



2022-2023

52nd Annual report

**Davangere Sugar
Company Limited**

**REGISTERED OFFICE:
Office No.73/1,
P.B. No. 312, Shamanur Road,
Davangere-577004,
Karnataka .**

www.davangeresugar.com



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Corporate Information

Board of Directors

Mr. S.S. Ganesh

Chairman & Managing Director

Mr. Abhijith G Shamanur

Executive Director

Smt. Rekha Ganesh

Non- Executive Director

Mr. Tumbegere Rudrappa

Independent Director

Mr. Thappagondanahally Rajashekarappa

Independent Director

Mrs. Veena Umpathy

Independent Director

Bankers of the company

State Bank of India, Canara Bank, Indian Bank, DDCC Bank

Corporate Identification Number

L37100KA1970PLC001949

Chief Financial Officer

Mr. Ganeshrao
Virupakshappa

Company Secretary and Compliance Officer

Ms. Nidhi Vaswani

Statutory Auditors

DGMS & Co, Chartered Accountants, Mumbai

Internal Auditors

M/s. B Gangadhara and Co,
Chartered Accountants

Registered Office

73/1, Post Box No.312,
Shamanur Road, Davangere.
KA:- 577004.

Registrar and Share Transfer Agent

M/s. Integrated Registry
Management Services Pvt.
Ltd.



BRIEF INTRODUCTION:



"Indian Sugar Companies Embracing Ethanol: A Shift Towards Sustainable Energy Solutions"

The Indian Ethanol Market will develop over the next five years because of government initiatives like the new ethanol blending programme (EBP), which requires oil manufacturing companies (OMCs) to mix 10 percent ethanol in gasoline by the end of 2022 and 20 percent by 2025. To achieve the target of 20% ethanol blending with petrol by 2025, about 1,016 crore litres of ethanol would be required and about 334 crore litres would be required for other uses, creating huge demand-supply gap.

Davangere Sugar Company Limited ("DSCL") was incorporated in the year 1970 as Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFCI and local farmers with initial equity capital base of ₹ 160 lacs.

DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250 TCD. The Government of Karnataka was managing the affairs of the company till the year 1995. Shamanur group acquired the shares owned by Government of Karnataka & took over the management of the company during the FY 1995-96.





DSCL is a leading player in the sector of sugar, ethanol, and co-generation industry, renowned for manufacturing high-quality ethanol products. Covering an extensive area of 4,800 hectares dedicated to sugarcane cultivation, DSCL has cultivated enduring partnerships with farmers, facilitated by their multi-decade experience and a robust network of 4,990 individuals as of March 31st, 2023.

DSCL shifted its business focus from being commodity producers to green energy producers by installing molasses/sugar syrup and grain-based Ethanol unit with installed capacity of 65 KLPD and started commercial production from Q1 FY23. The company commissioned Co-generation power plant with an installed capacity of 24.45 MWs per day in 2004 while expanding its cane crushing capacity to 4750 TCD.

The company enjoys strong relationships due to its long-standing existence of over 50+ years. The company takes pride in promoting a sustainable economy by providing employment opportunities to the local community, showcasing its commitment to social responsibility and community development. These factors have been pivotal in driving the company's success and growth, and it remains dedicated to upholding these values for the future.





Corporate Snapshot:

Our Vision:

"To be a leading and sustainable sugar and ethanol company, driving innovation, fostering community development, and promoting environmental stewardship."

Our Mission:

"Driving Sustainability, Empowering Tomorrow: Our mission encompasses two core objectives: first, to consistently improve the production of high-quality bio-fuel by responsibly and extensively cultivating high-yielding varieties of sugarcane; second, to produce top quality sugar. We are deeply committed to environmental stewardship, actively fostering innovation, and making meaningful contributions to the development of our communities. Concurrently, our focus is on uplifting the income and overall well-being of our farmers, ensuring a sustainable and prosperous future for all."

By adhering to this vision and mission, we aspire to lead the sugar and ethanol industry towards a greener and more sustainable future, benefiting our stakeholders, society, and the planet as a whole.



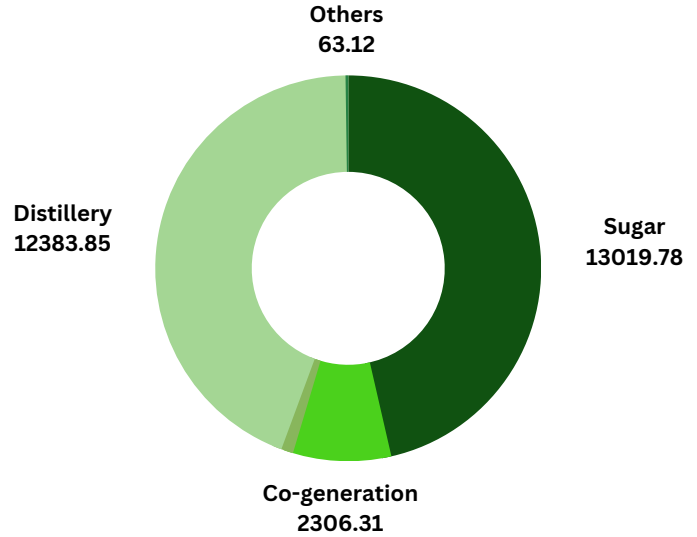
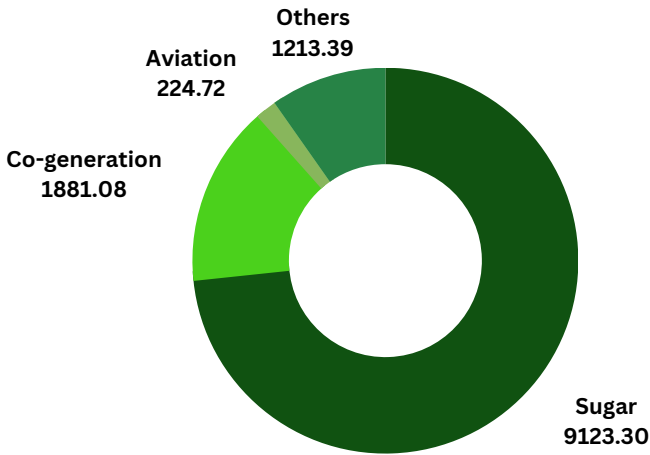


Our Revenue mix:

Business Segments Revenue (₹ Lakhs)

FY 2021-22

FY 2022-23

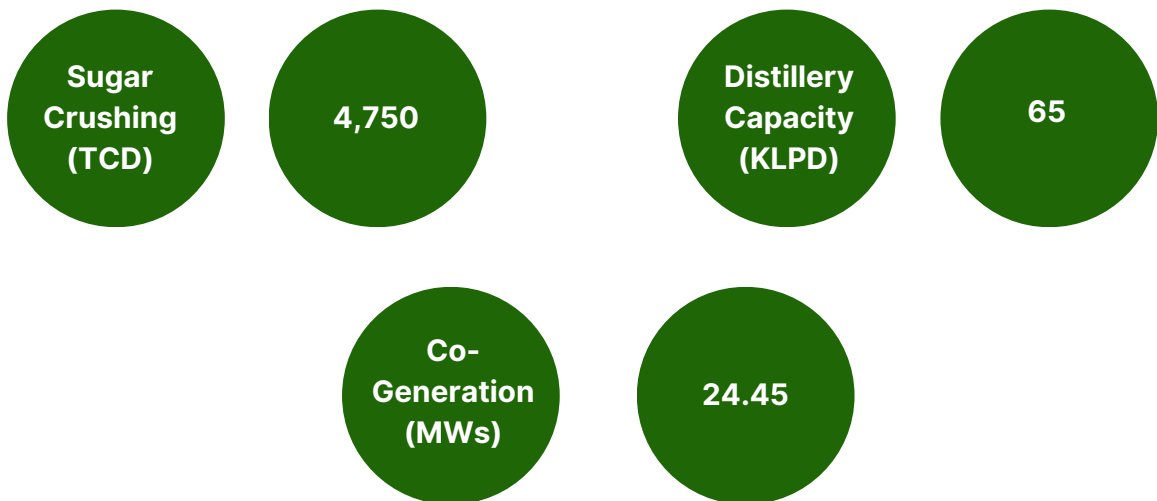


Our legacy:

Incorporated in 1970, Davangere Sugar Company Limited (DSCL) is involved in the business of production of Sugar, Ethanol and Co-Generation. DSCL commenced commercial production of sugar with a capacity of 1250 TCD and has increased the capacity to 4750 TCD over the years. The company is now among India’s oldest integrated sugar companies.



Our Manufacturing Capacities:



* The company aims to expand its existing production capacity from 65 KLPD (Kilo Litres Per Day) to 110 KLPD by 2024.





Our locations:

The company is located in Karnataka, which is one of the leading states contributing significantly to India's total sugar output.

The factory is located on a land area of 165 acres at Kukkuwada village, 18 kms away from Davangere city, Karnataka state. The factory is surrounded by fully irrigated sugarcane growing belt of 30,000 acres. The Sugarcane areas are located within a radius of 35 kms surrounding the factory.



Our People:

The company comprises a pool of skilled and unskilled employees with an employee strength of 433 as on March 31, 2023. The talent comprised capabilities across agriculture, manufacturing, IT, research Finance and other functions.



Our Vendors:

Davangere Sugar Ltd. has developed longstanding relationships with farmers due to multi-decade experience. The company's farmer relationships comprised 4990 individuals as on 31st March, 2023.



Our Listing Details:

The Company's shares are listed on Bombay Stock Exchange. The Company's market capitalisation was 542.59 Cr on BSE as on March 31, 2023.





OUR PRODUCTS

SUGAR BUSINESS:

Davangere Sugar Company Ltd is a prominent player in the sugar business, boasting a present capacity of 4750 TCD (Tonnes of Cane Crushed per Day) at its sugar plant. The company's sugar unit buildings span an extensive area of approximately 2,83,874 square feet. Additionally, the company has established 5 large warehouses, with a combined capacity to store 6 lakh quintals of sugar, ensuring efficient storage and distribution capabilities.



Furthermore, the company has dedicated facilities for the storage of spares, components, and raw materials essential for sugar production. The company places a strong emphasis on environmental responsibility, with a well-equipped Effluent Treatment Plant (ETP) in place for the effective treatment of effluents generated during the production with its substantial capacity, state-of-the-art infrastructure, and eco-conscious approach, Davangere Sugar Company Ltd is well-positioned to meet market demands and continue its success in the sugar industry.



Sugar Production

3,06,192 Qtls



Sugar Recovery

6.34 %



Sugarcane crushed

4,82,453 MTs



Capacity Utilization (FY23)

70 %





Ethanol Business:

We take immense pride in our state-of-the-art ethanol plant, where we utilize Cane syrup, B-Heavy Molasses, and C-Molasses from our own sugar plant and grains

Strengths:



Existing Sugar Factory and Infrastructure



Adequate irrigation facilities with ensured cane cultivation & raw material availability for proposed distiller project on a long-term basis.



Ensured cane availability



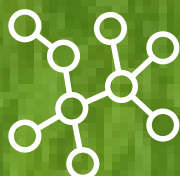
Latest technology equipment with highest efficiency and



Sound techno commercial viability

Apart from the strengths listed above, the demand-supply gap in fuel ethanol in India further reinforces the potential of our molasses/sugar syrup and grain-based Ethanol unit, boasting an installed capacity of 65 KLPD. We commenced commercial production in Q1FY23, positioning ourselves as a prominent player in the sustainable energy sector.

The company aims to further expand its existing ethanol production capacity from 65 KLPD to 110 KLPD with the projected timeline for completing the expansion plan set for the year 2024.



Ethanol Produced

1,99,39,345 KL

Capacity Utilization (FY23)

99.96%





Co-Generation Business:

In FY04, the company successfully commissioned a Co-generation power plant with an impressive installed capacity of 24.45 MWs per day. The Co-gen building occupies a substantial area of 1,23,018 square feet, reflecting the scale and efficiency of the power generation facility.

Over the years, the company's power generation division has witnessed remarkable growth, showcasing its commitment to renewable energy solutions. From generating 4,39,82,700 KWH (Kilowatt-hours) in FY20, the company has achieved significant progress, recording an impressive output of 6,22,17,400 KWH in FY23.

This consistent growth in power generation not only underscores the company's capabilities in the renewable energy sector but also highlights its contribution to sustainable practices and reducing the carbon footprint. With its substantial Co-generation power plant and an upward trajectory in power generation output, the company continues to play a pivotal role in the pursuit of clean and efficient energy solutions.

Power Generation



Annual Highlights:



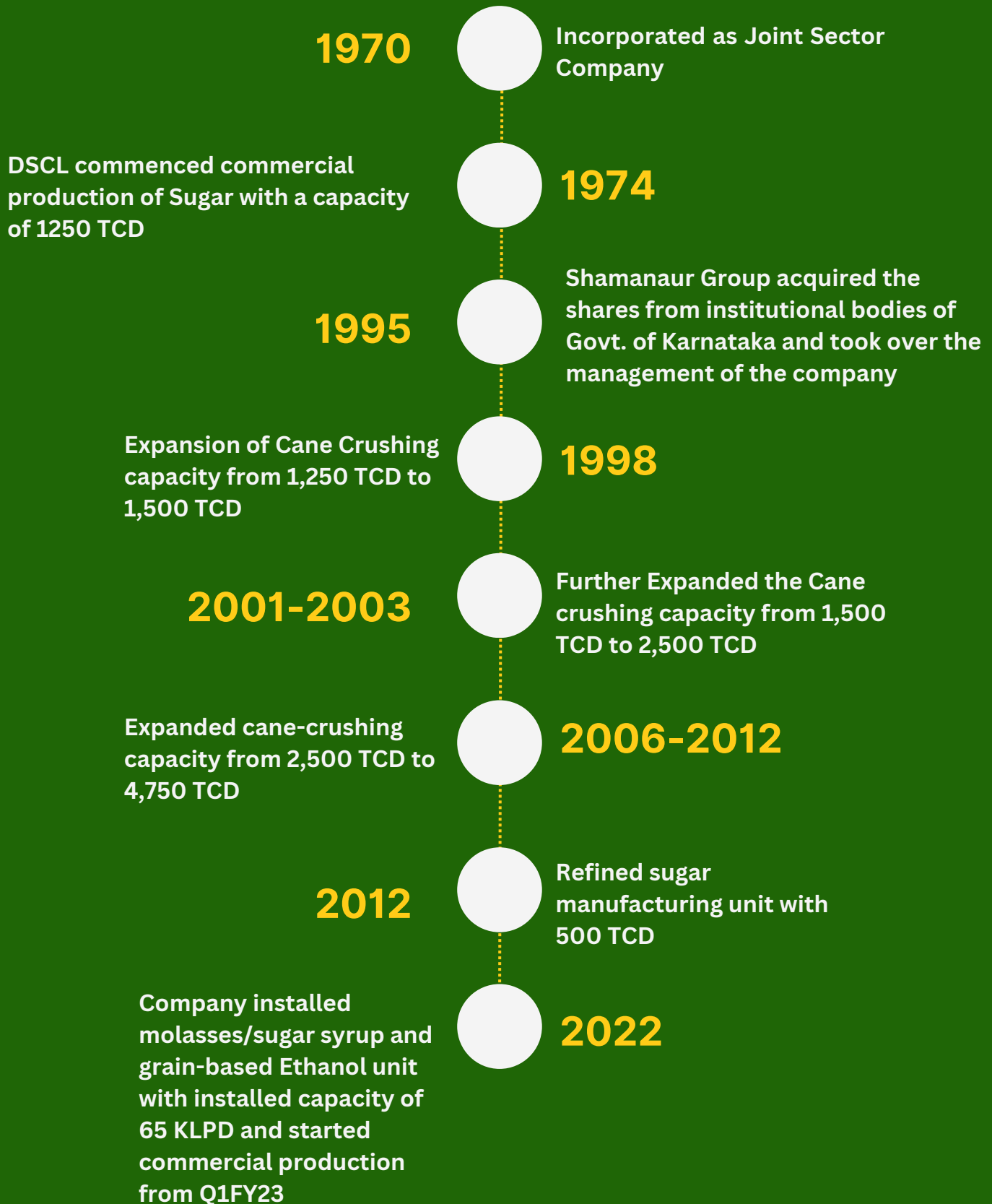
Power Generated
6,22,17,400 KWH

Capacity Utilization (FY23)
74.5%





Our Journey Over The Years:



Our Strengths



- **Fully Integrated Sugar and Ethanol Manufacturing Plant**

combines sugar and ethanol production seamlessly, utilizing sugarcane as the primary raw material for efficient and sustainable processing. This integrated approach optimizes resource utilization and enhances overall production efficiency.



- **Ample availability of Sugarcane, Grains, Labour, Water and Power**

Karnataka benefits from abundant resources, including ample availability of sugarcane, grains, labor, water, and power, creating a favorable environment for agricultural and industrial activities in the state. This rich resource base enhances the potential for sugar and ethanol production and supports various sectors of the economy.



- **Huge Land Bank available for Expansion**

availability of a huge land bank offers ample opportunities for sugar and ethanol production companies to enhance their market presence, achieve economies of scale, diversify their operations, and promote sustainability, ultimately driving growth and success in the industry.



- **Process in place to produce Premium Ethanol**

To produce Premium Ethanol, the company employs a meticulous process involving advanced technology and stringent quality control measures. It begins with selecting high-quality raw materials, followed by precise fermentation and distillation processes, ensuring a pure and superior-grade ethanol product that meets or exceeds industry standards.



- **Co-Generation of power for Existing Plants**

By adopting co-generation of power, existing sugar and ethanol plants can enhance their operational efficiency, reduce their environmental footprint, and contribute to more sustainable and economically viable production processes



- **Promotes sustainable economy by providing employment opportunities to local community**

By providing employment opportunities, promoting skill development, and engaging in community development initiatives, sugar and ethanol companies play a vital role in fostering a sustainable economy that benefits the local community and contributes to the region's social and economic growth.



Creating Value for Stakeholders



CUSTOMERS:

Davangere offers pure and hygienic sugar, premium quality ethanol, and reliable co-gen power to its end-users. Putting customers first, the company ensures superior-grade products and eco-friendly solutions, maintaining its reputation as a trusted and reliable supplier.



EMPLOYEES:

Valuing its 433 employees, the company appreciates their hard work through recognition programs and incentives, fostering a culture of appreciation. Employee well-being and development are prioritized, ensuring a motivated and engaged workforce, crucial for sustaining ongoing success.



SHAREHOLDERS AND INVESTORS:

Our primary focus lies in delivering exceptional financial returns to both individual and institutional shareholders. We achieve this through our well-defined growth platforms and strategic initiatives, ensuring sustainable and profitable outcomes for all stakeholders. Our commitment to maximizing shareholder value remains at the forefront of our business endeavors.



SUPPLIERS/FARMERS:

As an integrated sugar producer present across the entire value-chain, our company has a diverse and expanding network of suppliers and farmers. Through our extensive operations, from sugarcane cultivation to sugar and ethanol production, we offer valuable opportunities and support to our suppliers/farmers, fostering strong and mutually beneficial relationships in the agricultural community.



REGULATORS:

Changes in regulations and laws are pivotal for ensuring the business sustainability of ethanol, sugar, and co-generation production companies. As the government and environmental agencies update policies, companies must adapt to evolving standards for environmental protection, safety, and renewable energy. Complying with these changes fosters long-term viability, enhances reputation, and positions them for growth in the dynamic and sustainable energy landscape.



COMMUNITIES:

Communities are an integral part of our growth plan, and we are dedicated to making a positive impact by actively supporting and contributing to societal well-being





Our Financial highlights:

From the very beginning, we have firmly believed that numbers speak volumes. Our journey has been marked by steady growth and remarkable resilience, even in the face of challenging economic downturns.

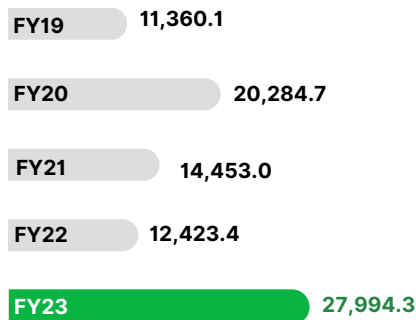
The past year was no exception, as we encountered obstacles stemming from industry and economic uncertainties. Nonetheless, as always, we deftly navigated through these hurdles, employing carefully planned strategies to stay on track with our strategic goals. Our ability to adapt and focus on our priorities amidst adversity underscores our determination and commitment to success.

The commencement of Ethanol production in June 2022 resulted in a significant boost to our top-line, leading to a remarkable 125% increase in revenue. This new venture has evidently had a substantial positive impact on our overall business performance.

Standalone Financial Figures

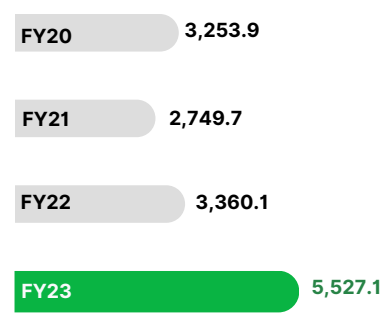
REVENUE FROM OPERATIONS

(Rs. in Lakhs)



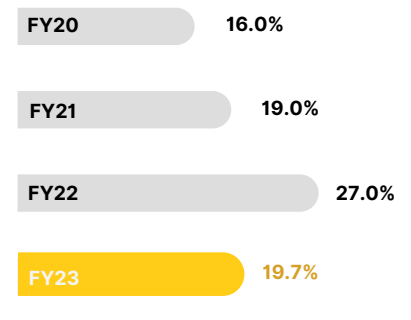
EBITDA

(Rs. in Lakhs)



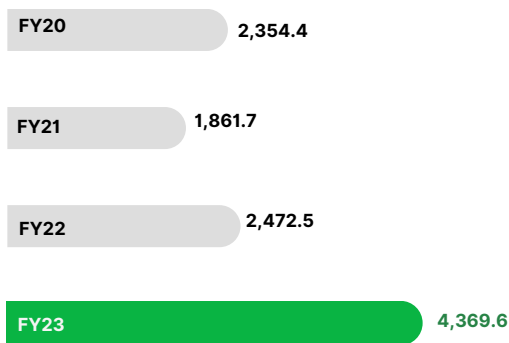
EBITDA Margin

in %



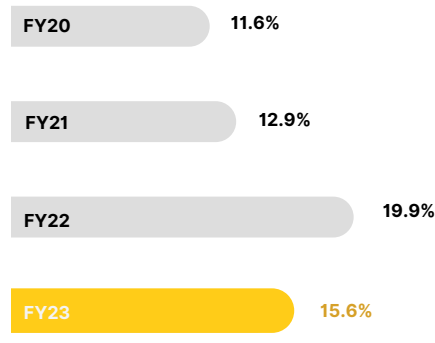
EBIT

(Rs. in Lakhs)



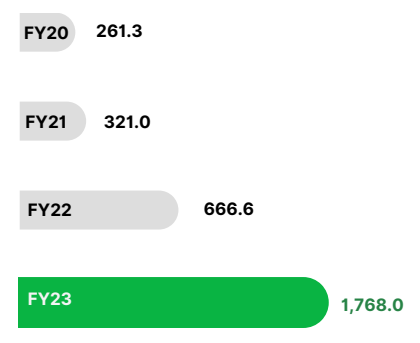
EBIT Margin

in %



Profit Before Tax (PBT)

(Rs. in Lakhs)



Margins are calculated using Revenue from Operations





Profit Before Tax (PBT) Margin

in %

FY20 1.3%

FY21 2.2%

FY22 5.4%

FY23 6.3%

Profit After Tax

(Rs. in Lakhs)

FY20 206.9

FY21 250.0

FY22 568.0

FY23 1,321.6

Profit After Tax (PAT) Margin

in %

FY20 1.0%

FY21 1.7%

FY22 4.6%

FY23 4.7%

Total Borrowings

(Rs. in Lakhs)

FY20 11,052.0

FY21 13,197.6

FY22 25,935.1

FY23 24,462.9

Total Shareholders Equity

(Rs. in Lakhs)

FY20 24,295.3

FY21 24,531.1

FY22 25,125.3

FY23 31,202.8

Return on Equity (ROE)*

in %

FY20 0.9%

FY21 1.0%

FY22 2.3%

FY23 4.2%

Total Debt-Equity Ratio

(in times)

FY20 0.8x

FY21 0.8x

FY22 1.2x

FY23 0.8x

Sugar Cane Crushed

(in MTs)

FY20 3,26,210

FY21 3,31,712

FY22 4,71,997

FY23 4,82,453

Power Generated

(in Kwh)

FY20 4,39,82,700

FY21 4,45,00,800

FY22 5,81,88,800

FY23 6,22,17,400

Margins are calculated using Revenue from Operations

* ROE is calculated as Net Profit divided by Total Shareholders Equity





Our Performance Indicators

Key financial Ratios:

Ratio	FY20	FY21	FY22	FY23
Raw Material cost / Total turnover	73.1%	68.4%	54.3%	67.6%
PBDIT/Total Turnover	16.0%	19.0%	27.0%	19.7%
Interest/Total Turnover	10.3%	10.7%	14.5%	9.3%
Interest Coverage Ratio (times)	1.1x	1.2x	1.4x	1.7x
PBDT/Total Turnover	5.7%	8.4%	12.5%	10.4%
Net Profit/Total Turnover	1.0%	1.7%	4.6%	4.7%
Cash Profit/Total Turnover	5.5%	7.9%	11.7%	8.9%

* Total Turnover considered net of excise duty on sales

Balance Sheet Ratios:

Ratio	FY20	FY21	FY22	FY23
Total Debt-Equity Ratio	0.8x	0.8x	1.2x	0.8x
Long term Debt-Equity Ratio	0.4x	0.4x	0.7x	0.3x
Inventory Turnover Ratio	4.3x	3.4x	1.1x	3.1x
Receivables Turnover Ratio	8.6x	4.6x	3.5x	13.1x
Payables Turnover Ratio	68.2x	1459.9x	30.9x	18.1x
Current Ratio	1.2x	1.9x	1.4x	1.4x
Net Capital Turnover Ratio	0.8x	0.6x	0.5x	0.9x
Return on Equity Ratio (%)	0.9 %	1.0%	2.3%	4.2%
Return on Capital Employed (%)	7.1%	5.3%	5.9%	10.3%

Growth Ratios:

Ratio	FY20	FY21	FY22	FY23
Growth in Revenues (%)	78.6%	(28.7%)	(14.0%)	125.3%
Growth in EBITDA (%)	2.8%	(15.5%)	22.2%	64.5%
Growth in PAT (%)	(35.8%)	20.8%	127.2%	132.6%
Growth in Cash Profit (%)	(9.4%)	2.9%	27.9%	70.3%





Board of Directors



Mr. S.S. Ganesh

Managing Director

One of the leading industrialists and businessman, Mr. S.S Ganesh has served as the Managing Director of the company since 2002. Under his dynamic leadership, the company achieved new heights from technology and financial point of view. He has shown that by adopting dynamic management skills, professional management and creating an atmosphere for the team work the industry can realize the new heights of achievements.



Mr. Abhijith G Shamanur

Executive Director

He is a qualified Industrial Engineer Graduated from Northeastern University, Boston, U.S.A. He graduated in Master of Business Administration from University at London. He has been actively involved in the company since last 10 years and currently serves as Executive Director in the company.



Smt. Rekha Ganesh

Non-Executive Director

She holds the position of a Non-executive Director in the Company and is married to Mr. S S Ganesh, who serves as the Managing Director. Additionally, she is actively involved in the management of M/s. Lakshmi Floor Mills as one of the partners. As a Non-executive Director, she brings her expertise and insights to contribute to the Company's decision-making process and governance, while her role in the family-owned business showcases her hands-on experience in managing another successful enterprise.



Smt. Veena Umpathy

Independent Director

Being an Independent Director of the Company, she holds a BSc. degree in Food Technology and boasts a wealth of experience exceeding 10 years in her respective field. Her expertise in Food Technology brings valuable insights to the company, particularly in areas related to food production, quality control, and safety standards. As an Independent Director, she plays a vital role in providing guidance and strategic direction, leveraging her extensive knowledge to contribute to the company's growth and success in the food industry.



Mr. Tumbegere Rudrappa

Independent Director

He is a Independent Director of the Company. he has technical qualification from the Industrial Technical Institute, he has got vast experience in Industrial engineering his experience Is great contribution to the company in running the production line in efficient manner.



Mr. Thappagondanahally Rajashekarappa

Independent Director

He holds the position of an Independent Director in our company and has a background in commerce. His area of specialization lies in accounts, direct taxation, and indirect taxation. He plays a crucial role in providing our company with professional advice and guidance in matters related to accounts and taxation. With his expertise, he contributes significantly to our financial decision-making processes and ensures compliance with tax regulations.



CHAIRMAN'S MESSAGE

*Dear Shareholders,
Good morning to all of you!*

First and foremost, let me express my heartfelt appreciation to each member of our dedicated team, whose unwavering commitment and hard work have made our organization a symbol of excellence. It is your perseverance and dedication that have propelled us to greater heights, even in the face of challenges.

As you know the sugar industry has played a pivotal role in the economic and social fabric of our nation. We have not only been a significant contributor to the nation's GDP but also a major source of livelihood for thousands of farmers and workers across the country. As we continue to grow, we must never forget our responsibility towards the well-being of our community and the environment.



Given that context, I am grateful that on the business front it has been a highly satisfactory year being consistently strong and profitable.

Our Revenue from Business Operations is Rs. 27,994 Lakhs as compared to the previous F.Y of Rs. 12,423 Lakhs. There is increase of 125% in Revenue from Business Operations as compared to the previous year due to production of Ethanol from June 2022.

The Profit of the Company recorded an increase of 132.66% at Rs. 1,322 Lakhs as compared to the previous F.Y of Rs. 568 Lakhs. The Earnings per Share is Rs. 1.48 as compared to the previous EPS of Rs. 0.91. The Company has shown the consistent performance and growth over the years. Your Company's financial position is sound to take care of future growth through internal accruals.

The Indian government has been actively promoting the use of ethanol in the country's fuel sector through the Ethanol Blended Petrol (EBP) Programme. This initiative aims to blend a certain percentage of ethanol with petrol to reduce the nation's dependence on fossil fuels, lower greenhouse gas emissions, and encourage the adoption of renewable energy sources. The government set ambitious targets of achieving a 10% blending of ethanol with petrol (E10) by 2022, with a further goal of reaching 20% blending (E20) by 2025. These targets are part of the government's broader strategy to boost the production and consumption of ethanol in the country.

To facilitate the growth of ethanol production, the government devised a policy to incentivize sugar factories to produce ethanol directly from sugar cane juice. This move presented numerous opportunities for sugar factories to generate ethanol during the crushing season using sugar cane juice as a feedstock, and also to produce ethanol from B-Heavy molasses and grains during the off-season, ensuring a minimum of 300 days of ethanol plant operation.





Furthermore, the government fixed attractive prices for ethanol and committed to procuring the entire production through long-term off-take agreements and frequent tenders.

New Beginnings

Responding to the government's Ethanol Blending Programme, the Company took proactive steps in 2020 to establish an Ethanol Plant. These steps included engaging engineering firms to design the plant's layout and structure, planning the process flow, specifying equipment requirements, identifying reliable suppliers, appointing skilled technical personnel, and ensuring regulatory and environmental compliance. Additionally, the Company secured the necessary finances from banks and other financial institutions to cover the estimated cost of Rs. 99.31 Crores for the 65KLPD Ethanol plant, raising bank finance to the tune of Rs. 73.56 Crores.

In 2022, the Company successfully commissioned the Ethanol Plant, with production commencing on 31st May, 2022. During the current Financial Year 2022-2023, the Company has achieved a significant milestone by producing 99 lakhs of Ethanol using feedstocks such as sugarcane syrup and B-Heavy molasses. Moreover, the Company explored additional sources for ethanol production, including grains like rice, FCI, surplus rice, broken rice, and maize. The surplus production of ethanol from grains marks another positive development in the Company's progress toward supporting the Ethanol Blending Programme's objectives.

Expansion Plans

The Company has decided to implement a strategic shift towards sugarcane and ethanol production, which has proven to be significantly more profitable than traditional sugar production and sales. In light of this decision, the Company aims to expand its existing ethanol production capacity from 65 KLPD (Kilo Litres Per Day) to 110 KLPD. The estimated cost of this expansion project amounts to Rs. 54 Crores.

To finance the expansion and cover the cost of the existing capacity, the Company intends to secure a loan of Rs. 40 Crores from Banks and Financial Institutions. The projected timeline for completing the expansion plan is set for the year 2024.

The result is that the Company stands at an inflection point – not just on account of a new beginning with a fresh perspective but also because of the buoyant prospects in its sector that are expected to sustain.

I welcome our shareholders to this exciting and rewarding journey.

My best wishes to you all!

Thank you!



**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 52nd ANNUAL GENERAL MEETING OF THE MEMBERS OF DAVANGERE SUGAR COMPANY LIMITED WILL BE HELD ON TUESDAY, THE 29th DAY OF AUGUST, 2023, AT THOGATAVEERA SAMUDHAYA BHAVANA, M.C.C. 'A' BLOCK, DAVANGERE – 577 004 AT 11 A.M.

TO TRANSACT THE FOLLOWING BUSINESS: -

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, 2023 and the Statement of Profit and Loss of the Company and the Cash Flow Statement for that period and other Annexures thereof for the Financial Year ended 31st March, 2023 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Abhijit Ganesh Shamanur (DIN: 03451918), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS**3. RATIFICATION OF REMUNERATION OF COST AUDITOR FOR THE F.Y 2023-24**

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 RegNo.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 2023-24 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.”

4. TO APPROVE REQUESTS RECEIVED FROM PERSONS BELONGING TO PROMOTERS/ PROMOTER GROUP FOR RECLASSIFICATION FROM “PROMOTERS / PROMOTER GROUP” CATEGORY TO “PUBLIC” CATEGORY.

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) including any statutory modification(s) or re-enactments thereof, for the time being in force and other relevant provisions, and subject to necessary approvals from BSE Limited, (hereinafter referred to as Stock Exchange), and such other statutory authorities as may be required, approval of the Members be and is hereby accorded for re-classification of the following Promoters/ Promoter Group (collectively referred to as ‘Outgoing Promoters’) from “Promoters / Promoter Group” category to “Public” category.”;

Sr. No.	Name of promoters seeking Reclassification	Number of Shares held	% of holding
1	Veena S B	30,000	0.03189
2	Sangappa	6,800	0.00723
3	Hanumappa S G	5,000	0.00531
4	Kotresh B O	4,000	0.00425
5	Shivappa D S	3,000	0.00319
6	Umesh K G	3,000	0.00319
7	Basavana Gowda H	2,500	0.00266
8	Karibasappa H B	2,500	0.00266



Sr. No.	Name of promoters seeking Reclassification	Number of Shares held	% of holding
9	Nagaraj B	2,500	0.00266
10	Siddappa B	2,500	0.00266
11	Ujjappa K G	2,500	0.00266
12	Halol Ramappa	2,000	0.00213
13	Nagappa S	2,000	0.00213
14	Onkarappa H B	2,000	0.00213
15	Shekarappa B K	1,550	0.00165
16	Dharmappa H	1,500	0.00159
17	Dhanyakumar K G	1,500	0.00159
18	Hanumanthappa K G	1,500	0.00159
19	Narappa K M	1,500	0.00159
20	Prabhulingappa T	1,500	0.00159
21	Shivappa K T	1,500	0.00159
22	Onkarappa Y	1,000	0.00106
23	Ramachandrappa H B	1,000	0.00106
24	Somashekar K V	1,000	0.00106
25	Ujjappa B Y	1,000	0.00106
26	Mallesappa S M	591	0.00063
27	Chandrappa K G	585	0.00062
28	Ajjappa V G	500	0.00053
29	Lokeshappa H	500	0.00053
30	Lingaswamy H R	500	0.00053
31	Ningappa H	388	0.00041
32	Revanasiddappa A G	330	0.00035
33	Leela L	300	0.00032
34	Marulasiddappa H G	230	0.00024
35	Sannabasappa K G	200	0.00021
36	Shanthappa D G	200	0.00021
37	Shanthamma S B	200	0.00021
38	Prabhudev H D	148	0.00016
39	Hanumanthappa S N	146	0.00016
40	Neelakantappa V	135	0.00014
41	Nanjappa A	124	0.00013
42	Karibasappa K	119	0.00013
43	Sharanappa N	118	0.00013
44	Devendrappa H K	100	0.00011
45	Manjunathappa K G	100	0.00011
46	Shivanandappa K G	100	0.00011



Sr. No.	Name of promoters seeking Reclassification	Number of Shares held	% of holding
47	Rudrappa K T	100	0.00011
48	Rudrappa K P	100	0.00011
49	Revanasiddappa H	100	0.00011
50	Rajashekara Gowda	100	0.00011
51	Shankar D B	100	0.00011
52	Sadashivappa K N	100	0.00011
53	Sadanandappa D K	100	0.00011
54	Mudegowdappa D	75	0.00008
55	Mahadevappa B K	70	0.00007
56	Rudreshappa K S	70	0.00007
57	Rudrappa T	60	0.00006
58	Shivasharanappa H	58	0.00006
59	Ravindrappa A M	55	0.00006
60	Hanumanthappa	50	0.00005
61	Nagarajappa G	50	0.00005
62	Revanasiddappa K G	50	0.00005
63	Rudraiah M S	50	0.00005
64	Shivappa	50	0.00005
65	Veerabhadrapa	50	0.00005
66	Thippeshappa A	38	0.00004
67	Basavarajappa B K	10	0.00001
68	Kallappara Murigappa Kalavur	1,500	0.00159
69	Kotehal Narayanappa	1,500	0.00159
70	Eswarappa H G	114	0.00012
71	Lingaraju	100	0.00011

RESOLVED FURTHER THAT in supersession of any resolutions / agreements / contracts / arrangements etc. special rights of the Outgoing Promoters, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, shall stand withdrawn/terminated and be null and void, with immediate effect;

RESOLVED FURTHER THAT the above Outgoing Promoters confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with the conditions mentioned under sub-regulation (4) of Regulation 31A of Listing Regulations post reclassification from “Promoters / Promoter Group” to “Public”;

RESOLVED FURTHER THAT on approval of the Stock Exchange(s) upon application for reclassification of the above Outgoing Promoters, the Company shall effect such reclassification in the Shareholding pattern filed from immediate succeeding quarter under Regulation 31 of Listing Regulations and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions;



RESOLVED FURTHER THAT any of the Directors (including any committee thereof or the officers authorised by the Board in this regard), Chief Financial Officer and the Company Secretary of the Company, be and are hereby severally authorized, to perform and execute all such acts, deeds, matters and things including but not limited to submit requisite application(s), requisition(s), intimation/ fillings, undertakings, seeking approvals from the Stock Exchanges, and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard to give full effect to the aforesaid resolution.”

Date: July 28, 2023

Place: Davangere

By the Order of Board

For Davangere Sugar Company Limited

Sd/-

Shamanur 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 Wednesday, 23rd August, 2023 to Tuesday, 29th August, 2023 (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, 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.
 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, 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 2022-23 along with AGM Notice by email.
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 22nd August 2023 as a cut – off date to record the entitlement of the shareholders to cast their vote electronically at the 52nd Annual General Meeting (AGM) by electronic means under the Companies Act, 2013 and rules made thereunder. Consequently, the same cut-off date, i.e., 22nd August , 2023 would record entitlement of the shareholders, who do not cast their vote electronically, to cast their vote at the 52nd AGM on 29th August ,2023
1. The e-voting period will commence at 09.00 A.M. on 26th August, 2023 and will end at 05.00 P.M. on 28th August, 2023. 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 plat- form. In this regard, your Demat Account/Folio Number has been enrolled by 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, 22nd day of August 2023.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 26th August, 2023 at 9 A.M. and ends on 28th August, 2023 at 5 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. 22nd August, 2023 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 22nd August,2023.



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 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
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li data-bbox="618 667 1406 1150">1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nSDL.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ 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 “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp <li data-bbox="618 1230 1406 1640">2. the e-Voting website of NSDL. Open web browser by typing Visit the following URL: https://www.evoting.nSDL.com/ 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 e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. <li data-bbox="618 1650 1406 1743">3. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

	<p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p>

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.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting 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/> 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:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast



- your vote.
- b) 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.
 - c) How to retrieve your 'initial password'?
 - (i) 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'.
 - (ii) 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:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) 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 on NSDL e-Voting system.

- How to cast your vote electronically on NSDL e-Voting system?**
1. 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 is in active status.
 2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
 3. 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 amitrddadheech@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.



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 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 or call on : 022 - 4886 7000 and 022 - 2499 7000 or send a request to (Ms. Pallavi Mahtre) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@davangeresugars.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@davangeresugars.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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 28th August ,2023.

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 2023-24 at its Board meeting held on 28th July 2023, 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 2023-24.

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 2023-24. 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**

The Company had received request letter from person belonging to promoters/ Promoter Group'(collectively referred to as 'Outgoing Promoters') for reclassifying them from 'Promoters/Promoter Group' to 'Public' under regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

The shareholding of Outgoing Promoters of the Company as follows:

Sr. No.	Name of promoters seeking reclassification	Number of Shares held	% of holding
1	Veena S B	30,000	0.03189
2	Sangappa	6,800	0.00723
3	Hanumappa S G	5,000	0.00531
4	Kotresh B O	4,000	0.00425
5	Shivappa D S	3,000	0.00319
6	Umesh K G	3,000	0.00319
7	Basavana Gowda H	2,500	0.00266
8	Karibasappa H B	2,500	0.00266
9	Nagaraj B	2,500	0.00266
10	Siddappa B	2,500	0.00266
11	Ujjappa K G	2,500	0.00266
12	Halol Ramappa	2,000	0.00213
13	Nagappa S	2,000	0.00213
14	Onkarappa H B	2,000	0.00213
15	Shekarappa B K	1,550	0.00165
16	Dharmappa H	1,500	0.00159
17	Dhanyakumar K G	1,500	0.00159
18	Hanumanthappa K G	1,500	0.00159
19	Narappa K M	1,500	0.00159
20	Prabhulingappa T	1,500	0.00159
21	Shivappa K T	1,500	0.00159
22	Onkarappa Y	1,000	0.00106
23	Ramachandrappa H B	1,000	0.00106
24	Somashekar K V	1,000	0.00106
25	Ujjappa B Y	1,000	0.00106
26	Mallesappa S M	591	0.00063
27	Chandrappa K G	585	0.00062
28	Ajjappa V G	500	0.00053
29	Lokeshappa H	500	0.00053
30	Lingaswamy H R	500	0.00053
31	Ningappa H	388	0.00041
32	Revanasiddappa A G	330	0.00035
33	Leela L	300	0.00032



Sr. No.	Name of promoters seeking reclassification	Number of Shares held	% of holding
34	Marulasiddappa H G	230	0.00024
35	Sannabasappa K G	200	0.00021
36	Shanthappa D G	200	0.00021
37	Shanthamma S B	200	0.00021
38	Prabhudev H D	148	0.00016
39	Hanumanthappa S N	146	0.00016
40	Neelakantappa V	135	0.00014
41	Nanjappa A	124	0.00013
42	Karibasappa K	119	0.00013
43	Sharanappa N	118	0.00013
44	Devendrappa H K	100	0.00011
45	Manjunathappa K G	100	0.00011
46	Shivanandappa K G	100	0.00011
47	Rudrappa K T	100	0.00011
48	Rudrappa K P	100	0.00011
49	Revanasiddappa H	100	0.00011
50	Rajashekara Gowda	100	0.00011
51	Shankar D B	100	0.00011
52	Sadashivappa K N	100	0.00011
53	Sadanandappa D K	100	0.00011
54	Mudegowdappa D	75	0.00008
55	Mahadevappa B K	70	0.00007
56	Rudreshappa K S	70	0.00007
57	Rudrappa T	60	0.00006
58	Shivasharanappa H	58	0.00006
59	Ravindrappa A M	55	0.00006
60	Hanumanthappa	50	0.00005
61	Nagarajappa G	50	0.00005
62	Revanasiddappa K G	50	0.00005
63	Rudraiah M S	50	0.00005
64	Shivappa	50	0.00005
65	Veerabhadrapa	50	0.00005
66	Thippeshappa A	38	0.00004
67	Basavarajappa B K	10	0.00001
68	Kallappara Murigappa Kalavur	1,500	0.00159
69	Kotehal Narayanappa	1,500	0.00159
70	Eswarappa H G	114	0.00012



Sr. No.	Name of promoters seeking reclassification	Number of Shares held	% of holding
71	Lingaraju	100	0.00011

The Outgoing Promoters ceased to hold any right in the management and/or control in the Company in any manner. Based on the requests received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of the Listing Regulations, the aforesaid Outgoing Promoters seeking reclassification have confirmed that—

- i) They, together with persons acting in concert with them, do not hold more than ten per cent of the total voting rights in the Company; The Outgoing Promoters hold 0.10109% per cent of the total shareholding in the Company.
- ii) They do not exercise control over the affairs of the Company whether directly or indirectly;
- iii) They do not have any special rights with respect to the Company through formal or Informal arrangements including through any shareholder agreements and any special rights as on the date of this resolution, stands superseded;
- iv) They do not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- v) They do not act as a Key Managerial Person in the Company;
- vi) They are not 'wilful defaulters' as per the Reserve Bank of India Guidelines;
- vii) They are not fugitive economic offender

Further, the aforesaid Outgoing Promoters have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A (4) of the Listing Regulations. In view of the provisions of Regulation 31A of the Listing Regulations and on satisfaction of the conditions specified in Regulation 31A (3)(b) of Listing Regulations and compliance of Regulation 31A (4) of Listing Regulations, the said requests for reclassification were considered, and approved by the Board of Directors at its meeting held on 28th July 2023.

In accordance with Regulation 31A of the Listing Regulations, the reclassification of status of a shareholder from 'Promoters/ Promoter Group' category to 'Public', inter alia, requires approval of shareholders of the Company by way of an Ordinary Resolution, in which the Outgoing Promoters and persons related to the Outgoing Promoters will not vote to approve the resolution. Accordingly, the Board recommends the resolution proposed in Item No.4 of the Notice for the approval of members by way of an Ordinary Resolution. Upon receipt of approval of the shareholders, an application in this regard shall be submitted to the stock exchanges' for their approval.

None of the Directors or Key Managerial Personnel of your Company including their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution set out at Item No. 4 of this Notice except as mentioned in the explanatory statement, if any.

Date: July 28, 2023

Place: Davangere

**By the Order of Board
For Davangere Sugar Company Limited
Sd/-**

**Shamanur S. Ganesh
Managing Director
DIN : 00451383**



Annexure-A

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.

Name	Abhijit Ganesh Shamanur
DIN	03451918
Age	35
Qualification	Graduated from Northeastern University, Boston, U.S.A., and has also completed his Masters in Technology Entrepreneurship from University College London, London, U.K.
Date of Appointment	30/08/2019
Date of first appointment	09/06/2011
Relationship with another director	Son of Mr. SS. Ganesh, Managing Director and Mrs. Rekha Ganesh Non –Executive Director of the company
Brief resume, functional expertise, and experience	<p>He is associated with his father, managing the affairs of existing business concerns.</p> <p>He has joined the family business full time since October 2012. He is a qualified Industrial Engineer, Graduated from Northeastern University, Boston, U.S.A., and has also completed his Masters in Technology Entrepreneurship from University College London, London, U.K. The Executive Director of the company is instrumental in introducing a high yield new variety of sugarcane VCF 0517 in the command area of the factory which is yielding about 70 MTs to 90 MTs of sugarcane per acre. It is bringing more profit to the farmers and proved to be commercial viable to farmers compared to other agricultural crops. The farmers are happy to cultivate this new variety of sugarcane and company is expanding its sugarcane belt in the command area. His efforts are having far reaching impact on making the company self-sufficient in respect of raw material for sugar production.</p>
No. of shares held in the Company	69,14,724
Directorship held in other listed entities	Nil
Directorship in unlisted entities	Nil
Names of the listed entities from which the appointee has resigned in the past three years	N.A.
Chairman/Member of the committee of the Company	1 (Member of Audit Committee)
No. of board meetings attended	8



during the year	
Remuneration drawn during year	Nil

Date: July 28, 2023

Place: Davangere

By the Order of Board
For Davangere Sugar Company Limited
Sd/-

Shamanur S. Ganesh
Managing Director
DIN : 00451383



Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (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 IN

Name of the member (s) :

Registered address :

E-mail Id:

Folio No/ Client Id :

DP ID:

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

- 1. Name:
- Address:
- E-mail Id:
- Signature:....., or failing him

- 2. Name:
- Address:
- E-mail Id :
- Signature:.....,

as my/our proxy to attend and vote (on a poll) on my/our behalf at the 52nd Annual General Meeting of the company, to be held on Tuesday, 29th August, 2023 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, 2023 and Reports of Directors' and Auditors' thereon.
- 2. To appoint Mr. Abhijit Ganesh Shamanur (DIN: 03451918), 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 ratify remuneration of Mr. M. R. Krishna Murthy, Cost Accountant
- 4 To Approve Requests Received From Persons Belonging To Promoters/ Promoter Group For Reclassification From "Promoters / Promoter Group" Category To "Public" Category.

Signed this..... day of.....2023

Signature of shareholder

Signature of Proxy holder(s)

Affix	Rs	1
Revenue		
Stamp		

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Attendance Slip

1	Folio No. (Shares in physical mode)	
2.	DP ID	
3.	Client Id	
4.	No. of shares held	

Name of 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 52nd Annual General Meeting of the company, to be held on Tuesday, 29th August, 2023 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)

Route Map for the AGM Venue
Venue: Thogataveera Samudhaya Bhavana, M.C.C. 'A' Block, Davangere -577004



Board's Report

Dear Members

Your Directors present the 52nd Annual Report of the Company highlighting the business and operations of the Company and the Audited Financial Statements for the Financial Year ended 31st March, 2023.

Results of our operations and State of Affairs

The highlights of the standalone financial results are as under:

Particulars	(In Lacs)	
	FY 2022-23	FY2021-22
Total Income	28058.43	1,2446.79
Profit/(loss)before financial expenses, depreciation and Exceptional items	5637.03	3463.15
Financial expenses	2712.54	1908.92
Depreciation	1156.49	887.61
Profit/(loss)before provision for tax and exceptional items	1768.00	666.62
Exceptional Items–Income	-----	-----
Provision for taxation:		
-Current Tax	330.68	111.27
-Deferred Tax/(Income)	115.78	(12.66)
Net Profit/(Loss)	1321.55	568.01

Operating Highlights

The Company's financial performance for the year ended March 31, 2023 is summarized below:

The Company achieved total income of INR 28058.43 Lacs for the year ended 31st March 2023 as against INR 1,2446.79 Lacs for the previous year. The EBITDA for the year under review stood at INR 5637.03Lacs as compared to INR 3463.15 Lacs for the previous year, while the Net Profit stood at INR 1321.55Lacs as compared to INR 568.01 Lacs for the previous year. Analysis of operating performance is covered under Management Discussion and Analysis which forms part of this Report.

Change in Business of the Company

There were no changes in the nature of business of the Company during the year under review. However, in order to expand the business and monetize the subsidies laid down by Government of India for Sugar Industry, the Management commenced commissioning of Molasses based Ethanol unit from April 2021 at a total cost of Rs. 99.31 Crores. The commissioning of the plant is completed and the commercial production is started from 01st June, 2022.

Dividend & Dividend Distribution Policy

To retain the profits for future growth of the Company, Your Directors do not recommend any dividend for the year ending on 31st March 2023. The Company has complied with the requirement of formulation of the Dividend Distribution Policy of the Company which may be accessed on the Company's website at <https://davangeresugar.com/policies-and-codes/>.

Transfer to Reserves

During the year under review, for the Financial Year 2022-23, your Company does not propose to transfer any amount to General Reserve. An amount of INR 1321.54 Lacs is proposed to be retained as surplus in the Profit and Loss Account.



Share Capital

A) AUTHORISED SHARE CAPITAL:

During the year under review, there was no change in the Authorised Share Capital of the Company. The Authorised Share Capital stands at INR 10,000 Lacs divided into 10 Crores Equity Shares of Rs. 10/- each.

B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL:

However, during the year under review, the Paid-up Share Capital was increased from INR 5568.45 Lacs to INR 9408.45 Lacs by allotment of 3,84,00,000 Equity Shares of Rs. 10/- at a premium of Rs. 2.50/- per Equity Share on Right issue basis.

C) ISSUE OF BONUS SHARES:

During the year under review 2022-23, there was no Bonus issue of equity shares.

D) BUY BACK OF SECURITIES:

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

E) ISSUE OF SHARES WITH DIFFERENTIAL VOTING RIGHTS, SWEAT EQUITY SHARES AND EMPLOYEES STOCK OPTIONS:

During the financial year under review the company has not issued any shares with differential voting rights nor granted stock option, nor Sweat Equity.

F) PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES: N.A.

G) RIGHT ISSUE OF SHARES

The Board of Directors in their meeting held on 23rd day of July, 2022 allotted 3,84,00,000 Equity Shares of Rs. 10/- at a premium of Rs. 2.50/- per share on rights basis by the Letter of Offer dated May 26, 2022 and in pursuance of Basis of Allotment approved by BSE Limited, the designated Stock Exchange on July 22, 2022. Such right issue of shares shall rank pari passu with the existing Equity Shares of the Company,

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant, material orders passed by the regulators or Courts or Tribunals, which would impact the going concern status of the company and its future operations.

Subsidiaries, Joint Ventures or Associate Companies

The company does not have any subsidiaries, joint ventures or Associate Company.

Accounts, Auditors and Audit Report

Statutory Auditor

M/s. DGMS & Co., Chartered Accountants (Firm Registration No. 0112187W) were appointed as Statutory Auditors of the Company at the 50th Annual General Meeting (AGM) held on 29th September 2021, for a term of 5 years to hold office from the conclusion of the 50thAGM till the conclusion of 55thAGM.

Accounts:

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. There are no qualifications or observations made by the Statutory Auditor in the said report. During, FY 2022-23, the Statutory Auditors had not reported any matter under Section 143(12) of the Act and therefore, no detail is required to be disclosed under Section 134(3) of the Act.

Auditors' Report:

The Audit Reports dated May 30, 2023 issued by M/s. DGMS & Co, Chartered Accountants, and Statutory Auditors on the company's standalone financial statements for the financial year ended 2022-23 is a part of Annual Report.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, the Board had appointed M/s. M/s. Amit R. Dadheech & Associates, Practicing Company Secretaries, (Membership No. ACS 22889, COP No. 8952), to conduct Secretarial Audit for the financial year 2023-24. The Secretarial Audit Report for the financial year ended 31st March 2023 is annexed herewith at **Annexure I** to this Report. There are no qualifications or observations made by the Secretarial Auditor in the said report. During FY 2022-23, the Secretarial Auditors had not reported any matter under Section 143(12) of the Act.

Cost Auditors

Pursuant to the provisions of Section 148 of Companies Act, 2013 and rules made thereunder, The Board of Directors, on the recommendation of the Audit Committee, has appointed Mr. Krishna Murthy, Bangalore Cost Accountants (Firm Regn No. FCMA7658) as the Cost Auditor to audit the cost records for the financial year ending 31st March 2024. Remuneration payable to the Cost Auditor is subject to approval by the members of the Company. Accordingly, a resolution seeking members' approval for the remuneration payable to Mr. Krishna Murthy, Bangalore Cost Accountants, forms part of Notice convening 52nd AGM of the Company, along with relevant details of the proposed remuneration.

The Cost Accountants have confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and free from any disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013. In terms of Section 148 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Act.

Disclosure as per the Companies (Accounts) Amendment Rules, 2018:

Company has made and maintained its Cost accounts and records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014.

Internal Auditors

Company has appointed M/S B Gangadhara and Co., Chartered Accountant, Davangere, (Membership no.024094) as Internal Auditor of the Company, to conduct internal audit and to issue report thereon from financial year 2022-23 to the financial year 2024-25 and to review internal controls and operating systems and procedures as per the scope of the audit. The Internal Audit Reports of the company are reviewed by the Audit Committee on monthly basis. The Internal Auditors send the quarterly audit observation to the company and the same were presented to the Audit Committee.

Details of Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152 of the Act, Mr. Abhijith Ganesh Shamanur (DIN: 03451918), Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment at the forthcoming Annual General Meeting. Brief Resume of Mr. Abhijith Ganesh Shamanur (DIN: 03451918) is circulated to the members as part of this Annual report.

During the year 2022-23, there is no change in the composition of the Board of Directors of the Company except change in KMP (Company Secretary and Compliance Officer). The Board of directors and KMP consists of:

Sl. No.	Name of Directors	Designation	Relationship
1	Sri Shamanur Shivashankarappa Ganesh	Chairman cum Managing Director	-
2	Sri Abhijith Ganesh Shamanur	Executive Director	Son of M.D.
3	Smt. Rekha Ganesh	Director	Wife of M.D.
4	Sri TumbegereRudrappa	Independent Director	-
5	Sri Thappagondanahally	Independent Director	-

	Rajashekarappa		
6	Sri Veena Umopathy	Independent Director	-

Details of KMPs:

Sl.No.	Name of the KMPs	Number of Board Meetings attended Designation
1	Sri Shamanur Shivashankarappa Ganesh	Managing Director
2	Mr. Ganeshrao Virupakshappa	Chief Financial Officer (CFO)
3	Miss Nidhi Vaswani	Company Secretary and Compliance Officer (CO) appointed w.e.f 13 th January, 2023.

* Mrs. Pooja, MM, Company Secretary and Compliance Officer (CO) Resigned w.e.f 14.11.2022

Deposits

During the year under review, your Company has not accepted any deposits from public within the meaning of Sections 73 and 74 of the Companies Act, 2013 (the “Act”) and the Companies (Acceptance of Deposits) Rules, 2014.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as per the Companies Act, 2013 and the rules framed there under relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forms part of this Report and is annexed hereto as **Annexure II**.

Disclosures/Reporting:

Annual Return

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules 2014, the Annual Return of the Company for FY 2022-23 is available on the website of the Company at <https://davangeresugar.com/financials/>.

Number of Meetings of Board

During the Financial Year 2022-23, Eight (8) Board Meetings were conducted on 23rd May, 2022, 27th May, 2022 , 23rd July 2022, 12th August, 2022, 02nd September, 2022 , 14th November, 2022, 13th January,2023 and 13th February, 2023.

Directors’ Responsibility Statement

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

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with no material departures;
- (b) that 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 as at 31st March 2023 and of the profit of the Company for the year ended on that date;
- (c) that the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- (d) that the Directors have prepared the annual accounts on a ‘going concern’ basis;
- (e) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

Committees of the Board

The Board has currently four Committees namely - Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee. The terms of reference of the Board Committees are in compliance with the provisions of the Companies Act, 2013, SEBI LODR Regulations and are also reviewed by the Board from time to time. The role and composition of these Committees including the number of meetings held during the financial year and the related attendance are provided in the subsequent paragraphs.

Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees given, securities provided and investments made are provided in the notes to the financial statements. During the year under review, there were no loans, guarantee or investment requiring the Compliance of Section 186(3) of the Companies Act, 2013.

Performance Evaluation

Pursuant to the provisions of the Act and Listing Regulations, the Board of Directors has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. The performance evaluation of the Chairman and Non-Independent Director was carried out by the Independent Directors in their separate meeting. The Board of Directors expressed their satisfaction with the evaluation process.

The meeting of Independent Directors of the Company was held on 13th February, 2023, to discuss matters as per the provisions of Companies Act, 2013 and the Listing Regulations. The Board hereby confirms that the Company has received necessary declaration from each independent directors under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

The company has devised a policy naming (Nomination & Remuneration Policy) for performance evaluation of Independent Directors, Board, Committees and other individual directors which includes the criteria and process for the performance evaluation of the Executive/ Non-executive directors and Committees and board as a whole. The policy is uploaded on the website of the company under Investor section at <https://davangeresugar.com/policies-and-codes/>

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management of the Company

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Nomination and Remuneration policy namely "Nomination & Remuneration Policy" in line with the requirement of Section 178 of the Companies Act, 2013. The policy inter alia provides the procedure for selection, appointment and remuneration of Directors and Key Managerial Personnel, including criteria for determining qualifications, positive attributes, and independence of Directors.

Board Evaluation

Pursuant to the provisions of section 134(3)(p) the Companies Act, 2013, the Board of directors of the company is committed to get its performance evaluated in order to identify its strength and areas in which it may improve its functioning. In this regard, the Nomination and Remuneration Committee has established the process for evaluation of the performance of Directors, including the Independent Directors.

The company has devised a policy naming (Nomination & Remuneration Policy) for performance evaluation of Independent Directors, Board, Committees and other individual directors which includes the criteria and process for the performance evaluation of the Executive/ Non-executive directors and Committees and board as a whole. The policy is uploaded on the website of the company under Investor section at <https://davangeresugar.com/policies-and-codes/>.



During the year under review as per the policy for the performance evaluation, formal annual evaluation of the performance of the Directors, including independent directors, the board and its committees was made by the Nomination & Remuneration Committee in their respective meetings.

Contracts and Arrangements with Related Parties

All Contracts/arrangements entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis referred in form AOC-2 annexed hereto as **Annexure III**. The details of transactions with related parties are given in notes to the financial statements. Details showing the disclosure of transactions with related parties as required under IND AS-24 and 2A of Schedule V of SEBI Listing Regulations are set out in the financial statements.

The Company's Policy on Related Party Transactions may be accessed on the Company's website at <https://davangeresugar.com/corporate-governance/>

Risk Management Policy

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

The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

Particulars of Employees

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as **Annexure IV** to this Report.

Risk Management & Internal Financial Controls

The Company has adopted a Risk Management Policy which is reviewed on a periodic basis in order to recognize, assess and reduce exposure to risks wherever possible, identify steps to mitigate risks and to identify risk owners for all types of risks. The Company's Risk Management Policy is based on the philosophy of achieving substantial growth while mitigating and managing risks involved.

The Company's internal control systems with reference to the financial statements are adequate and commensurate with the nature of its business and the size and complexity of its operations. Periodic audits and checks are conducted and the controls to prevent, detect and correct any irregularities in the operations have been laid down by the Company.

Application made or any proceeding pending under the insolvency and bankruptcy code:

As on the date of the Report no application is pending against the Company under Insolvency and Bankruptcy Code, 2016 and the Company did not file any application under IBC during the F.Y. 2022-23.

Details of difference between valuation amount on one time settlement and valuation while availing loan from banks and financial institutions:

During the year under review there has been no one-time settlement of loans taken from Banks and Financial Institution.

Corporate Social Responsibility

Every company having net worth of Rs. 500 Crore (Rupees Five Hundred Crore) or more, or turnover of Rs. 1,000 Crore (Rupees One Thousand Crore) or more or a net profit of Rs. 5 Crore (Rupees Five Crore) or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The Company has met this criteria for the Financial Year 2022-23 year also similarly as previous Financial Year as the net profit of the company exceeds Rs. 5 Crore (Rupees Five Crore),. Your Company is committed to Corporate Social Responsibility (CSR) by catering to the needs of the weaker sections of the society.

The CSR Policy of the Company may be accessed on the Company's website at <https://davangeresugar.com/policies-and-codes/>. The report on the CSR activities is appended at **Annexure V** to the Board's Report. The details relating to the composition, powers, roles, terms of reference etc. of CSR Committee are given in detail in the Corporate Governance Report, which forms part of this Annual Report.

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 VI**.

CEO/ CFO Certification:

In terms of Regulation 17(8) of the Listing Regulations, the CFO has certified to the Board of Directors of the Company with regard to the financial statements and other matters specified in the said regulation for the financial year 2022-23. The certificate received from CFO is attached herewith and the same is marked as **Annexure VII**.

Listing fees:

The Company affirms that the annual listing fees for the year 2022-23 to The Bombay Stock Exchange Limited (BSE) has been duly paid. As on date no outstanding dues.

Vigil Mechanism and Whistle Blower Mechanism

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the company has established a vigil mechanism for Directors and Employees to report their concerns about unethical behaviour, genuine concerns, actual or suspected fraud or violation of the company's Code of Conduct.

The mechanism provides for adequate safeguards against victimization of Directors and employees who avail the vigil mechanism. In exceptional cases, Directors and employees have direct access to the Chairman of the Audit Committee. The detailed disclosure of the Vigil Mechanism & Whistle Blower Policy is available at <https://davangeresugar.com/policies-and-codes/> under Investor desk.

Company Code of Practices and Procedures For Fair Disclosure Of Unpublished Price Sensitive Information (UPS)

The Board of Directors has code of practices and procedures for fair disclosure of unpublished price sensitive information (UPS) in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. Under this code the company lays down guidelines and procedures and principals to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and connected persons to maintain the highest ethical standards of dealing in Company securities.

Pursuant to amendments in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company adopted the new "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" ("Fair Disclosure Code") incorporating a policy for determination of "Legitimate Purposes" as per Regulation 8 and Schedule A to the said regulations w.e.f. 1st April, 2019.

The Revised Insider Trading Code or Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information (UPS), is available on our website at <https://davangeresugar.com/policies-and-codes/>.

Compliance with the Code of Conduct

The Board has formulated code of Conduct for the Board Members and Senior Management of the company, which has been posted on the website of the company. It is affirmed that all the directors and senior



management have complied with the code of conduct framed by the company and confirmation from all the directors, KMP and senior management has been obtained in respect of the F.Y. 31st March 2023.

Prevention of Sexual Harassment at Workplace

The Company has complied with the requirement of constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("the Act") and Rules made there under. During the year, there were no complaints received by under the Act.

Corporate Governance

Your Company is committed to good corporate governance aligned with the best corporate practices. In compliance with the Regulation 34 read with Schedule V of Listing Regulations, a detailed report on Corporate Governance forms part of this Annual Report. A Certificate from the Practicing Company Secretary confirming compliance of the conditions of Corporate Governance as stipulated under the Listing Regulations is appended as **Annexure IX** to this Report.

Certificate of Non-Disqualification of Directors

Pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)(i) of SEBI (LODR) Regulations, 2015, Certificate of non-disqualification of Directors as on 31.03.2023 has been received from Practicing Company Secretary and annexed as **Annexure X** of the Directors' report.

Material Changes & Events after Balance Sheet Date

There are no material changes which have occurred after the date of the Balance Sheet and the date of this Report.

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.

Appreciation & Acknowledgements

The Board wishes to place on record its gratitude for the assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and farmers, cane growers and finally to all its members for the trust and confidence reposed on the Company. The Board further wishes to record its sincere appreciation for the significant contributions made by employees at all levels for their competence, dedication and contribution towards the operations of the Company.

For and on behalf of the Board

For Davangere Sugar Company Limited

Sd/-

Shamanur Shivashankarappa Ganesh

(Managing Director)

DIN: 00451383

Sd/-

Abhijith Ganesh Shamanur

(Director)

DIN :03451918

Date: July 28, 2023

Place: Davangere



Annexure -I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31STMARCH, 2023

[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, 2023 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 31stMarch, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 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, 2018; and amendments made from time to time. **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 to the Company during the audit period);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period);**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; **regarding the Companies Act and dealing with client;**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period);**
 - 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 to the Company during the audit period);**

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 issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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:

1. Wherever there is delay in filing of Forms / returns with Registrar of Companies, for which necessary additional fees was paid by the Company.
 2. As per Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent. of the board of directors shall comprise of non-executive directors;
 3. 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.
- 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, there were no instances of:

- i. Public/Right/Preferential issue of shares / debentures/sweat Equity, etc. except the following instances:
The Company after obtaining members' approval the Rights Issue of 3,84,00,000 fully paid-up Equity Shares of Face Value of ₹ 10-/each at a price of ₹ 12.50/- (including a share premium of ₹ 2.50-/per equity share) aggregating to 4,800.00 Lacs opened for subscription on Thursday, June 16, 2022 and the subscription period closed on Thursday, July 15th, 2022. Final net subscription is 104.26% of Rights Issue Size after removing technical rejection cases.
Thereafter, pursuant to members approval Basis of Allotment for 3,84,00,000 fully paid up Rights Equity Shares of face value of 10/- each issued at a price of 12.50/- per Rights Equity Share on rights basis (including premium of 2.50/- per equity share).
- ii. Redemption/ buy-back of securities.
- iii. Major decisions has not been taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc
- v. Foreign technical collaborations/Joint Ventures etc

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.: 8952
July 28, 2023
Place: Mumbai
UDIN- A022889E000698696



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.: 8952
July 28, 2023
Place: Mumbai
UDIN-A022889E000698696



Annexure –II

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, 2023 is given below and forms part of Board's Report.

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

FORM – A

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

Particulars	For the current year ended March 31, 2023	For previous year ended March 31, 2022
I. Power and fuel consumption		
1. Electricity		
A. Purchases		
Unit	806400	8,78,562
Total Amount	10120320	1,14,21,306
Rate/Unit	12.55	12.96
B. Own Generation		
[a] Through Diesel		
Generator Unit	5520	2,312
Unit per Litre of Diesel	2.15	2.09
Oil Cost/Unit	41.76	42.18
[b] Through Steam		
Turbine Unit	62217400	58188,800
Unit per MT of fuel consumed	345	513.14
Cost/Units	2.89	2.88
C. Consumption per unit of production (per Qtl of Sugar)		
Standards If any		
Products (with details) Unit – Sugar	306192QTLS	3,77,153 QTLS
in Qtls Electricity consumption per qtl of sugar (units) Furnace Oil	39.52 Units	29.54 Units

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:
5. The Company has not incurred towards Research and Development.

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 28,37,126	Estimated in USD 1,10,922
Imports and expenditure in foreign currency		Nil

During the FY 2022-23 company has exported 62050 qtls of sugar through the Merchant Exporters and sales value is 2318.50 Lakhs - and its estimated equivalent USD 28,37,126.

Annexure –III

Form AOC-2

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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 arm's length transactions under third proviso thereto.

DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2023, which were not at arm's length basis.

DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

The details of material contracts or arrangement or transactions at arm's length basis for the year ended 31st March, 2023 are as follows:

Sl. No	Name (s) of the related party	Nature of relationship	Nature Of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Amount paid as advances, if any	Date on which special resolution was passed in general meeting
1	M/S Kalleshwar Traders	Managing Director is a partner in the firm	Purchase & Sale of goods & Services	Ongoing	Not Applicable	Not Applicable
2	Shamanur Kallppa & Sons	Managing Director is a partner in the firm	Purchase & Sale of goods & Services	Ongoing	Not Applicable	Not Applicable
3	Shivashankar Associates	Managing Director is a partner in the firm	Purchase & Sale of goods & Services	Ongoing	Not Applicable	Not Applicable
4	Shamanur Transport	Executive Director is Interested and has Control over Business	Purchase & Sale of goods & Services	Ongoing	Not Applicable	Not Applicable
5	GMM Enterprises	Managing Director and Executive Director are partners in the firm	Purchase & Sale of goods & Services	Ongoing	Not Applicable	Not Applicable

Annexure –IV

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	Remuneration
Shri ShamanurShivashankarappa Ganesh	Managing Director	Nil
Shri Abhijith Ganesh Shamanur	Executive Director	Nil

- a) There is no increase in remuneration of each of director, Chief Financial Officer and Company Secretary in the financial year 2022-23:
- b) 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.
- c) As on 31st March, 2023, the Company has on its payroll 321 permanent employees excluding seasonal employees
- d) Affirmation that the remuneration is as per the remuneration policy of the Company. No Remuneration paid to Managing Director.

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. There is increase of 4% to 5% average increase in the salaries of selective employees.

Annexure –V**Corporate Social Responsibility (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. CSR Policy:

The Company believes in a philosophy of adopting sustainable business practices which are beneficial to the various stakeholders including the society. Through its corporate values, the Company constantly endeavours to actively contribute to the social and economic development of the communities in which it operates. The Company has always believed in giving back to the society and recognized its role and responsibility as a corporate citizen. The Company has social values ingrained into its culture and manner of working. The Company will undertake various CSR projects, programs and activities from time to time. Such projects, programs and activities will be undertaken keeping in mind the CSR philosophy of the Company and in alignment with the permissible activities under the Companies Act, 2013 and rules framed under (as amended from time to time). It shall be at the discretion of the Company to undertake, modify, implement and cancel CSR projects, programs and activities from time to time as it deems fit.

Without prejudice to the generality of the aforesaid, the company may from time to time undertake any project, program and activity on one or more of the following areas:

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- Contributing to the education of children from low-income families, particularly those of poor farmers in the local area, implementing various educational initiatives, such as scholarships, school infrastructure development, and access to learning resources. By investing in these areas, we aim to bridge the educational gap and enable children from poor farming families to thrive academically.
- Through partnerships with local schools and nonprofit organizations, providing financial support for tuition fees, school supplies, and transportation, ensuring that children from poor farming backgrounds can attend school regularly and without financial burden
- Promoting education, including special education through various activities including organizing schools development projects/programs, by organizing special sessions in schools, etc,
- Promoting education through various activities including providing support to educational institutions, centres for non-formal education, tent school programs, schools at various sites like construction sites, etc,
- Employment enhancing vocation skills especially among children and women through various activities including child care centres, anganwadi programs, livelihood enhancement projects, vocational training programs, etc,
- Empowering women through various activities including child care centres, anganwadi program, etc.,
- Promoting awareness of preventive health care through various activities including organizing campaigns, awareness sessions, events, marathons, etc. with reference to various ailments such as diabetes, hypertension, cardiac, etc.
- Any other projects, programs and activities falling within the permissible activities prescribed under Companies Act, 2013, rules made thereunder, any circular/notification/guidelines/clarification issued thereunder.

Mode of carrying out CSR activities:

The Company may carry out the CSR activities either on its own, or through a registered trust or registered society or through a company registered under Section 8 of the Companies Act, 2013 or through one or more

of the modes in such manner as it deems fit and as allowed under the provisions of the Companies Act, 2013 and rules made there under. The Company may also collaborate with other companies for undertaking projects, programs and activities in such manner as it deems fit.

The Board of Directors may change the composition of the CSR Committee from time to time in such manner as it thinks fit. Subject to provisions of Companies Act, 2013 and rules made there under, the CSR Committee may meet at such intervals, in such manner and may carry out matters in such manner and function generally as per such guidelines as it deems fit.

The CSR Committee shall have, inter alia, the following roles, powers and responsibility:

- (i) Formulate and recommend the CSR Policy and any amendments therein to the Board of Directors of the Company,
- (ii) Develop and approve various CSR projects, programs and activities to be undertaken from time to time either directly by the Company or through other entities,
- (iii) Determine modalities of execution of such CSR projects, programs and activities,
- (iv) Undertake all necessary steps to implement the CSR activities,
- (v) Authorise and approve CSR expenditure from time to time subject to the limits approved by the Board of Directors,
- (vi) Monitor the CSR activities in such manner as it deems fit,
- (vii) Carry out all such acts, deeds, matters and things as may be required in connection with aforesaid matters and generally for any matter connected with the CSR policy of the Company,
- (viii) To perform such functions as may be entrusted by the Board of Directors from time to time.

CSR Spending:

The Company may, in every financial year, spend such amounts on its CSR activities as the CSR Committee may authorise from time to time subject to the limits as approved by the Board of Directors. Any surplus arising out of CSR projects, programs and activities shall not form part of the business profits of the Company.

Monitoring Process:

CSR Committee shall monitor the implementation of various programs, projects and activities in such manner as it deems fit. CSR Committee shall also determine the manner of submission of information, reports, files, etc. by third parties as a part of the monitoring process. CSR Committee shall ensure that a transparent monitoring mechanism is put in place.

Without prejudice to the generality of the contents of this policy, the Company may undertake CSR projects, programs and activities as permitted under the framework of Companies Act, 2013 from time to time (including any amendments, clarifications, circulars, notifications or other official communications from time to time). The Company may also carry out the purposes of this CSR policy in accordance with any amended position of law from time to time notwithstanding that such amended position is not reflected in this policy.

2. The Composition of the CSR Committee.

Sr	Name of Committee members	Category 1 of directors	Category 2 of directors
1	Tumbegere Rudrappa	Non-Executive - Independent Director	Chairman
2	Thappagondanahally Rajashekarappa	Non-Executive - Independent Director	Member
3	Rekha Ganesh	Non-Executive - Non Independent Director	Member

The CSR Committee met once in a year on 13.02.2023.

3. Average net profit as per CSR rules of the Company for last three financial years as company was required to spend during financial year 2022-23

Particulars	Amount (In Lacs)
Profit/(Loss) –2020-21	249.93
Profit/(Loss) – 2021-22	568.01
Profit/(Loss) –2022-23	1321.54
TOTAL	2139.48
Average Profit for the purpose of Section 135	713.16
2% of Average Profit/(Loss) for last three financial years	14.26

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)
2% of average profit for last 3 years – **14.26 Lacs** /-

5. Details of CSR spent during the financial year.

- a. Total amount spent for the financial year 2022-23 – **14.26 Lacs** /-
- b. Amount unspent, if any; - NIL
- c. Manner in which the amount spent during the financial year is detailed below.

Sr. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs	Amount outlay (budget) project or programs wise (in Rs.)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (in Rs.)	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
1.	Education for farmer's children	Education	Davangere Karnataka	Ongoing	5.80	Ongoing	Directly by Company
2	Environmental sustainability	Conservation of natural resources	Davangere Karnataka	Ongoing	8.46	Ongoing	Directly by Company

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report. : N.A.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.



We hereby confirm on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

FOR DAVANGERE SUGAR COMPANY LIMITED

Name: GANESH SHAMANUR
Designation: Managing Director
DIN: 00451383

Date: 28.07.2023
Place: Davanagere

Annexure –VI

Management Discussion & Analysis Report

Global Economic Overview

Tentative signs in early 2023 indicate that the world economy could achieve a soft landing—with global growth expected to bottom out at 2.8 percent this year before rising modestly to 3.0 percent in 2024. On the other hand global inflation is expected to decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent this year and 4.9 percent in 2024.

Although inflation has declined as central banks have raised interest rates, underlying price pressures are proving sticky, with labour markets tight in a number of economies. Side effects from the fast rise in policy rates are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including nonbank financial institutions. Policymakers have taken forceful actions to stabilize the banking system. As discussed in depth in the Global Financial Stability Report, financial conditions are fluctuating with the shifts in sentiment.

In parallel, the other major forces that shaped the world economy in 2022 seem set to continue into this year, but with changed intensities. Debt levels remain high, limiting the ability of fiscal policymakers to respond to new challenges. Commodity prices that rose sharply following Russia’s invasion of Ukraine have moderated, but the war continues with geopolitical tensions remaining high. Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard—most notably China—appear to be recovering, easing supply-chain disruptions. Despite the fillips from lower food and energy prices and improved supply-chain functioning, risks are firmly to the downside with the increased uncertainty from the recent financial sector turmoil.

The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse—a globally significant bank—have roiled financial markets, with bank depositors and investors re-evaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable. The loss of confidence in Credit Suisse resulted in a brokered takeover. Broad equity indices across major markets have fallen below their levels prior to the turmoil, but bank equities have come under extreme pressure (Figure 1.1). Despite strong policy actions to support the banking sector and reassure markets, some depositors and investors have become highly sensitive to any news, as they struggle to discern the breadth of vulnerabilities across banks and nonbank financial institutions and their implications for the likely near-term path of the economy. Financial conditions have tightened, which is likely to entail lower lending and activity if they persist.

Figure 1.1. Broad Equity and Bank Equity Indices for Selected Major Economies
(Index; January 1, 2023 = 100)



Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: Latest data available are for March 28, 2023.

Indebtedness Staying High

As a result of the pandemic and economic upheaval over the past three years, private and public debt have reached levels not seen in decades in most economies and remain high, despite their fall in 2021–22 on the back of the economic rebound from COVID-19 and the rise in inflation. Monetary policy tightening—particularly by major advanced economies—has led to sharp increases in borrowing costs, raising concerns about the sustainability of some economies’ debts. Among the group of emerging market and developing economies, the average level and distribution of sovereign spreads increased markedly in the summer of 2022, before coming down in early 2023. The effects of the latest financial market turmoil on emerging market and developing economy sovereign spreads have been limited so far, but there is a tangible risk of a surprise increase in coming months should global financial conditions tighten further. The share of economies at high risk of debt distress remains high in historical context, leaving many of them susceptible to unfavourable fiscal shocks in the absence of policy actions.

Overview of the World Economic Outlook Projections:

	2022	Projections	
		2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Japan	1.1	1.3	1.0
United Kingdom	4.0	(0.3)	1.0
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India ³	6.8	5.9	6.3
Memorandum			
World Growth Based on Market Exchange Rates	3.0	2.4	2.4
European Union	3.7	0.7	1.6
ASEAN-5 ⁴	5.5	4.5	4.6
Emerging Market and Middle-Income Economies	3.9	3.9	4.0
World Trade Volume (goods and services)	5.1	2.4	3.5
Imports			
Advanced Economies	6.6	1.8	2.7
Emerging Market and Developing Economies	3.5	3.3	5.1
Exports			
Advanced Economies	5.2	3.0	3.1
Emerging Market and Developing Economies	4.1	1.6	4.3
Commodity Prices (US dollars)			
Oil ⁵	39.2	(24.1)	(5.8)

Source: IMF staff estimates.

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during February 15, 2023–March 15, 2023. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.

¹ Difference based on rounded figures for the current, January 2023 WEO *Update*, and October 2022 WEO forecasts.

² Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

³ For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as base year. Quarterly data are non-seasonally adjusted and differences from the January 2023 WEO *Update* and October 2022 WEO are not available.

⁴ Indonesia, Malaysia, Philippines, Singapore, Thailand.

⁵ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$96.36 in 2022; the assumed price, based on futures markets, is \$73.13 in 2023 and \$68.90 in 2024.

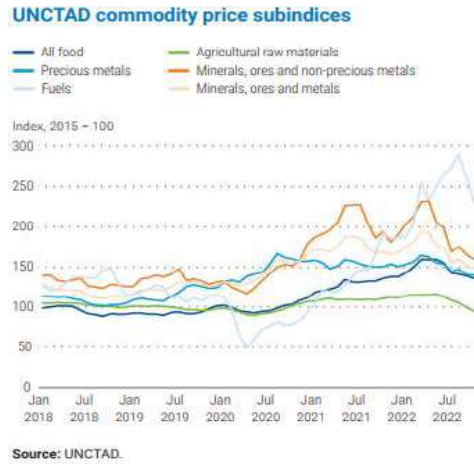
Commodity Market Developments:

Energy prices waver. Crude oil prices retreated by 15.7 percent between August 2022 and February 2023 as the slowing global economy weakened demand. China experienced its first annual decline in oil consumption this century amid repeated shutdowns in response to COVID-19 outbreaks and a faltering real estate market. Recession fears due to higher-than-expected inflation and tighter monetary policy in many major economies and banking woes sparked concerns about flagging demand.

On the supply side, uncertainty over the effects of Western sanctions on Russian crude oil exports whipped up expectations about global market balances. As of March, Russian crude oil exports had held steady since implementation of the Group of Seven (G7) price cap and ban on crude oil imports on December 5. Russia rerouted its oil, reportedly sold at a major discount to Brent oil prices, to non-sanctioning countries, primarily India and China. Downside supply risks did not materialize until Russia's recent announcement of a modest

production reduction. A sizable release of strategic petroleum reserves by Organisation for Economic Co-operation and Development member countries also helped keep oil markets well supplied, in part offsetting underproduction and reduced targets by OPEC+ (Organization of the Petroleum Exporting Countries plus selected non-member countries).

Agricultural prices continue on a downward trend. Drawdowns of stocks of staple foods in major exporting countries, due to major shocks in the past two years from the pandemic and the war in Ukraine, have stopped as supply and demand have reacted to higher prices. Food and beverage prices peaked in May 2022 and are up 1.3 percent from last August. They remain 22.3 percent above the past-five-year average and 39.1 percent above pre-pandemic levels. The supply outlook improved as Ukrainian wheat and other products entered the global market after the Black Sea corridor initiative was renewed last November. High prices also provided incentives to other regions, such as the European Union and India, to step up wheat production. However, some of the correction has likely come from demand destruction of price-elastic components such as meat and biofuels. Risks remain balanced as spillovers from gas to fertilizer prices and a possible abrupt ending of the Black Sea corridor deal offset possibly reduced consumption and a potentially stronger supply reaction. Prices of raw agricultural materials declined by 9.1 percent from last August amid slowing global demand but, like base metal prices, have partly rebounded in recent months.



Metal prices recover after steep drop. The base metal price index dropped below levels preceding Russia’s invasion of Ukraine. It surged after the invasion but experienced a broad-based retreat amid slowing Chinese metal demand (accounting for roughly half of global consumption of major metals) and monetary policy tightening. With China’s reopening and increased infrastructure spending, as well as an expected slower pace of interest rate hikes from the Federal Reserve, base metal prices partially rebounded, increasing by 19.7 percent from August 2022 to February 2023. Recent banking distress presents significant downside risks to prices. The IMF’s energy transition metal index increased 14.3 percent. Gold prices rose by 5.1 percent, and central banks’ net purchases broke a 55-year record. The base metal price index is projected to increase 3.5 percent in 2023 and then decrease 2.6 percent in 2024. Traders seem to price in a potential rebound in demand from China.

A Challenging Outlook

A return of the world economy to the pace of economic growth that prevailed before the bevy of shocks in 2022 and the recent financial sector turmoil is increasingly elusive. More than a year after Russia’s invasion of Ukraine and the outbreak of more contagious COVID-19 variants, many economies are still absorbing the shocks. The recent tightening in global financial conditions is also hampering the recovery. As a result, many economies are likely to experience slower growth in incomes in 2023, amid rising joblessness. Moreover, even with central banks having driven up interest rates to reduce inflation, the road back to price stability could be long. Over the medium term, the prospects for growth now seem dimmer than in decades.

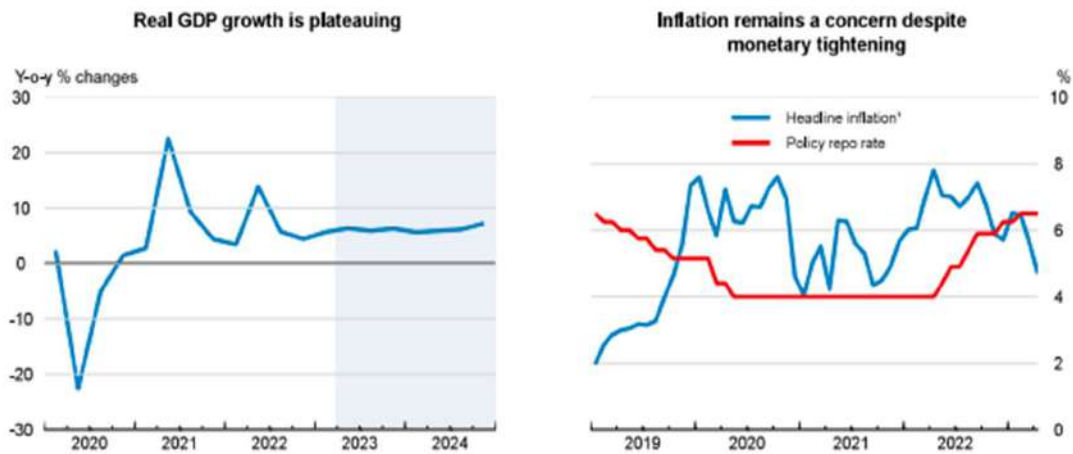
(Source - [IMF](#))

Indian Economy Overview

After reaching 7.2% in FY 2022-23, real GDP growth is expected to slow to 6% in FY 2023-24, before rising to 7% in FY 2024-25. While indicators suggest that India’s growth is stable for now, headwinds from the impact of rapid monetary policy tightening in the advanced economies, heightened global uncertainty and the lagged impact of domestic policy tightening will progressively take effect. With slower growth, inflation expectations, housing prices and wages will progressively moderate, helping headline inflation converge towards 4.5%. This will allow interest rates to be lowered from mid-2024. The trade restrictions (including export bans on various rice varieties) imposed in 2022 to fight inflation are assumed to be withdrawn. The current account deficit will narrow, reflecting abating import price pressures.

FY 2022-23 ended on a positive note, due to higher-than-expected agriculture output and strong government spending. However, high inflation, in particular for energy and food, and the ensuing monetary tightening to

anchor expectations are weighing on purchasing power and household consumption, particularly in urban areas. Tighter financial market conditions are reflected in weakening credit-supported demand for capital goods, a good proxy for business investment. Although services export growth remains brisk and the sectoral surplus rose by 35%, it is insufficient to offset the imbalance in goods' trade. Low labour productivity is affecting the competitiveness of "Made in India" goods and participation in global value chains. The current account deficit narrowed in the October-December quarter to 2.2% of GDP, from 2.7% in the same period in FY 2021-22. Headline inflation has fallen below 6% (the central bank's upper bound of the tolerance band) since March 2023, due to lower food prices, as well as base effects. Employment and wage estimates suggest improving labour market conditions in rural areas, while export-oriented service firms report increasing difficulties filling vacancies.



1. Headline inflation refers to the change in price of all goods in the basket. OECD seasonal adjustment based on monthly consumer price index (index 2012 = 100) from the Ministry of Statistics and Programme Implementation (MOSPI).
Source: OECD Economic Outlook 113 database; CEIC; and RBI.

Domestic growth prospects are strongly influenced by global developments. India has seized the opportunity of discounted Urals oil, which has increased Russia's share in its energy imports. The sourcing of fertilisers from Russia has also increased considerably, more than doubling in volume in case of urea. Overall, Indian imports from Russia rose from USD 9.9 billion (1.6% of total imports) in FY 2021-22 to USD 46.2 billion (6.5%) in FY 2022-23. Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. India's current account deficit (CAD) decreased to US\$ 1.3 billion (0.2 per cent of GDP) in Q4:2022-23 from US\$ 16.8 billion (2.0 per cent of GDP) in Q3:2022-23¹, and US\$ 13.4 billion (1.6 per cent of GDP) a year ago [i.e., Q4:2021-22].

The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030. In the Union Budget of 2022-23, the government announced funding for the production linked incentive (PLI) scheme for domestic solar cells and module manufacturing of Rs. 24,000 crore (US\$ 3.21 billion).
(Source - [IBEF](#))

The economy will not escape the global slowdown

While banks' solvency ratios and financial results have improved and the authorities have enhanced loan-loss provisioning and established a 'bad bank', any deterioration of banks' asset quality could threaten macro-financial stability. In the run-up to the 2024 elections, fiscal consolidation may be delayed, and the conclusion of trade agreements may become more difficult. A potentially below-normal monsoon season could also impact growth. Declining geopolitical uncertainty, on the other hand, would boost confidence and benefit all sectors, as would a faster-than-expected conclusion of free-trade agreements with key partners and the

incorporation thereof services.

(Source – [OECD](#))

Global Sugar Industry Overview

The Food and Agriculture Organization (FAO) of the United Nations estimates a global sugar surplus of 1.4 million metric tonnes in 2022/23 (October/September) due to recovery in Brazil's production, according to the FAO Food Outlook released June 15. The estimated sugar surplus is lower than the 4.9 million tonnes surplus expected previously, as FAO reduced its forecast for global production due to lower-than-earlier-anticipated outputs in China, the European Union, India, Mexico and Thailand. FAO's forecast for global sugar production in 2022/23 is seen at 177.5 million tonnes, up 1.1% from 2021/22. Global sugar consumption is forecast to continue increasing for a third successive season in 2022/23, up 1.6 million tonnes from the previous season, to 176.1 million tonnes.

However, the increase in world sugar consumption forecast was limited by the projected deceleration in global economic growth in 2023 and high world sugar prices." FAO expects the world sugar trade in 2022/23 to reach 60.7 million tonnes, down 1% from the estimated volume for 2021/22.

The contraction is the result of an anticipated reduction in exportable supplies in the European Union, India and Mexico, more than offsetting foreseen larger shipments from Brazil." China's imports are forecast to decline for the second consecutive season amid high world sugar prices and adequate domestic availabilities. Sugar imports by the European Union are set to increase sharply from last year due to high domestic prices and lower production. Supply for sugar and alternative sweetener corn syrup has improved and consumption has softened.

(Source - [ISO](#))

Performance of Major Sugar Producing Countries

U.S.

Production is estimated down slightly at 8.4 million tons. Imports are forecast down 4 percent to 3.0 million tons based on projected quota programs set at minimum levels consistent with World Trade Organization and free-trade agreement obligations, and on projected imports from Mexico, re-exports, and high-tier tariff imports. Consumption is practically unchanged while stocks are reduced with the lower production and imports.

Brazil

Production is forecast up 4.0 million tons to a near-record 42.0 million as favourable weather and increased area are expected to result in additional sugarcane available for crushing. Favourable sugar prices encouraged farmers to use their land for growing sugarcane instead of grains. The sugar/ethanol production mix is expected to favor sugar relative to the previous season going from 45 percent sugar to 48 percent and from 55 percent ethanol to 52 percent. Consumption is flat while stocks and record exports are projected to rise with higher supplies.

European Union

Production is forecast up 576,000 tons to 15.5 million as sugarbeet production rebounds compared to the drought-affected crop the year before. In addition, increased sugarbeet plantings in member states such as Poland, Spain, Romania, Slovakia, and Hungary are expected to more than offset reduced acreage in France. The ruling by the European Court of Justice (ECJ) to not allow Member States to grant temporary emergency authorizations for the use of banned neonicotinoids¹ on sugarbeet is forcing many French farmers to opt for alternative crop planting for 2023/24. On the other hand, sugarbeet remains a valid cropping opportunity for Polish farmers facing corn flowing from Ukraine and the low profitability of wheat. Consumption is forecast unchanged. Imports are down with the higher production, while exports are flat, and stocks are expected up.

Thailand

Production is forecast to increase slightly to 11.2 million tons. Consumption is expected up in line with anticipated economic recovery and tourism that will drive the domestic demand for sugar. Both household and industrial uses are expected higher, especially for food and beverage manufacturers that account for around 40 percent of total sugar consumption. Exports are forecast at a record high while stocks are expected to drop sharply following strong domestic and export demand.

Australia

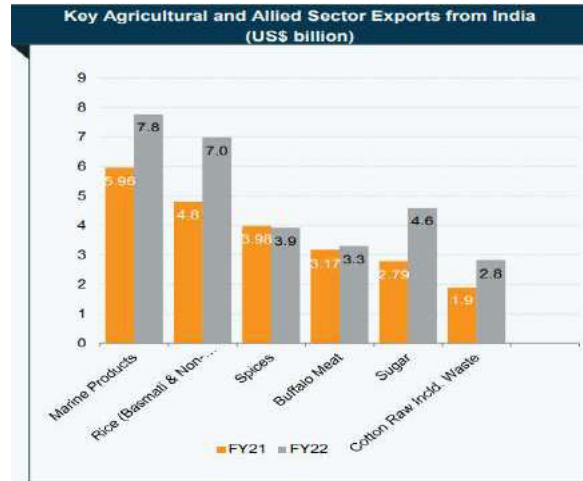
Production is forecast to increase 200,000 tons to 4.4 million due to an expected rise in area harvested, sugarcane crushed, and slightly improved yield. Consumption is expected to increase in line with population growth and higher available supplies. Exports are also forecast up with the higher available supplies. (Source - [FAS](#))

Indian Sugar Industry Overview

Sugar

India possesses favorable conditions for cultivating sugarcane at a reduced expense, owing to its tropical climate, abundant and cost-effective labor, and the availability of economical irrigation facilities through subsidized water and power. The primary regions known for sugar cane production in India include Uttar Pradesh, Maharashtra, Andhra Pradesh, Gujarat, Karnataka, and Tamil Nadu.

The Central Government has prioritized availability of about 275 Lakh Metric Tonnes (LMT) sugar for domestic consumption, about 50 LMT sugar for diversion to ethanol production and to have closing balance of about 60 LMT by 30th September, 2023. Balance quantity of sugar produced by sugar mills in the country would be allowed for exports. Since at the beginning of sugar season 2022-23, initial estimates of sugarcane production are available, it has been decided to allow export of 60 LMT sugar. The sugarcane production in the country will be reviewed periodically and based on the latest available estimates, quantity of sugar exports to be allowed could be reconsidered. In FY22, sugar exports stood at US\$ 4.60 billion. (Source - [PIB](#))



Projected Sugar Balance 2022-23 Sugar Season
(In Lac tons)

PARTICULARS	2022-23 (Projected Figures)
Opening balance as on 1st October, 2022	60
Sugar production	400
Sugar diversion towards ethanol production	45
Net sugar production after diversion	355
Total sugar availability	415
Domestic consumption	275
Sugar exports	80
Closing balance as on 30th September, 2023	60

(Source - [ISMA](#))
In the current season, 532 mills started their operations so far across the country, against 518 mills which operated last season, as on 31st March. On the corresponding date, 338 mills have closed their crushing operations in the current season, while 194 sugar mills were still operating in the country. However, in the last season 2021-22, 152 mills had closed their crushing operations and 366 mills were operating as on 31st March'2022.

Following table gives a comparison of working factories and actual sugar production net of diversion towards production of ethanol, as of end of March, this year versus last year.

Sugar Production as on 31st March (In lac tons)

Sr. No.	State	No. of Working Factories		Actual Sugar Production (after Diversion into ethanol)	
		2022-23	2021-22	2022-23	2021-22
1	Uttar Pradesh	97	88	89.0	87.5
2	Maharashtra	18	167	104.2	118.8
3	Karnataka	4	21	55.2	57.2
4	Others*	75	90	51.2	46.4
Total		194	366	299.6	309.9

*Others include -Tamil Nādu, Gujarat, A.P., Telangana, Bihar, Punjab, Haryana, Rajasthan, M.P., Chhattisgarh, Uttarakhand & Odisha

(Source - [ISMA](#))

Crushing season in Maharashtra have ended at around 105 lac tons, lower than our earlier estimate, due to unexpectedly lower cane yields owing to higher ration crop share and uneven distribution of rainfall. Main season in Karnataka is on the verge of closure and have produced around 55 lac tons so far. However, special season will operate in Karnataka from June / July'2023.

The Committee also discussed the sugar recovery, cane yield, remaining harvestable area / sugarcane and expected dates of closure of factories in other states where crushing season is still operational and noted that cane yield in Uttar Pradesh is slightly better than expected and therefore the state is expected to produce around 105 lac tons of sugar after diversion towards production of ethanol.

Estimated sugar diversion towards ethanol was also discussed and based on feed stock wise allocations upto Cycle-6 and estimated for the rest of season, it is estimated that around 40 lac tons of sugar will be diverted.

Accordingly, ISMA has revised its all-India sugar production estimate for 2022-23 SS (after diversion into ethanol) as 328 lac tons, after considering diversion of about 40 lac tons of sugar equivalent into ethanol.

S.No	States	2022-23 2nd Advance estimates (Jan'2023)			2022-23 Latest estimates (April'2023)		
		Estimated sugar production	Estimated sugar diversion	Actual sugar production	Estimated sugar production	Estimated sugar diversion	Actual sugar production
		BEFORE DIVERSION		AFTER DIVERSION	BEFORE DIVERSION		AFTER DIVERSION
		Lac tons	Lac tons	Lac tons	Lac tons	Lac tons	Lac tons
1	Uttar Pradesh	117	16	101	119	14	105
2	Maharashtra	136	15	121	118	13	105
3	Karnataka	67	11	56	67	10	57
4	Tamil Nadu	16		16	16		16

5	Gujarat	12	3	12	10	3	10
6	Others	37		34	38		35
	Total	385	45	340	368	40	328

(Source - [ISMA](#))

Factors Impacting the Sugar Industry

- More than two-thirds of the sugar demand primarily originates from end-use industries like ice-creams, confectioneries, bakeries, and soft drinks, making the consumption growth closely tied to the expansion of these sectors.
- Population growth also plays a significant role in influencing the demand for sugar.
- Consumer preferences for sugar over alternative sweeteners like gur/khandsari are partly determined by the relative prices of these commodities.
- The supply of sugar is influenced by various factors, including climatic conditions, technical aspects of sugarcane production, drawal rate, season duration, and recovery rates.
- Additionally, the political scenario can have an impact on sugar distribution, pricing, as well as imports and exports.

Key risks and regulations pertaining to sugar sector

Risks:

- **Fluctuation in foreign exchange rates:** When domestic sugar production is low, India may need to import sugar from other countries, exposing the sector to exchange rate risk.
- **Change in fair and remunerative prices of sugarcane:** Government hikes in the Fair and Remunerative Price (F&RP) of sugarcane to support farmers can lead to reduced margins for sugar mills when sugar prices fall.
- **Availability of raw materials:** Sugarcane production heavily relies on monsoons, and a deficient monsoon year can significantly impact sugar production.
- **Regional concentration of raw materials:** Over 80% of India's sugarcane is grown in Uttar Pradesh, Maharashtra, Karnataka, and Tamil Nadu, making the sector vulnerable to adverse weather conditions in these regions.
- **Change in refining spread:** Drastic fluctuations in raw sugar prices may lead to arbitrage opportunities, affecting the supply and pricing of white sugar.

Regulations:

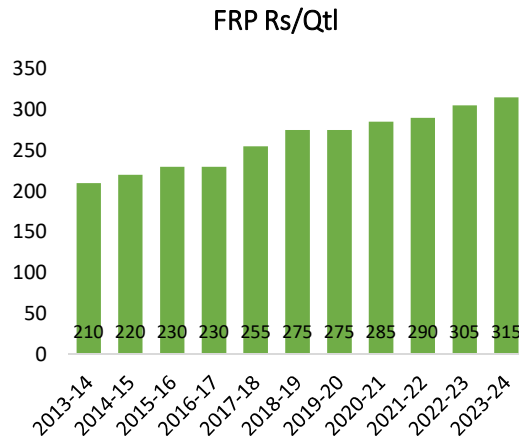
- **Regulations to protect farmers and consumers:** The Indian government controls the sugar industry to safeguard the interests of both sugarcane farmers and sugar consumers, although some controls have been relaxed over the past decade.
- **Regulations on sugarcane pricing:** The government decides the minimum price (Fair and Remunerative Price) at which sugar mills purchase sugarcane from farmers to ensure fair payment for the crop.
- **State government authorized to fix cane prices - Supreme Court (2004):** A Supreme Court ruling allowed state governments to set sugarcane prices above the central government's declared price, leading to potential disputes between mills and governments.

- **Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013:** Karnataka enacted this act to implement a revenue-sharing model for determining cane prices.
- **Regulation on sugar sales:** The government used to control domestic and export sales, but certain regulations were abolished in 2013, providing more freedom to mills.
- **Other regulations:** Private sugar producers cannot own cane fields, and new sugar mills have distance restrictions from existing units. Sugar producers must purchase all sugarcane sold to them, and they have limitations on the types of sugar they can produce.

Government Initiatives:

Keeping in view interest of sugarcane farmers (Ganna Kisan), the Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi has approved Fair and Remunerative Price (FRP) of sugarcane for sugar season 2023-24 (October - September) at Rs.315/qtl for a basic recovery rate of 10.25%. It has also been approved to provide a premium of Rs.3.07/qtl for each 0.1% increase in recovery over and above 10.25%, & reduction in FRP by Rs.3.07/qtl for every 0.1% decrease in recovery. The FRP approved shall be applicable for purchase of sugarcane from the farmers in the sugar season 2023-24 (starting w.e.f. 1st October, 2023) by sugar mills. The sugar sector is an important agro-based sector that impacts the livelihood of about 5 crore sugarcane farmers and their dependents and around 5 lakh workers directly employed in sugar mills, apart from those employed in various ancillary activities including farm labour and transportation.

(Source - [MOPNG](#))



The FRP has been determined on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP) and after consultation with State Governments and other stake-holders. Details of FRP announced by the Government since sugar season 2013-14 are as under:

(Source - [PIB](#))

Ethanol

Ethanol is an agro-based product which is naturally obtained from the fermentation of sugarcane molasses, a by-product of sugar production. Ethanol is an important eco-friendly, renewable fuel. When mixed with gasoline, different blends of fuel are created and when used to run machines, emit lesser environmental pollution. As sugarcane production and stock grows, the excess can be diverted for the production of ethanol benefitting both the sugar industry and the economy.

Cane tops, bagasse, filter muds and molasses form the four main by-products of the sugarcane industry. Optimal utilisation of by-products, such as molasses and bagasse, is another key differentiating factor. Integrated sugar mills (mills that produce not only sugar, but also ethanol and industrial alcohol from molasses and power from bagasse) are more likely to be successful than standalone sugar companies. An integrated business model is the key to de-risking revenues. By opting for such a model, mills can earn higher margins, and also partly protect themselves from the cyclical downturns in the core sugar business. By-products of the sugarcane industry fetch varied market prices in different countries, depending on cyclical increases or decreases.

Currently, bagasse is used as fuel for steam generation in sugar factories and a small portion of it for production of pulp and board, furfural and methane. Molasses is exported as animal feed or transformed into rum, potable alcohol or industrial alcohol.

Cane tops and filter muds are currently not significantly put to any other use. However, filter muds could be put to use as low-grade fertilisers in cane fields.

Domestic production of ethanol has been encouraged by the government using various measures including but not limited to amendments to the Industries (Development and Regulation) Act, 1951, to legislate exclusive central control over denatured alcohol, reduction of Goods and Services Tax (GST) levied on ethanol for Ethanol Blending Programme to 5%, reintroduction of the administered price mechanism, expansion of the programme and opening up alternate production routes. Different pricing methods have also been adopted by the government to boost the supplies of ethanol for the EBP.

Growth of ethanol as biofuel sector in last 5 years has amply supported the sugar sector as diversion of sugar to ethanol has led to better financial positions of sugar mills due to faster payments, reduced working capital requirements and less blockage of funds due to less surplus sugar with mills. During 2021-22, revenue of more than ₹ 20,000 crores has been made by sugar mills/distilleries from sale of ethanol which has also played its role in early clearance of cane dues of farmers.

Ethanol production capacity of molasses/sugar-based distilleries has increased to 700 crores litres per annum and the progress is still continuing to meet targets of 20% blending by 2025 under Ethanol Blending with Petrol (EBP) Programme. In new season, the diversion of sugar to ethanol is expected to increase from 36 LMT to 50 LMT which would generate revenue for sugar mills amounting to about ₹ 25,000 crores.

Ethanol Blending Programme

The Ethanol Blending Programme (EBP) seeks to achieve blending of ethanol with motor spirit in order to reduce pollution, conserve foreign exchange and increase value addition in the sugar industry enabling them to clear cane price arrears of farmers.

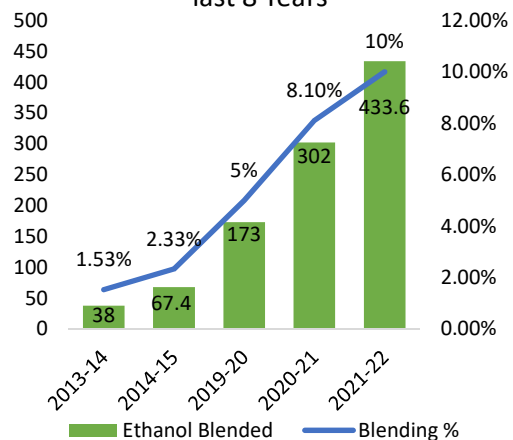
Public Sector Oil Marketing Companies (OMCs) have achieved over 10% ethanol blending in petrol during Ethanol Supply Year (ESY) 2021-22. Government has amended the National Policy on Biofuels – 2018 which has advanced the target of 20% blending of ethanol in petrol to ESY 2025-26 from 2030. The required ethanol quantity from sugarcane and grain based feedstocks for blending under this Programme is accordingly procured by OMCs from registered bidders/suppliers.

The Ethanol Blending Programme has saved foreign exchange as well as strengthen energy security of the country. By 2025, it is targeted to divert more than 60 LMT of excess sugar to ethanol, which would solve the problem of high inventories of sugar, improve liquidity of mills thereby help in timely payment of cane dues of farmers and will also generate employment opportunities in rural areas.

To achieve blending targets, Government is encouraging sugar mills and distilleries to enhance their distillation capacities for which Government is facilitating them to avail loans from banks for which interest subvention @ 6% or 50% of the interest charged by the banks whichever is lower is being borne by Government. This will bring an investment of about ₹ 41,000 crores. In past 4 years, loans of about ₹20,343 crores have been sanctioned to 243 project proponents out of which loans of about ₹ 11,093 cr have been disbursed to 210 project proponents.

(Source - PIB)

Ethanol Blending % has increased more than 6 times in last 8 Years



Key applications of ethanol and trends going forward

- **Industrial Solvent:** Ethanol is widely used as a solvent in various industries, including paints, cosmetics, pharmaceuticals, and detergents. Its ability to dissolve both polar and non-polar compounds makes it versatile for different applications.
- **Beverages:** Ethanol is a primary component in alcoholic beverages such as beer and wine. It is produced through the fermentation of fruits or grains, and the concentration of ethanol varies across different beverages.
- **Disinfectant:** Ethanol is utilized as an active ingredient in alcohol-based hand sanitizers, as it has the ability to effectively kill bacteria and viruses at certain concentrations. It is also used as an antiseptic for minor injuries.
- **Flavoring and Fragrance:** In the food industry, ethanol is used for flavor extraction and preservation of various food products, extending their shelf life. It is also employed in the fragrance industry as a carrier for perfume or fragrance oils found in perfumes and colognes.
- **Personal Care Industry:** Ethanol is commonly found in cosmetics and personal care products due to its cleansing properties and ability to act as a preservative. It is used in body lotions to prevent ingredient separation and in hairspray to help it adhere to the hair.

Trends Going Forward:

- **Increasing Demand for Sanitizers and Disinfectants:** The COVID-19 pandemic has significantly increased the demand for hand sanitizers and disinfectants, driving the use of ethanol in these products.
- **Sustainable and Bio-based Ethanol:** There is a growing emphasis on using sustainable and bio-based ethanol derived from renewable sources, such as sugarcane, corn, or cellulosic materials, to reduce environmental impact and dependency on fossil fuels.
- **Ethanol as a Cleaner and Greener Fuel:** Ethanol is increasingly being used as an alternative, cleaner, and greener fuel additive in gasoline blends. Ethanol-blended fuels, such as E10 (10% ethanol and 90% gasoline), are becoming more prevalent in several countries to reduce greenhouse gas emissions and promote energy security.
- **Rising Demand in the Flavor and Fragrance Industry:** The demand for natural flavors and fragrances is increasing, and ethanol's ability to extract and preserve these natural compounds makes it a valuable ingredient in this industry.
- **Innovations in Personal Care Products:** Ethanol will continue to be a key ingredient in personal care products as innovations in formulations and delivery methods improve the overall effectiveness and user experience.
- **Regulatory Environment:** The regulatory environment surrounding ethanol production, blending, and usage will play a crucial role in shaping its future applications and market growth.
- **Focus on Sustainable Ethanol Production:** Efforts to reduce the carbon footprint and environmental impact of ethanol production are likely to gain traction, leading to greater adoption of sustainable practices in the industry.

Recent Developments

- In February 2023, Prime Minister launched E20 fuel at 84 retail outlets of oil marketing companies in 11 States/UTs along the lines of the ethanol blending roadmap.
- In May 2022, the government approved changes in the National Biofuel Policy 2018 to bring forward the target for 20% ethanol blending with petroleum to 2025-26 from 2030.

- Promoted advanced biofuels through a viability gap funding scheme of Rs. 5,000 crore (US\$ 745.82 million) in six years for 2G ethanol bio refineries along with additional tax incentive

Overall, ethanol's diverse range of applications and its potential as a renewable and eco-friendly resource make it a significant player in various industries, with continued growth and innovation expected in the coming years.

Power Generation

Sugar industry has been traditionally practicing cogeneration by using bagasse as a fuel. With the advancement in the technology for generation and utilization of steam at high temperature and pressure, sugar industry can produce electricity and steam for their own requirements. It can also produce significant surplus electricity for sale to the grid using same quantity of bagasse. For example, if steam generation temperature/pressure is raised from 400°C/33 bar to 485°C/66 bar, more than 80 KWh of additional electricity can be produced for each ton of cane crushed. The sale of surplus power generated through optimum cogeneration would help a sugar mill to improve its viability, apart from adding to the power generation capacity of the country.

The Ministry has been implementing biomass power/co-generation programme since mid-nineties. Over 800 biomass power and bagasse/Non-bagasse cogeneration projects aggregating to 10205.61 MW capacity have been installed in the country for feeding power to the grid. States which have taken leadership position in implementation of bagasse cogeneration projects are Maharashtra, Karnataka, Uttar Pradesh, Tamil Nadu and Andhra Pradesh. The leading States for biomass power projects are Chhattisgarh, Madhya Pradesh, Gujarat, Rajasthan and Tamil Nadu.

In India, sugar mills utilize their own bagasse as a renewable energy source to generate power during the season. Bagasse, the fibrous residue left after crushing and extracting sugarcane juice, is used to produce steam that runs boilers and turbines, generating electricity to power the mills' operations. Any surplus energy produced beyond the mills' requirements can be exported to the grid of distribution licensees, contributing to the overall electricity supply in the region.

The regulatory framework for the power sector in India is overseen by two main bodies:

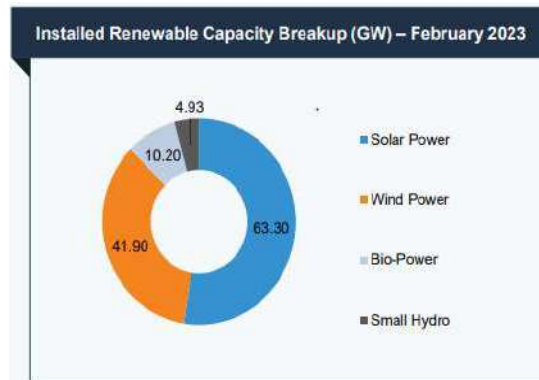
Central Electricity Regulatory Commission (CERC): CERC is the central authority responsible for regulating various aspects of electricity generation and supply at the national level. It plays a crucial role in setting policies, determining tariffs, and ensuring the fair and efficient functioning of the power market across the country.

State Regulatory Commissions: Each state in India has its own State Regulatory Commission, responsible for dealing with the aspects of tariff determination and regulation of energy generation, supply, and distribution within that particular state. These State Regulatory Commissions work in tandem with the CERC to ensure that the power sector operates smoothly at both national and regional levels.

The collaboration between the Central Electricity Regulatory Commission and State Regulatory Commissions is vital in maintaining a well-regulated and balanced power sector in India. This regulatory framework ensures that the interests of both consumers and stakeholders in the power industry are protected, while also promoting the efficient utilization of renewable energy sources like bagasse in the sugar mills to contribute to the nation's energy needs.

Assessment of domestic power industry

Between fiscal years 2022 and 2026, the power demand in India is projected to experience a compound annual growth rate (CAGR) of approximately 4-5%. This growth will be fueled by the country's economic recovery and improvements in the reach and quality of power supply. Both the central and state sectors are expected to drive capacity additions during this period, with a major focus on investments in the transmission & distribution (T&D) segment.



According to a study, there is an estimated surplus biomass availability of about 230 million metric tonnes per annum in India. This surplus biomass mainly consists of agricultural residues, which have the potential to generate approximately 28 GW of power. Additionally, India's 550 sugar mills have the capability to generate about 14 GW of additional power through bagasse-based cogeneration, provided they adopt technically and economically optimal levels of cogeneration to extract power from the bagasse produced during the sugar milling process.

These estimates highlight the significant potential for biomass-based power generation in India, particularly from agricultural residues and bagasse. Utilizing these renewable sources efficiently can play a crucial role in meeting the increasing power demand, promoting sustainability, and reducing reliance on conventional fossil fuels for electricity generation.

As on 31.10.2022, a total capacity of 10205.61 MW has been installed in Biomass Power and Cogeneration Sector.

Installed Capacity of Biomass IPP – 1871.11 MW

Installed Capacity of Bagasse Cogeneration – 7562.45 MW

Installed Capacity of Non-Bagasse Cogeneration - 772.05 MW

(Source-[MNRE](#))

Key Drivers for Growth in Industry

- The T&D network is expected to undergo robust growth to support increasing power demand. Approximately 330-350 GVA transformation capacity (above 220 kV level) is projected to be added during fiscals 2022-2026, reaching a cumulative capacity of 1,350-1,400 GVA by fiscal year 2026.
- Long-term reforms in the distribution segment are anticipated to improve the quality of power supply. Weak financial positions of state utilities, particularly in the distribution sector, have been a historical challenge. The Ujjwal DISCOM Assurance Yojana (UDAY) provided temporary relief by reducing interest burdens for discoms, but fiscal debt accumulation remains an issue as of 2021.
- The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA scheme) aims to enhance household connectivity, potentially boosting residential power demand. With monthly household consumption averaging around 100 kWh/month, this program could add 40-50 billion units to overall power demand. However, the increase in demand from recently electrified households would depend on discoms' ability to provide reliable and uninterrupted supply to these subsidised consumers.
- Electric vehicles (EVs) are expected to contribute to demand growth in the longer term. The government's focus on building charging infrastructure and creating a conducive policy environment aims to increase the share of electric vehicles to 30% by 2030, reducing reliance on fossil fuels for transportation.
- Off-grid, rooftop, and captive solar projects are anticipated to reduce power demand from the grid. With the boost in rooftop solar and declining costs of renewable energy generation, 8-9 GW of rooftop solar capacities are expected by fiscal year 2026, resulting in a 0.5-1% reduction of the base demand.

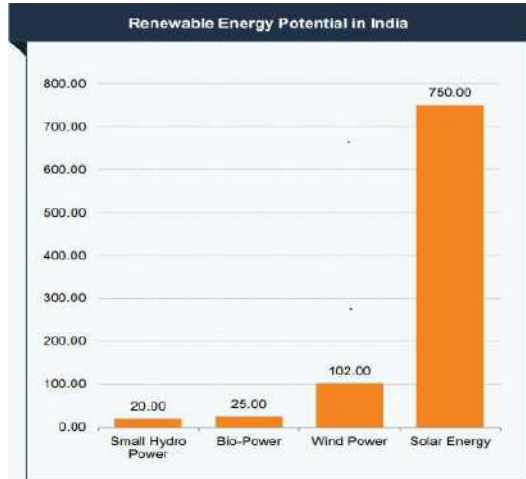
Overall, power demand growth will be fueled by gradual economic improvement and increased demand from key infrastructure and manufacturing sectors. The successful implementation of rural electrification programs will also contribute to demand growth. However, increasing energy efficiency, reducing technical losses over the long term, and promoting captive and off-grid renewable energy generation will constrain the overall growth in power demand.

Recent Developments & Initiatives

The Ministry of New and Renewable Energy (MNRE), Government of India has notified the National Bioenergy Program on November 2, 2022. MNRE has continued the National Bioenergy Program for the period from FY 2021-22 to 2025-26. The Program has been recommended for implementation in two Phases. The Phase-I of the Program has been approved with a budget outlay of `858 Crores. The National Bioenergy Program will comprise the following sub-schemes:

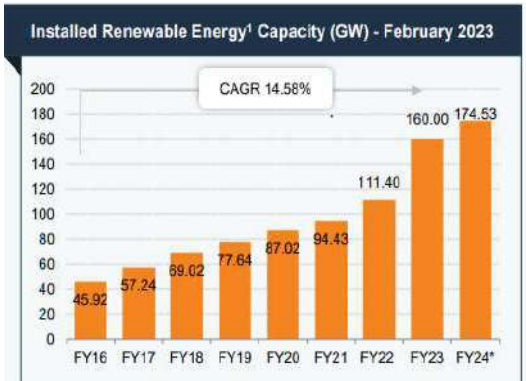
1. Waste to Energy Program (Program on Energy from Urban, Industrial and Agricultural Wastes /Residues) to support setting up of large Biogas, BioCNG and Power plants (excluding MSWto Power projects).

2. Biomass Program (Scheme to support manufacturing of Briquettes & Pellets and promotion of Biomass {nonbagasse} based cogeneration in Industries) to support setting up of pellets and briquettes for use in power generation and non-bagasse-based power generation projects.



Biogas Program to support setting up of family and medium size Biogas in rural areas.

- Investment in renewable energy in India reached a record US\$ 14.5 billion in FY22, an increase of 125% over FY21. Rising foreign investment in the renewable sector (such as US\$ 75 billion investment from the UAE) is expected to promote further investments in the country.
- In order to meet India’s 500 GW renewable energy target and tackle the annual issue of coal demand supply mismatch, the Ministry of Power has identified 81 thermal units which will replace coal with renewable energy generation by 2026.
- About 5,000 compressed bio-gas plants will be set up across India by 2023.
- In February 2022, a parliamentary standing committee recommended the government to take steps to increase the loan limit for renewable energy sector under priority sector lending. The current limit stands at Rs. 30 crore (US\$ 3.93 million).
- Mumbai headquartered Essar Group has formed the Essar Energy Transition (EET) with the objective to invest a total of US\$ 3.6 billion in developing a range of low carbon energy transition projects over the next five years.
- In July 2021, Mitsui & Co. announced an investment of Rs. 30 crore (US\$ 4.1 million) in Punjab Renewable Energy Systems Pvt. Ltd. (PRESPL), India’s biomass supply chain management company
- India is estimated to have renewable energy potential of 900 GW from commercially exploitable sources - Solar energy: 750 GW; Wind power: 102 GW; Bio-energy: 25 GW; and Small Hydro: 20 GW



(Source - [IBEG](#))

Company Overview

Davangere Sugar Company Limited (“DSCL”) was incorporated in the year 1970 as a Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFCI and local farmers with initial equity capital base of ₹ 160 lakhs. DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250 TCD. The Government of Karnataka was managing the affairs of the company till the year 1995. Shamanur group acquired the shares owned by Government of Karnataka & took over the management of the company during the FY 1995-96. During the post-acquisition, the new management continuously expanded sugar crushing operations of the company.

Manufacturing Units	Products/Facilities	Sugar cane Crushing capacity [FY 2023]	Distillery (Ethanol molasses and as well as grain based capacity) [FY 2023]	Capacity through Sugar syrup and grain based	Co-Generation [FY 2023]
Kukkuwada Village, Davangere Taluka & District, Karnataka State – 577 525	Sugar Manufacturing	4,750 TCD	65 KLPD		24.45 MW

The company’s basic strategy is to develop sugarcane growing area. During the season 2022-23, our Company was having a sugarcane growing area of 4,800 hectares of land and crushed about 4,82,453 MTs of sugarcane.

Further, in order to explore the opportunity created by the Central Government by announcing new Ethanol Policy in the year 2018, as amended from time to time, the Company decided to set up a 65 KLPD Ethanol Plant along with Zero Liquid Discharge (ZLD) System. The Central Government also announced interest subvention of 6% p.a. for the loans borrowed from the banks and arranged the buyback of the Ethanol Produced from the sugar industry at very remunerative market prices. In the lines of this, Government of India, Department of Food and Public Distribution, Directorate of Sugar & Vegetable Oils, has conveyed its in-principal approval dated September 29, 2018 for grant of interest subvention for a maximum loan amount 73.80 Crore Rupees for 65 KLPD Ethanol Plant along with Zero Liquid Discharge (ZLD) System.

The commissioning of 65 KLPD Ethanol Plant was commenced in November 2020 and the overall project cost of the Ethanol Unit is estimated to be ₹ 99.31 crores and Company availed a term loan of ₹ 63.34 crores from the existing consortium banks. The New Ethanol Policy of the Central Government is very supportive for the growth of companies having sugar manufacturing facilities like us.

The Company has entered into contracts with oil marketing companies (OMC) for supplying of ethanol commencing from the expected date of commercial production. The ethanol project commissioning is completed and expected to start production from 31st May, 2022. Company has obtained Consent to Operate for commencing production. From the Karnataka State Pollution Control Board.

Expansion Plans:

The Company has decided to implement a strategic shift towards sugarcane and ethanol production, which has proven to be significantly more profitable than traditional sugar production and sales. In light of this decision, the Company aims to expand its existing ethanol production capacity from 65 KLPD (Kilo Liters per Day) to 110 KLPD. The estimated cost of this expansion project amounts to Rs. 54 Crores.

To finance the expansion and cover the cost of the existing capacity, the Company intends to secure a loan of Rs. 40 Crores from Banks and Financial Institutions. The projected timeline for completing the expansion plan is set for the year 2024.



SWOT Analysis:

Strength:

- Fully Integrated Sugar/Ethanol manufacturing Plant
- Ample availability of sugarcane, grains, labour, water & power
- Huge Land Bank (150 acres at approx. value of INR 450 Cr) available for expansion.
- Process in place to produce premium Ethanol.
- Co-generation of power for existing plants
- Promotes sustainable economy by providing employment opportunities to local communities

Opportunities:

- Demand & supply gap of Ethanol blending ratio
- Superior and latest technology to expand business
- Track record of successful operations
- Superior utilization of fixed assets
- Introduction of sustainable solutions

Weakness:

- Dependency on supply of Sugarcane
- Climatic Conditions

Threats:

- Competitions from other sugar mills
- Political uncertainty
- Government Regulations

Financial Performance and Analysis

The Financial statements of the company have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time by the Ministry of Corporate Affairs (MCA), the provisions of Companies Act, 2013, and guidelines issued by the Securities and Exchange Board of India (SEBI). Financial statements of the company are prepared under the historical cost convention except for the certain financial assets and liabilities measured at fair value as mentioned in applicable accounting policies.

(₹ in Lakhs unless specified otherwise)

Particulars	FY22-23	FY21-22
Revenue From Operations	27,994.3	12,423.4
Other Income	64.2	23.4
Total Revenue	28,058.4	12,446.8
Earnings Before Interest, taxes and Depreciation & Amortization	5,527.1	3360.1
Earnings Before Interest & Tax	4369.6	2472.5
Profit Before Taxation	1,767.5	666.5
Tax Expense	446.5	98.6
Net Profit/(Loss For the year)	1,321.1	567.9

Following are the important ratios for FY2023:

Particulars	FY23	FY22	FY21
Profitability Ratios (%)			
EBITDA Margin	19.7%	27.0%	19%
EBIT Margin	15.6%	19.9%	12.9%
Net Profit Margin	4.7%	4.6%	1.7%
Growth Ratios (%)			
Total Revenue	125.3%	(14.0%)	(28.7%)
EBITDA	64.5%	22.2%	(15.5%)
EBIT	76.7%	32.8%	(20.9%)
Net Profit	132.6%	127.2%	20.8%
Net Worth	24.2%	2.4%	1.0%
Liquidity Ratio(times)			
Current Ratio	1.4x	1.4x	1.9x
Return Ratios			
Return on Equity	4.2%	2.3%	1.0%
Return on Capital Employed	10.3%	5.9%	5.3%
Return on Assets	2.21%	0.99%	0.57%
Efficiency Ratio			
Asset Turnover(times)	0.5x	0.2x	0.3x
Receivable Turnover(times)	13.1x	3.5x	4.6x
Receivable Days	28	105	79
Inventory Turnover(times)	3.1x	1.1x	3.4x
Inventory Days	119	341	105
Payable Turnover(times)	18.1x	30.9x	1459.9x
Payable Days	20	12	0
Cash Conversion Cycle	127	434	183



Leverage Ratios			
Debt Equity Ratio	0.8x	1x	0.8x
Debt to Assets Ratio	0.4x	0.4x	0.3x
Interest Coverage Ratio	1.7	1.4	1.2

Revenue from Operations: Revenue from Operation of the Company stood at ₹27,994.28 Lakhs in FY 2022-23, increasing by 125.43% compared to ₹12,423.40 Lakhs in FY 2021-22. There has been increase in revenue as the company began commercial production & sale of ethanol to OMCs from June 2022 which has been a huge contributor to the revenue pertaining to FY22-23.

Other Income: Other income for the financial year 2022-23 increased by 2.74x at ₹64.15 lakhs as compared to ₹23.40 lakhs in the previous year.

EBITDA: The (EBITDA) increased by 64.5% at ₹5,527.1 lakhs for the financial year 2022-23 as compared to ₹3,360.1 lakhs for the financial year 2021-22. This was mainly due to increase in revenue of FY22-23.

Profit after Tax (PAT) at ₹1321.1 lakhs for the financial year 2022-23 increased by 132.6% as compared to ₹567.9 lakhs in the previous year majorly due to expansion of business operations into commercial production & distribution of ethanol during the FY22-23

Growth Ratios: The Company has shown multi-fold growth in its growth ratios mainly due to huge growth in its revenues. The EBITDA has grown by 64.5% in FY 2023 whereas the operating profit or EBIT has shown a strong growth of 76.7%. The Net Profit has grown by 132.6% as company achieved higher profitability during the year.

Liquidity Ratio: We observe a declining trend in the current ratio over the three fiscal years. The current ratio has decreased from 1.9 in FY21 to 1.40 in FY22 and further to 1.38 in FY23. This trend indicates that the company's ability to cover its short-term obligations with its current assets has weakened over time. A current ratio closer to 1 means the company has a smaller buffer to handle unexpected short-term obligations.

Return Ratios: The Return on Equity (ROE) increased from 2.3% (FY22) to 4.23% (FY23), due to higher profitability achieved during the year. The Return on Capital Employed (ROCE) also showed positive growth, rising from 5.9% (FY21) to 10.3% (FY23), reflecting enhanced capital efficiency. Additionally, the Return on Assets (ROA) improved significantly, from 0.57% (FY21) to 2.21% (FY23), highlighting better utilization of assets and effective management. These positive trends suggest a favorable overall financial performance and improved business operations.

Leverage Ratios: The Debt Equity Ratio decreased from 1.2x in FY22 to 0.8x in FY23. This decline indicates that the company has reduced its level of debt relative to shareholders' equity during this period. This suggests a relatively conservative financing approach, with a lower reliance on debt to fund its operations and investments. The Debt Asset ratio has decreased over the years, from 0.5 in FY22 to 0.4 in FY23. : The decreasing trend in the Debt Asset ratio suggests that the company's capital structure has become more balanced, with a lower proportion of debt funding in relation to its total assets. This may lead to improved financial stability and resilience. The Interest Coverage ratio has shown an increasing trend over the three fiscal years, rising from 1.2 in FY21 to 1.7 in FY23. This indicates that the company's ability to cover its interest expenses with its operating income has improved over time.

Efficiency Ratios: The improvement in the asset turnover ratio from 0.2x in FY22 to 0.5x in FY23 indicates that the company has managed to increase its revenue generation relative to its asset base. The receivable turnover ratio has increased from 3.5x in FY22 to 13.1x in FY23, due to the fact that Company has cut down its debtor's credit cycle. The trade payable turnover ratio has decreased from 30.9x in FY22 to 18.1x in FY23. The reason for such change is that company is enjoying the extra credit period as well as company has invest in to new production line. Overall the cash conversion cycle has decreased from 434 days in FY22 to 127 days in FY23.

(₹ in Lakhs unless specified otherwise)

Particulars	For the year ended 31-03-2023	For the year ended 31-03- 2022
Net cash flow from Operating activities	8,071.29	(6805.92)
Net Cash flow from Investing activities	(2014.78)	(8541.45)
Net cash flow from Financing activity	(6524.61)	14,443.82
Net Cash and Cash Equivalents (A+B+C)	(468.10)	(903.55)
Cash and Cash Equivalents at the Beginning of the year	799.60	1,703.15
Cash and Cash Equivalents at the End of the year	331.50	799.60

Internal Control System and their adequacy

The Company considers that internal control is one of the key support of governance which provides freedom to the management within an outline of appropriate checks and balances. Our Company has a strong internal control framework, which was instituted considering the size, nature and risk in the business. The Company's internal control environment provides assurance on efficient conduct of operations, security of Assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records, timely preparation of authentic financial information and compliance with applicable laws and regulation. The Internal Auditor is responsible to conduct regular Internal Audit and report to the management on the lapses, if any and submit Report on periodic basis to the Board of Directors for their review and comments. Fully professional and experienced boards, as mentioned in the corporate overview section in itself ensures efficient internal control. To ensure efficient internal control system, the Company has a well constituted Audit committee who at its periodical meeting, review the competence of internal control system and Procedures thereby suggesting improvement in the system and process as per the changes of Business dynamics. The system and process are continuously improved by adopting best in class processes, automation and implementing latest IT tools.

Key Risks

Business Operational Risk- Our business is seasonal in nature and as a result, our operating results may fluctuate. Since our business is influenced by the availability of our basic raw material, i.e. sugarcane, our production schedules are operational only according to such availability. Other operational risks, includes commodity price volatility, variable input costs, regulatory uncertainties, and the need to adopt modern technologies for competitiveness. Environmental impacts, logistics challenges, currency and trade risks, changing consumer preferences, health and safety concerns for workers, and market demand dynamics further add to the complexities. We are Proactive in risk management to ensure sustainable growth and profitability amidst a dynamic and challenging business environment.

Supplier Risk- The basic raw material required by us is sugarcane, which is crushed to produce sugar. Sugarcane is supplied to us by various farmers mainly from villages in our vicinity. We do not have any long term agreement with these farmers and also the farmers are not obligated to sell their produce to us. In case these farmers decide to sell their produce to other sugar factories or for any other purposes, we may experience shortage of sugarcane which will not only affect our sugar production operations. Currency fluctuations and trade barriers can further impact procurement costs.

Credit Risk - Our business is working capital intensive including fund requirement for payment for sugarcane purchased during the crushing season. Hence, major portion of our working capital is utilised towards debtors and inventory. This risk can materialize through delayed or defaulted payments from buyers, contractual breaches, price fluctuations, counterparty failures in financial transactions, and uncertainties in international trade. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. However, if our management misjudges expected customer demand, it could cause either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-

down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows.

Liquidity Risk- Our Company has experienced negative cash flow in the past, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations. Our manufacturing unit and all other facilities are based out of a single premise located in Karnataka. Accordingly, we rely exclusively on our facilities at this manufacturing unit to earn revenues, pay our operating expenses and service our debt obligations. Any significant interruption or loss or shutdown of operations at our manufacturing unit at Karnataka would adversely affect our business. Additionally, sudden changes in global sugar prices can affect revenue streams, making it essential for us to carefully manage our cash reserves and working capital to mitigate liquidity constraints.

Competition Risk- The sugar industry is characterized by intense competition, with numerous small to medium-sized producers vying for market share. Despite some consolidation, the Indian sugar industry remains fragmented, with major competition coming from mills in Karnataka and neighboring states. Additionally, there is a risk of excess sugar stocks being dumped by competitors from other regions into northern India markets, leading to price drops due to oversupply. Apart from regional competition, potential competitors may emerge locally, and we also face competition from existing sugar manufacturing units based on product offerings, quality, pricing, reputation, and customer service. Large multinational companies with greater resources pose a competitive threat as well. Failing to effectively compete could result in declining market share and adversely impact our financial performance. Continuous market analysis and adaptive business strategies are crucial to stay ahead in this highly competitive industry.

Political Risk- Our profitability depends significantly on the cost of sugarcane, our raw material, and the selling price of sugar. We are neither able to set the cost of sugarcane nor the selling price for our sugar. The price we pay for sugarcane is determined by the Government of India and / or the State Government of Karnataka, where our manufacturing unit is located and we may be adversely affected by rising sugarcane prices, particularly in the event of a decrease in the price of sugar. Political instability, corruption, and changes in government leadership can create uncertainties and disrupt the business environment for sugar companies. Additionally, the industry may face challenges related to land acquisition, labor laws, and environmental regulations, which can be influenced by political decisions. To manage political risk, we closely monitor political developments, engage in effective government relations, diversify our market presence, and maintain agility to adapt to changing political landscapes in different regions of operation.

Health & Safety- The products that we manufacture or process are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport or storage. We face inherent business risks of exposure to product liability or recall claims in the event that our products fail to meet the required quality standards or are alleged to result in harm to customers. Our products like sugar may be subject to contamination which may affect the health of the final consumer. These contaminations may be human induced or natural, and, as a result, there is a risk that they could affect our processed sugar or other products. There is a potential for deterioration of our sugar products as a result of improper handling at the processing, packing, storing or transportation levels, which may adversely affect our customer image. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once our products are shipped to our customers. We face the risk of legal proceedings and product liability claims being brought by various entities, including consumers, distributors and government agencies for various reasons including for defective or contaminated products sold or services rendered.

Cautionary Statement

The above Management Discussion and Analysis contains certain forward looking statements within the meaning of applicable security laws and regulations. These pertain to the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties, regarding a fluctuations in earnings, our



ability to manage growth, competition, economic growth in India, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions with respect to investments, fiscal deficits, regulation etc. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources thought to be reliable. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time on behalf of the Company.



Annexure –VII

COMPLIANCE CERTIFICATE (CFO CERTIFICATION)
[SEE REGULATION 17(8)]

To,
Board of Directors,

In accordance with Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that:

1. We have reviewed financial statements and the cash flow statement for the year ending 31st March, 2023 and that to the best of their knowledge and belief :
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company’s code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and 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.
4. We have indicated to the auditors and the Audit committee:
 - a. significant changes in internal control over financial reporting during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. 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.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: - July 28, 2023
Place:- Davangere

GANESHRAO VIRUPAKSHAPPA
Chief Financial Officer



Annexure –VIII
Compliance Certificate

[Pursuant to Regulation 34(3) read with Schedule V Para E of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,
Davangere Sugar Company Ltd
CIN- L37100KA1970PLC001949
73/1, Post Box No.312, Shamanur Road,
Davangere, Karnataka – 577004

We have examined the compliance of conditions of Corporate Governance of **Davangere Sugar Company Ltd** (“the listed entity”), having its Registered Office situated at **73/1, Post Box No.312, Shamanur Road, Davangere, Karnataka – 577004**, for the financial year ended on March 31, 2023, as stipulated in the relevant regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI LODR, 2015”).

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

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

We further state that 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

For Amit R. Dadheech & Associates

Sd/-
Amit R. Dadheech
ACS No. 22889, COP No. 8952
Date: JULY 28, 2023
Place: Mumbai
UDIN- A022889E000698872

Annexure - IX
Corporate Governance Report

A. MANDATORY REQUIREMENTS

1. 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

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors. As at the end of the year 31st March 2023, the Board of Directors had six members comprising of one Managing Director, one Executive Director, one Non-Executive Directors and three Independent Directors.

(b) Board Meetings

During the Financial Year 2022-23, six (8) Board Meetings were conducted on 23rd May, 2022, , 27th May, 2022 , 23rd July 2022 12th August, 2022 , 02nd September, 2022 , 14th November, 2022, 13th January, 2023 and 13th February, 2023. The details of attendance of each Director at the Board Meetings during the Financial Year 2022-23 is given below.

Name of Director	Category of Directorship	Whether promoter or not	Relationship	No. of Shares held	Meetings held during the year	Meetings attended	Whether last AGM held on 29/09/2022 Attended or not
1. Mr. S.S.Ganesh	MD	Yes	-	4,43,22,478	8	8	Yes
2. Mr. Abhijith Ganesh Shamanur	E.D	Yes	Son of M.D.	69,14,724.00	8	8	Yes
3. Mrs.. Rekha Ganesh	N E D	Yes	Wife of M.D.	60,86,200	8	8	Yes
4. Mr. Tumbegere Rudrappa	I D	-	-	-	8	8	Yes
5. Mr.Thappagondanahalli Rajashekharappa	I D	-	-	-	8	8	Yes
6.Mrs. VeenaUmopathy	ID	-	-	57,600	8	8	No

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

(c) 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. Mr. S.S.Ganesh	8	NIL
2. Mr. Abhijith Ganesh Shamanur	NIL	NIL
3. Mrs.. Rekha Ganesh	NIL	NIL
4. Mr. Tumbegere Rudrappa	NIL	NIL
5. Mr. Thappagondanahalli Rajashekharappa	NIL	NIL
6. Mrs. Veena Umapathy	NIL	NIL

(d) In order to ensure effective functioning of the Company, the Board requires specialized knowledge, experience and expertise. Nomination and Remuneration Committee while considering appointment of any person as Director ensure that they 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 &	Human Resource Management	Risk Management	Finance &Accounts	Corporate Governance, Ethics	Legal Expertise
1. Mr. S.S.Ganesh	√	√	√	√	√	√	√	√	√
2. Mr. Abhijith Ganesh Shamanur	√	√	-	√	√	-	-	√	-
3. Mrs. Rekha Ganesh	√	√	√	√	√	√	√	√	√
4. Mr. Tumbegere Rudrappa	√	√	-	√	√	√	-	-	-
5. Mr. Thappagondanahalli Rajashekharappa	√	√	-	√	-	-	√	-	√
6. Mrs. Veena Umapathy	√	√	-	√	-	-	√	-	√

(e) Declaration by the Independent Directors

Each Independent Director gives a certificate confirming that they meet the “independence criteria” as mentioned in Section 149(6) of the Companies Act, 2013 and SEBI LODR Regulations. The Board has taken on record the declaration and confirmation submitted by the Independent Directors and after assessing the veracity of the same, the Board is of the opinion that the Independent Directors fulfill the conditions specified in the SEBI LODR Regulations and are independent of the management. These certificates have been placed on the website of the Company [https://investors.www.davangeresugar.com /listing compliance-disclosuresunderstatutes.aspx](https://investors.www.davangeresugar.com/listing/compliance-disclosuresunderstatutes.aspx)

4. COMMITTEES OF THE BOARD :

The Board has currently four Committees namely - 1. Audit Committee, 2. Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee. The terms of reference of the Board Committees are in compliance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and are also reviewed by the Board from time to time. The role and composition of these Committees including the number of meetings held during the financial year and the related attendance are provided in the subsequent paragraphs.

i. **Audit Committee:** The Company has constituted Audit Committee in accordance with the provisions of law.

(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 Tumbegere Rudrappa	Member	Independent Director
2	Sri Abhijith Ganesh Shamanur	Member	Executive Director
3	Sri Thappagondanahalli Rajashekharappa	Chairman	Independent Director

(c) Meetings and Attendance during the year

Five meetings were held during the financial year ended 31st March, 2023 on 27th May, 2022 , 12th August, 2022 , 02nd September, 2022 , 14th November, 2022, and 13th February, 2023.

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

ii. **Nomination and Remuneration Committee:** The Company has constituted Nomination and Remuneration in accordance with the provisions of law.

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 Thappagondanahalli Rajashekharappa	Chairman	Independent Director
2	Smt. Rekha Ganesh	Member	Non-Executive Director
3	Sri TumbegereRudrappa	Member	Independent Director

(c) Six meetings were held during the financial year ended 31st March, 2023 on 23rd May, 2022, 26th May, 2022, 27th May, 2022 , 02nd September, 2022, 14th November, 2022 and 13th January,2023.

Sl.No.	Name of the Director	Number of Meetings held	Number of Meetings Attended
1	Sri Thappagondanahalli Rajashekharappa	6	6
2	Smt. Rekha Ganesh	6	2
3	Sri Tumbegere Rudrappa	6	4

(d) Remuneration Policy

No remuneration is being paid to the Managing Director and Executive Director, no sitting fees is paid to any Director.

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 met once during the year 2022-23.

Sl. No	Name of the Director	Position	Designation
1	Sri Tumbegere Rudrappa	Member	Independent Director
2	Smt. Rekha Ganesh	Member	Non-Executive Director
3	Sri Thappagondanahalli Rajashekharappa	Chairman	Independent Director

Sl. No	Particulars	Remarks
1	Name & Designation of the Compliance Officer	Miss Nidhi Vaswani
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

iii. Committee of Corporate Social Responsibility:

(a) Terms of Reference:

- (i) Formulate and recommend the CSR Policy and any amendments therein to the Board of Directors of the Company,
- (ii) Develop and approve various CSR projects, programs and activities to be undertaken from time to time either directly by the Company or through other entities,
- (iii) Determine modalities of execution of such CSR projects, programs and activities,
- (iv) Undertake all necessary steps to implement the CSR activities,
- (v) Authorise and approve CSR expenditure from time to time subject to the limits approved by the Board of Directors,
- (vi) Monitor the CSR activities in such manner as it deems fit,
- (vii) Carry out all such acts, deeds, matters and things as may be required in connection with aforesaid matters and generally for any matter connected with the CSR policy of the Company,
- (viii) To perform such functions as may be entrusted by the Board of Directors from time to time.

(b) Composition, names of members and Chairperson

Sl.No.	Name of the Director	Position	Designation
1	Sri Tumbegere Rudrappa	Member	Independent Director
2	Smt. Rekha Ganesh	Member	Non-Executive Director
3	Sri Thappagondanahalli Rajashekharappa	Chairman	Independent Director

b) The Committee met once during the year on 13th February, 2023

Sl.No.	Name of the Director	Number of Meetings held	Number of Meetings Attended
1	Sri Thappagondanahalli Rajashekharappa	1	1
2	Smt. Rekha Ganesh	1	0
3	Sri Tumbegere Rudrappa	1	1

4. Remuneration of Directors

(in Lacs)

Sl.No.	Name of the Director	Designation	Salary
1	ShamanurShivashankarappa Ganesh	Managing Director	Nil
2	Abhijith Ganesh Shamanur	Executive Director	Nil

5. General Body Meetings

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

Location	Date	Time
i) ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	29.09.2022	11.00 A.M
ii) ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	29.09.2021	11.00 A.M
iii) ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere	30.09.2020	11.0 A.M.

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

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

6. Means of Communication

(a)	Financial Results and other Communications	Quarterly & Annual Results are published in prominent daily newspapers viz. Indian Express and Nagarvani. The results are also posted on the Company's website: www.davangeresugar.com . Advertisements relating to demat of Shares, AGM related compliances, etc. are published in Indian Express and Nagarvani.
(b)	News Releases	Official news releases that carry material information as per the Company's policy for determination of materiality of events or information, are sent to stock exchanges as well as displayed on the Company's website: www.davangeresugar.com .
(c)	Website	The Company's corporate website www.davangeresugar.com provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. The quarterly shareholding pattern of the Company is available on the website of the Company as well as the stock exchanges. The entire Annual Report including Accounts of the Company are available in downloadable formats.
(d)	Filing with Stock Exchanges	Information to Stock Exchanges is being a filed on BSE Online for BSE
(e)	Annual Report and Annual General Meeting	Annual Report is circulated to the members and all others like auditors and other stake holders. The Annual Report is e-mailed to all members who have registered their email ids with the Company and to those shareholders who request for the same. The Annual Report would also be made available on the website of the Company. The Chairman suitably responds to the queries raised by the shareholders during the AGM.
(f)	Management Discussion & Analysis	This forms a part of the Annual Report which is mailed to the shareholders of the Company.

7. General Shareholder Information

Sl.No.	Particulars	Remarks
(a)	AGM Date and Venue Time	The Annual General Meeting of the Company will be convened on Wednesday, 29th August 2023 at 11:00 a.m. at ThogataveeraSamudhayaBhavana, M.C.C. 'A' Block, Davangere -577004



(b)	Financial Calendar First Quarter Results Second Quarter Results Third Quarter Results Annual Results of 2022-23 Annual General Meeting	27th May, 2022 12th August, 2022 14th November, 2022 30th May, 2023 29th August, 2023
(c)	Dividend Payment Date:	N.A.
(d)	Listing of equity shares on Stock Exchanges:	The shares of the Company are listed on BSE Limited (BSE) The Company has paid the Listing Fees for the year 2023-24 to BSE May 2023.
(e)	i. Stock Code ii. Demat ISIN Number for NSDL&CDSL	543267 ISIN179G01011
(f)	Market price data High/Low during each month in the last financial year	Provided under market price data below
(g)	Stock performance in comparison to broad based indices such as BSE sensex, CRISIL Index etc;	Not applicable
(h)	Registrar and Transfer Agents Management Services Pvt. Ltd, No. 30, Ramana residency, 4th Cross, Sampige Road, Malleswaram, Bangalore	Integrated Registry Management Services Private Limited Cin No: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bangalore - 560003 Tel: +91-80-23460815-818 Fax: +91-80-2346081
(i)	Share Transfer System	Pursuant to SEBI notification dated 24th January 2022, requests for effecting transfer of securities in physical form, shall not be processed by the Company. Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt. As required under Regulation 40 of the SEBI LODR Regulations, a certificate on yearly basis confirming due compliance from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time .
(j)	Distribution of Shareholding as on 31st March 2023:	Provided as under
(k)	De-materialization of shares and liquidity	The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form.



		<p>The number of shares held in dematerialized and physical mode as on 31st March 2023 is as under:</p> <table border="1"> <thead> <tr> <th>Issued Capital</th> <th>No. of Shares Cap.</th> <th>% of Total Issued</th> </tr> </thead> <tbody> <tr> <td>CDSL</td> <td>94084462</td> <td>100.00</td> </tr> <tr> <td>NSDL</td> <td>26965449</td> <td>28.66</td> </tr> <tr> <td>PHYSICAL</td> <td>65776709</td> <td>69.91</td> </tr> <tr> <td>TOTAL</td> <td>94084462</td> <td>100.00</td> </tr> </tbody> </table> <p>Shareholders may dematerialize their shareholding by anyone of the Depositories namely NSDL and CDSL.</p>	Issued Capital	No. of Shares Cap.	% of Total Issued	CDSL	94084462	100.00	NSDL	26965449	28.66	PHYSICAL	65776709	69.91	TOTAL	94084462	100.00
Issued Capital	No. of Shares Cap.	% of Total Issued															
CDSL	94084462	100.00															
NSDL	26965449	28.66															
PHYSICAL	65776709	69.91															
TOTAL	94084462	100.00															
(l)	Outstanding GDRs / ADRs / Warrants or any convertible instruments.	The company has not issued any GDRs/ADRs/Warrants or any convertible instruments.															
(m)	Plant Locations :	Sugar Unit & Co-generation Unit Kukkuwada Village, Davangere taluk & District, Karnataka State – 577 525															
(n)	Address for Correspondence	Davangere Sugar Co.Ltd, Kukkuwada Village, Davangere taluk & District, Karnataka State- 577 525															

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
May-22	15.16	15.16	15.16	15.16
Jun-22	15.90	16.65	15.90	16.65
Jul-22	17.45	32.60	17.45	29.50
August 22	28.10	32.45	21.00	30.90
September 22	32.40	43.85	32.40	40.00
October 22	40.00	43.45	34.35	39.75
November 22	39.05	83.55	39.00	79.30
December 22	75.35	75.90	50.25	74.95
January 23	77.00	89.75	64.65	77.95
February 23	81.25	81.25	66.85	72.50
March 23	71.00	73.00	57.67	57.67

Distribution of Shareholding as on 31st March, 2023:

Shares holding	Shareholders		Shares	
	Number	% to Total		% to Total
(1)	(2)	(3)	(4)	(5)
Upto 500	9555	98.17	883428	0.94
501 - 1000	50	0.51	37503	0.04
1001 - 2000	23	0.24	35338	0.04
2001 - 3000	16	0.16	42720	0.05
3001 - 4000	1	0.01	4000	0.00
4001 - 5000	6	0.06	30000	0.03
5001 - 10000	13	0.13	91782	0.10
10001 and above	69	0.71	92959691	98.80
Total	9733	100.00	94084462	100.00

ix. Other Disclosures:
(a) Disclosures on materially significant related party transactions :-

There were no 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.

(b) Details of non-compliances by the company, Penalties ,Strictures imposed on the Company:-

During the year under review BSE imposed penalty for non-compliance with provisions of Regulation 13(3) and Regulation 23(9). Penalty was duly paid by the company and compliance were done.

(c) 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>

(d) 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.

(e) RELATED PARTY 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).

(f) 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.

(g) 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



(h) PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company has complied with the requirement of constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (“the Act”) and Rules made thereunder. During the year, there were no complaints received by the Company under the Act.

(i) 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.

(j) 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 (UPS). 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)

(k) 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](https://www.davangeresugar.com/investor/policies.html)



Annexure – X

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,
Davangere Sugar Company Ltd
CIN- L37100KA1970PLC001949
73/1, Post Box No.312, Shamanur Road,
Davangere, Karnataka – 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) 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, 2023 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.

For Amit R. Dadheech & Associates

-----Sd/-----

Amit R. Dadheech

ACS No. 22889, COP No. 8952

Date: July 28, 2023

Place: Mumbai



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.

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: July 28, 2023

Place: Davangere

By the Order of Board

For Davangere Sugar Company Limited

Sd/-

Shamanur 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 **31st March, 2023**, 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, 2023, 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 except as mention below:

Sr No.	Key Audit Matters	Auditor’s response
1.	<p>Determination of net realizable value of inventory of sugar as at the year ended March 31, 2023. As on March 31, 2023, the Company has inventory of sugar with the carrying value 3,674.21 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>Principal Audit Procedures :</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 & 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 were necessary for the purposes of our audit;

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as 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, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, 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 2023 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, 2023.

(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, 2023.

(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
- 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 sub-clause (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.

(f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

Place: Jamnagar
Date: 30-05-2023

FOR D G M S & Co.,
Chartered Accountants
Sd/-
Shashank P. Doshi
Partner
M. No. 108456
FRN: 0112187W
UDIN: 23108456BGUDOZ9159

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2023

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, 2023 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, the Company has been sanctioned/renewal working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are 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 but granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year as mention below:
 1. The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year.
 2. In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
 3. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.

4. In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

5. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

6. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(6) is not applicable.

(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. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) Statutory Dues:

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 31/03/23 for a period of more than six months from the date they became payable.

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 Act, 1944	Customs duty demanded on import	122.30	2014	CESTAT Bengaluru
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 customs 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:

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 convertible debentures (fully or partly or optionally) or made private placement but made Further issue of share capital (right issue) and the requirement of section 42 and section 62 of the companies act, 2013 have been complied with and the funds raised have been used for the purpose for which funds were raised.

(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 an 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:

The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer of Fund specified in Schedule VII to the Companies Act or special account in compliance with provision of sub-section (6) of section 135 of said Act. Accordingly, reporting under clause (xx) of the order is not applicable for the year.

(xxi) Qualifications Reporting In Group Companies:

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: 30-05-2023

FOR D G M S & Co.,
Chartered Accountants

Sd/-

Shashank P. Doshi
Partner

M. No. 108456

FRN: 0112187W

UDIN: 23108456BGUDOZ9159



ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2023

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, 2023 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 2023** 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, 2023, 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.

Place: Jamnagar
Date: 30-05-2023

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

SD/-

**Shashank P. Doshi
Partner
M. No. 108456
FRN: 0112187W
UDIN: 23108456BGUDOZ9159**



Financial Statement & Notes to Accounts

BALANCE SHEET AS AT 31.03.2023

DAVANGERE SUGAR COMPANY LIMITED
KUKKUWADA -577525
BALANCE SHEET AS AT 31.03.2023

(Rs. In Lakhs)

Particulars	Note. No	As at 31 st March, 2023	As at 31 st March, 2022
Assets			
A. Non-Current Assets			
a) Property, Plant and Equipments	1	34,957.93	34,591.14
Add: Revaluation as per IND-AS			
Less: Depreciation			
b) Capital Work in Progress		-	-
		34,957.93	34,591.14
c) Financial Assets			
i) Investments	2	404.76	404.76
ii) Loans	3	-	-
d) Other Non-Current Assets	4	416.05	416.05
B. Current Assets			
a) Inventories	5	9,155.40	11,608.83
b) Financial Assets			
i) Trade Receivables	6	2,132.74	3,562.43
ii) Cash and Cash Equivalents	7	331.50	799.60
iii) Loans and Advances	8	12,273.89	5,983.90
Total Assets		59,672.27	57,366.71
Equity and Liabilities			
A. Equity			
a) Share Capital	9	9,408.45	5,568.45
b) Other Equity	10	21,794.35	19,556.80
		32,202.79	25,125.24
B. Liabilities			
1. Non-Current Liabilities			
a) Financial Liabilities			
i) Borrowings	11	9,491.61	11,154.33
ii) Deferred Tax Liabilities	12	203.60	87.82
iii) Other Long term Liabilities	13	1,424.81	5,324.81
iv) Provisions	14	-	-
2. Current Liabilities			
a) Financial Liabilities			
i) Borrowings	15	14,971.31	14,780.81
ii) Trade Payables	16		
- Dues of micro enterprises and small enterprises		22.74	(68.93)
- Dues of Creditors other than micro enterprises and small enterprises		1,526.25	471.08



iii) Other Liabilities	17	498.47	380.27
iv) Provisions	18	330.68	111.27
Total Equity and Liabilities		59,672.27	57,366.71

As per our Audit Report of even date annexed
For D G M S & CO,
Chartered Accountants

Sd/-
Shashank Doshi
Partner, Membership No. 108456
FIRM R.No: 0112187W
DATE : 30.05.2023
Place: JAMNAGAR

For and on behalf of the Board of Directors

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

Sd/-
Virupakshappa G
Chief Financial Officer

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

Sd/-
Nidhi Vaswani
Compliance Officer



DAVANGERE SUGAR COMPANY LIMITED
KUKKUWADA -577525
PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

(Rs. In Lakhs)

	Particulars	Note No.	As at 31 st March, 2023	As at 31 st March, 2022
I	Revenue from Operations (Gross)	19	27,994.28	12,423.40
	Less: Excise Duty		-	-
	Revenue From Operations (Net)		27,994.28	12,423.40
II	Other Income	20	64.15	23.40
III	Total Income		28,058.43	12,446.79
IV	Expenses			
	a) Cost of Materials Consumed	21	15,606.30	13,304.67
	b) Purchases of Traded Goods	22	-	-
	c) Changes in Inventories of Finished Goods & work in progress	23	3,316.15	(6,563.75)
	d) Employee Benefit Expenses	24	852.85	747.97
	e) Interest on Borrowings	25	2,601.68	1,805.92
	f) Bank Charges	25	110.87	102.99
	g) Depreciation	1	1,157.53	887.61
	h) Other Expenses	26	2,645.04	1,494.76
	Total Expenses		26,290.42	11780.17
V	Profit/Loss Before Exceptional & Extraordinary Items & Taxes (III-IV)		1,768.01	666.62
VI	Exceptional Items		-	-
VII	Profit/Loss Before Extraordinary Items (V-VI)		1,768.01	666.62
VIII	Extraordinary Items		-	-
IX	Profit/Loss Before Tax (VII-VIII)		1,768.01	666.62
X	Tax Expense			
	a) MAT Provision		330.68	111.27
	b) Deferred Tax		115.78	(12.66)
	Total		446.46	98.61
XI	Net Profit for the period from continuing operations (IX-X)		1,321.55	568.01
XII	Other Comprehensive Income/Loss			
	A (i) Items that will not be reclassified to Profit or Loss		-	-
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
	B (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
	Total other Comprehensive Income/Loss, Net of Taxes		-	-
XIII	Total Comprehensive Income for the year (XI-XII)		1,321.55	568.01
XIV	i) Items that will be classified to Profit and Loss		-	-



	ii) Income tax effect on items that will be classified to Profit and Loss		-	-
	Other Comprehensive income for the period/year		-	-
	Total Comprehensive Income for the year (Net of Tax)		1,321.55	568.01
XV	Earnings per Share (Basic and Diluted) Rs.		1.48	0.91

As per our Audit Report of even date annexed

For DGMS & Co.

Chartered Accountants

Sd/-

Shashank Doshi

Partner, Membership No. 108456

Firm R. No: 0112187W

Date: 30.05.2023

Place: Jamnagar

For and on Behalf of Directors

Sd/-

Sd/-

Abhijith GS

SS Ganesh

Executive Director

Managing Director

[DIN – 03451918]

[DIN – 0045183]

Sd/-

Sd/-

Virupakshappa G

Nidhi Vaswani

Chief Financial Officer Compliance Officer



DAVANGERE SUGAR COMPANY LIMITED
KUKKUWADA -577525
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2023

(Rs. In Lakhs)

	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A	Cash Flow from Operating Activities		
	Net Profit After Tax	1321.55	568.01
	Adjustment for provision of Taxation	446.46	98.61
		1768.01	666.62
	Adjustment for Depreciation	1157.53	887.61
	Operating Profit before working capital requirements	2925.54	1554.23
	Adjustment for:		
	Inventories	2453.43	(7366.85)
	Sundry Debtors & Trade Receivables	1429.69	(386.91)
	Trade Payables	1146.84	392.25
	Deferred Taxes	115.78	(12.66)
	Others	-	(985.98)
	Net Cash flow from Operating Activities	8071.29	(6805.92)
B	Cash Flow from Investing Activities		
	Sale of Fixed Assets	-	-
	Purchase of Fixed assets	(2014.78)	(8371.15)
	From Capital in Progress	-	-
	From Investments	-	(170.30)
	Net Cash Flow from Investing Activities	(2014.78)	(8541.45)
C	Cash Flow From Financing Activities		
	Proceeds from Share Allotments	3840.00	-
	Proceeds from Share Premium & Capital Reserve	960.00	-
	Proceeds from Working Capital Loan	-	-
	Proceeds from Short Term Borrowings	190.50	6652.04
	Proceeds from Long Term Borrowings	-	6085.49
	Proceeds from Other Long Term Liabilities	(1662.72)	1666.35
	Proceeds from Long Term Loans & advances	-	-
	Proceeds from Other Current Liabilities	118.20	39.94
	Proceeds from Short Term Provisions	219.41	-
	Proceeds from Short Term Loans & Advances	(6289.99)	-
	Proceeds from Unsecured Loans	(3900.00)	-
	Net Cash Flow From Financing Activities	(6524.61)	14443.82
	Net Cash & Cash Equivalents (A+B+C)	(468.10)	(903.55)
	Net Cash & Cash Equivalents at the beginning of the year	799.60	1703.15



B. Other Equity

(Rs. In Lakhs)

Particular	Share application on money pending allotment	Equity component of compound financial instrument	Reserve and Surplus				General Reserve	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange difference on translating the financial statement	Other items of Other Comprehensive Income (Specify nature)	Money received against share capital	Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning								
Balance at the beginning of the current reporting period	-	-	4.07	1,209.47	-	4,359.33	59.96	-	-	-	-	-	-	5,632.83
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	1,321.55	-	-	-	-	-	-	-	1,321.55
Total comprehensive Income for the year	-	-	-	-	-	14,839.97	-	-	-	-	-	-	-	14,839.97



Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	-	-	4.07	1,209.47	-	20,520.85	59.96	-	-	-	-	-	-	21,794.35



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 realization 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 de-recognition 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.

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

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 re-measurement 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.

(F) Statement of Cashflow

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 **30th May, 2023** 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.

Notes to Financial Statements

DAVANGERE SUGAR COMPANY LIMITED, KUKKUWADA-577 525

Note: 1**Property, Plant and Equipments Schedule as on 31.03.2023**

(Rs. In Lakhs)

Particulars	Cost				Depreciation				Written-Down Value	
	AS ON 01.04.2022	ADDITION S	WITHDRAWAL	AS ON 31.03.2023	UPTO 01.04.2022	PROVIDED	WITHDRAWAL	UPTO 31.03.2023	AS ON 31.03.2022	AS ON 31.03.2023
Land	4,908.60	-		4,908.60	-			-	4,908.60	4,908.60
Buildings, roads & yards	9,466.66	1,561.69		11,028.34	2,911.14	202.57	-	3,113.71	6,555.52	7,914.63
Plant & machinery	29,071.45	6,105.68		35,177.13	14,694.70	890.94	-	15,585.64	14,376.75	19,591.49
Well & water works	19.76	-		19.76	19.16	0.38	-	19.54	0.60	0.22
Furniture & fixtures	25.03	0.54		25.57	24.10	0.14	-	24.24	0.92	1.33
Vehicles	599.06	161.24	56.46	703.84	441.91	46.25	25.92	462.24	157.15	241.60
Office equipments	15.04	0.41		15.44	14.44	0.13	-	14.57	0.60	0.87
Library	0.41	-		0.41	0.41	-	-	0.41	0.00	0.00



Canteen equipments	1.44	-		1.44	1.41	0.00	-	1.42	0.02	0.02
Computers	56.55	2.47		59.02	55.22	0.73	-	55.95	1.33	3.07
Water storage tank	426.00	-		426.00	213.99	8.68	-	222.67	212.02	203.34
Software package	22.50	4.75		27.25	16.03	7.69	-	23.72	6.47	3.53
Distillery new assets	8,371.15	-		-	-	-	-	-	8,371.15	-
Project in progress										
Grain based distillery assest	-	2,089.22	-	2,089.22	-	-	-	-	-	2,089.22
Total	52,983.64	9,926.00	56.46	54,482.04	18,392.50	1,157.53	25.92	19,524.11	34,591.14	34,957.93
Previous years	44,612.49	-	-	52,983.64	17,504.89	887.61	-	18,392.50	27,107.60	34,591.14



Note 2: Non-Current Investments

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. Non-Trade (Quoted- At Cost)	-	-
B. Non-Trade (Unquoted- At Cost)		
I. In Government Securities:	0.20	0.20
II. Investments		
a) Shares with DSCL Employee's Co-operative Society (500 Shares of Rs.10/- each)	0.05	0.05
b) Shares with Bapuji Co-operative Bank Limited (200 Shares of Rs.50/- each)	0.10	0.10
c) Shares with Davangere Harihar Urban Co-operative Bank Limited, (1001 Shares of Rs.1000/- each)	10.01	10.01
d) Shares with Chitradurga District Co-operative Bank Limited,(288200 Shares of Rs.50/- each)	394.40	394.40
III. Other Investments		
Total	404.76	404.76

Note 3: Loans and Advances

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
I. Advances:		
Advances against Harvesting & Transportation with roll over facility	-	-
Total	-	-

Note 4: Other Non-Current Assets

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
I. MAT Credit Entitlement	416.05	416.05
Total	416.05	416.05

Note 5: Inventories

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. FINISHED GOODS (Value at lower of cost or net realizable value & as certify by the Managing Director)		
I Sugar	3,674.21	5,788.98
II Molasses	2,575.56	4,081.41
III Anhydrous Ethanol Finished Goods (Ltrs)	304.47	-



B	CONSUMABLE STORES	857.29	1,226.80
	Stock of Coal	1,743.87	511.63
	Total	9,155.40	11,608.83

Note 6: Trade Receivables

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Unsecured Considered Goods		
I. Outstanding for a period exceeding 180 days	-	-
II. Outstanding for a period below 180 days	2,132.74	3,562.43
III. Central Govt. Subsidy receivable against FRP	-	-
Total	2,132.74	3,562.43

Note 7: Cash and Cash Equivalents

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Balance with Banks		
I. Cash on Hand	20.78	25.33
II. In Current Account with Schedule Banks	229.68	729.44
III. In Current Account with Non-Schedule Banks	10.84	4.33
IV. Term Deposits with Schedule Banks	70.19	40.50
Total	331.50	799.60

Note 8: Short Term Loans and Advances

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
I. Sundry Deposit	2.64	2.64
II. In Deposit with Central Excise/Custom Department		
a. Differential Customs Duty Paid on Helicopter (disputed)	207.16	207.16
b. Advance Excise Duty on Sugar / Molasses/ others	1,130.09	1,537.39



III. Advances Recoverable in cash or in kind	9,376.28	4,236.71
IV. Preliminary & Preoperative Expenses	1,557.73	-
Total	12,273.89	5,983.90

Note 9: Share Capital

Particulars	As at 31st March, 2023	As at 31st March, 2022
Authorised Share Capital: 10,00,00,000 Equity Shares of Rs. 10/- Each	1,00,00,00,000	60,00,00,000
Issued, Subscribed and Paid-up Capital: 9,40,84,462 Equity Shares of Rs. 10/- Each (During the year the paid up capital was increased from 5568.45 lakhs to 9408.45 Lakhs by allotment of 3,84,00,000 equity shares of Rs . 10 each at a premium of Rs.2.50 per Share)	94,08,44,620	55,68,44,620
Total	94,08,44,620	55,68,44,620

Disclosures:

1. All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights
2. Name of the Shareholders holding more than 5% of the Share Capital and Share holdings

Sl. No.	Name of the Share Holder	%	No. of Shares	No. of Shares
1	S S GANESH	47.11	4,43,22,478	1,55,22,478
2	ABHIJITH GANESH SHAMANUR	7.35	69,14,724	69,14,724
3	REKHA GANESH	6.47	60,86,200	60,86,200
4	M/S MAFATLAL PLAYWOOD INDUSTRIES LIMITED	8.50	80,00,000	80,00,000

Note 10: Reserves and Surplus

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
1. Capital Reserves: Balance at the beginning and end of the year	4.07	4.07
2. Securities Premium Reserve: Balance at the beginning and end of the year	1,209.47	249.47
3. General Reserve: Balance at the beginning and end of the year	59.96	59.96
4. Surplus: Balance brought forward from previous year	4,359.33	3,791.33



Less: Company Issues Bonus Shares of 1,08,28,005 at Rs. 10/- each	-	-
Add: Transfer from the Statement of Profit and Loss Account for the year	1,321.55	568.01
Other Comprehensive Impairments	14,839.97	14,483.96
Balance available for Appropriations	21,794.35	19,556.80
Appropriations		
Balance Carried Forward to Next Year	21,794.35	19,556.80
Total	21,794.35	19,556.80

Note 11: Long Term Borrowings

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
1. Secured:		
i. Working Capital Term Loan (WCTL)		
Davangere District Central Co-operative Bank (WCTL)	1,077.00	1,307.79
State Bank Of India (WCDL)	757.47	976.45
ii. Soft Loan:		
STATE BANK OF INDIA	6.46	60.62
CANARA BANK	8.80	44.00
INDIAN BANK	-	17.42
iii. Covid -19 Loan		
STATE BANK OF INDIA	-	-
CANARA BANK	-	-
INDIAN BANK	-	-
iv. GECL-2 Loan		
STATE BANK OF INDIA	340.18	565.67
CANARA BANK	237.50	356.25
INDIAN BANK	112.65	160.49
v. GECL-2 Loan (Additional)		
STATE BANK OF INDIA	402.13	431.90
CANARA BANK	415.31	443.00
INDIAN BANK	115.31	122.86
vi. Ethanol Plant Term Loan:		
Davangere District Central Co-operative Bank	828.51	1,166.48
INDIAN BANK	864.31	998.75
CANARA BANK	2,100.00	2,020.83
STATE BANK OF INDIA	2,179.08	2,481.81
vii. Vehicles Loans	46.89	-



TOTAL	9,491.61	11,154.33
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Note 12: Deferred Tax Liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Net Deferred Tax Liabilities / (Assets) thereon	87.82	100.48
Less: Provided for in the previous year	87.82	100.48
Deferred Tax Provided / (Reversed)	115.78	(12.66)
TOTAL	203.60	87.82

Note 13: Other Long Term Liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Unsecured Loan from Managing Director		
a) For Ethanol Project	-	2,551.53
b) For Others	1,424.81	2,773.28
TOTAL	1,424.81	5,324.81

Note 14: Long Term Provisions

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provisions for Employee Benefits	-	-
Others	-	-
Total	-	-

Note 15: Short Term Borrowings

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Secured:		
Loans Repayable on Demand		



i. Cash Credit Loans from Consortium Banks	7,123.32	5,619.81
Other Short term Loans:		
a. DDCC Bank Fertilizer and Seeds Loan	1,500.44	1,500.46
b. DDCC Bank Short Term Business Loan	4,001.16	4,001.24
c. SBI Bank WHR Loan	-	1,872.59
d. Current maturities of Long Term Liabilities	2,346.39	1,786.71
B. Unsecured:	-	-
Total	14,971.31	14,780.81

Note 16: Trade Payables

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Secured:		
On Cane Purchases	611.70	-
Sundry Creditors		
a. Dues of micro enterprises and small enterprises	22.74	(68.93)
b. Dues of Creditor other than micro enterprises and small enterprises	914.56	471.08
Total	1,548.99	402.15

Note 17: Other Current Liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
a) Interest accrued and due on borrowings	66.56	49.52
b) Advance Against Sales	55.66	0.09
c) Statutory Remittances	13.07	16.70
d) Trade or Security Deposits Received	94.22	65.13



e) Others	268.96	248.82
Total	498.47	380.27

Note 18: Short Term Provisions

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
For Minimum Alternate Tax	330.69	111.27
Total	330.69	111.27

Note 19: Revenue from Operations

(Rs. In Lakhs)

S.No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A	Sale of Products		
	I. a) Sugar Domestic	10691.52	9018.79
	b) Sugar Export	2318.50	85.41
	II. a) Molasses Domestic	-	12.73
	III. Power	2306.31	1881.08
	IV. a) Ethanol	11986.13	-
	b) Coal Ash	8.34	-
	c) Ethanol Relief Claim	125.14	-
	V. Pressmud	9.76	6.38
B	Other Operating Income		
	I. Helicopter Operating Charges	282.76	224.72
	II. Sale of Sugar Cane seeds	-	1194.30
	III. Freight Recovered From OMC's	265.81	-
	Total	27994.28	12423.20

Note 20: Other Income

(Rs. In Lakhs)

S.No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A	Interest Income		
	I. Input Advances to Farmers	32.62	21.72
	II. From Bank Deposits	1.92	1.36
B	Dividend From Investments	2.54	-
C	Other Non-Operating Income		
	I. Profit or Loss on Sale of Vehicles	-	-
	II. Rent Received	0.30	0.33



	III. Insurance Claims Received	26.77	-
	IV. Credit Balances Written Off	-	-
	Total	64.15	23.40

Note 21: Cost of Materials Consumed

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. Sugar Cane Purchased & Consumed (inclusive of Cane purchase tax & other procurement charges)	13631.78	13022.12
B. Steaming Coal Purchased & Consumed (Inclusive of Duties & Transportation Charges)	1974.52	282.54
Total	15,606.30	13,304.67

Note 22: Purchase of Traded Goods

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
-	-	-
Total	-	-

Note 23: (Increase)/Decrease in Inventories

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. Finished Goods		
a) Opening Stock		
I. Sugar	5,788.98	3,295.44
II. Molasses	4,081.41	11.20
Total(a)	9,870.39	3,306.64
b) Closing Stock		
I. Sugar	3,674.21	5,788.98
II. Molasses	2,575.56	4,081.41
III. Anhydrous Ethanol Finished Goods (Ltrs)	304.47	-
Total (b)	6,554.24	9,870.39
Grand Total (a-b)	3,316.15	(6,563.75)

Note 24: Employee Benefit Expenses

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. Salaries, Wages & Allowance	750.21	671.48
B. Contribution to Provident Fund & Other Funds	71.50	46.78
C. Staff Welfare Expenses	31.13	29.71



Total	852.85	747.97
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Note 25: Finance Cost

(Rs. In Lakhs)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A. Interest Expense	2601.68	1805.92
B. Other Borrowing Costs	110.87	102.99
Total	2712.55	1908.92

Note 26: Other Expense

(Rs. In Lakhs)

	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
A	Consumption of Stores & Spares	304.66	172.21
B	Packing & Storing Expenses	180.10	194.64
C	Water Charges	0.02	0.04
D	Rent	77.01	84.2
E	Legal & Professional Charges	76.93	83.3
F	Repairs & Maintenance		
	I. on Buildings	9.46	7.82
	II. on Plant & Machinery	978.49	569.98
	III. on Others	14.1	12.88
G	Supply & Distribution Expenses	183.55	2.77
H	Travelling & conveyance	13.17	7.6
I	Freight & Forwarding	479.34	92.46
J	Postage & Telephone Expenses	7.52	4.3
K	Printing & Stationary	7.8	5.54
L	Insurance	64.6	59.7
M	Vehicle Maintenance	106.08	88.32
N	Advertisement	3.14	0.69
O	Travelling Expenses to Managing Director	93.06	77.15
P	Loss on sale of Vehicles	6.53	-
Q	Audit Fee:		
	I. For Statutory Audit	2.5	3.12
	II. For Cost Audit	0.5	0.5
	III. For Tax Audit	-	0.5
	IV. For Other Services	1.28	1.35



R	Other Expenses	35.14	25.69
	Total	2,645.04	1,494.77

Note 27: Quantitative Details

	Particulars	Unit	As at 31st March, 2023	As at 31st March, 2022
A	Particulars of Capacity			
	i) Licenced Capacity			
	Co Gen		24.45 M W	24.45 M W
	Sugar		5500 TCD	5500 TCD
	Ethanol		65 KLPD	-
	ii) Installed Capacity			
	Co Gen		24.45 M W	24.45 M W
	Sugar		4750 TCD	4750 TCD
	Ethanol		65 KLPD	-
B	Actual Production			
	Co Gen	KWH	62217400	58188800
	Sugar	Qtls.	306192	377153
	Molasses	M.Ts.	22580	31351
	Ethanol	KL	19939345	-
C	Details of Turnover			
	Co Gen			
	Quantity	KWH	39168000	39518400
	Value	Rs.	230631171.04	188107584.00
	Sugar			
	Quantity	Qtls.	377686	301880
	Value	Rs.	1301002355.00	910419770.00
	Molasses			
	Quantity	M.Ts.	-	115.550
	Value	Rs.	-	1272565.00
	Ethanol			
	Quantity	M.Ts.	19438000.00	-
	Value	KL	1198612878.28	-
D	Opening Stock			
	Sugar (Finished Goods)			
	Quantity	Qtls.	179559	104286
	Value	Rs.	578898216.00	329543760.00
	Molasses			
	Quantity	M.Ts.	31395.450	160.000
	Value	Rs.	408140850.00	1120000.00
E	Closing Stock			
	Sugar (Finished Goods)			
	Quantity	Qtls.	108065	179559



	Value	Rs.	367421000.00	578898216.00
	Molasses			
	Quantity	M.Ts.	19812.450	31395.450
	Value	Rs.	257556000.00	408140850.00
	Ethanol			
	Quantity	KL	501345.00	-
	Value	Rs.	30446682	-
F	Processing Loss			
	Quantity	Qtls.	-	-
G	Consumption of Raw Materials			
	i) Sugar Cane			
	Quantity	M.Ts.	482453.000	471997.000
	Value	Rs.	1360999230.00	1300350506.00
	ii) B Heavy Molasses	M.Ts.	34163.00	0.00
	Quantity	Rs.	444119000.00	0.00
	Value			
	iii) Non Coking Steam Coal			
	a) Imported			
	Quantity	M.Ts.	19038.000	5080.130
	Value	Rs.	197451815.11	28254331.66
	b) Indigenous			
	Quantity	M.Ts.	-	-
	Value	Rs.	-	-
H	Value of Stores & Spares consumed			
	Co-Gen			
	a) Imported	Rs.	-	-
	b) Indigenous	Rs.	23015684.83	6417045.30
	Sugar			
	a) Imported	Rs.	-	-
	b) Indigenous	Rs.	103086310.90	54710453.97

28. 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.

29. 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.

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

31. There has Capital work in progress for the current year of the company.

CWIP/ Intangible Assets Under Development Property Under Development	Amount In Development for Period (Amount in Lakhs)				
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	2089.22	-	-	-	2089.22



Projects Temporarily suspended (As per IND AS 16)	-	-	-	-	-
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32. There is no Intangible assets under development in the current year.

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

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

35. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

36. 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.

37. The company has not been declared as willful defaulter by any bank or financial institution or government or government authority.

38. The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(ies), 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

39. 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.

40. The company does not have transaction with the struck off under section 248 of companies act, 2013 or section 560 of Companies act 1956.

41. 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.

42. 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)	Shamanur Shivashankarappa Ganesh 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 & Sale of goods & Services	-	3.52	-	-
2.	M/s. S Kallappa & Sons	MD partner in firm	Purchase & Sale of goods & Services	5.70	185	191	-
3.	M/s. Shivashankar Associates	MD partner in firm	Purchase & Sale of goods & Services	—	.67	—	-
4.	M/s. Shamanur Transport	E D is the proprietor	Purchase & Sale of goods & Services	.32	32.19	34.58	2.73
5.	GMM Enterprises	MD and ED are partners in the firm	Purchase & Sale of goods & Services	.85	61	67.93	7.77

43. Deferred tax Assets and Liabilities are as under:-

Components of which are as under:-

(Rs. In Lakh)

Particulars	Amount (Rs.) 31-3-2023	Amount (Rs.) 31-3-2022
Deferred Tax		
Block of assets (Depreciation)	660.83	45.52
Net Differed Tax Liability/(Asset)	115.78	12.66

44. Earnings Per Share

(Rs. In Lakhs)

Particulars	Year Ended on 31st March, 2023 (Rs.)	Year Ended on 31st March, 2022 (Rs.)
Profit / (Loss) after tax attributable to Equity Shareholders (A)	1321.54	568.01
Weighted Number of Equity Share outstanding During the year (B) (In Nos. in Lakhs)	892.93	624.19
Basic Earnings Per Share for each Share of Rs.10/- (A) / (B)	1.48	0.91

45. Corporate Social Responsibility (CSR)

The section 135 (Corporate social responsibility) of companies act, 2013 is applicable to the company for the Financial Year 201-22 since the PAT of the company exceeds Rs.5 crores. The provisions of section 135 of the Companies Act, 2013 was not applicable to the company for the last to last Financial Years i.e. 2020-21, since the Pat for the Financial year 20-21 was below Rs.5 crores. The Company made a profit of Rs. 1321.54 Lakhs during the Financial Year 2022-23 and hence the CSR provisions are applicable for the Financial Year 2022-23. The company has to spend Rs. 14.26 lacs being 2% of the average Profit After Taxes for the 3 years. The Company complied with CSR Provisions and spent the amount partly on educating the children of poor farmers and partly to promote the environmental sustainability in the local area.

46. Notes forming part of accounts in relation to Micro and small enterprise

1. Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements of Schedule III to the Companies Act,2013 with regard to the payments made/due to Micro and small Enterprises are given below :

(Rs. In Lakhs)

Sr. No.	Particulars	Year Ended on 31st March 2023		Year Ended on 31st March 2022	
		Principal	Interest	Principal	Interest
I	Amount due as at the date of Balance sheet	22.74	Nil	(68.93)	Nil
ii	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
iii	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
Iv	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

The company has initiated the process of obtaining the confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) but has not received the same in totality. The above information is compiled based on the extent of responses received by the company from its suppliers.

47. Title deeds of immovable Property

Title deeds of immovable property has not been held in the name of promoter, director, or relative of promoter/ director or employee of promoters / director of the company, hence same are held in the name of the company.

48. Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties:-

No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.

49. Compliance with approved Scheme(s) of Arrangements:-

The Company does not have made any arrangements in terms of section 230 to 237 of Companies act 2013, and hence there is no deviation to be disclosed.

50. Utilization of Borrowed funds and share premium:-

As on March 31, 2022 there is no unutilized amount in respect of any issue of securities and long term borrowings from bank and financial institutions. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

51. Ratios Analysis:-

Ratio	Numerator	Denominator	As at 31st March, 2023	As at 31st March, 2022	% of change in Ratio	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	1.37x	1.40x	-1.68%	-
Debt Equity Ratio	Debt capital	Shareholder's Equity	0.78x	1.03x	-24.05%	-
Debt Service Coverage Ratio	EBITDA-CAPEX	Debt Service (Int.+Principal)	0.23x	0.13x	74.39%	-
Return on Equity Ratio	Profit for the year	Average Shareholder's Equity	4.69%	2.29%	104.8%	Due to Higher profitability achieved during the year.
Inventory Turnover Ratio	Sales	Average Inventory	2.70x	1.57x	72.01%	Due to Company has increase it top line by 2X.
Trade Receivables turnover ratio	Net Sales	Closing trade receivables	9.83x	3.69x	166.59%	Due to Company has cut down its debtor's credit cycle.
Trade payables turnover ratio	Cost of Material Consumed	Closing Trade Payables	16x	64.58x	-75.23%	Due to company is enjoying the extra credit period as well as company has invest in to new production line.
Net capital turnover ratio	Sales	Working capital (CA-CL)	4.28x	1.98x	116.25%	Due to Company has cut down its



						debtor's credit cycle.
Net profit ratio	Net Profit	Sales	4.7%	4.6%	3.25%	-
Return on Capital employed	Earnings before interest and tax	Capital Employed	10.3%	5.9%	74.1%	Due to Higher profitability achieved during the year.

52. Shares Held By Promoters At the End of the Year

Sr. No.	Promoter Name	No. of Shares 2022-23	% of Total Shares	No. of Shares 2021-22	% of Total Shares	% Changes During the Year
1	GANESH S S	44322478	47.11	15522478	27.88 %	19.23 %
2	ABHIJITH GANESH SHAMANUR	6914724	7.35	6914724	12.42 %	(5.07%)
3	REKHA GANESH	6086200	6.47	6086200	10.93 %	(4.46%)
4	SHAMANUR SHIVASHANKARAP PA	1626803	1.73	1626653	2.92 %	1.19%
5	ANCHAL GANESH SHAMANUR	1500000	1.59	1500000	2.69 %	(1.1)%
6	AKHIL G SHAMANUR	1000000	1.06	1000000	1.80 %	(.74) %
7	S S MALLIKARJUNA	208174	0.22	208174	0.37 %	(.15%)

53. Segment Reporting

REPORTING ON SEGMENT WISE REVENUES, RESULTS, ASSETS AND LIABILITIES						
						Rs in Lakhs
Sr.No	PARTICULARS	For the quarter ended			For Twelve months Ending on Year ended	
		31 Mar,2023	31 Dec,2022	31 Mar,2022	31 Mar,2023	31 Mar,2022
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
a)	Sugar	3,149.98	4,313.98	2,484.36	13,019.78	9,123.30
b)	Co-Generation	1,324.54	966.77	991.95	2,306.31	1,881.08



c)	Aviation	82.64	52.57	69.00	282.76	224.72
d)	Distillery	4,006.15	4,137.19	-	12,383.85	-
e)	Others	130.53	24.99	1,208.62	63.12	1,217.69
2	Income from operations Segment Results Profit (+)/Loss(-) before tax, Interest and exceptional items from each segment	8,693.84	9,495.50	4,753.93	28,055.82	12,446.79
a)	Sugar	(185.40)	1,057.69	667.84	(649.10)	1,348.38
b)	Co-Generation	1,036.15	(142.84)	344.32	507.16	805.00
c)	Aviation	(57.45)	(51.51)	(11.34)	(105.23)	(180.00)
d)	Distillery	1,262.19	333.35	-	4,732.23	-
	Total	2,055.49	1,196.69	1,000.82	4,485.06	1,973.38
	Add: Exceptional item		-			
	Less: Interest	908.30	898.55	607.14	2,712.58	1,805.92
	Other Un-allocable expenditure net off	-	-	-	4.48	-
	Un-allocable corporate assets	-	-			
	Total Profit Before Tax	1,147.19	298.14	393.68	1,768.00	666.62
3	Segment Assets -					
a)	Sugar	37,967.00	38,188.92	36,542.18	37,967.00	36,542.18
b)	Co-Generation	11,009.67	11,288.43	11,009.67	11,009.67	11,009.67
c)	Aviation/others	834.15	1,019.04	834.15	834.15	834.15
d)	Distillery	9,861.44	14,247.10	10,981.33	9,861.44	10,981.33
	Total segment assets	59,672.26	64,743.49	59,367.33	59,672.26	59,367.33
	Segment Liabilities -					
a)	Sugar	19,058.81	27,989.61	23,289.27	19,058.81	23,289.27
b)	Co-Generation	144.64	280.70	328.18	144.64	328.18
c)	Aviation/others	3.54	27.19	5.48	3.54	5.48
d)	Distillery	9,312.76	8,516.41	10,619.16	9,312.76	10,619.16
	Total Segment Liabilities	28,519.75	36,813.91	34,242.09	28,519.75	34,242.09



DAVANGERE SUGAR COMPANY LIMITED

REGISTERED OFFICE: Office No.73/1, P.B. No. 312, Shamanur Road,
Davangere-577004, Karnataka.

