

**DAVANGERE SUGAR**  
**COMPANY LIMITED**  
CIN : L01115KA1970PLC001949



September 06, 2022

To,  
**BSE Limited,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai,  
Maharashtra 400 001.

**Scrip Code: 543267**

**Sub: Annual Report for the Financial Year 2021-2022.**

Dear Sir/ Madam,

Pursuant to regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2021-22 as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015. The above is also uploaded on the Company's website viz, [www.davangeresugar.com](http://www.davangeresugar.com) and the portal of the stock exchange, where the securities of the Company are listed. You are requested to kindly take the same on record.

Thanking You,

**For DAVANGERE SUGAR COMPANY LIMITED**



**Shamanur Shivashankarappa Ganesh**  
**Managing Director**  
**DIN: 00451383**

**Factory & Admin Office :** Kukkuwada - 577 525. Davangere. Davangere Taluk & District. Karnataka. INDIA.  
Phone : PBX : 08192-201623, 24, 25, 28, 29, 201626 Accounts Direct : 08192-201789 Fax : 08192-201627.  
E-mail : [davangeresugars@gmail.com](mailto:davangeresugars@gmail.com), [accounts@davangeresugars.com](mailto:accounts@davangeresugars.com), [material.dscl@gmail.com](mailto:material.dscl@gmail.com)  
Website : [www.davangeresugars.com](http://www.davangeresugars.com)

**Regd. Office :** 73/1, P.B. No. 312, Shamanur Road, Davangere-577 004. Karnataka State. INDIA.  
Phone : 08192-222022 to 26 Fax : 08192-222028. Email : [ssg555@gmail.com](mailto:ssg555@gmail.com)

**Corporate Office :** No. 19, Shivashankar Plaza, 3rd Floor, Richmond Circle, Laibagh Road, Bengaluru - 560 027. Karnataka State INDIA.  
Phone : 080-22272183 Fax : 080-22222779



51<sup>st</sup> ANNUAL REPORT  
2021-2022



**51** ANNUAL REPORT  
2021-2022

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ದಾವಣಗೆರೆ ಷುಗರ್ ಕಂಪನಿ ಅಮಿಟೆಡ್  
DAVANGERE SUGAR COMPANY LIMITED



**51<sup>st</sup> ANNUAL REPORT  
2021-2022**

# **DAVANGERE SUGAR COMPANY LIMITED**

**51<sup>st</sup> Annual General Meeting**

**DATE: SEPTEMBER 29, 2022 @11.00 A.M.**

**CIN: L37100KA1970PLC001949**

**REGD. OFF.: 73/1, Post Box No. 312, Shamanur  
Road, Davangere. KA 577004**



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**ROUTE MAP FOR THE AGM VENUE**  
**VENUE: THOGATAVEERA SAMUDHAYA BHAVANA, M.C.C. 'A' BLOCK, DAVANGERE – 577 004.**





**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 51<sup>st</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF DAVANGERE SUGAR COMPANY LIMITED WILL BE HELD ON THURSDAY, 29TH OF SEPTEMBER 2022 AT 11.00 AM. AT THOGATAVEERA SAMUDHAYA BHAVANA, M.C.C. 'A' BLOCK, DAVANGERE – 577 004**

**TO TRANSACT THE FOLLOWING BUSINESS:-**

**I. ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the company including the Balance Sheet of the Company as at 31st March, 2022 and the Statement of Profit and Loss of the Company and the Cash Flow Statement and other Annexures thereof for the financial year ended 31st March, 2022 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Mrs. Rekha Ganesh (DIN: 02764230), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

**II. SPECIAL BUSINESS**

1. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of sub-section (3) of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Mr. M. R. Krishna Murthy, Cost Accountant, (having Reg No. FCMA7658) appointed by the Board of Director of the Company as Cost Auditor to conduct the audit of cost records maintained by the Company for the financial year 2022-23 at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) plus GST as applicable and reimbursement of out-of-pocket expenses incurred be and is hereby ratified.”

2. To consider and if thought fit, to pass with or without modification(s), the following Resolution(s) as Ordinary Resolution(s):

**“RESOLVED THAT**, Mrs. VeenaUmapathy (DIN: 09424792), who was appointed as an Additional Director with effect from December 21, 2021 on the Board of Directors of the Company in terms of Section 161 of the Companies Act, 2013, who shall hold office upto the conclusion of the Annual General Meeting for the FY 2021-22, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years.

**“RESOLVED FURTHER THAT**, pursuant to the provisions of sections 149, 152, and other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded to appoint Mrs. VeenaUmapathy (DIN: 09424792), as an Independent Director of the Company for term of five years commencing from the date of members’ approval at this 51<sup>st</sup> Annual General Meeting till the conclusion of 56<sup>th</sup> Annual General Meeting;



## 51<sup>st</sup> ANNUAL REPORT 2021-2022

**RESOLVED FURTHER THAT**, the Board of Directors of the Company be and are hereby severally authorized to sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

**Date: September 02, 2022**

**Place: DavangereForDavangere Sugar Company**

**Registered Office 73/1, Post Box No.312,**

**Shamanur Road, Davangere. KA:- 577004.**

**By Order of the Board**

**Sd/-**

**S. S. Ganesh**

**Managing Director**

**DIN: 00451383**



## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act proxy for any other person or member.

2. Special business is proposed to be transacted at the Annual General Meeting and thus the Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013, is provided thereto.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send at the Registered Office of the Company, a duly certified copy of the Board Resolution, authorizing their representative to attend and vote on their behalf at this General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd September, 2022 to Thursday, 29th September, 2022 (both days inclusive) for the purpose of the AGM.
5. Members / Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
7. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
8. The members are requested to intimate changes, if any, in their registered address to the Registrar & Share Transfer Agents for shares held in physical form & to their respective Depository participants for shares held in electronic form.
9. All documents referred to in the accompanying Notice are opened for inspection at the Registered Office of the Company on all working days, except Sunday between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.
  1. Members are requested:
    - i) To quote their folio Nos. in all correspondence.
    - ii) To note that no gifts will be distributed at the meeting.
    - iii) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  2. Members holding shares in physical form, are requested to intimate their change in Bank Mandate/ National Electronic Clearing Service (NECS) details (form can be downloaded from our website of the Company i.e. [www.davangeresugar.com](http://www.davangeresugar.com), and /or, update their PAN and Bank Account details through a request letter along with self-attested copy of PAN, original cancelled cheque with preprinted name of the Shareholder (old and new both bank details) and bank attested copy of passbook/ statement showing name of the account holder to M/s. Integrated Registry Management Services Pvt. Ltd, Share Transfer Agent at their address at Ramana Residency, Sampige Road, Malleswaram, Bengaluru. Beneficial owners holding shares in electronic form are requested to intimate their change in Bank Mandate/ NECS details, if any, to their respective Depository Participants (DPs) in order to get the same registered.
  3. Members, who are holding shares in physical/electronic form and their e-mail addresses are not registered with the Company/their respective Depository Participants, are requested to register their e-mail addresses at the earliest by sending scanned copy of a duly signed letter by the Member(s) mentioning their name, complete address, folio number, number of shares held with the Company along with self-attested scanned copy of the PAN Card and self-attested scanned copy of any one of the





following documents viz., Aadhar Card, Driving Licence, Election Card, Passport, utility bill or any other Govt. document in support of the address proof of the Member as registered with the Company for receiving the Annual Report 2021-22 along with AGM Notice by email to or Members holding shares in demat form can update their email address with their.

4. In terms of Section 72 of the Companies Act, 2013, a Member of the Company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form SH – 13 to the Company/RTA in case shares are held in Physical form, and to their respective depository participant, if held in electronic form.
5. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the e-voting facility to the members to exercise their right to vote by electronic means. The Company has fixed September 22, 2022 as a cut – off date to record the entitlement of the shareholders to cast their vote electronically at the 51st Annual General Meeting (AGM) by electronic means under the Companies Act, 2013 and rules made thereunder. Consequently, the same cut-off date, i.e., September 22, 2022 would record entitlement of the shareholders, who do not cast their vote electronically, to cast their vote at the 51st AGM on 29th September, 2022.
  1. The e-voting period will commence at 09.00 A.M. on September 26, 2022 and will end at 05.00 P.M. on September 28, 2022. The Company has appointed M/s. Amit R. Dadheech & Associates, Company Secretary in Practice to act as Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e- voting given as Annexure to the Notice.
  2. The Company has engaged the services of M/s. Integrated Registry Management Services Pvt. Ltd and NSDL as the Authorized Agencies to provide e-voting facilities.

#### 6. **VOTING THROUGH ELECTRONIC MEANS**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

During this period shareholders of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, Thursday, September 22, 2022.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E- VOTING:-**

The remote e-voting period begins on September 26 2022 at 9:00 A.M. and ends on September, 28, 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 22 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 22 2022.

#### **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

##### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in



their demat accounts in order to access e-Voting facility. Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>
<p>Individual Shareholders holding securities in demat mode with CDSL.</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest,</li> </ol>



<p>Individual Shareholders (holding securities in demat mode) login through their depository participants.</p>	<p>they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <ol style="list-style-type: none"> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

<p><b>Login type</b> Individual Shareholders holding securities in demat mode with NSDL Individual Shareholders holding securities in demat mode with CDSL</p>	<p><b>Helpdesk details</b> Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30 Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022- 23058542-43</p>
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**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.



Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at [https:// eservices.nSDL.com/](https://eservices.nSDL.com/) with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is :
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below :

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nSDL.co.in](mailto:evoting@nSDL.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box. 8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- Now you are ready for e-Voting as the Voting page opens.



4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [amitrdadheech@gmail.com](mailto:amitrdadheech@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/ AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

#### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/ OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [accounts@davangeresugars.com](mailto:accounts@davangeresugars.com). The same will be replied by the company suitably.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 3 and 4 of the accompanying Notice dated September 02, 2022.

**Item 3:**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. M. R. Krishna Murthy, Cost Accountant, (having Reg No. FCMA7658), as the cost auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21, at a fee of Rs.50,000/- (Rupees Fifty Thousand) plus GST as applicable and reimbursement of out of pocket expenses as remuneration for cost audit services for the FY 2022-23.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2022-23. The Board recommends the Ordinary Resolution for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No. 4**

**REGULARISATION OF ADDITIONAL DIRECTOR, Mrs. VeenaUmapathy (DIN- 09424792) BY APPOINTING HER AS INDEPENDENT DIRECTOR OF THE COMPANY**

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee had appointed Mrs. VeenaUmapathy (DIN- 09424792) as an Additional Director of the Company with effect from December 21, 2021.

In accordance with the provisions of Section 161 of Companies Act, 2013, Mrs. VeenaUmapathy (DIN- 09424792), shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto five years.

Mrs. VeenaUmapathy is not disqualified from being appointed as a Director in terms of Section 164 of the Act, nor has been debarred from holding the office of a director by virtue of any order from Securities and Exchange Board of India (SEBI) or any such regulatory authority and has consented to act as Director of the Company.

A brief profile of Mrs. VeenaUmapathy (DIN- 09424792), including nature of her expertise, is tabled before the members and attached to this Notice.

The Company has received a declaration of independence from Mrs. VeenaUmapathy (DIN- 09424792). In the opinion of the Board, she fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for appointment as Independent Director of the Company.



None of the Directors or Key Managerial Personnel and their relatives, except Mrs. Veena Umamathy (DIN-09424792), are concerned or interested (financially or otherwise) in this Resolution.

The Board recommends the Resolution No. 4 for approval of the Members as an Ordinary resolution.

**Date: September 02, 2022**  
**Place: Davangere For Davangere Sugar Company**  
**Registered Office 73/1, Post Box No.312,**  
**Shamanur Road, Davangere. KA:- 577004.**

**By Order of the Board**  
  
**Sd/-**  
**S. S. Ganesh**  
**Managing Director**  
**DIN: 00451383**

**ANNEXURE**

**Brief Profile of Director/s seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

<b>Name of the Director</b>	<b>MRS. VEENA UMAPATHY</b>
DIN	09424792
Date of Birth	18-09-1963
Date of appointment	December 21, 2021
Shareholding in the Company (including HUF)	-
Directorship held in Other public companies (excluding foreign companies)	NIL
Membership/Chairmanship of Committees of other public companies (including only Audit Committee and Stakeholders Relationship Committee)	NIL
Disclosure of Relationship between Director inter-se	NA

**Date: September 02, 2022**  
**Place: Davangere For Davangere Sugar Company**  
**Registered Office 73/1, Post Box No.312,**  
**Shamanur Road, Davangere. KA:- 577004.**

**By Order of the Board**  
  
**Sd/-**  
**S. S. Ganesh**  
**Managing Director**

**DIN: 00451383**



**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting the 51<sup>st</sup> Annual Report together with Audited Financial Statements for the year ended 31st March, 2022.

We, as the Directors of your Company, are very eager to announce the Company's affairs during the operating year 2021-22. We are presenting before you, the significant information as per the requirements of Section 134 of the Companies Act, 2013.

**STATE OF COMPANY'S AFFAIRS 2021-22:**

**Crushing Operations and Sugar Produced:**

The Crushing Operations were commenced from 09.10.2021 and closed on 19.03.2022 and your Company crushed 4,71,997 MTs of sugarcane during the Financial Year 2021-22 and crushing operations were conducted for 162 days. During the previous financial year 2020-21, the company conducted crushing operation days for 116 days.

Year	Sugarcane Crushed (MTs)	Sugar Produced (Qtls)	Recovery ( % )
2021-22	4,71,997	3,77,153	7.99%
2020-21	3,31,712	3,11,462	9.48%
2019-20	3,26,210	2,93,660	9.00%
2018-19	4,36,176	4,11,450	9.45%

The Company is anticipating good crushing during the ensuing season since a greater number of farmers have diverted from paddy to sugarcane growing due to introduction of new high yield variety sugarcane VCF-0517 (expected yield between 80 MTs to 110 MTs) which results in availability of more sugarcane for crushing during the ensuing season 2022-23. The Company expects to crush at least 6,00,000 MTs of sugarcane during the coming season 2022-23. In the coming season company expects coverage of more and more land under sugarcane plantation, so that the company can achieve the target crushing of sugarcane up to 7,00,000 MTs in couple of years.

**Area covered under sugarcane cultivation:**

The management is making continuous and sincere efforts of bringing more and more land under sugarcane cultivation. The following are the figures of areas of actual sugar cane cultivation in the last four years and the estimation for the ensuing year.

Year	Area under sugarcane cultivation (in acres)
2018-19	12,796
2019-20	8,489
2020-21	8,580
2021-22	10,120
2022-23 (estimated for ensuing year)	11,000





**Export of Sugar & Molasses :**

During the FY 2021-22, the company has exported sugar and molasses as follows :

Sl. No.	Product	Amount Rs.	Quantity
1	Sugar	85,41,000	2600.00 Qtls

**Co-gen and Power Export :**

Co-gen and Power Export Company is having a Co-gen power plant having an installed capacity of 24 MWs. During the Financial Year 2021-22, the Company has generated 5,81,88,800 units of power and has exported 3,95,18,400 units of power to ESCOMS compared to previous year export of 3,08,92,800 units. The Company has imported 8,11,600 units of power from KPTCL during the year under review compared to previous year's import of 9,21,600 units of power. The Co-gen unit has worked for 161 days during the financial year 2021-22 against 126 days during previous financial year 2020-21.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management discussion and Analysis Report for the year under review, as required under Regulation 34 read with Schedule V the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI LODR 2015), is forming part of this Annual Report and the same is marked as **Annexure 1**.

**FINANCIAL RESULTS**

The financial results for the year ending 31st March, 2022 are summarized below:

	Particulars	Current Year 2021-22	Previous Year 2020-21
1.	Revenue from operations (Gross)	1,242,339,759	1,445,278,377
2.	Other Income	2,339,737	32,839,005
3.	Total	1,244,679,496	1,478,117,382
4.	Cost of Material Consumed	1,330,466,680	923,688,738
5.	Changes in inventories of finished goods	(656,375,306)	65,222,138
6.	Employees Benefit Expenses	74,796,719	76,058,636
7.	Interest on Borrowings	180,592,491	154,132,507
8.	Bank Charges	10,299,448	11,034,306
9.	Depreciation	88,760,982	88,760,982
10.	Other expenses	149,476,464	127,050,120
11.	Profit Before Exceptional And Extraordinary Items And Tax	66,662,018	32,169,955
12.	Exceptional & Extraordinary Expenses	-	-
13.	Profit before tax	66,662,018	32,169,955
14.	MAT provisions	11,127,224	5,880,146
15.	Deferred tax	(1,266,296)	1,296,980
16.	Profit/Loss for the year	56,801,089	24,992,829



**DIVIDEND:**

No dividend was recommended in order to conserve resources for the current year.

**TRANSFER TO RESERVES:**

Your Directors proposes to carry the profit earned during the financial year to reserves of the Company.

**CHANGE IN THE NATURE OF BUSINESS OF THE COMPANY:**

There is no change in the nature of business carried on by the Company during the said financial year. However, in order to expand the present business and monetize the subsidies / plans laid down by the Government of India for Sugar Industry, the management commenced commissioning of Molasses based Ethanol unit from April 2021 at total cost of Rs.99.31 crores. The commissioning of the plant is completed, trials are conducted in May, 2022 and commercial production is started from 1<sup>st</sup> June, 2022. The company started selling the ethanol to OMCs from June, 2022.

**MATERIAL CHANGES AND COMMITMENTS DURING THE YEAR:**

During the period after the end of the financial year of the company and before the date of the report, there are no material changes and commitments which affect the financial position of the company.

**SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATOR COURTS AND TRIBUNALS:**

During the year, there are no significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and company's operations in future.

**COST AUDITOR :**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder, the Board on the recommendation of the Audit Committee has re-appointed Mr. Krishna Murthy Cost Accountants (Firm Regn No. 000019), as Cost Auditors to conduct cost audits relating to sugar, electricity and industrial alcohol for the year ended 31st March, 2022. The Cost Accountants have confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

**MEETINGS OF THE BOARD:**

12 (Twelve) meeting of the Board of Directors were held during the year on following dates :

Sl. No.	Date of Board meeting
1	11/05/2021
2	29/05/2021
3	30/06/2021
4	12/07/2021
5	14/08/2021
6	30/08/2021
7	29/09/2021
8	11/11/2021



9	21/12/2021
10	18/01/2022
11	31/01/2022
12	14/02/2022

The Board of Directors duly met 12 (Twelve) times on the above dates during the financial year 2021-22.

The intervening gap between any two meetings was within the period prescribed under the provisions of section 173 of the Companies Act, 2013.

**Particulars of employees and related information: -**

In terms of the provision of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above rules are provided in Annexure-2.

**Directors and Key Managerial Personnel: -**

During the year, there is no change in Director and Key Managerial Personnel.

During the year 2021-22, the board of directors consists of:

Sl. No.	Name	Designation	Relationship
1	Sri Shamanur Shivashankarappa Ganesh	Managing Director	-
2	Sri Abhijith Ganesh Shamanur	Executive Director	Son of M.D.
3	Smt. Rekha Ganesh	Director	Wife of M.D.
4	Sri Tumbegere Rudrappa	Independent Director	-
5	Sri Thappagondanahally Rajashekarappa	Independent Director	-
6	Sri VeenaUmapathy	Independent Director	-



Sl. No.	Name of the Director	Number of Board Meetings attended during the financial year 2021-22
1	Sri S.S Ganesh	12
2	Sri Abhijith Ganesh Shamanur	12
3	Smt. Rekha Ganesh	12
4	Sri RudrappaTumbegere	12
5	Sri Thappagondanahalli Rajashekarappa	12
6	Sri VeenaUmapathy	03

As on March 31st 2022, the key managerial personnel consists of

Sl.No.	Name of the Key Managerial Persons	Designation
1	Sri Shamanur Shivashankarappa Ganesh	Managing Director
2	Mr. Ganeshrao Virupakshappa	Chief Financial Officer (CFO)
3	Smt. Pooja M M	Compliance Officer (CO)

\*Mr. Arun Kumar NM, the Chief Financial Officer Resigned w.e.f 11/.02.2022

**POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The Company has constituted Nomination and Remuneration Committee which has been entrusted with the responsibility to formulate the criteria for determining qualifications, positive attributes and independence of Directors and recommends to the Board a policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

**COMPOSITION OF COMMITTEES:**

<b>a.</b>	<b>AUDIT COMMITTEE</b> <b>Chairman</b> Sri. RudrappaTumbegere, Independent Director <b>Other Members</b> Sri Abhijith Ganesh Shamanur, Executive Director Sri T. Rajashekarappa, Independent Director
<b>b.</b>	<b>NOMINATION AND REMUNERATION COMMITTEE</b> <b>Chairman</b> Sri T. Rajashekarappa, Independent Director <b>Other Members</b> Sri. RudrappaTumbegere, Independent Director Smt. Rekha S Ganesh, Non-executive Director



<b>c.</b>	<b>SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE</b>  <b>Chairman</b> Sri. RudrappaTumbegere, Independent Director <b>Other Members</b> Sri. T. Rajashekarappa, Independent Director Smt. Rekha S Ganesh, Non-executive Director
<b>d.</b>	<b>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</b>  <b>Chairman</b> Sri. RudrappaTumbegere, Independent Director <b>Other Members</b> Sri T. Rajashekarappa, Independent Director Smt. Rekha S Ganesh, Non-executive Director

**Corporate Social Responsibility:**

Corporate Social Responsibility Committee meeting was held on 18th January 2022. The committee has observed that the company is contributing regularly to Davangere Sugar Company Education Society (Regd.) which is running schools for the benefit of children of poor farmers residing in the villages surrounding the factory area. The Company is also spending money every year on promoting sports among the rural youths. The Company is also distributing note books and uniforms to the poor children of the village. During the Financial Year 2021-22, the Company has spent Rs. 4,86,200 for the purpose of education and other charitable activities.

The calculation for CSR contribution is provided below :

Financial year	Net profit / (loss) (Rs.)
2021-22	5,68,01,089
2020-21	2,49,92,829
2019-20	2,06,92,639

Even though the provision of Section 135 of the Company Act, 2013 was not applicable to the company for the last two years 2020-21 and 2019-20. During the Financial Year 2021-22, the Company has made a profit of Rs.5,68,01,089/- and hence the CSR provisions are applicable for the year 2021-22. The company taken steps to comply to the provisions of the CSR activities.

**VIGIL MECHANISM:**

The Vigil Mechanism acts as an additional internal element of the Company's compliance and integrity policies. All employees, directors, vendors, suppliers, dealers and consultants, including auditors and advocates who are associated with the Company can raise concerns regarding malpractices and may negatively impact the Company. Vigil Mechanism has been established under the supervision of the Deputy Financial Officer (DCFO) of the Company. The Audit Committee and the DCFO reviews the working of the Vigil Mechanism from time to time and make suggestions, if needed. The Vigil protects the whistleblower against victimization for the disclosure made by him/her and ensures complete confidentiality of the whistleblower's identity and the information provided by him/her.

The investigation is conducted honestly, neutrally and in an unbiased manner. The subject or other involved persons in relation with the protected disclosure are also given an opportunity to be heard. Strict disciplinary actions are taken against anyone who conceals or destroys evidences related to protected disclosures made under this mechanism. The Vigil Mechanism policy also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.



**FRAUD REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT – 143(12):**

During the year under review, the Company has not reported any fraud mentioned under Section 143(12) of the Act.

**CORPORATE GOVERNANCE:**

As per Regulation 34 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance is provided and the same is marked as **Annexure- 3**

**DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors in terms of Section 134(3) (c) states that:

In the Preparation of the annual accounts for the year ended 31st March, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- a. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profits and Loss of the Company for that year.
- b. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- c. The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2022 on a “going concern” basis.
- d. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES:**

During the year, company has not made any Provision of money for purchase of its own shares by employees or by trustees for the benefit of employees.

**CHANGE IN SHARE CAPITAL:**

During the year the company has increased its authorized capital from Rs.60 crores to Rs.100 crores divided into 10,00,00,000 Equity Shares of Rs. 10/- each and the Paid-up Capital being Rs. 55,68,44,620/- divided into 5,56,84,462 Equity Shares is the same as opening balance in the beginning of the year and as closing balance at the end of the year. There is no change in the paid-up Share Capital of the Company during the FY 2021-22. However, the Board of Directors of the Company at their meeting held on July 23, 2022 at the Registered office of the Company have considered and approved the allotment of 3,84,00,000 Equity Shares of Rs. 10/- each pursuant to the Rights Issue, after receiving confirmation on the basis of allotment.

**ANNUAL RETURN:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, the Annual Return for the financial year ended March 31, 2022 made under the provisions of Section 92(3) of the Companies Act, 2013 is placed at Company’s website on [www.davangeresugar.com](http://www.davangeresugar.com)

**FORMAL ANNUAL EVALUATION:**



The Company is covered under Section 134(3)(p) read with Rule 8(4) of the Companies (Accounts) Rule, 2014. Accordingly formal annual evaluations of performance of Board, Committees and individual directors have been conducted by the Nomination & Remuneration Committee in the following manner.

The evaluation is done internally. The evaluation is done on the basis of inputs received from the directors regarding the performance of board & committees as a whole and also of director in individual capacity. Specific inputs have been collected from Independent Directors regarding performance of Managing Director and Whole-time Director.

Broad parameters for board performance have been the efficiency to guide the Company in its core business operation, Supplementary parameter is exploring opportunities for bringing new business opportunities for the company. Specific parameter for Managing Director and Whole-time Director is achievement of targets on the core business. Specific parameter for independent directors and other non-executive directors is attendance at board/committee meetings and providing independent judgments on the board decisions. Specific parameter for committees is execution of their terms of reference.

#### **SUBSIDIARY COMPANIES:**

There is no Subsidiary / Joint Ventures or Associate Company.

#### **RISK MANAGEMENT:**

The RISK MANAGEMENT POLICY is in compliance with Section 134(3)(n) of the Companies Act, 2013 which requires the Company to lay down procedures for risk assessment and procedure for risk minimization. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structure and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The Board ensures that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e., to ensure adequate systems for risk management. The Company enables compliance laws and regulations, wherever applicable, through the adoption of best practices.

The Board of Directors of the Company and the Audit Committee periodically reviews and evaluates the risk management system of the Company so that the management controls the risks through defined network. Head of Departments are responsible for implementation of the risk management system as may be applicable to their respective areas of functioning, and they report to the Board and Audit Committee when circumstances require.

#### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The details of the programme for familiarization of the Independent Directors with the Company in respect of their roles, rights, responsibilities in the Company, nature of the industry in which company operates, business model of the Company and related matters have in place.

#### **POLICY FOR DETERMINING MATERIAL SUBSIDIARY:**

Not applicable to Company

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

Particulars and details of loans given, investments made or guarantees given and securities provided, in the Notes to the accounts for the corporate guarantee given by the company.



**SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Amit R. Dadheech& Associates (firm), Mumbai, as Company Secretaries in Practice (CP No. 8952), to undertake the Secretarial Audit of the Company for the year 2021-22.

The Secretarial Audit Report is annexed herewith in Form MR-3 & same is marked as **Annexure – 4**.

**INTERNAL FINANCIAL CONTROL:**

The Company has in place adequate internal financial controls with reference to financial statements. There are sound internal controls commensurate with nature and size of the company that have been incorporated in the Policy to detect the financial discrepancies well in time. Key policies are defined, understood and enforced. Operating procedures are clearly defined; detailed and harmonized procedures are available across the organization. Several controls are preventive in nature and automated. All stakeholders are aware of their roles and responsibilities with respect to processes and controls.

The culture of compliance with laid down guidelines and procedures is evident though the actions and behavior of individuals and teams. The Management Information System ensures that adequate and accurate information is available for reporting and decision making. The Audit committee also evaluates the operating effectiveness of Internal Financial Control system.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:**

Particulars with respect to conservation of energy pursuant to rule 8 (3) of the Companies (Accounts) Rules 2014 are given in Annexure-5.

**DEPOSITS:**

The Company has not accepted deposits either from members or public within the meaning of section 73 or 76 of Companies Act, 2103 read with Rules made there under.

**RELATED PARTY TRANSACTIONS:**

All Related Party Transactions entered during the financial year were in the ordinary course of business and at arm's length basis. There were no materially significant Related Party Transactions with the Company's Promoters, Directors, Management or their relatives, which could have a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as required to be provided under Section 134(3)(h) of the Companies Act, 2013 are disclosed in **Form AOC-2**.

**AUDITORS OF THE COMPANY:**

During the financial year 2021-22, M/s D G M S & Co., Chartered Accountants was appointed as statutory auditor of the company in order to fill up casual vacancy in the board meeting held on 15-03-2021, the auditor appointment was subsequently regularized in an extraordinary general meeting of the company held on June 30th 2021.

**COST AUDITORS:**

Mr. M.R. Krishna Murthy, Bangalore, have been appointed as Cost Auditors of the Company as per the provisions of Section 148(1) of the Act.





**LISTED IN THE BOMBAY STOCK EXCHANGE LTD:**

The Company has listed its equity shares on the BSE Limited through Direct Listing Route, with the effect from 19th March 2021. Further, 3,84,00,000 Equity Shares of Rs. 10/- each issued and allotted pursuant to the Rights Issue are also listed and traded on BSE Limited.

**HUMAN RESOURCES:**

Your Company treats its “human resources” as one of its most important assets. We focus on all aspects of the employee lifecycle. This provides holistic experience for the employees as well. During their tenure at the Company, employees are motivated through various skill development programs. We create effective dialogue through our communication channels to ensure effective dialogue through our communication channels to ensure that feedback reach the relevant team, including leadership.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

**SUMMARY OF COMPLAINTS RECEIVED AND DISPOSED OFF DURING EACH CALENDAR YEAR AS REQUIRED UNDER THE PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 AND DISCLOSURE THAT THE COMPANY HAS IN PLACE AN ANTI SEXUAL HARASSMENT POLICY IN THE LINE WITH THE REQUIREMENTS OF THE ACT AND THAT AN INTERNAL COMPLAINTS COMMITTEE HAS BEEN SET UP FOR REDRESSAL OF COMPLAINTS AND THAT ALL EMPLOYEES (PERMANENT, CONTRACTUAL, TEMPORARY, TRAINEES) ARE COVERED UNDER THE POLICY**

Your Board of Directors report that during the year under report Anti Sexual Harassment Policy in line with the requirement of Workplace (Prevention, Prohibition and Redressal) Act, 2013 is in place and has complied with the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and further the employees have been advised to address their grievances under this Act to the Working Director of the Company for redressal.

1. Number of complaints received during the year : NIL
2. Number of complaints Pending : NIL
3. Number of resolved : NIL

**COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS BY THE COMPANY**

Your Directors report that during the year under report, the Company has complied with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under sub-section (10) of section 118 of the Companies Act, 2013.

**MAINTENANCE OF COST RECORDS**

Your Directors report that maintenance of cost records specified by the central Government pursuant to the provisions of sub-section (1) of section 148 of the Companies Act, 2013 are applicable to the Company and the Company has maintained the prescribed accounts and cost records during the financial year under report.

**CODE OF CONDUCT:**

Your Company has in place, a Code of Conduct for the Board of Directors and Senior Management Personnel, which reflects the legal and ethical values to which your Company is strongly committed. The Directors and Senior Management Personnel of your Company have complied with the code as mentioned hereinabove. The Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them, for the financial year ended March 31, 2022. The said Code is available on the website of your Company at [www.davangeresugar.com](http://www.davangeresugar.com)



**GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review.

- a) Issue of equity shares;
- b) Company has issued Corporate Guarantee to the Harvesting & Transport (H&T) farmers contractors to facilitate borrowing from Canara Bank to the extent of Rs. 29.00 crores and Rs. 7.98 Crore from State Bank of India. These farmers contractors facilitate harvesting and transportation of sugarcane from the fields of the farmers to the Company which is very important from the point of view of procurement of sugarcane for business of the Company. Company does not assign contract or work order to H & T contractors. Farmers are assigning work of harvesting and transportation to supply sugarcane to Company. The disclosure is made as per Section 186 of the Companies Act, 2013 during the year under review;
- c) Issue of shares with differential rights;
- d) Issue of shares (including sweat equity shares) under Employees Stock Option Scheme;
- e) Purchase by Company of its own shares or giving of loans for such purchase;
- f) Buyback of shares;
- g) No significant orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and company's operations in future;
- h) No material change affecting Financial Statements between the end of financial year and the date of this report;
- i) There was no change in business activity of the Company;
- j) No fraud has been reported by the Auditors to the Audit Committee of the Board;
- k) No cases of child labour, involuntary labour, sexual harassment and discriminatory employment were reported in the Financial Year 2021-22.

**ACKNOWLEDGEMENT:**

Your Directors wish to acknowledge all their stakeholders and are grateful for the excellent support received from the shareholders, Bankers, Financial Institutions, Government authorities, esteemed corporate clients, customers and other business associates. Your Directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the growth of the Company in a very challenging environment.

**CAUTIONARY STATEMENT :**

The Board's Report and Management Discussion & Analysis may contain certain statements describing the Company's objectives, expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company is not obliged to update any such forward-looking statements. Some important factors that could influence the Company's operations comprise economic developments, pricing and demand and supply conditions in global and domestic markets, changes in government regulations, tax laws, litigation and industrial relations.

**For and on behalf of the Board of Directors**

Date : 02-09-2022

Sd/-

Sd/-

Place : Davangere Abhijith G Shamanur

S S Ganesh

Executive Director

Managing Director

DIN : 03451918

DIN : 00451383



**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 transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions at arm's length basis**

<b>S L N o</b>	<b>Name of the Contractin g Party</b>	<b>Nature of Relatio nship</b>	<b>Natur e of Trans action</b>	<b>Perio d of trans actio n</b>	<b>Actu al amo unt paid</b>	<b>Advan ce paid (if any)</b>	<b>Relat ed part y due to</b>	<b>Membe r Interest ed in contrac t (with % of Shareh oldig in the Compa ny)</b>
1	Kalleswara Traders	MD is a partner in the firm	Purchase and sale of goods and services	2021-22	296400	Nil	-	N.A.
2	ShamanurKallappa & Sons	MD is a partner in the firm	Purchase and sale of goods and services	2021-22	38636411	Nil	-	N.A.
3	Shivashankar Associates	MD is a partner in the firm	Purchase and sale of goods and services	2021-22	148320	Nil	-	N.A.
4	Shamanur Transport	ED is interested and control over businesses	Purchase and sale of goods and services	2021-22	32480	Nil	-	N.A.



**2. Details of material contracts or arrangement or transactions not at arm's length basis**

S L	Name of the Contracting Party	Nature of Relationship	Nature of Transaction	Period of transaction	Estimated Value (Actual amount paid)	Advance paid (if any)	Related party due to	Member Interested in contract (with % of Share-holding in the Company)
--- NOT APPLICABLE ---								

**By Order of the Board**

**For and on behalf of the Board of Directors**

**Date : 02-09-2022  
Place : Davangere**

**Sd/-  
S S Ganesh  
Managing Director  
DIN : 00451383**

**ANNEXURE 1**

**MANAGEMENT DISCUSSION AND ANALYSIS SUGAR INDUSTRY OVERVIEW**

**SECTOR OUTLOOK:**

The sector has seen a turnaround from being a cyclical to a structural growth sector backed by government's aggressive ethanol blending programme. Central Government has adopted a policy of mandatorily blending of 10% ethanol in petrol. It has announced interest subsidy of 6% or 50% of interest rate whichever is less to the existing sugar factories undertaking the commissioning of Ethanol Plant. Further the Central Government has fixed the target of achieving the mandatory blending rate to 20% by the year 2025. The Central Government has fixed the rates for purchase of Ethanol and entire production is going to be purchased from the OMCs.

The Ethanol Policy of the Central Government is having positive impact on the sugar industry. It is expected that about 30% to 40% of the sugarcane is diverted to Ethanol manufacturing and it will have positive impact on maintaining the good price for sugar in the coming years. The cash flow position of the sugar industries will improve to make timely payment to the farmers. It is expected that the profitability of the sugar industries is joint to improve.



### **IMPACT COVID-19:**

The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activities throughout India. During the year 2021-22 the impact of COVID does not affected the sugar industry.

### **GOVERNMENT MEASURES:**

The season 2021-22 witnessed more sugar units producing ethanol from B Heavy molasses and some sugar units directly from sugarcane juice. The real transformation is expected from FY 2022- 23 onwards when more sugar companies produce ethanol directly from sugarcane juice, resulting in a substantial increase in the production of ethanol and more diversion of sugarcane for production of ethanol. The Government set an ambitious target of ethanol blending and increased the procurement price of ethanol across all feedstocks. sacrifice of sugar production that moderates the problem of surplus sugar production.

### **MANAGEMENT OUT LOOK FOR 2022-23:**

The Management believes its policy of continuous effort to produce the high quality of white sugar through adoption of modern & advanced technology from time to time. It believes in team effort of all people who are directly and indirectly working with the Company as one family. It strongly believes in "give and take policy" that is more production & more efficiency means more rewards.

### **COMMISSIONING OF ETHANOL UNIT:**

A policy push from the Government of India (GOI) towards Ethanol Blending Programme (EBP), while the programme initially targeted a 10% blending of petrol with the biofuel by 2022, later the target was enhanced to achieve 20% ethanol blending with petrol by 2025.

The management commenced commissioning of Molasses based Ethanol unit from April 2021 at total cost of Rs.99.31 crores. The commissioning of the plant is completed, trials are conducted in May, 2022 and commercial production is started from 1<sup>st</sup> June, 2022. The company started selling the ethanol to OMCs from June, 2022.

### **SUGAR CANE PLANTATION:**

Company is constantly endeavoring to increase sugar cane cultivation area along with high yield sugar cane plantation, this has resulted into successful implementation of pilot project which carried in the year 2018-19 with VCF 0517 variety of sugarcane, which has yielded 90 to 110 ton of sugar cane per acre against average yield of traditional sugarcane of 35 MTs to 50 Mts. This has motivated majority of the farmers for adopting VCF 0517 variety for the planting season 2022-23 also. More and more farmers are coming forward to undertake sugarcane cultivation. The area is being increased from year to year under sugarcane cultivation. The Company is expected to cover a land area of about 10,000 acres under the new variety of VCF 0517 sugarcane for the ensuing season 2022-23.



**FORM – A  
(See Rule 2)**

**Form for Disclosure of Particulars with respect to Conservation of Energy**

<b>PARTICULARS</b>	<b>For the Current Year ended March 31, 2022</b>	<b>For Previous Year ended March 31, 2021</b>
<b>I. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
<b>A. Purchases</b>		
Unit	8,78,562	921600
Total Amount	1,14,21,306	1,19,80,800
Rate/Unit	12.96	13
<b>B. Own Generation</b>		
[a] Through Diesel Generator Unit		
Unit per Litre of Diesel Oil Cost/Unit	2,312	2590
[b] Through Steam Turbine Unit	2.09	2.09
Unit per MT of fuel consumed Cost/Units	42.18	42.91
	5,81,88,800	4,45,00,800
	513.14	426.16
<b>C. Consumption per unit of production (per Qtl of Sugar)</b>		
Standards If any		
Products (with details) Unit – Sugar in Qtls	3,77,153	3,11,462
Electricity consumption per qtl of sugar (units)		
Furnace Oil	29.54	31.79

**By Order of the Board  
For and on behalf of the Board of Directors**

**Sd/-**

**S S Ganesh  
Managing Director**

**DIN : 00451383**

**Date : 02-09-2022**

**Place : Davangere**



**ANNEXURE - 2**

**Statement of Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below :

Name of the Director	Designation	Ratio to median employees' remuneration
Shri ShamanurShivashankarappa Ganesh	Managing Director	33:45:1
Shri Abhijith Ganesh Shamanur	Executive Director	7.91:1

- There is no increase in remuneration of each of director, Chief Financial Officer and Company Secretary in the financial year 2021-22:
- There is no increase in median remuneration of employee during the current accounting year of 12 months over the previous accounting period consisting of 12 months.
- As on 31st March, 2022, the Company has on its payroll 207 permanent employees excluding seasonal employees
- Affirmation that the remuneration is as per the remuneration policy of the Company Remuneration paid to Managing Director is as per approved policy of the Company.

**A) Statement showing the name of every employee of the company, who**

- If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One crore & twenty lakh rupees; NIL
- If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakh fifty thousand rupees per month: Not Applicable.
- If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: NIL

B) 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 increase of 4% to 5% average increase in the salaries of selective employees.

C) Details of remuneration with break-up of components paid to Executive Chairman & Managing Directors, terms of appointment are stated in Corporate Governance Report.



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Davangere Sugar Company Limited.  
Davangere 577004 Karnataka

1. This certificate is issued in accordance with the terms of our engagement letter with Davangere Sugar Company Limited (the "Company").
2. We, DGMS & Co., Chartered Accountants, the Statutory Auditors of the Company, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

**MANAGEMENT'S RESPONSIBILITY**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**AUDITOR'S RESPONSIBILITY**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2021.
9. We 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.

**RESTRICTION ON USE**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For DGMS & Co**  
Chartered Accountants  
Firm Reg No 112187W  
Sd/-  
Shashank P. Doshi  
Partner  
M. No. 108456

Date :27-05-2022  
Place: Jamnagar





ANNEXURE - 3  
CORPORATE GOVERNANCE REPORT

A. MANDATORY REQUIREMENTS

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Company has implemented and continuously tries to improve the Corporate Governance Practices with an attempt to meet stakeholders' expectations and Company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance of regulatory guidelines on Corporate Governance with transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholders value.

**1. Board of Directors**

**(a) Composition**

As at the end of the year 31st March 2022, the Board of Directors had six members comprising of one Managing Director, one Executive Director and one Non-Executive Directors and three Independent Directors.

During the Financial Year 2021-22, twelve Board Meetings were conducted. The details of attendance of each Director at the Board Meetings during the Financial Year 2021-22 is given below.

Name of Director	Category of Directorship	No.of Meetings attended	% of total Meetings during the tenure as a Director	Relationship
1. Sri S.S.Ganesh	M D	12	100%	-
2. Sri Abhijith Ganesh Shamanur	E.D.	12	100%	Son of M.D.
3. Smt. Rekha Ganesh	N E D	12	100%	Wife of M.D.
4. Sri TumbegereRudrappa	I D	12	100%	-
5. Sri ThappagondanahalliRajashekarappa	I D	12	100%	-
6. Smt. VeenaUmopathy	ID	3	100%	-

M D – Managing Director, ED - EXECUTIVE DIRECTOR, N E D – Non Executive Director, I D – Independent Director.



**Number of other Companies or Committees in which is a Director/Chairman**

Name of Director	No. of other companies in which Director (including alternate/nominee Director)	No. of committees (other than Davangere Sugar Co., Ltd) in which Member
1. Sri S.S.Ganesh	7	NIL
2. Sri Abhijith Ganesh Shamanur	NIL	NIL
3. Smt. Rekha Ganesh	NIL	NIL
4. Sri TumbegereRudrappa	NIL	NIL
5. Sri ThappagondanahalliRaj ashekharappa	NIL	NIL
6. Sri VeenaUmapathy	NIL	NIL

**(b) Skills/Expertise/Competence of Board of Directors :**

In order to ensure effective functioning of the Company, the Board requires specialized knowledge, experience and expertise.

Nomination and Remuneration Committee while considering of appointment of any person as Director ensure that the possess the skills as required for the efficient functioning of the Company and all other qualifications as prescribed under Listing Regulations and the Act and also such other skills, positive attributes etc. which may be fruitful in enhancing the growth of Company, which is then recommended to Board for their approval.

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
Shri. S S Ganesh									
Smt. Rekha Ganesh									



Shri. Abhijith G Shamanur									
Shri. T Rudrappa									
Shri. T Rajashekhrappa									
Sri VeenaUmapathy									

**REMUNERATION OF DIRECTORS**

Sl.No.	Name of the Director	Designation	Amount
1	ShamanurShivashankarappa Ganesh	Managing Director	Rs. 36,00,000
2	Abhijith Ganesh Shamanur	Executive Director	Rs. 19,44,000

**(c) Number of Board Meetings held and the dates of the Board Meeting :**

12 (Twelve) Board meetings were held during the financial year ended 31st March 2022. The dates on which the said meetings were held are given below:

Sl.No.	Date of Board meeting	Sl. No.	Date of Board meeting
1.	11/05/2021	7.	29/09/2021
2.	29/05/2021	8.	11/11/2021
3.	30/06/2021	9.	21/12/2021
4.	12/07/2021	10.	18/01/2022
5.	14/08/2021	11.	31/01/2022
6.	30/08/2021	12.	14/02/2022

**2 Audit Committee :**

**(a) Terms of Reference**

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company ;
- review and monitor the auditor’s independence and performance, and effectiveness of audit process
- examination of the financial statement and the auditors’ report thereon ;
- 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 ;
- monitoring the end use of funds raised through public offers and related matters.

**(b) Composition, names of members and Chairperson**

Audit Committee was constituted with one Executive Director and two Independent Directors, the compliance officer acts as secretary of the Committee.

Sl. No.	Name of the Director	Position	Designation
1	Sri TumbegereRudrappa	Member	Independent Director
2	Sri Abhijith Ganesh Shamanur	Member	Executive Director
3	Sri ThappagondanahalliRajashekharappa	Chairman	Independent Director

**(c) Meetings and Attendance during the year**

Four meetings were held during the financial year ended 31st March, 2022.

Sl.No.	Name of the Director	Number of Meetings attended
1	Sri TumbegereRudrappa	5
2	Sri Abhijith Ganesh Shamanur	5
3	Sri ThappagondanahalliRajashekharappa	5

**4. Nomination and Remuneration Committee**

**(a) Terms of Reference**

- The Remuneration Committee recommends on remuneration package including pension rights and any compensation payment of the Managing Director to the Board for approval.
- to formulate criteria for determining qualifications, positive attributes and independence of a director.
- to recommend the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees;.
- to formulate the criteria for evaluation of Independent Directors and the Board;
- to devise a policy on Board diversity;
- to identify 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, etc.



**(b) Composition, names of members and Chairperson**

The Remuneration Committee was constituted with one Non-Executive Director and two Independent Director namely,

Sl. No	Name of the Director	Position	Designation
1	Sri ThappagondanahalliRajashekharappa	Chairman	Independent Director
2	Smt. Rekha Ganesh	Member	Non-Executive Director
3	Sri TumbegereRudrappa	Member	Independent Director

**(c) Meeting and Attendance**

During the year Committee has met three times

Sl. No.	Name of the Director	Number of Meetings attended
1	Sri ThappagondanahalliRajashekharappa	3
2	Smt. Rekha Ganesh	3
3	Sri TumbegereRudrappa	3

**(d) Remuneration Policy**

The remuneration is being paid to the Managing Director and Executive Director, no sitting fees is paid to any Director. The Managing Director and Executive Director are paid remuneration as approved by the members in their General Body Meeting from time to time.

**5. Transfer & Shareholders' / Investors' Grievance Committee (Stakeholders Relationship Committee):**

Transfer & Shareholders' / Investors' Grievance Committee was constituted with one Non-Executive Director and two Independent Directors, the committee has met on 30 June 2021 during the year 2021-22.

Sl. No	Name of the Director	Position	Designation
1	Sri TumbegereRudrappa	Member	Independent Director
2	Smt. Rekha Ganesh	Member	Non Executive Director
3	Sri ThappagondanahalliRajashekharappa	Chairman	Independent Director



Sl. No	Particulars	Remarks
1	Name & Designation of the Compliance Officer	Smt. Pooja M M
2	Number of Shareholders complaints received during the financial year	Nil
3	Number of complaints not solved to the satisfaction of shareholders	Not applicable
4	Number of pending share transfers	Nil

#### 6. Committee of Corporate Social Responsibility :

(a) Terms of Reference :

1. Formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company as specified in schedule VII of the Companies Act, 2013.
2. Recommend the amount of expenditure to be incurred on the activities referred in schedule VII of the Companies Act, 2013.
3. Monitor the Corporate Social Responsibility Policy of the Company from time to time. Corporate Social Responsibility Committee has met on 18 January, 2022

Sl.No.	Name of the Director	Position	Designation
1	Sri TumbegereRudrappa	Member	Independent Director
2	Smt. Rekha Ganesh	Member	Non-Executive Director
3	Sri ThappagondanahalliRajashekarappa	Chairman	Independent Director

#### 7. General Body Meetings

(a) Location and time where last three AGMs were held

	Location	Date	Time
i)	ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	29.09.2021	11.00 A.M
ii)	ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	30.09.2020	11.00 A.M.
iii)	ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	29.09.2019	10.45 A.M.

(b) Whether Special Resolutions were put through Postal Ballot last year- No

(c) Persons who conducted the Postal Ballot exercise- Not applicable

(d) Are Polls proposed to be conducted through Postal Ballot this year- No



(e) Procedure for Postal Ballot-

Not applicable

**8. Disclosure**

(a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large	None
(b) Details of non-compliances by the company, Penalties, Strictures imposed on the Company by such Exchange or SEBI or any statutory authority, or any matter related to capital products, during last three years	None

**9. General Shareholder Information**

Sl.No.	Particulars	Remarks
a	AGM Date and Venue Time	29-09-2022
b	Date of Book closure	23-09-2022 to 29-09-2022
c	Divedend payment date	NA
d	i) Stock Code ii) Demat ISIN Number for NSDL&CDSL	ISIN179G01011
e	Market price data High/Low during each month in the last financial year	Provided under market price data below
F	Stock performance in comparison to broad based indices such as BSE Senses, BSE 2000, Nifty.	Not applicable
g	Registrar and Transfer Agents	M/s. Integrated Registry Management Services Pvt. Ltd, No. 30, Ramana residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore



h	Share Transfer System	M/s Integrated Registry Management Services Pvt. Ltd, has been authorized to approve the transfer of shares which is done. The said transfers are then reported to the subsequent Board Meeting.
i)	De-materialization of shares and liquidity	Shareholders may dematerialize their shareholding by anyone of the Depositories namely NSDL and CDSL
j)	Outstanding GDRs/ADRs/Warrants or any convertible instruments.	The company has not issued any GDRs/ADRs/Warrants or any convertible instruments.
k)	Plant Locations :	Sugar Unit & Co-generation Unit Kukkuwada Village,  Davangeretaluk& District, Karnataka State – 577 525
l)	Address for Correspondence	Secretary, Davangere Sugar Co.Ltd, Kukkuwada Village,  Davangeretaluk& District, Karnataka State- 577 525

**Familiarization Program :**

In terms of Regulation 25 of the Listing Regulations, the Company is required to conduct various program for the Independent Directors of the Company to familiarize them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such program for familiarization of the Independent Directors are put on the website of the Company at the following web-link: <https://www.davangeresugar.com/investor/Familiarisation-Programme-for-Independent-Directors.pdf>

**MARKET PRICE DATA**

Company shares are listed in BSE Ltd as on 19-03-2021

Monthly high/low of market price of the Company's equity shares traded on the Bombay Stock Exchange Ltd. (BSE) during the last financial year was as under:				
Month	Open Price	High Price	Low Price	Close Price
Apr-21	15.43	15.43	15.43	15.43





Jul-21	16.2	16.2	16.2	16.2
May-22	17	17	17	17
Jun-22	15.9	16.65	15.9	16.65
Jul-22	17.45	32.6	17.45	29.5

**Distribution of Shareholding as on 31st March, 2022:**

Shares holding	Share holders		Shares	
	Number	% to Total		% to Total
(1)	(2)	(3)	(4)	(5)
Upto 500	9950	97.34	949820	1.71
501 - 1000	91	0.89	64555	0.12
1001 - 2000	52	0.51	85131	0.15
2001 - 3000	57	0.56	148059	0.27
3001 - 4000	19	0.19	74000	0.13
4001 - 5000	24	0.23	118750	0.21
5001 - 10000	9	0.09	65800	0.12
10001 and above	20	0.20	54178347	97.30
<b>Total</b>	<b>10222</b>	<b>100.00</b>	<b>55684462</b>	<b>100.00</b>

**DISCLOSURE OF ACCOUNTING TREATMENT:**

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

**SUBSIDIARY COMPANIES:**

The Company presently do not have any subsidiary in terms of provisions of Companies Act, 2013 and therefore corresponding disclosures have not been made.

**TRANSACTIONS DURING THE PERIOD:**

All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis. The Company does not have any material related party transactions. The policy on dealing with related party transaction can be viewed at [https://www.davangeresugars.com / investor / Related-Party-Transactions-Policy-1.pdf](https://www.davangeresugars.com/investor/Related-Party-Transactions-Policy-1.pdf).

**VIGIL MECHANISM:**

The company has established a whistle blower mechanism to provide an avenue to raise concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The mechanism provides for adequate safeguards against victimization of directors / employees / customers who



avail of the mechanism. No complaints were received under this policy during the year. The policy is available on the Company's website at <https://www.davangeresugar.com/investor/Whistle-Blower-Policy.pdf>

**CODES AND POLICIES WEBLINK:**

Details of various policies and codes required to be framed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 are given on the website of the company on weblink: <https://www.davangeresugar.com/investor/policies.html>

**INSIDER TRADING:**

The Company has adopted new Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in line with amended SEBI (Prohibition of Insider Trading) Regulations, 2018 wherein some new requirements are brought in and the companies are required to revise its existing code of conduct on prohibition of Insiders Trading by a new set of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). The Company Secretary is responsible for the implementation of the code. All Board of Directors, designated employees and connected persons have been informed about the new policy and has affirmed compliance with the code. [https://www.davangeresugar.com/investor/prohibition\\_of\\_insider\\_trading.pdf](https://www.davangeresugar.com/investor/prohibition_of_insider_trading.pdf)

**CERTIFICATE FROM PRACTISING COMPANY SECRETARY FOR NON-DISQUALIFICATION OF DIRECTORS:**

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

**TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY TO THE STATUTORY AUDITOR AS A STAND ALONE ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART : Rs. 2,50,000**

Details relating to fees paid to the Statutory Auditors are given in Note 33 to the Audited Financial Statements of the Company.



**CODE OF BUSINESS CONDUCT AND ETHICS**

**To**

**The Board of Directors,  
Davangere Sugar Company Limited  
Registered Office: Davangere – 577004  
District Davangere, Karnataka State**

Dear Sirs/Madam,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held on 18-01-2022.

This certificate is being given in compliance with the requirement of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**Date : 02-09-2022  
Place : Davangere**

**By Order of the Board  
For and on behalf of the Board of Directors  
Sd/-  
S S Ganesh  
Managing Director  
DIN : 00451383**



**CEO AND CFO CERTIFICATION**

**To,  
The Board of Directors,  
Davangere Sugar Company Limited**

**We hereby certify that :**

- a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2022 and that 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 statements 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 and violating 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 the internal control systems of the company pertaining to financial reporting and we 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 rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee
- i. Significant changes in internal control over financial reporting during the year.
  - ii. Significant changes in accounting policies, if any during the year and that the same have been disclosed in the notes to the financial statements, and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : Davangere  
Date : 02-09-2022**

**Sd/-  
S S Ganesh  
Managing Director  
DIN: 00451383**

**Sd/-  
Ganeshrao Virupakshappa  
Chief Financial Officer**



**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 of,  
Davangere Sugar Company Limited,  
73/1, Post Box No.312, Shamanur Road,  
Davangere. KA 577004

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Davangere Sugar Company Limited (hereinafter referred as 'The Company') having CIN: L37100KA1970PLC001949 and having registered office at 73/1, Post Box No.312, Shamanur Road, Davangere. KA 577004, produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications( including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify and confirm that none of the Directors as on March 31, 2022 on the Board of Directors of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr No.	Name of Director	DIN/PAN	Date of Appointment in Company *	Date of Cessation in Company
1	ShamanurShivashankarappa Ganesh	00451383	31/10/2000	-
2	Rekha Ganesh	02764230	29/07/2009	-
3	Abhijith Ganesh Shamanur	03451918	30/08/2019	-
4	TumbegereRudrappa	08717189	04/10/2019	-
5	ThappagondanahallyRajashekarappa	08794960	16/07/2020	-
6	VeenaUmopathy	09424792	21/12/2021	-

*\*The Date of Appointment is as per the MCA Portal.*

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Thanking You,  
For Amit R. Dadheech & Associates  
SD/-

Amit R. Dadheech, M. No.: 22889; C.P. No.: 8952, Date: 2nd September, 2022, Place: Mumbai



**DISCLOSURE IN RELATION TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

As per the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), your Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under POSH. The Internal Committee (IC) is composed of internal members and an external member who has extensive experience in the field. All employees (permanent, contract, temporary, trainees) are covered under this policy. The policy is gender neutral. Status of complaints during the year under review is as follows:

No. of complaints filed during the financial year: NIL  
No. of complaints disposed of during the financial year: NIL  
No. of complaints pending as on end of the financial year: NIL

**EQUITY SHARES IN SUSPENSE ACCOUNT**

**Means of Communication:**

Quarterly Results: The Company's quarterly results as prescribed by the Stock Exchanges pursuant to Regulation 33, 47 of the Listing Regulations are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers.

**Dematerialisation of Shares:**

The Company has signed an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As intimated by SEBI, trading in the shares of the company is compulsorily to be in the dematerialised form for all the investors. As on 31st March, 2022, 96.42% of the total shares of the Company have been dematerialised.

**Shareholders rights:**

The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.

**Modified Opinion in Auditors Report:**

The Company's financial statement for the year ended 31st March, 2022 are unqualified.

**Reporting of Internal Auditor:**

In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

Place :Davangere  
Dated : 02.09.2022  
Registered Office 73/1, Post Box No.312,  
Shamanur Road, Davangere. KA:- 577004.

By the order of the Board  
For Davangere Sugar Company Ltd  
S.S. Ganesh, Managing Director  
DIN: 00451383



**ANNEXURE - 4**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

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

**To,**

**The Members,**

Davangere Sugar Company Ltd  
73/1, Post Box No.312, Shamanur Road,  
Davangere, Karnataka – 577004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Davangere Sugar Company Ltd (CIN: L37100KA1970PLC001949)** (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Davangere Sugar Company Ltd** 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 the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**We have examined the books, papers, minute books, forms and returns filed and other records maintained by Davangere Sugar Company Ltd for the financial year ended on 31st March, 2022 according to the provisions of:**

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

Note: The Company was listed on Bangalore Stock Exchange Limited, which got de- recognised on November 24, 2014, and the Company was not listed on any stock exchange thereafter, however the Company got listed on BSE Limited w.e.f. March 19, 2021, thus the compliance with Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were applicable only during the period from March 19, 2021 upto 31st March, 2022.

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; ***the Board of Directors of the Company at their meeting held on July 23, 2022 have issued and allotted 3,84,00,000 Equity Shares of Rs. 10/- each pursuant to the Rights Issue, after receiving confirmation on the basis of allotment.***

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Now known as the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;; **Not Applicable**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
**Not Applicable**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;-  
**Not Applicable**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buy-back of Securities) Regulation 2018-  
**Not Applicable**

**OTHER APPLICABLE LAWS:**

With respect to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws applicable to the Company:

1. Income Tax Act, 1961 to the extent of Tax Deducted at Source under various Section and T.D.S. Returns filed.
2. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed.
3. The Sugar Cess Act, 1982
4. Food Safety and Standards Act, 2006
5. Essential Commodities Act, 1955
6. Sugar Development Fund Act, 1982
7. Prevention of Food Adulteration Act, 1954
8. Air (Prevention and Control of Pollution) Act, 1981
9. Water (Prevention and Control of Pollution) Act, 1974

We have relied on the representations made by the Company, its officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards as issued and implemented by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 (for the period from March 19, 2021 upto 31st March, 2022).





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

**We further report that :**

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried unanimously and is recorded in the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the audit period:**

1. The Company has failed to file the reporting / disclosure with Reserve Bank of India for bonus shares allotted to Non Resident shareholder for the financial year 2018-19.
2. Wherever there is delay in filing of Forms / returns with Registrar of Companies, for which necessary additional fees was paid by the Company.
3. The Company was not in compliance with regulation 17(1) of SEBI (LODR) Regulations, 2015 pertaining to optimum combination of executive and non-executive directors on the Board of the Company for which Penal actions have been taken by the said Stock Exchange such as levy of financial fines and freezing of promoter Demat Accounts for Non- Compliance of the said Regulation For the quarter ended December 2021. The Company contested the penalty / non-compliance pointed out by BSE Limited and has filed an application for the waiver of fines / penalty imposed. The application for waiver of penalty was accepted by BSE Limited and the penalty imposed against the Company was waived off.
4. The Company issued and allotted 3,84,00,000 Equity Shares of Rs. 10/- each pursuant to the Rights Issue, after receiving confirmation on the basis of allotment on July 23, 2022.

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.

**For Amit R. Dadheech & Associates**

**SD/-**

**Amit R. Dadheech**

**M. No.: 22889; C.P. No.: 8952**

**UDIN: A022889D000902121**

**Date: 02/09/2022**



**ANNEXURE - A**

**To,**  
**The Members,**  
**Davangere Sugar Company Ltd**  
73/1, Post Box No.312, Shamanur Road,  
Davangere, Karnataka – 577004

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test check basis.
6. 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 Amit R. Dadheech& Associates**

**SD/-**

**Amit R. Dadheech**

**M. No.: 22889; C.P. No.: 8952**

**UDIN: A022889D000902121**

**Date: 02/09/2022**



**ANNEXURE - 5**

**THE DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2022 is given below and forms part of Board's Report.

**A. Conservation of energy :**

1) The steps taken or impact on conservation of energy; The Company is continuously working on conservation of energy through innovative measures and has taken following steps towards the same:

- a. Replacement of old and in-efficient motors and panels to improve efficiency of equipment.
- b. Water circulation arrangement has been done to reduce ground water consumption. Water recycle system has been modified. The same will reduce ground water consumption significantly.

2) The steps taken by the company for utilising alternate sources of energy;

The Company is in the process of installing Multi Effect Evaporator sets in distillery units to concentrate spent wash (waste of distillery). It is being used as fuel in especially designed slop boilers (incinerators), which will save environment from pollutants.

3) The capital investment on energy conservation equipment: Rs Nil

**B. Technology Absorption :**

1) The efforts made towards technology absorption: Expansion and Modernisation of process house with FFE Technology and adoption of German model VKT technology.

2) The benefits derived like product improvement, cost reduction, product development or import substitution: Increase in productivity, product quality and reduction in steam consumption.

3) In case of imported technology: The Company has not imported any technology.

4) The expenditure incurred on Research and Development:

The Company has not incurred towards Research and Development.

**C. Foreign Exchange Earnings and Outgo :**

**The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.**

Particulars	Current year	Previous Year
Export and foreign exchange Earnings for exports made to merchant exporter	Estimated in USD 1,10,922	Estimated in USD 42,58,538
Imports and expenditure in foreign currency	Nil	Nil

During the FY 2021-22 company has exported 2600 qtls of sugar through the Merchant Exporters and sales value is Rs.85,41,000/- and its estimated equivalent USD 1,10,922.

**Date: September 02, 2022**

**Place: Davangere For Davangere Sugar Company Limited**

**Registered Office 73/1, Post Box No.312,**

**Shamanur Road, Davangere. KA:- 577004.**

**By Order of the Board**

**Sd/-**

**S S Ganesh**

**Managing Director**

**DIN: 00451383**



INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF  
DAVANGERE SUGAR COMPANY LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying financial statements of **DAVANGERE SUGAR COMPANY LIMITED**, which comprise the Balance Sheet as at **31<sup>st</sup> March, 2022**, and the Statement of Profit and Loss (Including Other Comprehensive Income) and Cash Flow Statement and the statement of Changes in Equity for the period ended, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards 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 March 31, 2022, the profit and total comprehensive income, 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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No	Key Audit Matters	Auditor's response
1.	Determination of net realizable value of inventory of sugar as at the year ended	Principal Audit Procedures :



<p>March 31, 2022. As on March 31, 2022, the Company has inventory of sugar with the carrying value 1,160.88 Lakhs. The inventory of sugar is valued at the lower of cost and net realizable value.</p> <p>We considered the value of the inventory of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value.</p>	<p>We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar.</p> <p>We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price &amp; monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole.</p> <p>Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.</p>
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#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of 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, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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 identified above when it becomes available 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.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes



maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A", a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Companies Act, 2013, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief where 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 appears from our examination of those books;
  - c. The Balance Sheet and Statement of Profit and Loss including Other Comprehensive Income Statement of Cash Flow and Statement of Changes of Equity dealt with this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Financial Statement comply with the Accounting Standards specified under Section 133 of Act, read with relevant rule issued thereunder.



- e. On the basis of written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 operating effectiveness of such controls, referred to our separate report in “**Annexure B**”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:  
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 of the Act.
- h. With respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note (vii) of Annexure – A to the financial statements
- (b) The Company did not have any long-term and derivative contracts as at March 31, 2022.
- (c) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
- (d) The management has;
- (i) represented that, to the best of its knowledge and belief as disclosed in the Note No. 37 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) represented, that, to the best of its knowledge and belief as disclosed in the Note No. 38 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or





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- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and  
(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.
- (e) The company has not neither declared nor paid any dividend during the year under Section 123 of the Act.

Place: Jamnagar  
Date: 27<sup>th</sup> May 2022

**FOR D.G.M.S. & Co.,  
Chartered Accountants  
Sd/-**

**Shashank P. Doshi  
Partner**

**M. No. 108456**

**FRN: 0112187W**

**UDIN: 22108456ANPNMN4393**



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2022**

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

**(i) Property, Plant & Equipment and Intangible Assets:**

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has maintained proper records showing full particulars of intangible assets.
- c) Property, Plant and Equipment have been physically verified by the management at reasonable intervals; Any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
- d) According to the information and explanation given to us the title deeds of all the immovable properties. (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

**(ii) Inventory and working capital:**

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, that has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, since the quarterly returns or statements filed by the Company with such banks is as per the market value, So, we are unable to certify the same with in agreement with the books of account of the Company.

**(iii) Investments, any guarantee or security or advances or loans given:**

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms,



limited liability partnerships or any other parties during the year, hence reporting under clauses 3(iii)(1),(2), (3), (4), (5), and (6) of the Orders are not applicable for the year under report.

**(iv) Loan to directors:**

- a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

**(v) Deposits:**

- a) The company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any relevant provisions of the 2013 act and the rules framed there under to the extent notified.

**(vi) Maintenance of Cost Records:**

- a) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/ or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- b)

**(vii) Statutory Dues:**

- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/22 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute except the following.

Name of the Status	Nature of Dues	Amount (In Lacs)	Year of Demand	Forum where dispute is pending
The customs Act 1944	Customs duty demanded on import	77.04	2014	Supreme court
The customs	Customs duty	122.30	2014	CESTAT Bengaluru



Act 1944	demand on import			
The Central Excise Act 1944	Dis allowance of CENVAT credit on various items	207.18	2017	Appeal before Commissioner of Customs and Central Excise Bengaluru
The Central Excise Act 1944	Customs duty demanded on import	207.11 (entire amount is paid under protest)	2014	Appeal before Chief Commissioner of Custom New Delhi

**(viii) Disclosure of Undisclosed Transactions:**

- a) There According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

**(ix) Loans or Other Borrowings:**

- a) Based on our audit procedures and according to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

**(x) Money Raised by IPOs, FPOs:**

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.



- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

**(xi) Fraud:**

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

**(xii) Nidhi Company:**

- a) The Company is not a Nidhi Company and hence reporting under Para 3 of clause (xii) of the Order is not applicable.

**(xiii) Related Party Transactions:**

- a) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Ind-AS.

**(xiv) Internal Audit System:**

- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

**(xv) Non-cash Transactions:**

- a) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

**(xvi) Registration under section 45-IA of RBI Act, 1934:**



- a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

**(xvii) Cash losses:**

- a) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

**(xviii) Resignation of statutory auditors:**

- a) There has been no resignation of the statutory auditors of the Company during the year.

**(xix) Material uncertainty on meeting liabilities:**

- a) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

**(xx) Compliance of CSR:**

- a) According to the information and explanations given to us and based on our examination of the records of the company, the company has not required to spent amount towards Corporate Social Responsibility (CSR) as per the section 135 of companies' act, 2013, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

**(xxi) Qualifications Reporting In Group Companies:**

- a) In our opinion and according to the information and explanations given to us, company does not have any subsidiaries, associates or joint ventures, so reporting under clause 3(xxi) of the Order is not applicable for the year.

Place: Jamnagar  
Date: 27<sup>th</sup> May 2022

FOR D.G.M.S. & Co.,  
Chartered Accountants  
Sd/-

Shashank P. Doshi  
Partner

M. No. 108456  
FRN: 0112187W

UDIN:22108456ANPNMN4393



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2022**

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

We have audited the internal financial controls over financial reporting of **DAVANGERE SUGAR COMPANY LIMITED** ('the Company') as of 31st March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Opinion**

We have audited the internal financial control with reference to financial statement of **DAVANGERE SUGAR COMPANY LIMITED**. ('The Company') as of **31st March 2022** in conjunction with our audit of the financial statement of the company at and for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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.

**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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (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 and the Standards on Auditing, issued by the 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 ICAI. 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:

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. 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
- c. 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.

**FOR D.G.M.S. & Co.,  
Chartered Accountants  
Sd/-**

**Shashank P. Doshi  
Partner  
M. No. 108456**

**FRN: 0112187W  
UDIN:22108456ANPNMN4393**

**Place: Jamnagar  
Date: 27<sup>th</sup> May 2022**





**BALANCE SHEET AS AT 31.03.2022**

(All Figures in Rs. Lakhs)

PARTICULARS	Note No.	AS AT 31.03.2022	AS AT 31.03.2021
		Total	Total
<b>I ASSETS</b>			
<b>A) NON -CURRENT ASSETS</b>			
a) Property , Plant and Equipments	1	34,591	27,108
b) Capital Work in Progress		-	-
		<b>34,591</b>	<b>27,108</b>
c) Financial Assets			
i) Investments	2	405	234
ii) Loans	3	-	-
d) Other Non Current assets:	4	416	416
<b>B) CURRENT ASSETS</b>			
a) Inventories	5	11,609	4,242
b) Financial Assets			
i) Trade Recevables	6	3,562	3,176
ii) Cash and cash equivalents	7	800	1,703
iii) Loans and advances	8	7,985	6,999
<b>TOTAL</b>		<b>59,367</b>	<b>43,877</b>
<b>I EQUITY AND LIABILITIES</b>			
<b>A) EQUITY</b>			
a) Share Capital	9	5,568	5,568
b) Other equity	10	19,557	18,963
		<b>25,125</b>	<b>24,531</b>
<b>B) LIABILITIES :</b>			
<b>1) NON-CURRENT LIABILITIES</b>			
a) Financial Liabilities			



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i) Borrowings	11	11,154	5,069
ii) Deferred Tax Liability	12	88	100
iii) Other Long Term Liabilities	13	7,325	5,548
iv) Provisions	14	-	-
<b>2) CURRENT LIABILITIES</b>			
a) Financial Liabilities			
i) Borrowings	15	14,781	8,129
ii) Trade Payables	16		
- Dues of micro enterprises and small enterprises			
- Dues of Creditor other than micro enterprises and small enterprises		402	10
iii) Other Liabilities	17	380	432
iv) Provisions	18	111	59
<b>TOTAL</b>		<b>59,367</b>	<b>43,877</b>

As per our Audit Report of even date  
annexed

for Doshi, Maru & Associates,  
Chartered Accountants  
FIRM R.No: 0112187W  
Sd/-  
Shashank P. Doshi  
M. No. 108456  
DIN:22108456ANPNMN4393  
DATE : 27.05.2022  
Place: Jamnagar

For and on behalf of the Board of Directors

Sd/-  
Abhijith G S  
Executive Director  
[DIN -03451918]

Sd/-  
S S Ganesh  
Managing Director  
[DIN - 0045183]

Sd/-  
Virupakshappa G  
Chief Financial  
Officer

Sd/-  
M M POOJA  
Compliance Officer



**PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2022**

(All Figures in Rs. akhs)

PARTICULARS	Note No.	AS AT 31.03.2022	AS AT 31.03.2021
		Total	Total
<b>I REVENUE FROM OPERATIONS (GROSS)</b>	19	<b>12,423</b>	<b>14,453</b>
Less: Excise Duty		-	-
Revenue from Operations (Net)		<b>12,423</b>	<b>14,453</b>
<b>II Other Income</b>	20	<b>23</b>	<b>328</b>
<b>III Total Income</b>		<b>12,447</b>	<b>14,781</b>
<b>IV EXPENSES</b>			
a) Cost of Materials Consumed	21	<b>13,305</b>	<b>9,237</b>
b) Purchase of Traded Goods	22	-	-
c) Changes in inventories of finished goods and work in progress	23	<b>(6,564)</b>	<b>652</b>
d) Employees Benefit Expenses	24	<b>748</b>	<b>761</b>
e) Interest on Borrowings	25	<b>1,806</b>	<b>1,541</b>
f) Bank Charges	25	<b>103</b>	<b>110</b>
g) Depreciation	1	<b>888</b>	<b>888</b>
h) Other Expenses	26	<b>1,495</b>	<b>1,271</b>
<b>TOTAL EXPENSES</b>		<b>11,780</b>	<b>14,459</b>
<b>V PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)</b>		<b>667</b>	<b>322</b>
<b>VI Exceptional Items</b>		-	-
<b>VI I PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>		<b>667</b>	<b>322</b>
<b>VI II Extraordinary Items</b>		-	-
<b>IX PROFIT /LOSS BEFORE TAX (VII-VIII)</b>		<b>667</b>	<b>322</b>



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X	<b>TAX EXPENSES</b>			
	a) MAT Provision		111	59
	b) Deferred Tax		(13)	13
	Total		99	72
XI	<b>PROFIT / LOSS FOR THE PERIOD (IX-X)</b>		568	250
XI	<b>Earnings per Share (Basic and Diluted) Rs.</b>		1.02	0.45

As per our Audit Report of even date annexed

For and on behalf of the Board of Directors

for Doshi, Maru & Associates,  
Chartered Accountants

FIRM R.No: 0112187W

Sd/-

Shashank P. Doshi

M. No. 108456

DIN:22108456ANPNMN4393

DATE : 27.05.2022

Place: Jamnagar

Sd/-

Abhijith G S

Executive Director

[DIN -03451918]

Sd/-

Virupakshappa G  
Chief Financial Officer

Sd/-

S S Ganesh

Managing Director

[DIN - 0045183]

Sd/-

M M POOJA  
Compliance Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2022

(All Figures in Rs. Lakhs)

Sl.No.	Particulars	As at 31.03.2022		As at 31.03.2021
<b>A</b>	<b><u>Cash flow from Operating activities:</u></b>	-	-	-
	Net profit after tax	680		250
	Adjustment for provision for taxation	(14)		72
		667		322
	Adjustment for depreciation	888		888
	Operating profit before working capital adjustment	1,554		1,209
	Adjustment for:			
	Inventories	(7,367)		466
	Sundry Debtors & trade receivables	(387)		(813)
	Trade payables	392		(288)
	Deferred Tax	(14)		(24)
	Others	(986)		-
	<b>Net cash flow from operating activities</b>	<b>(6,807)</b>		<b>551</b>
<b>B</b>	<b><u>Cash flow from Investing Activities:</u></b>	-	-	-
	Sale of Fixed Assets	-		-
	Purchase of Fixed Assets	(8,371)		(13)
	From capital work in progress	-		-
	From Investments	(170)		(80)
	<b>Net Cash flow from Investing activities</b>	<b>(8541.45)</b>		<b>(93)</b>
<b>C</b>	<b><u>Cash flow from Financing activities:</u></b>	-	-	-
	Proceeds from share allotment	-		-
	Proceeds from share premium & Capital reserve	-		-
	Proceeds from working capital loan	-		-
	Proceeds from Short Term Borrowings	6,652		(3,535)
	Proceeds from Long Term Borrowings	6,085		4,693



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Proceeds from Other Long Term Liabilities	1,778	(2,767)
Proceeds from Long Term Loans and Advances	0	2,015
Proceeds from Other Current Liabilities	(70)	230
Proceeds from Short Term Provisions	0	-
Proceeds from Short Term Loans and Advances	-	3
Proceeds from unsecured loan		(59)
<b>Net cash flow from financing activity</b>	<b>14,445</b>	<b>580</b>
Net Cash and Cash Equivalents (A+B+C)	(904)	1,038
Cash and Cash Equivalents at the beginning of the year	1,703	665
<b>Cash and Cash Equivalents at the end of the year</b>	<b>800</b>	<b>1,703</b>

for Doshi, Maru & Associates,  
Chartered Accountants  
FIRM R.No: 0112187W

Sd/-

**Shashank P. Doshi**  
M. No. 108456  
DIN:22108456ANPNMN4393  
DATE : 27.05.2022  
Place: Jamnagar

Sd/-  
**Abhijith G S**  
Executive Director  
[DIN -03451918]

Sd/-

Virupakshappa G  
Chief Financial  
Officer

Sd/-  
**S S Ganesh**  
Managing Director  
[DIN - 0045183]

Sd/-

M M POOJA  
Compliance Officer



**Note: - 1 Significant accounting policies:**

**1.0 Corporate Information**

**DAVANGERE SUGAR COMPANY LTD** is a Limited Company, incorporated under the provisions of Companies Act, 1956 and having CIN: L37100KA1970PLC001949. The Company is engaged in the business of Sugar Manufacturing (By-product Molasses) from Sugarcane and Co-generation of Electricity Power. The Registered office of the company is situated at 73/1, Post Box No.312, Shamanur Road, Davangere- 577004 (Karnataka State).

**1.1 Basis of preparation of financial statements**

**a. Accounting Convention: -**

The financial statements have been prepared in accordance with Section 133 of Companies Act, 2013, i.e. Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules 2015. The Ind AS Financial Statements are prepared on historical cost convention, except in case of certain financial instruments which are recognized at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Part I of Schedule II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**b. Functional and Presentation Currency**

All amounts disclosed in the financial statements and notes are rounded off to lakhs the nearest INR rupee in compliance with Schedule III of the Act, unless otherwise stated.

The functional and presentation currency of the company is Indian rupees. This financial statement is presented in Indian rupees. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

**c. Compliance with Ind AS**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

**d. Use of Estimates and Judgments**

The preparation of the Ind AS financial statements in conformity with the generally accepted



accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities and contingent assets as of the date of Balance Sheet. The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognized in the period in which the results are known/materialize.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

Particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial Statement are as below:

1. Evaluation of recoverability of deferred tax assets/Liabilities;
2. Useful lives of property, plant and equipment and intangible assets;
3. Provisions and Contingencies;
4. Provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions;
5. Recognition of Deferred Tax Assets/Liabilities
6. Valuation of Financial Instruments;

**e. Current versus Non-Current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset / liability is treated as current when it is:-

- i. Expected to be realised or intended to be sold or consumed or settled in normal operating cycle.
- ii. Held primarily for the purpose of trading.
- iii. Expected to be realised / settled within twelve months after the reporting period, or.
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- v. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.





**1.2 ACCOUNTING POLICIES:**

**(A) Property, Plant and Equipment**

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

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

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

Depreciation is provided on the Written Down Value method (W.D.V.) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

Projects under commissioning and other Capital work-in-progress are carried at cost comprising of direct and indirect costs, related incidental expenses and attributable interest. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

An item of property, plant and equipment is derecognized on disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss.

**(B) Intangible Assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes, accumulated amortization, and impairment losses, if any. Such costs include purchase price, borrowing cost, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost can be measured reliably.

The amortisation period for intangible assets with finite useful lives is reviewed at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

The cost of an internally generated intangible asset is the sum of directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria to the completion of its development.



Product development expenditure is measured at cost less accumulated amortisation and impairment, if any. Amortisation is not recorded on product in progress until development is complete.

Gains or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**(C) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**(D) Leases**

**As a lessee**

The Company has applied IND AS 116 using the partial retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right of use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



### **Lease Liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **As Lessor:**

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on contractual terms & substance of the lease arrangement. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **(E) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

The Company has identified its Managing Director as CODM who is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions.

The Company is operating in various business segments, such as Sugar, Co-Generation, Aviation, and Others, Hence Segment reporting is applicable and appropriate disclosures have been made in significant notes to accounting policies.

Internally generated intangible asset Research costs are charged to the statement of Profit and Loss in the year in which they are incurred.



**(F) Statement of Cash flow**

Cash Flows of the Group are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(G) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and highly liquid investments with an original maturity of up to three month that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**(H) Inventories**

Inventories includes raw material, semi-finished goods, stock -in -trade, finished goods, stores & spares, consumables, packing materials, goods for resale and material in transit are valued at lower of cost and net

**Raw Material and Components** - Cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition value Cost is determined on First-In-First-Out basis.

**Finished/Semi-Finished Goods** - Cost includes cost of direct material, labor, other direct cost (Including variable costs) and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs. Cost is determined on First-In-First-Out basis.

**Stock-in-trade** - Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and conditions. Cost is determined on First-In-First-Out basis.

Stores, Spare Parts, Consumables, Packing Materials etc. - Cost is determined on on First-In-First-Out basis.

Goods for Resale – valuation Cost is determined on First-In-First-Out basis.

Realizable Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Adequate allowance is made for obsolete and slow-moving items.

**(I) Foreign Currency Transactions**

**i) Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**ii) Subsequent Recognition**

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.



All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Any subsequent events occurring after the Balance Sheet date up to the date of the approval of the financial statement of the Company by the board of directors on 27th May, 2022 have been considered, disclosed and adjusted, if changes or event are material in nature wherever applicable, as per the requirement of Ind AS .

#### **(J) Income Taxes**

The tax expense for the period comprises of current tax and deferred income tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the Other Comprehensive Income or in Equity. In which case, the tax is also recognized in Other Comprehensive Income or Equity.

##### **I. Current tax: -**

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

##### **II. Deferred tax:-**

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

#### **(K) Provisions and Contingencies**

##### **Provisions:**

Provisions are recognised when there is 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

##### **Contingent Liabilities:**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.



**(L) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

- i. Identification of contract(s) with customers;
- ii. Identification of the separate performance obligations in the contract;
- iii. Determination of transaction price;
- iv. Allocation of transaction price to the separate performance obligations; and
- v. Recognition of revenue when (or as) each performance obligation is satisfied.

**(M) Other income:**

**Interest:** Interest income is calculated on effective interest rate, but recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend:** Dividend income is recognised when the right to receive dividend is established.

**(N) Finance Cost**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

**(O) Earnings per share (EPS):**

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of additional equity shares that would have been outstanding are considered assuming the conversion of all dilutive potential equity shares. Earnings



considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

**(P) Employee benefits**

**i. Provident Fund**

Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense when an employee renders the related service.

**ii. Gratuity**

Gratuity is in the nature of a defined benefit plan. Provision for gratuity is calculated on the basis of actuarial valuations carried out at balance sheet date and is charged to the statement of profit and loss. The actuarial valuation is performed using the projected unit credit method. Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**(Q) Fair Value Measurement:**

The Company measures financial instruments such as investments in quoted share, certain other investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(R) Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets:**

**Initial recognition**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables and other specific assets are initially



recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

**Subsequent measurement**

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- i. The entity's business model for managing the financial assets and
- ii. The contractual cash flow characteristics of the financial asset.

**De-recognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Financial Liabilities:**

**Initial Recognition and Subsequent Measurement**

All financial liabilities are recognised initially at fair value and in case of borrowings and payables, net of directly attributable cost. Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(S) Global Health Pandemic COVID – 19**

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant slow disturbance and slowdown of economic activity. The company has evaluated impact of this pandemic on its business operations and based on its review and current indicators for future economic conditions, there is no significant impact on its financial statements.





### **1.3 Recent Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

**i. Ind AS 16 – Proceeds before intended use**

The amendments specify that the excess of net sale proceeds of items produced while the Company is preparing the asset for its intended use over its cost of testing, if any, shall not be recognized in the profit or loss but shall be deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**ii. Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**iii. Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

The previous year's figures have been reworked, regrouped, and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current annual financial statements and are to be read in relation to the amounts and other disclosures relating to the current financial year.

**27.** Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.

**28.** The Company has not revalued its Property, Plant and Equipment for the current year.

**29.** There has been no Capital work in progress for the current year of the company.

**30.** There is no Intangible assets under development in the current year.

**31.** The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**32.** Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.



33. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
34. No proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.
35. The company has not been declared as willful defaulter by any bank or financial institution or government or government authority.
36. The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- a. directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
37. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall
- a. directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)or
  - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
38. The company does not have transaction with the struck off under section 248 of companies act, 2013 or section 560 of Companies act 1956.
39. The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.

**40. Related Parties Disclosure: -**

The Disclosures of Transaction with the related parties as defined in the related parties as defined in the Accounting Standard are given below:

**List of related parties with whom transactions have taken place and relationships: -**

Sr. No.	Nature of Relationship	Name of the Parties
1.	Key Managerial personnel (KMP)	1. ShamanurShivashankarappa Ganesh 2. Abhijith Ganesh Shamanur



Transaction during the current financial year with related parties:-

Rs. in Lakhs

Sr No.	Name Of related Parties	Nature of relation	Nature of Transaction	O/s at the beginning Receivable/(Payable)	Amount Debited	Amount Credited	O/s at the End Receivable/(Payable)
1.	M/s. Kalleswara Traders	MD's Relative is partner in firm	Purchase of provision item for Company canteen	--	--	2,96,400	--
2.	M/s. S Kallappa & Sons	MD partner in firm	Purchase of provision item for Company canteen Sale of Sugar	3,91,61,088	--	45,060 3,85,91,351	-- 5,69,737
3.	M/s. Shivashankar Associates	MD partner in firm	Purchase of provision item for Company canteen	--	--	1,48,320.00	--
4.	M/s. Shamanur Transport	ED is the proprietor	Transportation Service	--	--	32,480.00	--



**DAVANGERE SUGAR COMPANY LIMITED**

**Registered Office:**

73/1, POST BOX NO.312,SHAMANUR ROAD, DAVANGERE. KA 577004

CIN: L37100KA1970PLC001949, Web: [www.davangeresugar.com](http://www.davangeresugar.com), email id: accounts@davangeresugars.com

**PROXY FORM**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Management and Administration Rules, 2014]**

CIN : L37100KA1970PLC001949  
Name of the Company : Davangere Sugar Company Limited  
Registered Office : 73/1, Post Box No.312,Shamanur Road, Davangere. KA 577004.  
Name of the member(s) : .....  
Registered Address : .....  
Email ID : .....  
Folio No./Client ID/DP ID : .....

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint:

- 1) Name : ..... Address : .....  
Email ID: ..... Signature : .....or failing him
- 2) Name : ..... Address: .....  
Email ID: .....Signature: .....or failing him
- 3) Name:..... Address: .....  
Email ID: ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 51<sup>st</sup> Annual General Meeting of the Company, to be held on Thursday, 29<sup>th</sup> of September 2022 at 11.00 a.m. at Thogataveera Samudhaya Bhavana, M.C.C. 'A' Block, Davangere – 577 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

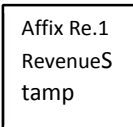
**Ordinary business**

1. Adoption of Financial Statements for the Financial Year Ended March 31, 2022 and Reports of Directors' and Auditors' thereon.
2. To appoint Mrs. Rekha Ganesh (DIN: 02764230), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment

**Special business**

3. To appointment and ratify remuneration of Mr. M. R. Krishna Murthy, Cost Accountant
4. Regularisation of Additional Director, Mrs. Veena Umapathy, by appointing her as Independent Director of the Company

Signed this ..... day of ..... 2022.



.....  
Signature of shareholder

.....  
Signature of Proxy holder(s)



**Notes:**

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. Notwithstanding the above the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.

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**DAVANGERE SUGAR COMPANY LIMITED**

73/1, POST BOX NO.312,SHAMANUR ROAD, DAVANGERE. KA 577004.

CIN: L37100KA1970PLC001949, Web: [www.davangeresugar.com](http://www.davangeresugar.com), email id: accounts@davangeresugars.com

**ATTENDANCE SLIP**

FOLIO NO. (Shares in physical mode)	
DP ID	
CLIENT ID	
NO. OF SHARES HELD	

NAME OF THE SHAREHOLDER / PROXYHOLDER: \_\_\_\_\_

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 51<sup>st</sup> Annual General Meeting of the Company to be held on Thursday, 29th Of September 2022 at 11.00 a.m. at Thogataveera Samudhaya Bhavana, M.C.C. 'A' Block, Davangere – 577 004 and at any adjournment thereof.

\_\_\_\_\_  
**Signature of Member/Proxy**

(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)



**51<sup>st</sup> ANNUAL REPORT  
2021-2022**

Book - Post



# 51<sup>st</sup> ANNUAL REPORT

To,



If undelivered, Please Return to  
**Davangere Sugar Company Limited**  
**Kukkuwada - 577 525**  
Davangere Taluk

Basaveshwara Mudrana, Davangere, Ph. : 231053

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