs.in Lakhs)**

| Particulars              | Gross carrying value  |                 |               |                        | Accumulated depreciation / impairment |                 |                            |               |                        | Net carrying value        |                           |
|--------------------------|-----------------------|-----------------|---------------|------------------------|---------------------------------------|-----------------|----------------------------|---------------|------------------------|---------------------------|---------------------------|
|                          | As at<br>1 April 2018 | Additions       | Disposals     | As at<br>31 March 2019 | As at<br>1 April 2018                 | For the year    | Impairment<br>for the year | Disposals     | As at<br>31 March 2019 | As at<br>31 March<br>2019 | As at<br>31 March<br>2018 |
| Land                     | 461.54                | 127.34          | -             | 588.88                 | -                                     | -               | -                          | -             | -                      | 588.88                    | 461.54                    |
| Factory Buildings        | 3,825.70              | 69.51           | -             | 3,895.21               | 311.63                                | 159.26          | -                          | -             | 470.90                 | 3,424.31                  | 3,514.07                  |
| Other Building           | 3,238.56              | 10.68           | -             | 3,249.24               | 102.35                                | 53.39           | -                          | -             | 155.68                 | 3,093.56                  | 3,136.21                  |
| Plant and equipment      | 21,641.84             | 504.34          | 346           | 21,800.66              | 1,910.40                              | 1,053.40        | -                          | 148           | 2,815.88               | 18,984.78                 | 19,731.44                 |
| Vehicles                 | 386.81                | 53.91           | 14            | 427.07                 | 106.86                                | 51.44           | -                          | 6.65          | 151.65                 | 275.42                    | 279.95                    |
| Office Equipment         | 40.87                 | 1.35            | -             | 42.22                  | 10.74                                 | 7.05            | -                          | -             | 17.80                  | 24.42                     | 30.13                     |
| Furniture & Fixtures     | 50.48                 | 23.43           | -             | 73.92                  | 15.02                                 | 9.73            | -                          | -             | 24.75                  | 49.17                     | 35.47                     |
|                          | <b>29,645.81</b>      | <b>790.57</b>   | <b>359.18</b> | <b>30,077.20</b>       | <b>2,457.01</b>                       | <b>1,334.28</b> | -                          | <b>154.63</b> | <b>3,636.66</b>        | <b>26,440.54</b>          | <b>27,188.80</b>          |
| Capital Work in progress | -                     | 1,126.02        | -             | 1,126.02               | -                                     | -               | -                          | -             | -                      | 1,126.02                  | -                         |
| <b>Total</b>             | <b>29,645.81</b>      | <b>1,916.59</b> | <b>359.18</b> | <b>31,203.22</b>       | <b>2,457.01</b>                       | <b>1,334.28</b> | -                          | <b>154.63</b> | <b>3,636.66</b>        | <b>27,566.56</b>          | <b>27,188.80</b>          |

**3. Investments****(Rs.in Lakhs)**

| Particulars   | 2020    |               | 2019    |               |
|---|---------|---------------|---------|---------------|
|   | Current | Non-Current   | Current | Non-Current   |
| <b>Unquoted investments in equity instruments at FVTPL</b>                    |         |               |         |               |
| Bellad Bagewadi Urban Souhard Sahakari Shares<br>(100 shares of Rs.10/- each) | -       | 0.10          | -       | 0.10          |
| BDCC Bank Shares<br>(21628 shares of Rs.500/- each)                           | -       | 130.64        | -       | 108.14        |
| <b>Equity Shares Fully Paid-up (unquoted)</b>                                 | -       | <b>130.74</b> | -       | <b>108.24</b> |
| <b>Aggregate amount of unquoted investments</b>                               | -       | <b>130.74</b> | -       | <b>108.24</b> |
| <b>Total Investments</b>  | -       | <b>130.74</b> | -       | <b>108.24</b> |

**4. Other Financial Assets****(Rs.in Lakhs)**

| Particulars            | 2020         |               | 2019        |               |
|------------------------|--------------|---------------|-------------|---------------|
|                        | Current      | Non-Current   | Current     | Non-Current   |
| Security Deposits      | -            | 504.12        | -           | 214.60        |
| Other Financial Assets | 22.10        | -             | 4.47        | -             |
| <b>TOTAL</b>           | <b>22.10</b> | <b>504.12</b> | <b>4.47</b> | <b>214.60</b> |

**5. Other Non-Current Assets and Current Assets****(Rs.in Lakhs)**

| Particulars  | 2020            |             | 2019            |             |
|--|-----------------|-------------|-----------------|-------------|
|  | Current         | Non-Current | Current         | Non-Current |
| Deposits/Balances with Statutory Authorities                     | 94.79           | -           | 347.58          | -           |
| Other Current Assets (includes Advances to Suppliers & Services) | 5,181.57        | -           | 7,258.68        | -           |
| <b>TOTAL</b>   | <b>5,276.36</b> | <b>-</b>    | <b>7,606.26</b> | <b>-</b>    |

**6. Inventories****(Rs.in Lakhs)**

| Particulars  | 2020             | 2019             |
|--|------------------|------------------|
|  | Current          | Current          |
| <b>Valued at lower of cost and net realisable value.</b> |                  |                  |
| -Raw Materials   | 2,933.27         | 2,405.52         |
| -Process Stocks  | -                | -                |
| -Stores & Spares   | 770.98           | 555.16           |
| -Finished Goods  | 25,330.87        | 29,473.94        |
| <b>TOTAL</b>   | <b>29,035.12</b> | <b>32,434.62</b> |

**7. Trade receivables****(Rs.in Lakhs)**

| <b>Particulars</b>                 | <b>2020</b>     | <b>2019</b>     |
|------------------------------------|-----------------|-----------------|
|                                    | <b>Current</b>  | <b>Current</b>  |
| <b>Trade Receivables</b>           |                 |                 |
| <b>Unsecured, considered good</b>  |                 |                 |
| <b>Related Parties</b>             |                 |                 |
| -Doubtful                          | -               | -               |
| -Other Debts -Good                 | 94.64           | 83.68           |
| <b>Others</b>                      |                 |                 |
| -Doubtful                          | -               | -               |
| -Other Debts -Good                 | 3,424.76        | 4,415.29        |
|                                    | 3,519.40        | 4,498.97        |
| Less: Allowances for credit losses | 993.50          | 663.11          |
| Less: Bad debts Written off        | -               | -               |
| <b>TOTAL</b>                       | <b>2,525.90</b> | <b>3,835.87</b> |

**Trade Receivables Classification****(Rs.in Lakhs)**

| <b>Particulars</b>        | <b>2020</b>     | <b>2019</b>     |
|---------------------------|-----------------|-----------------|
| <b>Unsecured</b>          |                 |                 |
| O/s More than six months  |                 |                 |
| - Promoter/Promoter group | 72.76           | 83.68           |
| - Others                  | 1,763.47        | 2,413.51        |
| O/s Less than six months  |                 |                 |
| - Promoter/Promoter group | 22.88           | -               |
| - Others                  | 1,660.29        | 2,001.78        |
|                           | <b>3,519.40</b> | <b>4,498.97</b> |

**8. Cash and Cash Equivalents****(Rs.in Lakhs)**

| <b>Particulars</b>                  | <b>2020</b>   | <b>2019</b>   |
|-------------------------------------|---------------|---------------|
| <b>a) Cash and Cash equivalents</b> |               |               |
| i) Cash on hand                     | 21.05         | 18.39         |
| ii) Balances with banks             |               |               |
| - Current Accounts                  | 723.94        | 150.97        |
| - On Deposit Accounts               | -             | -             |
|                                     | <b>744.99</b> | <b>169.35</b> |

**9. Other Bank Balances****(Rs.in Lakhs)**

| <b>Particulars</b>  | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>b) Other Bank Balances (with restricted use)</b>         |              |              |
| (i) Margin Money Deposit Accounts (against Bank Guarantees) | 25.00        | 15.00        |
| (ii) Unclaimed Dividend Account                             | -            | -            |
| <b>Total</b>  | <b>25.00</b> | <b>15.00</b> |

**10.Share Capital****(Rs.in Lakhs)**

| Particulars   | 2020                 |                  | 2019                 |                  |
|---|----------------------|------------------|----------------------|------------------|
| <b>Authorized Share Capital</b><br>6,00,00,000 Equity Shares of Rs.10 each<br>(Previous year :6,00,00,000 Equity Shares of Rs.10 each)  | 6000.00              |                  | 6000.00              |                  |
| <b>Issued Subscribed and Paid up Share Capital</b><br>3,75,56,000 Equity Shares of Rs.10 each, fully paid up<br>(Previous year :3,45,56,000 Equity Shares of Rs.10 each, fully paid up) | 3755.60              |                  | 3455.60              |                  |
|   | <b>3755.60</b>       |                  | <b>3455.60</b>       |                  |
| <b>Details of shareholders holding more than 5% shares:</b>   | <b>No. of shares</b> | <b>% Holding</b> | <b>No. of shares</b> | <b>% Holding</b> |
| 1. Nikhil Umesh Katti   | 34,92,875            | 9.30%            | 1,28,65,400          | 9.67%            |

**10.1 Reconciliation of Number of Shares:****(Rs.in Lakhs)**

| Particulars                                    | 2020         |  | 2019         |  |
|--|--------------|--|--------------|--|
| Number of Shares at the beginning of the year  | 3,456        |  | 3,456        |  |
| Add : Shares issued during the year            | 300.00       |  | -            |  |
| <b>Number of Shares at the end of the year</b> | <b>3,756</b> |  | <b>3,456</b> |  |

**10.2 Rights attached to equity shares**

The Company has only one class of equity shares having a face value of Rs.10 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**11. Other Equity****(Rs.in Lakhs)**

| Particulars   | 2020             | 2019             |
|---|------------------|------------------|
| <b>Security Premium</b>                                     |                  |                  |
| Opening Balance   | 1,466.39         | 1,466.39         |
| Add / (Less): Changes during the year                       | 0.00             | 0.00             |
| Add: Premium on share capital                               | 1,500.00         | 0.00             |
| Less: Utilized/transfer during the period                   | 0.00             | 0.00             |
| <b>Closing Balance</b>                                      | <b>2,966.39</b>  | <b>1,466.39</b>  |
| <b>Profit &amp; Loss A/c</b>                                |                  |                  |
| (i) Opening Balance   | 16,138.14        | 17,900.13        |
| Add / (Less): Changes during the year                       |                  |                  |
| <b>Less: Transitional Adjustments</b>                       |                  |                  |
| Deferred Tax on account of IND AS                           | -                | -                |
| Expected Credit Loss  | -                | -                |
| Finance cost de-recognised based on effective interest cost | -                | -                |
| Measurement of Employee benefit at Fair Value               |                  |                  |
| <b>Actuarial Gain/ (loss) in OCI</b>                        | 110.51           | 89.56            |
| (ii) Add: Profit for the year                               | 788.06           | (1761.99)        |
| Less: Proposed Dividend (@ 10% on paid up capital)          | 0.00             | 0.00             |
| Less: Dividend Distribution Tax                             | 0.00             | 0.00             |
| Net Profit Transfer to Reserves                             | (788.06)         | (1761.99)        |
| <b>Closing Balance</b>                                      | <b>15,350.08</b> | <b>16,138.14</b> |
|   | <b>18,426.98</b> | <b>17,694.09</b> |

**12. Borrowings****(Rs.in Lakhs)**

| Particulars                            | 2020            |                | 2019            |                |
|--|-----------------|----------------|-----------------|----------------|
|  | Current         | Non Current    | Current         | Non Current    |
| <b>Secured Borrowings:</b>             |                 |                |                 |                |
| <i>loans from Banks</i>                |                 |                |                 |                |
| -Term Loans (#1)                       | -               | 9,256.47       | -               | 6,533.31       |
| -Hypothecation Loans for Vehicles (#2) | -               | 9.82           | -               | 8.12           |
| Working Capital facilities (#3)        | 23,909.30       | -              | 25,385.68       | -              |
| <b>Unsecured Borrowings</b>            |                 | -              |                 | -              |
| <b>Total</b>                           | <b>23909.30</b> | <b>9266.29</b> | <b>25385.68</b> | <b>6541.43</b> |

**Terms and conditions**

#1. Details of Term Loans from Banks are as follows:

| Name of the Lender | Date of Sanction | Amount Sanctioned (Rs. in lakhs) | Rate of Interest | Repayment Schedule  | Details of Security   |
|--------------------|------------------|----------------------------------|------------------|---|---|
| BDCC Bank          | 13/06/2017       | 4,000.00                         | 13.00%           | Repayable in 26 equal quarterly installments of Rs.166.66 lakhs | Charge on all the Movable & Immovable Assets of the sugar factory   |
| BDCC Bank          | 29/05/2018       | 3,000.00                         | 13.00%           | Repayable in 20 equal quarterly installments of Rs.150.00 lakhs | Charge on all the Movable & Immovable Assets of the Co-gen plant    |
| BDCC Bank          | 09/06/2018       | 2,500.00                         | 13.00%           | Repayable in 20 equal quarterly installments of Rs.125.00 lakhs | Charge on all the Movable & Immovable Assets of the Co-gen plant    |
| BDCC Bank          | 29.05.2019       | 1,842.00                         | 13.00%           | Repayable in 12 equal Monthly installments of Rs.153.50lakhs    | Pledge of Sugar Stocks  |
| BDCC Bank          | 05.09.2018       | 2,250.00                         | 13.00%           | Repayable in 24 equal Monthly installments of Rs.112.50lakhs    | Charge on all the Movable & Immovable Assets of the Distillery Unit |

#2. Details of Vehicle Loans from Banks are as follows:

| Name of the Lender                | Amount Sanctioned (Rs. In lakhs) | Rate of Interest | Repayment Schedule                                       | Details of Security |
|-----------------------------------|----------------------------------|------------------|--|---------------------|
| BDCC Bank BB Loan Ashok Leyland   | 9.00                             | 13.00%           | Repayable in monthly installments of Rs. 0.15 lakhs each | Vehicles            |
| BDCC Bank BB Loan Bolero Maxi 1   | 3.85                             | 13.00%           | Repayable in monthly installments of Rs. 0.06 lakhs each | Vehicles            |
| BDCC Bank BB Loan Bolero Maxi 2   | 3.85                             | 13.00%           | Repayable in monthly installments of Rs. 0.06 lakhs each | Vehicles            |
| BDCC Bank Loan 770 Case EX Loader | 15.63                            | 13.00%           | Repayable in monthly installments of Rs. 0.26 lakhs each | Vehicles            |
| Hero HF Delux                     | 25.00                            | 9.20%            | Repayable in monthly installments of Rs. 0.80 lakhs each | Vehicles            |

#3. The Working Capital Loan is in the form of Cash credit from Bank of India & State bank of India was secured by pledge of sugar.

### 13. Long Term Provisions

(Rs.in Lakhs)

| Particulars              | 2020          | 2019          |
|--------------------------|---------------|---------------|
| <u>Employee Benefits</u> |               |               |
| Gratuity #refer Note-38  | 196.61        | 182.65        |
|                          | <b>196.61</b> | <b>182.65</b> |

### 14.Deferred Tax (Assets)/Liabilities

(Rs.in Lakhs)

| Particulars   | 2020            | 2019          |
|---|-----------------|---------------|
| Opening Balance                                       | 765.22          | 1391.94       |
| Add : Mat Credit Entitlement                          |                 | -             |
| Add : On account of depreciation & Accumulated Losses | (856.79)        | (614.64)      |
| Add : On account of Provision for gratuity            | (9.30)          | (12.09)       |
| Closing Balance (Assets)/Liabilities                  | <b>(100.88)</b> | <b>765.22</b> |

#refer Note-28

**15. Other Non-Current Liabilities & Current liabilities****(Rs.in Lakhs)**

| Particulars            | 2020           |             | 2019           |             |
|------------------------|----------------|-------------|----------------|-------------|
|                        | Current        | Non Current | Current        | Non-Current |
| Statutory Dues Payable | 2697.82        | -           | 2832.35        | -           |
| Other Payables         | 202.22         | -           | 99.22          | -           |
| <b>Total</b>           | <b>2900.04</b> | <b>0.00</b> | <b>2931.57</b> | <b>0.00</b> |

**16. Trade Payables****(Rs.in Lakhs)**

| Particulars                      | 2020           | 2019            |
|----------------------------------|----------------|-----------------|
| Due to Micro & Small Enterprises | -              | -               |
| <b>Dues to others</b>            |                |                 |
| For Others                       | 6211.75        | 11271.89        |
| <b>Total</b>                     | <b>6211.75</b> | <b>11271.89</b> |

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

**17. Other financial liabilities****(Rs.in Lakhs)**

| Particulars                          | 2020           | 2019           |
|--------------------------------------|----------------|----------------|
|                                      | Current        | Current        |
| Trade Deposits & Advances            | 691.84         | 1257.02        |
| Current Maturities of Long Term Debt | 1505.89        | 1952.31        |
| Other Financial Liabilities          | 326.75         | 507.00         |
| <b>Total</b>                         | <b>2524.48</b> | <b>3716.34</b> |

**18. Provisions****(Rs.in Lakhs)**

| Particulars                         | 2020         | 2019         |
|-------------------------------------|--------------|--------------|
| Gratuity Provision (#refer Note-38) | 11.41        | 10.49        |
| Provision for tax                   | -            | -            |
| <b>Total</b>                        | <b>11.41</b> | <b>10.49</b> |

**19. Revenue from operations****(Rs.in Lakhs)**

| Particulars   | 2020             | 2019             |
|---|------------------|------------------|
| Sales (Inclusive of Excise duty)                        | 36,133.84        | 28,854.46        |
| Other Operating Revenue (Export & Buffer stock Subsidy) | 1,539.76         | 1,825.12         |
| <b>Revenue from operations</b>                          | <b>37,673.60</b> | <b>30,679.58</b> |

**20. Other income****(Rs.in Lakhs)**

| Particulars                  | 2020          | 2019          |
|------------------------------|---------------|---------------|
| Dividend Income              | 4.46          | 3.41          |
| Rental Income                | 24.96         | 34.56         |
| Insurance Claims and Income  | 35.08         | 51.55         |
| Other Non - Operating Income | 76.72         | 18.44         |
| Balances Written - off       | -             | -             |
| <b>Total</b>                 | <b>141.22</b> | <b>107.97</b> |

**21. Cost of materials consumed****(Rs.in Lakhs)**

| <b>Particulars</b>                                     | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Raw Materials Consumed                                 | 23,744.91        | 26,686.96        |
| Stores, Spares, Chemicals & Packing Materials Consumed | 721.23           | 978.41           |
|  | <b>24,466.14</b> | <b>27,665.37</b> |

**22. Changes in inventories****(Rs.in Lakhs)**

| <b>Particulars</b>         | <b>2020</b>     | <b>2019</b>       |
|----------------------------|-----------------|-------------------|
| <b>Raw Material</b>        |                 |                   |
| Opening                    | 2,405.52        | 1,178.60          |
| Closing                    | 2,933.27        | 2,405.52          |
|                            | (527.75)        | (1,226.93)        |
| <b>Work-in-progress</b>    |                 |                   |
| Opening                    | -               | -                 |
| Closing                    | -               | -                 |
|                            | -               | -                 |
| <b>Stores &amp; Spares</b> |                 |                   |
| Opening                    | -               | -                 |
| Closing                    | -               | -                 |
|                            | -               | -                 |
| <b>Finished goods</b>      |                 |                   |
| Opening                    | 29,473.94       | 24,420.60         |
| Closing                    | 25,330.87       | 29,473.94         |
|                            | 4,143.07        | (5,053.34)        |
|                            |                 |                   |
|                            | <b>3,615.32</b> | <b>(6,280.27)</b> |

**23. Other Manufacturing Expenses****(Rs.in Lakhs)**

| <b>Particulars</b>                           | <b>2020</b>     | <b>2019</b>     |
|--|-----------------|-----------------|
| Processing, Transportation and Other Charges | 445.12          | 526.44          |
| Power & Fuel                                 | 477.30          | 428.74          |
| Repairs - Plant & Machinery                  | 854.11          | 1,103.79        |
|  | <b>1,776.53</b> | <b>2,058.96</b> |

**24. Employee benefits expense****(Rs.in Lakhs)**

| <b>Particulars</b>                        | <b>2020</b>     | <b>2019</b>     |
|---|-----------------|-----------------|
| Salaries and Wages to employees           | 1,016.12        | 1,041.75        |
| Contribution to Provident and other Funds | 95.80           | 93.93           |
| Staff Welfare Expenses                    | 142.78          | 167.60          |
|   | <b>1,254.70</b> | <b>1,303.28</b> |

**25. Finance costs****(Rs.in Lakhs)**

| <b>Particulars</b>    | <b>2020</b>     | <b>2019</b>     |
|-----------------------|-----------------|-----------------|
| Interest Expense      | 4,030.40        | 3,501.06        |
| Other borrowing costs | 143.49          | 134.63          |
|                       | <b>4,173.89</b> | <b>3,635.69</b> |

**26. Other expenses****(Rs.in Lakhs)**

| <b>Particulars</b>                             | <b>2020</b>     | <b>2019</b>     |
|--|-----------------|-----------------|
| Rent   | 8.72            | 6.86            |
| Advertisement, Publicity & Sales Promotion     | 143.89          | 219.46          |
| Insurance                                      | 124.43          | 142.06          |
| Travelling Expenditure                         | 38.76           | 37.63           |
| Vehicle Running & Maintenance                  | 186.54          | 184.51          |
| Printing & Stationery                          | 7.76            | 11.70           |
| Communication Expenses                         | 8.19            | 9.48            |
| Legal, Professional & Consultancy Charges      | 124.92          | 74.48           |
| Discount, Rebate & Commission on Power sale    | 878.25          | 151.90          |
| Loss/(Gain) on Sale / Disposal of Fixed Assets | (7.22)          | 83.72           |
| Freight Charges                                | 13.40           | 10.10           |
| Donation                                       | 1.84            | 2.00            |
| Licence Fees & Taxes                           | 114.43          | 139.12          |
| Corporate Social Responsibility Expenses       | -               | 8.80            |
| Other Miscellaneous Exp                        | 111.13          | 70.08           |
| Expected Credit Loss                           | 330.40          | 262.76          |
|  | <b>2,085.44</b> | <b>1,414.66</b> |

27. Corporate Social Responsibility expenditure

(Rs. In Lakhs)

| Particulars                    | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| a) Amount required to be spent | -                                   | -                                   |
| b) Amount Spent                | -                                   | 8.80                                |

28. Tax expenses:

(a) Income tax expense recognised in the statement of profit and loss

(Rs. In Lakhs)

| Particulars     | For the year<br>ended 31 March<br>2020 | For the year ended<br>31 March 2019 |
|-----------------|--|-------------------------------------|
| a) Current Tax  | -                                      | -                                   |
| b) Deferred Tax | (866.10)                               | (626.72)                            |

(b) Deferred tax assets & Liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

(Rs. In Lakhs)

| Particulars                                      | For the year ended<br>31 March 2020 | For the year<br>ended 31 March<br>2019 |
|--|-------------------------------------|--|
| <b><i>Deferred tax( assets)/liabilities:</i></b> |                                     |  |
| Property, plant and equipment                    | (513.53)                            | 357.16                                 |
| MAT Credit Entitlement                           | -                                   | -                                      |
| Accumulated Losses                               | (343.25)                            | (971.71)                               |
| 43B Disallowances                                | (9.31)                              | (12.18)                                |
| <b>Net deferred tax (assets)/liabilities</b>     | <b>(866.10)</b>                     | <b>(626.72)</b>                        |

(c) Income tax expense recognised in other comprehensive income.

(Rs. In Lakhs)

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| a) Tax effect on re measurement of defined benefit obligation | -                                   | -                                   |

29. Auditors Remuneration.

(Rs. In Lakhs)

| Particulars          | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|----------------------|-------------------------------------|-------------------------------------|
| a) Audit fees        | 5.00                                | 5.00                                |
| b) For Other Matters | 2.00                                | 2.00                                |
| <b>TOTAL</b>         | <b>7.00</b>                         | <b>7.00</b>                         |

**30. Earnings per Share**

| Particulars   | (Rs. In Lakhs)                      |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| Net Profit attributable to equity holders   | (788.04)                            | (1761.99)                           |
| Weighted average number of equity shares  | 359.61                              | 345.56                              |
| Total weighted average number of equity shares outstanding at the end of the year | 359.61                              | 345.56                              |
| dAdd : Effect of division of face value of equity shares *                        | -                                   | -                                   |
| Add: Effect of Bonus Equity shares issued   | -                                   | -                                   |
| Total weighted average number of equity shares outstanding at the end of the year | 359.61                              | 345.56                              |
| <i>Nominal Value per Equity Share*</i>  | 10                                  | 10                                  |
| <b>Basic EPS (In Rs.)</b>   | <b>(2.19)</b>                       | <b>(5.10)</b>                       |
| <b>Diluted EPS (In Rs.)</b>   | <b>(2.19)</b>                       | <b>(5.10)</b>                       |

**31. Contingent liabilities and commitments.**

| Particulars               | (Rs. In Lakhs)                      |                                     |
|---------------------------|-------------------------------------|-------------------------------------|
|                           | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a) Court Cases            | 1315.73                             | 1506.15                             |
| (b) Bank Guarantee        | 97.00                               | 57.00                               |
| c) EPCG Export Obligation | 289.99                              | 289.99                              |
| <b>Total</b>              | <b>1412.73</b>                      | <b>1853.14</b>                      |

\* In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**32. Related Parties**

In accordance with the provisions of Ind AS 24 "Related Party Disclosures" and the Companies Act, 2013, Company's Directors, members of the Company's Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

| 2020                       | 2019                       |
|----------------------------|----------------------------|
| Mr. Umesh V Katti          | Mr. Umesh V Katti          |
| Mrs. Sheela Umesh Katti    | Mrs. Sheela Umesh Katti    |
| Nikhil U Katti             | Nikhil U Katti             |
| Lava R Katti               | Lava R Katti               |
| Kush R Katti               | Kush R Katti               |
| Mukesh Kumar               | Mukesh Kumar               |
| Mallikarjun J Pujar        | Mallikarjun J Pujar        |
| Mrs. Sneha Patil           | Mrs. Sneha Patil           |
| Mr. Sheshagiri H. Kulkarni | Mr. Sheshagiri H. Kulkarni |

\*Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits recognised as per Ind AS 19 -Employee Benefit. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

The following is a summary of significant related party transactions:

(Rs. In Lakhs)

| Name of Related Party         | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------|------------------------|------------------------|
| <b>DIRECTORS REMUNERATION</b> |                        |                        |
| Mr.Nikhil Katti               | 36.00                  | 36.00                  |
| Mr. Mukesh Kumar              | 27.00                  | 2.25                   |
| Mr.Mallikarjun Pujar          | 1.50                   | 9.00                   |
| Mr.Lava Katti                 | 24.00                  | 24.00                  |
| Mr.Kush Katti                 | 24.00                  | 24.00                  |
| <b>SALARY</b>                 |                        |                        |
| Mr.Mallikarjun Pujar          | 6.98                   | --                     |
| Mrs.Sneha Patil               | 4.20                   | 4.20                   |
| Mr.Sheshagiri Kulkarni        | 4.68                   | 4.71                   |
| <b>PURCHASES</b>              |                        |                        |
| Mr.Umesh V. Katti             | 21.84                  | 10.19                  |
| Mr.Ramesh Katti               | 8.60                   | 20.54                  |
| Mrs.Sheela Umesh Katti        | 12.72                  | -                      |
| Mr.Nikhil Katti               | 20.60                  | 4.52                   |
| Mr.Lava Katti                 | 12.79                  | 10.71                  |
| Mr.Kush Katti                 | 14.69                  | 10.91                  |
| Mr.Mallikarjun Pujar          | 4.39                   | 0.39                   |
| Mr.Basavaraj V Hagaragi       | 2.60                   | 0.40                   |
| <b>PURCHASE ADVANCE</b>       |                        |                        |
| Mr.Nikhil U Katti             | 40.78                  | 40.78                  |
| Mr.Lava R Katti               | 52.47                  | 52.47                  |
| Mr.Kush R Katti               | 57.24                  | 57.24                  |
| <b>LEASE SECURITY DEPOSIT</b> |                        |                        |
| Mr.Nikhil Katti               | 200.00                 | 200.00                 |

\* In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arm's length price.

**Associates / Enterprises over which directors and / or their relatives has significant influence**

| 2020                                      | 2019                                      |
|---|---|
| U R Agrofresh Private Limited             | U R Agrofresh Private Limited             |
| Vishwaraj Infrastructure Private Limited  | Vishwaraj Infrastructure Private Limited  |
| UK27 Hospitality Services (India) Limited | UK27 Hospitality Services (India) Limited |
| M/s Vishwaraj Developers                  | M/s Vishwaraj Developers                  |
| Vishwaraj Encivil India Private Limited   | -   |

The following is a summary of significant related transactions with the entities having significant influence.  
(Rs. In Lakhs)

| Name of Related Party                             | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| <b>UR Agro Fresh Private Limited</b>              |                        |                        |
| Sales during the year                             | 33.22                  | 93.46                  |
| Receivables                                       | 93.67                  | 83.46                  |
| <b>Advances</b>                                   |                        |                        |
| Opening Balance o/s                               | 335.00                 | 100.00                 |
| Advances given during the year                    | 0.00                   | 225.00                 |
| Closing Balance o/s                               | 335.00                 | 335.00                 |
| <b>UK 27 Hospitality services (India) Limited</b> |                        |                        |
| Sales   | 1.48                   | 0.47                   |
| Receivables                                       | 0.38                   | 0.22                   |
| TA & DA Expenses                                  | 1.40                   | 0.47                   |
| TA & DA Payable Outstanding                       | 0.00                   | 0.14                   |
| <b>Vishwaraj Developers</b>                       |                        |                        |
| Sales   | 0.58                   | 0.34                   |
| Receivables                                       | 0.58                   | 0.00                   |

### 33. Fair value measurements

#### (i) Financial instruments by category

(Rs. In Lakhs)

| Particulars   | For the year ended<br>31 March 2020 |                   | For the year ended 31 March<br>2019 |                    |
|---|-------------------------------------|-------------------|-------------------------------------|--------------------|
|   | FVTPL                               | Amortised<br>Cost | FVTPL                               | Amortise<br>d Cost |
| <b>Financial assets</b>   |                                     |                   |                                     |                    |
| <i>Investments</i>  | 130.74                              | -                 | 108.24                              | -                  |
| <i>Loans</i>  | -                                   | -                 | -                                   | -                  |
| <i>Trade Receivables</i>  | 2525.90                             | -                 | 3,835.87                            | -                  |
| <i>Cash &amp; Cash Equivalents</i>                              | 744.99                              | -                 | 169.35                              | -                  |
| <i>Bank Balances other than cash &amp;<br/>cash Equivalents</i> | 25.00                               | -                 | 15.00                               | -                  |
| <i>Other Financial Assets</i>                                   | 526.22                              | -                 | 219.06                              | -                  |
| <b>Financial Liabilities</b>                                    |                                     |                   |                                     |                    |
| <i>Borrowings</i>   | -                                   | 33,175.59         | -                                   | 31,933.58          |
| <i>Trade Payables</i>   | 6211.75                             | -                 | 11271.89                            | -                  |
| <i>Other Financial Liabilities</i>                              | 2524.48                             | -                 | 3709.87                             | -                  |

The management considers that the carrying amount of financial assets and financial liabilities carried at amortised cost approximates their fair value.

**34. Earnings/expenditure in foreign currency:****Expenditure in Foreign currency:****(Values In Lakhs)**

| <b>Particulars</b>  | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended 31 March<br/>2019</b> |
|---|---|---|
| <b>Earnings in Foreign currency</b>                             | -   | -   |
| <b>Expenditure in Foreign currency</b>                          |   |   |
| -USD  | 3.36  | 3.76  |
| -Euro   | 32.18                                       | 59.52                                       |
| - JPY   | 0.00  | 53.48                                       |
| <b>Income in Foreign currency (Advance<br/>Amount Received)</b> |   |   |
| -USD  | 78.34                                       | 0.00  |

**35. Segment Reporting:**

The company has identified products wise and unit wise segments i.e. Sugar, Co-generation, Distillery, Vinegar & IML at factory site, respectively of Products & Unit based on return and risk .Hence, the same becomes the reportable segments for the Company. Accordingly, the Company has above operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are made. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

**36. Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**A. Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

**Trade and Other Receivables** - The Company uses Expected Credit Loss (ECL) model for assessing the impairment loss on trade and other receivables. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The management believes that there is no change in allowance for credit losses for the periods presented.

**Financial assets that are neither past due nor impaired**

None of the Company's cash equivalents, including term deposits were past due or impaired for the periods presented.

The Company's credit period for customers generally ranges from 30 - 90 days.

### **B. Market Risks:**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies

### **C. Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk. The Company's variable rate borrowing is subject to interest rate risk. However, the management considers the impact of fair value interest rate risk on variable rate borrowings to be immaterial.

### **37. Capital Management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**(Rs. In Lakhs)**

| <b>Particulars</b>                         | <b>As at 31 March 2020</b> | <b>As at 31 March 2019</b> |
|--|----------------------------|----------------------------|
| Total Debt                                 | 45019.88                   | 50805.27                   |
| Less: Cash and cash equivalents            | 744.99                     | 169.35                     |
| <b>Net Debt</b>                            | <b>44274.89</b>            | <b>50635.91</b>            |
| Equity Share Capital                       | 3755.60                    | 3455.60                    |
| Other Equity                               | 18426.99                   | 17694.09                   |
| <b>Total Equity Attributable to Owners</b> | <b>22182.60</b>            | <b>21149.69</b>            |
| <b>Net Debt to Equity Ratio</b>            | <b>1.99 : 1</b>            | <b>2.39:1</b>              |

### **38. Gratuity**

The Company provides for gratuity for employees in India as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionally for 15 days salary multiplied for the number of the years of service up to a maximum of ₹10 Lakhs.

(i) The assumptions used in accounting for the gratuity plan are set out as below:

| <b>Particulars</b> | <b>As at 31 March 2020</b> | <b>As at 31 March 2019</b> |
|--------------------|----------------------------|----------------------------|
| Future Salary rise | 7%                         | 7.00%                      |
| Discount rate      | 7%                         | 7.75%                      |
| Mortality          | IALM 2012-14               | IALM2006-08 Ultimate       |
| Withdrawal rate    | 5%                         | 5%                         |

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards

The components of gratuity cost recognised in the statement of profit and loss consist of the following:

**(Rs. In Lakhs)**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|----------------------------------|
| Current Service Cost  | 22.31                               | 13.98                            |
| Interest cost   | 13.52                               | 22.58                            |
| <b>Gratuity cost recognised in statement of profit and loss</b> | <b>35.82</b>                        | <b>36.56</b>                     |

Details of the employee benefits obligations and plan assets are provided below:

**(Rs. In Lakhs)**

| Particulars                                     | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| Present value of funded obligations             | 208.02              | 193.14              |
| Fair value of plan assets                       | -                   | -                   |
| <b>Net defined benefit liability recognized</b> | <b>208.02</b>       | <b>193.14</b>       |

Details of changes in the present value of defined benefit obligations are as follows:

**(Rs. In Lakhs)**

| Particulars   | For the year ended 31 March<br>2020 | For the year ended 31 March<br>2019 |
|---|-------------------------------------|-------------------------------------|
| Defined benefit obligations at the beginning of the year          | 193.14                              | 180.32                              |
| Current service cost  | 22.31                               | 22.58                               |
| Interest Cost   | 13.52                               | 13.98                               |
| Remeasurement - Actuarial (gain)/loss on obligation               | (20.95)                             | (23.74)                             |
| Benefits paid during the year                                     | -                                   | -                                   |
| <b>Defined benefit obligations at the end of the period/ year</b> | <b>208.02</b>                       | <b>193.14</b>                       |

**However, the company has not invested the Gratuity provision made in any manner prescribed under Payment of Gratuity Act, 1972.**

## Additional Disclosures to Notes to Financial Statements

### **39. Minimum Alternative Tax:**

Company have Total MAT Credit of Rs. 23,55,45,227.00 for the year ended 31.03.2020 accumulated up to date MAT Credit as under:

(In Rs.)

| 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           |
| 13      | 2018-19        | 0.00                   |
| 14      | 2019-20        | 0.00                   |
|         | <b>Total</b>   | <b>23,55,45,227.00</b> |

### **40. Accounting for Goods & Service Tax (GST):**

(a) The GST paid on purchase of Raw-material has been treated as cost of stock and cost of Raw-materials.

(b) The GST Input Tax Credit (ITC) benefit attributable to acquisition & construction 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) GST Input Tax Credit (ITC) benefit attributable to purchase of inputs has been reduced from Manufacturing expenses.

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

(In Rs.)

| GST CREDIT              |             | Op. Balance (Dr)      | Credit                 | Debit                 | Cl. Balance (Dr)    |
|-------------------------|-------------|-----------------------|------------------------|-----------------------|---------------------|
| 1                       | CGST Credit | 97,60,376.00          | 2,53,68,966.95         | 1,77,39,777.95        | 21,31,187.00        |
| 2                       | IGST Credit | 71,58,933.83          | 7,06,95,237.83         | 6,37,73,805.00        | 2,37,501.00         |
| 3                       | SGST Credit | 12,14,552.00          | 1,68,23,142.95         | 1,77,39,777.95        | 21,31,187.00        |
| <b>Total GST Credit</b> |             | <b>1,81,33,861.83</b> | <b>11,28,87,347.73</b> | <b>9,92,53,360.90</b> | <b>44,99,875.00</b> |

#### 41. Secured Loans:

As on 31.03.2020, the Term Loan under SOFT Loan Scheme outstanding as under

1. The B D C C Bank Ltd, Main Branch Belagavi Rs.1842.00 Lakhs

As on 31.03.2020, the Term Loan For Sugar Exp outstanding as under

1. The B D C C Bank Ltd, Main Branch Belagavi Rs.2833.31 Lakhs

As on 31.03.2020, the Term Loan For Co gen Hypothication outstanding as under

1. The B D C C Bank Ltd, Main Branch Belagavi Rs.1950.00 Lakhs
2. The B D C C Bank Ltd, Main Branch Belagavi Rs.1875.00 Lakhs

As on 31.03.2020, the Term Loan For Distillery Expansion outstanding as under

1. The B D C C Bank Ltd, Main Branch Belagavi Rs.2250.00 Lakhs

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 31.03.2020 is as under.

1. Bank of India, Shahapur Branch, Belagavi Rs.8988.22 Lakhs
2. State Bank of India, SME Branch, Belagavi Rs.5979.44 Lakhs

The Working Capital Loan in the form of Cash Credit Hypothication from Bank of India was secured by pledge of Other Stocks. The Loan outstanding as on 31.03.2020 is as under.

1. Bank of India, Shahapur Branch, Belagavi Rs.1245.63 Lakhs

#### **The Term Hypothecation Loan Details:**

| Sl.No | Particulars        | Rs.in Lakhs | Bank Name     |
|-------|--------------------|-------------|---------------|
| 1     | Ashok Leyland      | 2.54        | BDCC Bank BB  |
| 2     | Bolero Maxi Truck  | 0.96        | BDCC Bank BB  |
| 3     | Bolero Maxi Truck  | 0.96        | BDCC Bank BB  |
| 4     | Case 770 Ex Loader | 3.65        | BDCC Bank BB  |
| 5     | Hero HF Delux      | 13.75       | Bank of India |

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.

#### 42. Auditors Remuneration:

(In Rs.)

| Sl. No. | Particulars          | 2019-20     | 2018-19     |
|---------|----------------------|-------------|-------------|
| 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.

#### 43. i) Distillery Unit:

| No. | Particulars                         | Unit | 2019-20  | 2018-19 |
|-----|-------------------------------------|------|----------|---------|
| a)  | Licensed Capacity Rectified Spirit  | Ltrs | 1,00,000 | 35,000  |
| b)  | Installed Capacity Rectified Spirit | Ltrs | 1,00,000 | 35,000  |
| c)  | Licensed Capacity Neutral Spirit    | Ltrs | 50,000   | 30,000  |
| d)  | Installed Capacity Neutral Spirit   | Ltrs | 50,000   | 30,000  |

**ii) Co-generation Unit:**

| No. | Particulars                    | Unit | 2019-20 | 2018-19 |
|-----|--------------------------------|------|---------|---------|
| a)  | Licensed Capacity Electricity  | MW   | 36.4    | 36.4    |
| b)  | Installed Capacity Electricity | MW   | 36.4    | 36.4    |

**iii) Sugar Unit:**

| No. | Particulars                   | Unit | 2019-20 | 2018-19 |
|-----|-------------------------------|------|---------|---------|
| a)  | Licensed Capacity Sugar Cane  | MT   | 8500    | 8,500   |
| b)  | Installed Capacity Sugar Cane | MT   | 8,500   | 8,500   |

**iv) IML Unit:**

| No. | Particulars            | Unit | 2019-20 | 2018-19 |
|-----|------------------------|------|---------|---------|
| a)  | Licensed IML Bottling  | CB   | 5,000   | 5,000   |
| b)  | Installed IML Bottling | CB   | 5,000   | 5,000   |

**v) Natural Alcoholic Vinegar:**

| No. | Particulars | Unit | 2019-20 | 2018-19 |
|-----|-------------|------|---------|---------|
| 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.*

**44. Production:**

| Particulars               | Unit | 2019-20      | 2018-19        |
|---------------------------|------|--------------|----------------|
|                           |      | Qty          | Qty            |
| <b>Distillery Unit</b>    |      |              |                |
| Rectified Spirit          | KL   | 2,497.54     | 3,156.59       |
| Extra Nautral Spirit      | KL   | 2,342.94     | 969.47         |
| M. G. Spirit              | KL   | 235.28       | 38.188         |
| <b>Co-gen Unit</b>        |      |              |                |
| Electricity               | KWh  | 7,48,03,100  | 8,08,22,900    |
| <b>Sugar Unit</b>         |      |              |                |
| Sugar                     | Qtls | 7,71,500.00  | 9,84,150.00    |
| Molasses                  | MT   | 32,460.160   | 43,050.00      |
| Bagasse                   | MT   | 2,00,000.00  | 2,52,400.00    |
| Compost                   | MT   | 8,818.54     | 11,746.80      |
| <b>IML Unit</b>           |      |              |                |
| IML (Liquor)              | CB   | 32,160.00    | 1,23,060.00    |
| <b>Vinegar Unit</b>       |      |              |                |
| Natural Alcoholic Vinegar | Ltrs | 56,26,692.00 | 1,07,79,000.00 |

**45. Turnover**

| Particulars               | Unit | 2019-20      |                 | 2018-19      |                 |
|---------------------------|------|--------------|-----------------|--------------|-----------------|
|                           |      | Qty          | Value in Lakhs  | Qty          | Value in Lakhs  |
| <b>Distillery Unit</b>    |      |              |                 |              |                 |
| Rectified Spirit          | KL   | 1162.00      | 544.76          | 2137.00      | 697.45          |
| Extra Natural Spirit      | KL   | 1665.00      | 933.45          | 1000.00      | 447.50          |
| M G Spirit                | KL   | 235.00       | 86.95           | 57.70        | 24.64           |
| Liquid Carbon Di Oxide    | KG   | 1,72,750.00  | 3.97            | 20,71,840.00 | 20.72           |
| <b>Co-Gen Unit</b>        |      |              |                 |              |                 |
| Electricity               | KWh  | 4,92,79,000  | 2258.20         | 4,86,93,000  | 2171.12         |
| Boiler Ash                | MT   | --           | 7.78            | --           | 7.06            |
| <b>Sugar Unit</b>         |      |              |                 |              |                 |
| Sugar                     | QTLS | 9,68,026.00  | 29,677.27       | 7,16,154.00  | 21,906.64       |
| Scrap                     | -    | --           | 9.65            | --           | 7.63            |
| Compost                   | Bags | 1,62,351.00  | 270.39          | 91,455.00    | 108.81          |
| Mollasses                 | MT   | 19,008.26    | 1666.04         | 19,999.94    | 1147.50         |
| Bagasse                   | MT   | 6358.640     | 98.01           | --           | --              |
| <b>IML Unit</b>           |      |              |                 |              |                 |
| IML                       | CB   | 38,170.00    | 811.17          | 1,23,000     | 2589.58         |
| <b>Vinegar Unit</b>       |      |              |                 |              |                 |
| Natural Alcoholic Vinegar | Ltrs | 57,05,130.00 | 785.92          | 87,63,890.00 | 1202.07         |
| <b>Total</b>              | -    |              | <b>37153.60</b> |              | <b>30330.73</b> |

**46. Consumption of Raw Materials:**

| Particulars               | Unit | 2019-20     |                | 2018-19      |                |
|---------------------------|------|-------------|----------------|--------------|----------------|
|                           |      | Qty         | Value in Lakhs | Qty          | Value in Lakhs |
| <b>Distillery Unit</b>    |      |             |                |              |                |
| Molasses                  | MT   | 17,553.88   | 1755.38        | 11,572.00    | 694.32         |
| Chemicals                 | -    |             | 34.79          | --           | 13.93          |
| R.S. (Captive)            | Ltrs | 4,50,513.50 | 211.74         | 10,53,631.80 | 189.65         |
| <b>Co-generation Unit</b> |      |             |                |              |                |
| Bagasse                   | MT   | 2,09,037.00 | 4180.74        | 2,19,250.00  | 4056.12        |
| Coal including Distillery | MT   | 6,788.02    | 359.64         | 6,609.70     | 333.34         |
| Chemicals                 | -    |             | 37.13          | --           | 47.30          |
| <b>Sugar Unit</b>         |      |             |                |              |                |
| Sugar Cane                | MT   | 7,02,776.20 | 23954.30       | 8,78,405.91  | 26883.60       |
| Chemicals                 | -    |             | 235.08         | --           | 210.60         |
| <b>IML Unit</b>           |      |             |                |              |                |
| Extra Natural Spirit      | Ltrs | 1,00,000.00 | 48.00          | 3,65,000.00  | 65.70          |
| Chemicals                 | -    |             | 1.01           | --           | 1.91           |
| <b>Vinegar Unit</b>       |      |             |                |              |                |
| Chemicals                 | -    |             | 34.26          | --           | 33.16          |
| R S Consumption           | Ltrs | 7,77,000.00 | 365.19         | 15,75,000.00 | 283.50         |

**47. Opening Stock:**

| Particulars               | Unit | 2019-20      |                  | 2018-19     |                  |
|---------------------------|------|--------------|------------------|-------------|------------------|
|                           |      | Qty          | Value (in Lakhs) | Qty         | Value (in lakhs) |
| <b>Distillery Unit</b>    |      |              |                  |             |                  |
| Rectified Spirit          | KL   | --           | --               | 1611.90     | 531.93           |
| Extra Neutral Spirit      | KL   | --           | --               | 397.01      | 158.80           |
| M. G. Spirit              | KL   | --           | --               | 19.66       | 5.11             |
| Denature Spirit           | KL   | --           | --               | 19.53       | 5.27             |
| <b>Co-generation Unit</b> |      |              |                  |             |                  |
| Coal                      | MT   | 941.18       | 46.07            | 2149.00     | 115.24           |
| Bagasse                   | MT   | 37018.00     | 684.33           | 3868.00     | 77.36            |
| <b>Sugar Unit</b>         |      |              |                  |             |                  |
| Sugar                     | Qtls | 9,60,717     | 28706.22         | 6,92,721.00 | 23,351.62        |
| Molasses                  | MT   | 27,911.25    | 1,674.68         | 16,433.19   | 985.99           |
| Compost MT                | MT   | 23,126.95    | 450.91           | 15,952.90   | 319.05           |
| <b>IML Unit</b>           |      |              |                  |             |                  |
| IML                       | CB   | 6,010.00     | 26.98            | 5,950.00    | 26.71            |
| <b>Vinegar Unit</b>       |      |              |                  |             |                  |
| Vinegar                   | Ltrs | 20,60,664.00 | 278.19           | 1,63,554    | 22.07            |
| <b>Total</b>              |      |              | <b>31,867.83</b> |             | <b>25,599.19</b> |

**48. Closing Stock:**

| Particulars               | Unit | 2019-20      |                  | 2018-19      |                  |
|---------------------------|------|--------------|------------------|--------------|------------------|
|                           |      | Qty          | Value in Lakhs   | Qty          | Value in Lakhs   |
| <b>Distillery Unit</b>    |      |              |                  |              |                  |
| Rectified Spirit          | Ltrs | 2,05,945.30  | 96.79            | --           | --               |
| Extra Neutral Spirit      | Ltrs | 6,77,003.70  | 338.50           | --           | --               |
| <b>Co-generation Unit</b> |      |              |                  |              |                  |
| Coal                      | MT   | 2,218.50     | 119.00           | 941.18       | 46.07            |
| Bagasse                   | MT   | 21,622.36    | 432.44           | 37,018.00    | 684.33           |
| <b>Sugar Unit</b>         |      |              |                  |              |                  |
| Sugar                     | Qtls | 7,64,946     | 23,713.32        | 9,60,717     | 28706.22         |
| Molasses (S)              | MT   | 23,818.27    | 2381.83          | 27,911.25    | 1,674.68         |
| Compost                   | MT   | 23,827.94    | 953.11           | 23,126.95    | 450.91           |
| <b>IML Unit</b>           |      |              |                  |              |                  |
| IML                       | CB   | --           | --               | 6,010.00     | 26.98            |
| <b>Vinegar Unit</b>       |      |              |                  |              |                  |
| Vinegar                   | Ltrs | 16,97,226.00 | 229.13           | 20,60,664.00 | 278.19           |
| <b>Total</b>              |      |              | <b>25,330.87</b> |              | <b>31,867.83</b> |

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

| CIF Value of Import                   | Currency | 2019-20   | 2018-19      |
|---------------------------------------|----------|-----------|--------------|
| Vinegar Chemical Charges              | EURO     | 24,169.50 | --           |
| Kasurth Certification Plant Fees      | USD      | 4870.00   | 4635.00      |
| Vinegar Machinery Parts               | EURO     | 17140.00  | 61058.80     |
| Vinegar Machinery Service Charges     | EURO     | --        | 13509.21     |
| Vinegar Machinery Air Frieght Charges | EURO     | --        | 790.00       |
| Co gen Steam Turbine Spare            | JYP      | --        | 84,10,000.00 |

| CIF Value of Export                  | Currency | 2019-20     | 2018-19 |
|--------------------------------------|----------|-------------|---------|
| Denature Spirit Sales Advance Amount | USD      | 1,03,430.00 | --      |

**50. 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     | Central Excise, Belgaum Show Cause Notice   | 87.85           |
| 2     | Central Excise, Bangalore (Appeals)   | 974.43          |
| 3     | Central Excise, Belagavi (Appeals)  | 0.65            |
| 4     | High Court, Karnataka, Appeal for Sugar Cess  | 252.80          |
| 5     | Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (The Govt of Karnataka, Excise Department) | 45.00           |
| 6     | Export Duty (Subject to Compliance under EPCG Scheme)   | 289.99          |
| 7     | Bank of India, Shahapur Branch, Belgaum Bank Gaurantee (Karnataka State Pollution Control Board)  | 12.00           |
| 8     | Bank of India, Shahapur Branch, Belgaum Bank Gaurantee ( Puducherry Distillery Limited            | 40.00           |
|       | <b>Total</b>  | <b>1702.72</b>  |

51. 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.

**For, M/s Gojanur & Co.,**  
**Chartered Accountants**  
**FRN: 000941S**  
**P.R.C.No.011335**

**Date: 26-06-2020**  
**Place: Belgaum**

**(CA. G. M. Channappa Setty)**  
**Proprietor**  
**M. No: 020227**  
**UDIN: 20020227AAAAFY6251**

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