



**SHARAT INDUSTRIES LIMITED**  
**33rd Annual Report**  
**2022-2023**

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The financial year 22-23 has been our most successful year as a company and this commendable financial performance is attributed to the combined efforts of our employees, our value chain partners and the unwavering support of our stakeholders. Navigating a volatile export and domestic market that faced numerous challenges was made possible through consistent effort, strategic planning, and sheer hard work. While the last few years have tested the company on different levels, it is extremely encouraging to note our company's achievements



# Corporate Information

## Board of Directors

- 1. Mr. Prasad Reddy Sabbella**  
Managing Director
- 2. Mr. Sharat Reddy Sabbella**  
Whole Time Director (ED)
- 3. Mrs. Durga Thota - up to 1<sup>st</sup> March 2023**  
Independent Director
- 4. Mr. Ch. Kishore Kumar - up to 30<sup>th</sup> July 2022**  
Independent Director
- 5. Mr. Harihar Venkata Muthyam**  
Independent Director
- 6. Mr. P. Shanmugam**  
Non-Executive Director
- 7. Mr. Swayze Mani - From 16<sup>th</sup> May 2022**  
Independent Director
- 8. Mrs. Geetha Adhyam Bindu - From 10<sup>th</sup> February 2023**  
Independent Director

## STATUTORY AUDITORS

M/s. A.R. Krishnan & Associates, Chartered Accountants.

## INTERNAL AUDITORS

M/s. P S S & Co., Chartered Accountants

## SECRETARIAL AUDITORS

M/s. BP & Associates, Practicing Company Secretaries

## CHIEF FINANCIAL OFFICERS

Mr. B. Durga Prasad - Up to 19<sup>th</sup> February 2023  
Mr. N. Thyagarajan - From 21<sup>st</sup> February 2023

## COMPANY SECRETARIES AND COMPLIANCE OFFICERS

Mrs. R. Jasvadhya - From 27<sup>th</sup> May 2022 to 5<sup>th</sup> December 2022  
Mr. M. Balamurugan - From 22<sup>nd</sup> April 2023

## BANKER

AXIS BANK LIMITED

## REGISTERED OFFICE

Venkannapalem Village, T.P. Gudur Mandal,  
Nellore District, Andhra Pradesh - 524 005

## CORPORATE OFFICE

Flat No.4, Third Floor, Pallavi Apartments,  
No. 57/11, HDFC Bank Compound,  
First Main Road, R.A. Puram,  
Chennai - 600 028

## REGISTRAR AND SHARE TRANSFER AGENT

M/s. Cameo Corporate Service Limited,  
Subramanian Building,  
No.1, Club House Road,  
Chennai - 600 002

# We Are An Integrated Aquaculture Company

**Sharat Industries Limited is one of India's oldest vertically integrated aquaculture companies with operations across shrimp hatchery, farming, shrimp feed manufacturing, shrimp processing and cold storage.**

We are the pioneers in Vannamei (white shrimp) culture in India and have played a critical role in the revival of the shrimp industry in India. This was the result of tremendous amount of effort in this direction over a period of 6 years.

We offer a wide range of frozen shrimp products that meet stringent quality standards to leading food services clientele across the globe. The vertically integrated supply chain ensures that premium quality products at every level are combined to generate shrimp of the highest quality.

## Our Competitive Advantage

Through supply of good quality feed and seed, we have a symbiotic relationship with our network of farmers, who are an integral part of our supply chain. Our Competitive Advantage

quality standards and supply reliability. Our feed has high nutritional value facilitating cost-effective shrimp growth. Our processed shrimps are antibiotic-free and certified by leading global certification agencies.

With over 25 years of experience in the production of Shrimp feed, we offer shrimp feed in multiple sizes (for different stages of shrimp growth) under the brands VANNASTAR and AQUA STAR.

## Strong brand recall

Our products (feed and processed shrimps) have a strong brand recall due to the high-

## Wide product range

We offer a wide range of processed shrimps that meet the diverse requirements of customers globally.

## Strategically located

Close proximity of our Processing plant to the farm and our network of farmers ensures freshest quality shrimp for processing.

## Our Global Presence



Map not to scale. For illustrative purpose only.

**30+**  
Years of experience

**25+**  
International Customers

**35+**  
Domestic Customers

**164**  
Employees

**55+**  
Farmer Relationships

**12+**  
Countries of export

**15+**  
Product varieties





### Well-integrated farmer network

Our robust farmer network ensures accurate product traceability and the procurement of healthy, antibiotic-free shrimp.

### Favourable business environment

Located in Andhra Pradesh, which has policies & regulations promoting the growth of aquaculture.

### Vertically integrated

Our presence across the shrimp value chain enables quality control and cost effective operations across every stage. With over 30 years of experience in the field, the company has strong relationships with its supply chain partners and customers.

### Large farm area

We have one of the largest shrimp farms in India that has the capacity to farm over 2000 tonnes of shrimp annually.



# Business Verticals Across the Value Chain

## Hatchery



### Capacity: 400 million seedlings per annum

- Produces Vannamei seedlings
- Long-term association with SIS, Florida
- Uses only specific pathogen-free (SPF) broodstock to ensure stringent quality and disease-resistant seedlings

### Key developments in FY 2022-23

- Under renovation - facilities being upgraded to increase operational efficiency

## Farm



### Capacity: 2,000 tonnes shrimp per annum

- Approximately 500 acres of land located on the coast of the Bay of Bengal.
- Well-planned and extensive infrastructure for uninterrupted supply of seawater. Sufficient availability of bore water sources to provide optimal mix of salinity and other water parameters.

### Key developments in FY 2022-23

- Upgraded lab facilities to improve R&D and testing abilities. This helps in accurate and timely disease detection and control
- Improved the efficiency of automatic feeding machines and installed IoT devices to support aeration operations and reduce power consumption
- Formed a joint venture with UAL biotech under the name of United Aquatech Private Limited (UAPL) to expand farm operations

## Our extensive product range



### Raw White Shrimp

Raw Head-On Shell-On (HOSO)  
Raw Headless Shell-On (HLSO)  
Raw Headless Easy Peel (EZ-Peel)  
Peeled and De-veined Tail-On (PDTO)  
Peeled and De-veined Tail-Off (PD)  
Peeled and Un-De-veined (PUD)  
Butterfly

### Cooked White Shrimp

Cooked Headless Shell-On  
Cooked Peeled and De-veined Tail-On (CPDTO)  
Cooked Peeled and De-veined Tail-Off (CPD)  
Cooked Peeled and Un-De-veined (CPUD)  
Cooked Head-On

### Shrimp Feed Brands

VANNASTAR  
AQUAASTAR

### Frozen Shrimp Brand

Sharat Star



## Feed Mill



### Capacity: 20,000 tonnes per annum

- Produces high-quality and nutritional shrimp feed marketed under VANNASTAR brand that is widely recognised and accepted by farmers.

### Key developments in FY 2022-23

- Strengthened customer selection process, majority of whom are from unorganised sector, to improve payment collections. This played a significant role in keeping collections in check.
- Conducted extensive R&D and farm trials to formulate a cost-effective feed under the brand name AQUA STAR and successfully launched the same
- Entered into a sales agreement with a technology enabled aquaculture startup to rapidly scale sales in the state of Andhra Pradesh during the next 3 years.
- Company expanded vendor base to have more competitive pricing in RM

## Processing Unit



### Capacity: 7,500 tonnes frozen shrimps per annum

- State-of-the-art infrastructure and ultra-modern processing equipment for high quality processing operations to produce raw & cooked frozen shrimp.

### Key developments in FY 2022-23

- Reported its highest ever exports earnings till date by scaling production and exports by over 40 percent when compared to the previous year
- Established strong business relations with eminent customers in new markets like Russia, Mexico and also diversified its product offerings to existing markets.
- Successfully exported cooked frozen shrimp to USA to obtain the relevant FDA certification.
- Expanded its vehicle fleet and upgraded infrastructure to enhance capacity utilization, resulting in higher profitability

## Quality certifications



- EIC
- HACCP
- FSSC 22000
- BRC - A Grade
- FDA
- BSCI
- BAP 4 Star
- EU approved

# Letter From the Managing Director



Dear Shareholders,

On behalf of Sharat Industries Limited, I take pleasure in presenting to you the annual report for the Financial year 2022-23. Your company has overcome various challenges posed by extraneous factors to sail through with yet another year of stable performance. The aquaculture industry in India has grown by leaps and bounds since its inception. I take this opportunity to remind you all that you supported us when the industry was in its nascent stage, and I am indebted to you all for the trust you have imposed in us.

Sharat Industries Limited has been a trusted name in the Seafood industry for three decades now, and continues to be an integrated aquaculture company. Globally, there is a growing recognition of the nutritional benefits of seafood and its potential as a healthy alternative to other meat products. The aquaculture industry is venturing into the culture of various marine species, to sustain the productivity through changing seasons, and to overcome the challenges posed by climatic and environmental conditions. There has been continuous research and development in the field, which augurs well

for the seafood industry in India. At a time when several industries were adversely impacted by the pandemic, natural calamities and man-made factors, there has not been a crop holiday for the aquaculture industry.

The demand for seafood is on the rise, although it is the affordability that is in question. The increase in cost of various inputs down the supply chain, and the resulting increase in the cost of production and manufacturing have had an impact on the profitability of the operations. A higher supply of shrimp from certain shrimp producing countries, at lower prices compared to that of local produce, has given a competitive edge to international suppliers, with adverse consequences for shrimp farming in India. It has been a difficult year for farmers, processors and exporters. However, there is a steady market for seafood, which is set to improve further in 2024.

The focus should now be on the production of disease resistant seed, environment friendly and sustainable farming techniques, experimental farming with diverse marine species, diversification of frozen products, and cost effective feed formulations. It was during a crisis in the aquaculture industry resulting from the failure of the Black Tiger species, that your company relentlessly pursued the introduction of a new species called Vannamei. It was the farming of a new species that propelled a new wave in the aquaculture industry. Your company will continue to experiment and innovate with a view to bringing seafood within the reach of people in the domestic and international markets.

Once again, I thank all our stakeholders and supply chain partners for their faith and support.

Warm regards,  
**Prasad Reddy Sabbella**  
Managing Director





## Letter from the Executive Director



Dear Shareholders,

It gives me immense delight to present to you, our Annual report for the financial year 2022-23. The year gone by has witnessed several events such as the ongoing conflict between Russia and Ukraine, global recession, high inflation in several parts of the world and the continued impact of COVID in China. Despite these numerous challenges, I am really proud to report that our company has delivered a strong performance showcasing a revenue growth of more than 33 percent and an increase in profits by nearly 90 percent, year on year.

The year 22-23 has been our most successful year as a company and this commendable financial performance is attributed to the combined efforts of our employees, our value chain partners and the unwavering support of our stakeholders. Navigating a volatile export and domestic market that faced numerous challenges was made possible through consistent effort, strategic planning, and sheer hard work. While the last few years have tested

the company on different levels, it is extremely encouraging to note our company's achievements.

In recent months, there has been a slowdown in global shrimp sales as a result of multiple factors. Increased output from other shrimp-producing nations has piled pressure on the existing supply chain and customers worldwide have had to adapt to the circumstances by altering their sourcing and pricing strategies. In such scenarios, it is important to maintain efficient supply chains and explore alternate/ new markets. I am happy to inform you that our company has consistently expanded its global customer base during the course of the year. A strong brand recall owing to consistent quality has enabled our company to exhibit brisk growth in the exports of frozen shrimp to customers abroad. In the year gone by, Russia has proved to be a valuable market and we believe that this could be of strategic value to our company in the years to come. With trade relations between India and Russia continuing to strengthen and the strong business relationship that we have built with prominent seafood customers in Russia so far, we are confident of increasing export offerings to Russia in the near future.

The shrimp feed industry is facing a slowdown in growth at present, due to several reasons. High input costs for farming operations, reduction in government subsidies, erratic weather patterns and volatile farmgate prices due to fluctuating global demand have piled pressure on what has been a very resilient industry over the last decade. These factors are likely to reduce shrimp production in India, which, in turn, will have an impact on the sale of shrimp feed in the upcoming year. While these are part and parcel of the cyclic nature of aquaculture operations, it is important to adapt to circumstances and overcome the same. After rigorous R&D and extensive trials at its own farms, our company has introduced an alternate, cost-effective, line of feed under the brand name AQUA STAR. Customers experienced tremendous





results during the initial crop cycle as the feed delivered excellent shrimp growth at reduced costs. As a pioneer in Vannamei farming in India, our company understands the importance of constant innovation in the ever-evolving field of aquaculture and will strive to ensure that its customers (farmers) are equipped with the best solutions to overcome the present market conditions.

In recent times, India has emerged as the most populous country in the world, surpassing China. Considering that a significant portion of the population is below the age of 35, we anticipate that there will be an enormous demand for protein to supplement the dietary requirements of the nation. Taking into account the extensive coastline of our country, improved logistics and infrastructure, there is tremendous potential for the scale of aquaculture and its allied industries. As part of the recently announced Union Budget, the Government of India, through its Pradan Mantri Matsya Sampada Yojana scheme has allocated over 20,000 crore rupees towards the development of the fisheries sector in our country. These initiatives have galvanized the entire fisheries value chain like never before.

With the global seafood markets expected to correct in 2024 and the continuous development in the fisheries and aquaculture sectors in India, the future looks positive. Our company will continue to explore newer markets while also developing new products for existing markets, thus putting itself in a firm position to capitalize on opportunities that come its way. Continuous process improvement and strict adherence to quality will continue to guide the company in its way forward. By leveraging our experience of over 30 years in the industry and the momentum that we have built over the last few years, I am confident that our company will continue to make substantial progress in the years to come.

I am thankful to the Board of Directors for their guidance and support. Lastly, I would like to express my sincere gratitude to our employees, workforce, customers, vendors, and all stakeholders for their steadfast support in helping our company reach its current heights.

Warm regards,  
**Sharat Reddy Sabbella**  
Executive Director

A hand holding a fountain pen over a document with a bar chart. The background is blurred, showing a person working on a laptop. A semi-transparent white diamond shape is overlaid on the left side of the image.

# **Statutory Reports and Financial Statements**

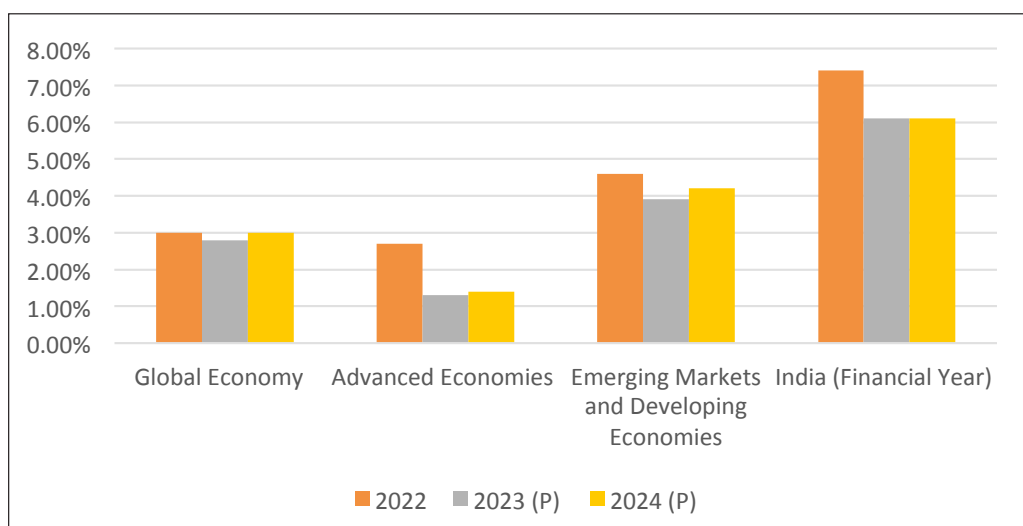


## Management Discussion and Analysis

### Global Economic Review

As per the International Monetary Fund (IMF), the global economy growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels. Hence, the Global Economy in the year 2022 has been a mixture of positive and negative developments contributing to moderate growth.

### Gross Domestic Product (GDP) Growth



Source: World Economic Outlook Report

### OUTLOOK

The global economy is set to slow substantially in 2023. The lagged and current effects of monetary tightening, as well as more restrictive credit conditions, are expected to weigh on activity in the second half of the year, with weakness persisting into 2024. Excluding China, growth in emerging market and developing economies (EMDEs) is set to decline markedly, with the outlook weakest in countries with elevated fiscal and financial vulnerabilities. The resurgence of recent banking sector turmoil represents a serious risk. Widespread financial stress could have especially severe economic consequences.

Many developing economies are struggling to cope with weak growth, persistently high inflation, and record debt levels. Yet new hazards such as the possibility of more widespread spillovers from renewed financial stress in advanced economies could make matters even worse for them. Public debt now averages about 70% of GDP. Interest payments are eating up a rising share of limited government

revenues. 14 low-income countries are already in, or at high risk of, debt distress. The rest of 2023 is also expected to present challenges, necessitating strategic adjustments to stimulate economic revival.

### Indian Economic Review

After real GDP contracted in FY 2020-2021 due to the COVID-19 pandemic, growth bounced back strongly in FY 2021-2022, supported by accommodative monetary and fiscal policies and wide vaccine coverage. Consequently, in 2022, India emerged as one of the fastest growing economies in the world, despite significant challenges in the global environment – including renewed disruptions of supply lines following the rise in geopolitical tensions, the synchronized tightening of global monetary policies, and inflationary pressures.

The Indian real GDP expanded 7.0% in the fiscal year 2022-23 as against 8.7% in the financial year 2021-22.

### Year-wise Indian GDP Growth (In %)

Real GDP growth (Annual %)	FY 2020-2021	FY 2021-2022	FY 2022-2023
India	-6.21	8.70	7.0

India exhibited robust growth in 2022-23 amidst prevailing global headwinds. Sound domestic macro-fundamentals, fiscal policy thrust on capex, healthy balance sheets of the corporate sector and the financial sector, and structural reforms announced and implemented over the recent years by the government have strengthened resilience of the economy, besides stepping up the growth momentum. Subdued external demand conditions operated as a drag. Labour market conditions normalised, and unorganised sector activity returned to expansion zone in 2022-23. The universal vaccination programme of the government - one of the largest mass vaccinations drives in the world, involving more than two billion doses - helped in improving consumer and business confidence (RBI Annual Report 22-23)

### Industry Review

In the context of the year 2022, the Food & Agriculture Organization (FAO) of the United Nations responded to the prevailing moderate increase in food insecurity, which had been exacerbated by the COVID-19 pandemic. As a proactive measure, the FAO introduced 17 Sustainable Development Goals (SDGs) along with their corresponding targets and indicators. These initiatives were designed to foster inclusive, sustainable economic growth that addresses environmental, economic, and social concerns. Notably, the theme of “The Sustainable Development Goals and Fisheries and Aquaculture” emerged as pivotal in addressing the global food shortage.

The Fisheries & Aquaculture Sector’s role in the contemporary era, especially in the 21st century, has gained significant recognition due to its fundamental contribution to global food security and nutritional requirements. However, to further enhance and expand this contribution, there is an imperative need to expedite transformative changes in various aspects including policy formulation and management strategies.

These transformative changes are crucial to ensure the long-term sustainability and growth of the Fisheries & Aquaculture Sector. The emphasis on policy reforms and improved management practices is essential to meet the growing demands for food while maintaining ecological balance. The significance of this sector in the larger context of achieving sustainable development goals cannot be understated.

In summary, the year 2022 witnessed the recognition of the Fisheries & Aquaculture Sector’s vital role in addressing global food insecurity. This realization prompted the formulation of Sustainable Development Goals by the FAO, underscoring the importance of responsible policies and effective management to ensure the sector’s contribution to inclusive and sustainable economic growth.



The 2030 Agenda of ("UNFAO") for Sustainable Development continue to shape the strategies for development of Fisheries and Aquaculture.

"Blue Transformation", a vision for transforming Aquatic Food Systems. Aquatic Foods offer highly accessible and affordable sources of animal proteins and micro nutrients, playing a vital role in the food and nutrition security of many, particularly, vulnerable coastal population.

Through the "Blue Transformation", Aquatic Food Systems can:

- Support the provision of sufficient Aquatic Foods for a growing population in an environmentally, socially and economically sustainable manner.
- Ensure the availability and accessibility of safe nutritious aquatic food for all, especially vulnerable populations and reduce food loss and waste.
- Ensure that Aquatic Food System contribute to improving the rights and incomes of dependent communities to achieve equitable livelihoods; and
- Support resilience in Aquatic Food Systems, which are highly influenced by dynamic human and environmental processes, including climate change.

The three core objectives of "Blue Transformation" are as follows:

1. Sustainable Aquaculture expansion and intensification – to support global food security targets and satisfy global demand for nutritious aquatic food and equitable distribution of the benefits.
2. Effective Management of all Fisheries – to deliver healthy stocks and secure livelihoods.
3. Upgraded value Chains – to ensure the social, economic and environmental viability of Aquatic Food Systems and secure nutritional outcomes.

As per the insights provided by the Food & Agriculture Organization (FAO), the coming decade holds a crucial imperative for the sustainable expansion of the aquaculture sector. This expansion is necessitated by the need to bridge the gap in the global demand for aquatic foods, particularly in regions that are grappling with food deficits. This endeavor not only seeks to address nutritional needs but also envisions the creation of fresh income opportunities and employment prospects, thereby fostering economic growth and social well-being.

The strategic spotlight that the FAO places on both Aquaculture and Fisheries underlines their paramount significance in the broader context of global food security and sustainability. This strategic emphasis implies that the demand for aquatic food remains consistently strong, regardless of shifting trends. The term "ever green" aptly characterizes this enduring demand for aquatic food, which is rooted in the nutritional value and accessibility of aquatic products.

Overall, the FAO's call for the sustainable expansion of aquaculture resonates with the need to fulfill the world's appetite for aquatic foods while simultaneously bolstering economic and employment opportunities. This strategic perspective reinforces the crucial role that the aquaculture and fisheries industries play in addressing pressing global challenges related to food security and livelihoods.

### Global Seafood Industry

As per the report Seafood Global Market Report 2023, The global seafood market grew from \$ 250.02 billion in 2022 to \$ 269.34 billion in 2023 at a compound annual growth rate (CAGR) of 7.7 %. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity

prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. The seafood market is expected to grow to \$349.55 billion in 2027 at a CAGR of 6.7%.

With the limitation on a further production increase via capture fishery due to overfishing, demand for aquaculture has steadily increased over the last two decades. It is expected to grow from the current 47% to 52% by 2029 as per OECD-FAO Agricultural Outlook 2020-2029.

### Growth drivers of the seafood industry

**Low penetration of seafood in global food supply:** Even as ~70% of the globe is covered by water, global seafood industry commands only 2% of the global food supply, implying huge growth potential for the industry. The rising collaboration between farmers, manufacturers, and food service providers is further expected to drive the supply of seafood.

**Improving supply chains and distribution infrastructure:** Supply chain, logistical efficiencies and rising cold storage network are reducing time-to-market and thereby improving quality, freshness and consequently demand for seafood.

**Increasing health consciousness:** With rising health awareness, demand for food containing higher protein and essential amino acids is on the rise. Consequently, this is creating a higher demand for seafood products which are rich in these nutrients.

**Economic growth and rising income levels:** With rising world prosperity and disposable income levels, consumers are exhibiting a willingness to spend higher on nutritionally-dense seafood products.

**Increasing preference for seafood over meat products:** With meat and meat products often containing harmful pesticides and chemicals, consumers are increasingly shifting their preference to healthier seafood alternatives.

### Global Shrimp Market

Increased supply of farmed shrimp kept Ecuador at the helm of global shrimp trade from January to September 2022. During this period China overtook the United States of America as the top import market with large supplies from Ecuador and a wider supply gap with Asian producers.

The cost of aquaculture inputs (feed, fuel and transportation) increased considerably in 2022 causing hardship for shrimp farmers worldwide. Nonetheless, production and exports of farmed shrimp in Asia were moderate during the second and third quarters of 2022 which is the main farming season in this region. Species wise, vannamei shrimp dominated supply. Increased production of farmed black tiger shrimp in Asia is also noteworthy, after years of low black tiger production.

During the first half of 2022, there was a 9 percent rise in US shrimp imports at 441 299 tonnes, which had a custom-declared value of USD 4.2 billion. Of this amount 41 percent was raw peeled shrimp, 32 percent raw shell-on shrimp and 26 percent processed products. Among the top exporters, India and Indonesia lost market shares to Ecuador, Viet Nam and Thailand during the review period.

In general shrimp trade worldwide continued the positive trend during the first half of 2022. In most markets, imports were higher compared with the same period in 2021. In Latin America, Ecuador which is the top producer of farmed shrimp, there continues to be strong growth of farmed shrimp outputs and over one million tonnes production are forecast in 2022.

High imports into China confirm that the country has secured large supplies for the Gregorian and Lunar New Year celebrations in 2023, when consumer demand rises significantly.





The high imports into the United States of America in the first nine months of the year, may reduce imports from Asia during October to December and procure future supplies from the closer-by supply source - Ecuador.

Imports in the European Union will likely be conservative as the Euro remains weak against the US dollar.

On the supply side, Ecuador will enjoy a comparative advantage over Asian suppliers in all three markets (China, United States of America and the European Union). Argentine shrimp fishers forecast smaller catches in 2022 compared to 2021. Stakeholders considered catch levels not entirely satisfactory as vessels landed 36 percent less than during the same period in 2020. In addition, shrimp processing activities could be disrupted for some time due to lack of raw material between seasons.

### Prices

Normally, prices of farmed shrimp in Asia adjust during the main production period (May to September) and stabilise by October. This year, however, shrimp prices started to fall from mid-September in the international trade to unprofitable lows for farmers amidst the rising costs of aquaculture inputs.

Aquaculture is one of the fastest growing form of food production in the world. Shrimp dominates aquaculture production by value. The global Shrimp market is estimated to be worth US\$ 56.5 billion in 2022 is forecasted to grow to US\$ 75 billion by 2028 growing at a CAGR of 4.8% during the review period 2022-28 (Source: Industry Research). Global shrimp production has continued to trend upward and is expected to exceed 5.01 million metric tons (MT) in 2022, a significant increase over the 4.57 million MT grown in 2021, which itself was an increase over the 4.09 million MT produced in 2020, showing consistent growth (Source: Seafoodsource.com). In US, 275 million pounds of shrimp was sold to foodservice channels in 2021, up by 50 million pounds from 2020 (Source: Seafoodsource.com & National Fisheries Institute Global Seafood Market Conference, US, January 2022).

Globally, Asian countries produce the most shrimp – roughly 65% of the world's shrimp comes from the region. That's followed by the Americas, which produce around 30%. However, the real acceleration in the Americas, is primarily on account of Ecuador which produced more than 1 million MT in 2021. The International shrimp trade remained steady despite, sharp surge in freight costs from Asia to North America for 20-foot and 40-foot containers (shot up by 500-700% (at USD 13,000 and USD 20,000 respectively) owing to persistent shortages of frozen food containers given increased imports, particularly in the western markets (Source: FAO).

### Indian Seafood and Shrimp Industry

India's sea food export touch an all-time high in the FY 2022-23, grew 26.73% in quantity terms and 4.31% in the value terms over FY 2021-2022. USA the largest importer of Indian seafood followed by China, South East Asia, Japan and Middle East. Frozen shrimp retains the top position as major export seafood item.

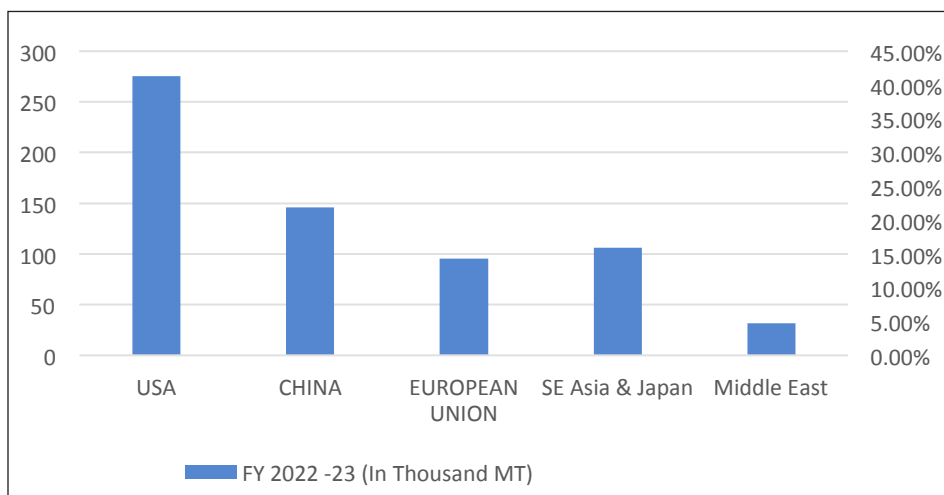
India achieved an all-time high export of seafood both in terms of volume and value (both US\$ and Rupee) by shipping 17,35,286 MT of seafood worth Rs. 63,969.14 crore (US\$ 8.09 billion) during FY 2022-23 despite the several challenges in its major export markets like USA. The country currently exports to over 121 nations, and the Government has prioritized the goal of making India the world's top seafood exporter (Source: MPEDA). US and China have remained the top two destinations for seafood export for several years. Exports to these countries contributed ~63% of our marine exports in US\$ value terms. Over the past year, India has faced headwinds including stricter food import inspections by Chinese authorities, the spread of the omicron variant impacting global demand, and an ongoing shortage of containers and freight rate, but the rising demand domestically is expected to boost the seafood industry in the long-term. (Source: Seafoodsource.com).

The Indian shrimp market reached a value of US\$ 8.9 billion in FY 2023. Looking forward, the market is projected to reach ~US\$ 12 Billion by FY 2028, exhibiting a CAGR of 11.5% during 2023-2028 (Source: Research and Markets). Several initiatives by the Centre and various State Governments are now playing a crucial role in the growth of shrimp farming aquaculture in India. Pradhan Mantri Matsya Sampada Yojana (PMMSY) which aims at enhancing shrimp production and achieving an ambitious target of producing 1.4 million tonnes by 2024 (Source: The Hindu Businessline). This scheme will help in bringing about ecologically healthy, economically viable and socially inclusive development of the fisheries sector of India. Further State Governments are also promoting the use latest technologies to drive market growth by improving productivity.

### Indian Shrimp Export - Country-wise

Sea Food Export - Country wise		
Frozen Shrimp Export	FY 2022 -23 (In Thousand MT)	% Market share
USA	275.66	42.09%
CHINA	145.74	22.25%
EUROPEAN UNION	95.38	14.56%
SE ASIA & JAPAN	106.44	16.25%
MIDDLE EAST	31.65	4.83%
TOTAL	654.87	100.00%

Source: pib.gov.in



### Indian Aquafeed Industry

The Shrimp Feed consumption in India decreased to 11 Lakhs MTs in Financial year 2022-23 as compared to 12 Lakhs MTs in Financial year 2022. The forecast is that the consumption would further decrease by about 10%-15% in financial year 2023-24. With favourable climatic conditions, presence of significant biodiversity, and strong demand for Indian seafood market, the Indian aquaculture industry has witnessed



exponential growth over the years. This, in turn, has created a significant demand for production and consumption of aquafeed.

### Increasing Cost of Raw Materials

The feed business profitability is highly dependent on fluctuating raw material prices as the increase in feed price being in line with increase in inputs is not workable, since most of the time, the cost of the feed major input for Shrimp culture for the farmer and the price beyond a certain level becomes un-affordable to the farmer to continue the Shrimp Culture. Therefore, the Feed producer should exercise utmost care in resorting to increase of Feed price. The other important factor is farm gate price of shrimps which determines the profit margin for the farmer, which ultimately is determined by the Processors depending on international prices. In a nut shell, the raw material prices for feed manufacture play a vital role in this Industry.

### Growth drivers for Indian shrimp feed market

Rising Indian shrimp demand in the global markets

Rising awareness among farmers regarding higher shrimp production while improving their nutrient profile

Commercial feed facilitating shrimp production that meets international quality standards and thereby increase quality of shrimp for export

Implementation of modern production technologies enabling domestic shrimp producers to formulate better quality shrimp feed with locally produced raw materials

Backed by the structurally positive tailwinds, Indian shrimp feed industry is estimated to deliver a compounded annual growth rate of 10% during FY 2019-24, reaching production of 1.8 million tonnes by FY 2024.

### Company Overview

Establishing its roots back in 1990, Sharat Industries Limited (the Company) stands as India's oldest integrated aquaculture company. It pioneered Vannamei (white shrimp) breeding and culture in India which played a pivotal role in reviving the country's aquaculture industry. Today, it has operations across the entire value chain of the shrimp industry and offers world-class products through its four business divisions.

### Business Divisions and Offerings

Business Divisions	Capacity	Product Offerings	Unique Features
Hatchery	400 Million Seedlings / Annum	Vannamei seedlings	Specific pathogen-free (SPF) broodstock are used to ensure the best quality and disease-resistant seedlings
Shrimp Farm	2,000 Tonnes Shrimp/Annum	Vannamei Shrimp	Proximity to sea and well-planned inter-locking canals ensure uninterrupted sea-water supply
Shrimp Feed Mill	20,000 Tonnes/ Annum	Brands VANNASTAR, AQUAASTAR	High quality and nutritional shrimp feed widely accepted by farmers
Shrimp Processing Plant	7,500 Tonnes Frozen Shrimps/Annum	13 varieties of raw and cooked shrimp products. Brand Sharat Star	The state-of-the-art plant equipped with sophisticated processing equipment. Ensures antibiotic-free and high quality processed products

## Operational Review

### Geographical Performance

(Rs. in Cr)

Particulars	FY 2023	FY 2022
Revenue from Shrimp Export	241.24	156.63
Revenue from Domestic Operations	91.30	90.41
<b>Total</b>	<b>332.54</b>	<b>247.04</b>

## Financial Performance

### Key Financial Highlights for the Year

(Rs. in Cr)

Particulars	FY 2023	FY 2022
Total Revenue	336.01	248.10
Total Expenses	326.92	243.60
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA)	21.91	14.51
Profit after Tax (PAT)	6.54	3.46

### Details of significant changes in key Financial Ratios

Ratio	2022-2023	2021-2022	Significant Change compared with previous year i.e. 25% or more	Detailed Explanation for significant change
Current Ratio	1.39	1.35	NA	NA
Debt-Equity Ratio	1.71	1.93	NA	NA
Debt Service Coverage Ratio	1.35	1.35	NA	NA
Inventory Turnover Ratio	4.45	2.91	53%	Optimising inventory management
Trade Receivables Turnover Ratio	5.44	4.56	NA	NA
Trade Payables Turnover Ratio	16.55	7.86	111%	Strategical utilisation of bill discounting
Net Capital Turnover Ratio	8.45	7.33	NA	NA
Net Profit Ratio	2.0%	1.4%	41%	Effective cost management
Return on Capital Employed	18.8%	12.2%	54%	Improved operational efficiency and higher profitability from effective utilization of capital resources.



**Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:**

Particulars	2022-23	2021-22
Return on Net worth	8.3%	4.9%

The Company's return on net worth has increased significantly due to increased export opportunities, sustainable practices enhancing market reputation, efficient disease management ensuring better production outcomes and accumulation of retained earnings over the specific period by the Company.

Diseases arising every year in shrimp farming, technological advancements, seamless information sharing, modern farming techniques, and improved quality of feed are reducing their risk levels. Improving shrimp safety and quality are expected to result in higher product offtake and enable superior product pricing.

**Proactive policy support by the government:** The central government and Andhra Pradesh government have introduced various schemes, benefits to exporters and farmers, and subsidies to promote aquaculture, food processing, and cold chain infrastructure. These are expected to benefit the entire value chain of the Indian shrimp industry. This will assist in accelerating the industry's exports and significantly enhance its global competitive position.

**Benefits of adhering to sustainable practices:** The integrated nature of the Company's operations and strict adherence to sustainable farming and food processing enables it to produce safe and high quality shrimp products. This consequently helps in fetching premium valuation for its products in exports market, resulting in superior profitability.

**Growth in shrimp farming activity:** Leveraging the vast coastline of the country and suitable business conditions, shrimp farming areas are witnessing rapid growth in India. This, in turn, is creating a substantial growth potential for the shrimp feed market.

**Increasing domestic consumption:** Rising popularity of the frozen shrimp in the Indian domestic market along with the rapid increase in cold chain facilities across the country is expected to increase shrimp demand.

## SWOT Analysis

### Strengths

Our Company is pioneer in Indian Shrimp Industry having over three decades of operations. The company is well-equipped to meet the comprehensive needs of farmers. It has built a strong PAN-India feed dealership network and established partnerships with channel partners, processing units, and hatcheries. Regular interactions with stakeholders ensure seamless integration of operations. The company maintains constant communication with aqua-farmers, offering outreach programs and round-the-clock services through its qualified and experienced technical staff.

Our Company is strategically focusing on exploring new export markets for both shrimp feed and shrimp exports. To achieve these goals and more, our Company has devised a strategy that allows for rapid scaling up of production through high-value capital expenditure (CAPEX) investments. This strategy positions the company to capitalize on the growing demand and opportunities in the shrimp industry.

### Weaknesses:

Despite being a significant sector in the Indian economy, the aquaculture industry faces several challenges and weaknesses. These include high production costs, inadequate infrastructure facilities, power supply issues, unregulated cost of raw materials, and shortage of cold storage facilities, and rising cost of ocean freights.

In addition, highly fluctuating raw material costs, dependence on climatic conditions and international developments on Shrimp prices, the Company is put to severe hardship, more often than not, due to factors beyond its control.

While the aquaculture industry and its stakeholders are aware of these challenges and taking measures to address them, government policies are slowly coming into play to help overcome some of these issues. For instance, in the Union Budget 2023-24, the government announced a reduction in customs duty on key inputs for producing shrimp food, which is expected to boost marine exports gradually. Similarly, the ongoing "Productivity Linked Incentive Scheme" for the marine products industry, which provides incentives based on increased sales year after year, has also proven beneficial.

Furthermore, the Government of India is offering grant-in-aid for new processors to cover technical civil works and plant and machinery costs, up to 35% of the total cost with a cap of 10 crores.

Our Company is aware of these weaknesses and challenges and is pro-actively preparing to overcome them through sustained measures. The company remains confident in its ability to address these issues and mitigate their impact on its operations.

### **Opportunities:**

The global seafood market has been witnessing a continuous uptick in recent years riding on recognition of its benefits to health. The growing awareness of the health benefits of seafood, with its nutritional and protein content, presents a favorable environment for increased consumption.

Health experts promoting seafood as a healthier alternative to red meat, which is being associated with challenges to human health, further contributes to the market's potential. Additionally, the rising purchasing power of the middle class and their desire for diverse food choices create opportunities for the seafood industry, including shrimp.

India, with its long coastline, farming community, and availability of land and labor, has emerged as a major player in the global shrimp industry. The Marine Products Export Development Authority (MPEDA), under the Union Ministry of Commerce, has drawn up a plan to achieve marine products exports worth 1 Lakh crore by 2025, showcasing the government's commitment to supporting and promoting the industry's growth.

However, recent international market challenges, such as high inflation in developed nations, the Russia-Ukraine conflict, and lock downs in China, have posed supply chain and price challenges in the short term. As a result, the rapidly growing shrimp export industry in India has come under pressure.

To mitigate the risks associated with excessive reliance on exports, there is a need to focus on promoting and expanding domestic consumption and markets. Our Company has recognized this need and is preparing itself accordingly. The company has taken proactive steps, including product innovations, exploring new distribution channels, embracing e-commerce and home deliveries, and optimizing supply chains. These measures have strengthened the company's position and demonstrated its preparedness in anticipation of market trends.

### **Threats**

The aquaculture industry, including shrimp farming, faces various threats and challenges that need to be addressed for sustainable growth.

The aquaculture industry, specifically shrimp farming, confronts multiple challenges that require effective management for sustainable growth. These challenges encompass intensified competition on both global





and domestic fronts, driven by countries with superior infrastructure and trading ties. Climate-related risks, including natural disasters and climate change impacts, threaten production stability. Production costs and disease control pose ongoing concerns, demanding measures to curb expenses and enhance biosecurity.

Market volatility, characterized by price fluctuations and exchange rate variations, affects profitability. Sharat Industries, recognizing these risks, employs a robust risk management framework tailored to its four divisions. It focuses on ensuring premium product quality by selecting high-quality brood stock and adhering to stringent processes. Geographical diversification in export markets helps mitigate market risks, while effective forex management strategies counter currency fluctuation risks.

The Company also employs customer buyback initiatives and a merchant exporter model to address customer default and operational risks. It remains vigilant regarding external factors such as inflation, trade restrictions, and disruptions. To ensure sustainable growth, Sharat Industries pursues diversification into the domestic market, implements traceability systems, and invests in research and development to develop disease-resistant varieties and improved feed formulations. Through these measures, the company seeks to mitigate risks and promote long-term growth in the aquaculture sector.

### Human Resources

The total number of employees as on 31<sup>st</sup> March, 2023 are 164. The Company acknowledges the significance of human resources in achieving its long-term business goals. Keeping cognizance of this, it has developed a comprehensive set of policies that promote a safe, conducive and productive work environment while ensuring growth opportunities based on meritocracy. This has enabled the Company to build a strong and dedicated workforce. The Company ensures equal access to opportunities in the areas of recruitment, training, career development and advancement regardless of their gender, age, racial/ ethnic background, religion or social status.

The Company continually conducts training programmes at its facilities with the assistance of external experts and agencies. Employees are updated on best practices that are followed across each business division through regular external programmes. Frequent audits for high-quality certification for each facility ensures that the Company is abreast with the latest requirements of the aquaculture industry.

### Internal Control Systems and their Adequacy

The Company has adequate and well-defined internal control systems for all its operational and financial functions. It ensures proper maintenance of accounting records, reliable financial reporting and safeguards assets against unauthorised use or disposition and that all transactions are properly authorized recorded and reported correctly. The internal controls are reviewed periodically by internal auditors and the management team, ensuring timely compliance with regulations and accurate monitoring of its adequacy. On the basis of the appraisal, potential risks are identified and preventive measures are initiated depending on the perceived gravity of the risk.

### Cautionary Statement

This Management's Discussion and Analysis (MD&A) section is included to adhere to the code of Corporate Governance approved by the Securities and Exchange Board of India ("SEBI"). Though, utmost care has been taken to ensure that the opinions expressed by the Management herein contain its perceptions on most of the important trends having a material impact on the Company's day-to-day operations, no representation was made that the following presents an exhaustive coverage on and of all issues related to the same. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or statements expressed in this report.

## BOARD'S REPORT

Dear Shareholders,

Your Directors have a pleasure of presenting the 33<sup>rd</sup> Annual Report of Sharat Industries Limited along with the Audited Standalone and Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March 2023.

### 1. FINANCIAL HIGHLIGHTS:

Description	Standalone (Rupees in lakhs)		Consolidated (Rupees in lakhs)*
	FY 2022-2023	FY 2021-2022	FY 2022-2023
Revenue from Operation	33,253.83	24,703.29	33,253.83
Other Income	346.89	106.73	346.89
<b>Total Income</b>	<b>33,600.72</b>	<b>24,810.02</b>	<b>33,600.72</b>
Cost of Materials Consumed	25,363.90	16,390.16	25,363.90
Changes in Inventory	(859.06)	1,125.00	(859.06)
Employee Benefit Expenses	765.54	753.55	765.54
Finance Cost	858.68	614.14	858.68
Depreciation and Amortization	424.03	386.20	424.03
Other Expenses	6,138.92	5,090.46	6,138.92
<b>Total Expenses</b>	<b>32,692.02</b>	<b>24,359.51</b>	<b>32,692.02</b>
<b>Profit before Tax &amp; Exceptional Items</b>	<b>908.69</b>	<b>450.51</b>	<b>908.69</b>
Share of Profit/(Loss) from Associate	-	-	(4.90)
Exceptional Items	-	-	-
<b>Profit Before Tax</b>	<b>908.69</b>	<b>450.51</b>	<b>903.79</b>
Tax Expenses	254.27	104.62	254.27
<b>Profit after Tax</b>	<b>654.42</b>	<b>345.90</b>	<b>649.52</b>
Earnings Per Share			
Basic	2.69	1.53	2.67
Diluted	2.69	1.53	2.67

\* United Aquatech Private Limited was incorporated on 08<sup>th</sup> June 2022. Hence the reporting of Consolidation Statement is not applicable for the previous year 2021-22.

### 2. SUMMARY OF OPERATIONS & STATE OF COMPANY AFFAIRS:

The turnover of the company for the year ended 31<sup>st</sup> March, 2023 was 33,253.83 Lakhs against Rs. 24,703.29 Lakhs in the previous year. The profit for the year after tax is Rs. 654.42 lakhs as against a profit of Rs. 345.90 lakhs during the previous financial year.

Sharat Industries Limited is one of the very few companies in India which has all 4 divisions located within a 5-kilometer radius. All the divisions work together to ensure that there is continuous production throughout the year despite pre-existing seasonality in the business in general. This results in high quality produce due to quick processing and reduced logistics. The Company has invested significantly in the capex of its farm



and processing divisions in recent years to further boost the production capacity.

The Company's performance was good when compared to last year and we have achieved nearly double the profit during this year. The company is exploring alternate market facilities to increase export volume and lower operating costs. The directors are confident that the performance of the company will improve in the years to come.

### 3. CHANGES IN SHARE CAPITAL:

During the year under review the Company has reclassified its Authorized Capital from Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of face value of Rs. 10/- each and 20,00,000 (Twenty Lakhs) Redeemable Preference Shares of Rs. 100/- each to Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each by cancelling the existing unissued 20,00,000 (Twenty Lakhs) Redeemable Preference Shares of Rs. 100/- each of the Company.

During the year, in compliance with Regulation 170(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company has received differential price (additional securities premium account) of Rs. 10/- per equity share on account of the price being revised from Rs.50/- to Rs.60/- per equity share for 19,00,000 equity shares allotted on 31st January 2022 pursuant to conversion of warrants issued on preferential basis.

The Paid-up equity share capital of the Company stood at Rs. 23,91,25,000 (2,39,12,500 Equity shares to Rs.10/- each fully paid) as on 31<sup>st</sup> March 2023.

### 4. DIVIDEND:

In order to retain the profits to strengthen the capital base and improve the liquidity of the company, no dividend has been recommended by the Board for the Financial Year ended 31<sup>st</sup> March 2023.

### 5. TRANSFER TO RESERVES:

The Board of Directors of your company has decided not to transfer any amount to the Reserves for the Year under review.

### 6. CREDIT RATING:

The Credit rating of the Company remained unchanged during the Financial Year under review.

### 7. LISTING OF SHARES:

The Equity shares of the Company have been listed on the BSE Limited. The Company has paid applicable listing fees to the Stock Exchange and Depositories within stipulated time.

### 8. NATURE OF BUSINESS:

The company continues to be an integrated Aqua Culture company with Hatchery, Culture, feed and Shrimp Processing & Exports business and during the year, the company has not changed its business.

### 9. MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes and commitments, which affect the financial position of the company that have occurred between the end of the financial year to the date of this report.

### 10. ALTERATION OF MEMORANDUM OF ASSOCIATION

The Company has altered the Capital Clause of Memorandum of Association by reclassification of the Authorised Capital of the Company from Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of face value of Rs. 10/- each and 20,00,000 (Twenty Lakhs) Redeemable Preference Shares of Rs. 100/- each to Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each, by cancelling the existing unissued Redeemable Preference share capital divided into 20,00,000 (Twenty Lakhs only) Redeemable Preference Shares of Rs. 100/- each.

### 11. INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

In accordance with Section 134(5) of the Act, the Company has Internal Financial Control Policies by means of policies & procedures commensurate with size and nature of operations. The Company's policies, procedures & standards are developed to uphold internal controls across the organisation. These controls ensure transactions are authorised,

recorded and reported correctly and assets are safeguarded and protected against loss from unauthorised use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. The controls were tested during the year and no material weakness exists. Audit Committee of the Board, periodically reviews the internal audit plans and observations/recommendations of Internal and Statutory Auditors. In accordance with Rule 8(5) (viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements.

## 12. ANNUAL RETURN:

Pursuant to section 92(3) the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014, as amended from time to time, the Annual Return filed for the financial year ended 31<sup>st</sup> March 2023 is available on the Company's website and can be accessed at [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/form\\_mgt\\_7\\_22-23.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/form_mgt_7_22-23.pdf)

## 13. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

During the year under review, your Company has made an Equity investment of 49% in United Aquatech Private Limited by subscribing to 49,000 (Forty-Nine Thousand only) shares of face value Rs. 10/- each. Hence, during the year 2022-23, United Aquatech Private Limited has become the Associate of the Company.

### Highlights of Performance of Associate Company:

The Company is carrying on the business on Special Purpose Vehicle (SPV) basis for of development and operation of Shrimp Farm at project Location. During the year, The Company's revenues from operation for the FY 2022-2023 were Rs.2,84,79,000/- Crores which is registering remarkable growth being 1<sup>st</sup> Year of Incorporation of Company. The earnings per share (Basic and Diluted) for the year were (20.04) and incurred a loss of Rs. 20,04,000/-

Pursuant to section 129(3) of the Act, the statement containing the salient features of the financial

statements of the Company's associate is enclosed as Annexure- II of the Board Report.

## 14. STATUTORY AUDITORS:

M/s A. R Krishnan & Associates, Chartered Accountants (FRN: 009805S) were re-appointed as statutory auditors of the Company for a second term of five (5) consecutive years, to hold office from the conclusion of the 32<sup>nd</sup> Annual General Meeting held on 29<sup>th</sup> September 2022 till the conclusion of 37<sup>th</sup> Annual General meeting.

## 15. STATUTORY AUDITORS' REPORT:

The Statutory Auditors report for the Financial Year 2022-23 does not contain any qualification, reservation or adverse remark or disclaimer.

## 16. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### APPOINTMENT:

On recommendation of the Nomination and Remuneration Committee, the Board had considered and approved the following:

- a) Appointment of Mr. Swayze Mani (DIN: 09604569) as an Additional Director (Non-Executive Independent) with effect from 16<sup>th</sup> May 2022 for a term of five (5) consecutive years and same was approved by the Shareholders of the Company in the Extra-Ordinary General Meeting (EGM) held on 10<sup>th</sup> June 2022.
- b) Appointment of Mrs. Geetha Adhyam Bindu (DIN:07017187) as an Additional Director (Non-Executive Independent) with effect from 10<sup>th</sup> February 2023 for a term of five (5) consecutive years and same was approved by the Shareholders through Postal Ballot process on 23<sup>rd</sup> March 2023.

### RESIGNATION:

- a) Mr. CH. Kishore Kumar (DIN:00849345) resigned from the position of the Independent Director of the Company with effect from 30<sup>th</sup> July 2022 due to his personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.



- b) Mrs. Durga Thota (DIN:07138565) resigned from the position of the Independent Director of the Company with effect from 01<sup>st</sup> March 2023 due to personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.

#### RE-APPOINTMENT:

- a) Mr. Prasad Reddy Sabbella (DIN:00069094), Managing Director was re-appointed as Managing Director for a period of 3 years with effect from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 by way of Special Resolution passed by the Shareholders of the Company through Postal ballot process on 23<sup>rd</sup> March 2023.
- b) Mr. Sharat Reddy Sabbella (DIN:02929724), Whole Time Director was re-appointed as Whole-Time Director for a period of 3 years with effect from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 by way of Special Resolution passed by the Shareholders of the Company through Postal ballot process on 23<sup>rd</sup> March 2023.

#### KEY MANAGERIAL PERSONNEL:

- a) Mrs. R. Jashvadha (Membership No: A64475) was appointed as a Company Secretary and Compliance Officer with effect from 27<sup>th</sup> May 2022 and subsequently resigned from the position of Company Secretary & Compliance officer with effect from 05<sup>th</sup> December 2022 after the closure of the business hours due to personal reasons.
- b) Mr. Durga Prasad resigned from the position of Chief Financial Officer with effect from 19<sup>th</sup> February 2023.
- c) Mr. N. Thyagarajan was appointed as Chief Financial Officer with effect from 21<sup>st</sup> February 2023 and continuous to hold the position.
- d) Mr. M. Balamurugan (Membership No: A66115) was appointed as Company Secretary and Compliance Officer with effect from 22<sup>nd</sup> April 2023 and continues to hold the position.

#### RE-APPOINTMENT OF DIRECTOR RETIRING BY ROTATION:

In terms of Section 152 of the Companies Act, 2013, Mr. Sharat Reddy Sabbella (DIN:02929724) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee has recommended the re-appointment of Mr. Sharat Reddy Sabbella (DIN:02929724) as Director of the Company.

#### 17. DECLARATION FROM INDEPENDENT DIRECTORS:

The Board of Directors has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Independent Directors have also complied with the Code of Conduct prescribed in Schedule IV to the Act.

In accordance with Companies (Appointment & Qualification of Directors) Fifth Amendment Rules, 2019, Company has received declarations from Independent Directors confirming that they have registered with the Independent Directors Data Bank through Indian Institute of Corporate Affairs.

Information on familiarization program to Independent Directors is provided in the Corporate Governance Report section of this Annual Report.

#### 18. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Separate meeting of Independent Directors was held on 23<sup>rd</sup> February 2023 to review the performance of the Non-Independent Directors and the Board as a whole, to review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the

management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 & 134 (5) of the Companies Act, 2013, shall state that:-

- a. that the financial statements for the year ended March 31, 2023 have been prepared in conformity with Indian Accounting Standards (Ind AS) and requirements of the Act, and that of guidelines issued by SEBI, to the extent applicable to the Company along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2023 and of the profit of the company for the year ended on that date;
- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis;
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 20. NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2022-23 under review, the Board of Directors of the company met 9 (Nine) times i.e., on 16<sup>th</sup> May 2022, 27<sup>th</sup> May 2022, 30<sup>th</sup>

July 2022, 31<sup>st</sup> August 2022, 10<sup>th</sup> October 2022, 08<sup>th</sup> November 2022, 14<sup>th</sup> January 2023, 10<sup>th</sup> February 2023 & 23<sup>rd</sup> February 2023.

The further details relating to the Board meetings are given in Corporate Governance Section of this Annual Report. The gap between any two Meetings was within the period prescribed in the Companies Act 2013 and SEBI LODR.

## 21. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

As on date of this report, the Board consists of 6 (Six) Directors, of which 2 (Two) are Executive Directors (one Managing Director and one Whole-Time Director), 4 (Four) are Non-executive Directors (Three are Independent and one is Non-Independent) Director. The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 (the Act) is available on the Company's website at [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat\\_industries\\_remuneration\\_policy.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat_industries_remuneration_policy.pdf)

## 22. AUDIT COMMITTEE:

Your Company has an Audit Committee pursuant to the requirements of the Act read with Rules framed there under and SEBI (LODR) Regulations, 2015. The details relating to the same are given in the report on Corporate Governance forming part of this Report. During FY 2022-23 the recommendations of Audit Committee were duly accepted by the Board.

## 23. VIGIL MECHANISM/ WHISTLE – BLOWER POLICY:

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a whistle blower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected frauds or violation of the Company's code of conduct and ethics. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. The Whistle





Blower Policy covering all the employees and directors is available in the Company's website. The Vigil Mechanism Policy has been uploaded on the website of the Company at [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat\\_industries\\_vigil\\_mechanism\\_and\\_whistle-blower\\_policy.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat_industries_vigil_mechanism_and_whistle-blower_policy.pdf)

## 24. RISK MANAGEMENT:

The risk management is based on the clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation reserves.

## 25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### a. Conservation of energy

S.No	Particulars	FY 2022-2023
(i)	the steps taken or impact on conservation of energy	We have decided to replace all the ABCs at main control room and promote energy conservation by using LED lights instead of traditional lighting methods.
(ii)	The steps taken by the company for utilizing alternate sources of energy	Need to plan stand by DG set for the replacement of old 725 KVA DG set and synchronization setups.
(iii)	the capital investment on energy conservation equipments	Rs. 2-3 lakhs

### b. Technology absorption:

S.No	Particulars	FY 2022-2023
(i)	The efforts made towards technology absorption	Installed evaporative condenser for replacement of old and commissioned to carry to production full load.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Installed all VFD drives to system motors /compressor units
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Evaporative condensers, grading machinery etc.
	(a) the details of technology imported	System upgraded with drives an operation
	(b) the year of import;	2022-2023
	(c) whether the technology been fully absorbed	Yes 90% of technology absorbed
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	One old screw compressor is replaced with new motor and another one will be planned
(iv)	the expenditure incurred on Research and Development	Rs. 8-10 lakhs



## 26. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, the details of Foreign Exchange Earnings and outgo are as under:

Particulars	FY 2022-2023 (Rs. in Lakhs)	FY 2021-2022 (Rs. in Lakhs)
Foreign Exchange	23,072.44/-	15,041.85/-
Foreign Outgo	650.12/-	860.07/-

## 27. CORPORATE SOCIAL RESPONSIBILITY(CSR):

The company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

## 28. CORPORATE GOVERNANCE:

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Compliance report on Corporate Governance as per Schedule V of the Listing Regulations, along with a Certificate of Compliance from the Practicing Company Secretary forms part of this report. ANNEXURE-VI

## 29. DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public under Section 76 of the Companies Act, 2013 and Rules made there under.

## 30. PARTICULARS OF EMPLOYEES REMUNERATION:

The information as required under the provisions of Section 197(12) of the Companies Act, 2013 and read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in ANNEXURE - IV & V attached herewith which forms part of this report.

The statement containing such particulars of employees as required in terms of the provisions of

Section 197(12) of the Act read with rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of the Annual Report. Pursuant to the provisions of the Section 136(1) of the Companies Act, 2013, the reports and accounts, as set out therein, are being sent to all members of the Company, excluding the aforesaid information and the same is open for inspection at the registered office of the Company during working hours up to the date of Annual General Meeting and if any member is interested in obtaining such information, may write to the Company Secretary at the registered office of the Company in this regard.

## 31. MANAGERIAL REMUNERATION RECEIVED FROM THE COMPANY, HOLDING OR SUBSIDIARY COMPANY:

During the year, the Company has no holding or subsidiary Company.

Name	Designation	Remuneration received from the Company for the FY 22-23 (Rs. in Lakhs)
Mr. Prasad Reddy Sabbella	Managing Director	72/-
Mr. Sharat Reddy Sabbella	Whole-Time Director	60/-

## 32. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 DETAILS OF LOANS:

The Company has not given any loans under the provision of section 186 of the Companies Act, 2013. However, the Company has given guarantee and made investment as per the provisions of section 186 of the Companies Act 2013. The details of which is mentioned in the notes of the financial statements forming part of this annual report.



### 33. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions entered during the year were in ordinary course of business and on arm's length basis.

There are no materially significant related party transactions that may have potential conflict with interest of the company at large.

The details of the related party transactions as per Indian Accounting Standards (Ind AS) – 24 are set out in the notes to the Financial Statements of the Company.

Form AOC-2 pursuant to Section 134 (2) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is set out the ANNEXURE - III to the report.

The policy on Related Party Transaction as approved and can be accessed at the website of the Company [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat\\_industries\\_rtp.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/sharat_industries_rtp.pdf)

### 34. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETING:

During the Financial Year 2022-2023, your company has complied with applicable Secretarial Standards, namely SS-1 & SS-2 issued by Company Secretaries of India.

### 35. ANNUAL SECRETARIAL COMPLIANCE REPORT

Annual Secretarial Compliance report for the Financial Year ended 31<sup>st</sup> March, 2023 on the compliance of all applicable SEBI regulation and circulars/guidelines, issued by Mr. S. Ganesan, Company Secretary in Practice was submitted to BSE Limited.

### 36. SECRETARIAL AUDITOR'S REPORT

In terms of Section 204(1) of the companies Act 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors has appointed M/s. BP & Associates, Practicing Company Secretaries, Chennai as Secretarial Auditors of the Company for conducting the Secretarial Audit for the financial year 2022-2023. The report of the Secretarial Auditor is Annexure –I to this report.

The Secretarial Audit report for the financial year ended 31<sup>st</sup> March 2023 contains qualification and clarification by the Board is as follows:

S. No	Observations/Remarks	Response by the Company
1.	The Company was not able to appoint Compliance officer as per the Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 12th January 2022 to 26th May 2022 and 06th December 2022 to 21st April 2023 due to resignations of Mr. Vignesh Ram, (Membership No. A32958) (Resignation dated 11th January, 2022) and Mrs. R. Jashvadha (Membership No. A64475) (Resignation dated 05th December, 2022) respectively.	The Company has taken necessary steps to address gap in the appointment of compliance officer and appointed Mr. M. Balamurugan (A66115) as Compliance officer with effect from 22nd April 2023.

S. No	Observations/Remarks	Response by the Company
2.	The Company has not followed the procedure for reclassification of Promoters as per the Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Few shareholders of the Company belonging to the Public Category were inadvertently classified as the "Promoters" of the Company. Subsequently, the Company took steps to rectify the same by reclassifying the promoter category as envisaged under the provisions of Regulations 31A of SEBI (LODR) Regulations, 2015.
3.	The company has a Structured Digital Database (SDD) for handling Unpublished Price Sensitive information. However, there were gaps in the implementation of SDD in line with Regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.	The Gaps have been rectified by the company, Now Company has proper control in the Structured Digital Database (SDD) for handling Unpublished Price Sensitive information.
4.	The Company has not filed certain forms and maintained register as required under other laws that are applicable to the Company.	The Company has taken the cognizes of the fact and will take all the possible steps to comply with the provisions of other laws applicable to company.
5.	There was one instance where the Company didn't make disclosure to the stock exchange as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015	The Company will take all the possible steps to avoid this type of non-compliance in future.

### 37. INTERNAL AUDIT:

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 and all other applicable provisions (including any amendment thereto) if any of the Companies Act, 2013, M/s. P S S & CO Chartered Accountants, Chennai were appointed as the Internal Auditors of the Company for the Financial Year 2022-2023.

### 38. COST AUDIT:

The provisions of the Cost Audit are not applicable to the Company.

### 39. MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

Management Discussion and Analysis Report of the company for the year under review as required under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in this report.

### 40. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS/COURTS/TRIBUNAL

During the financial year under review the Company has not received any orders, Notices from Regulators/ Courts/Tribunal impacting the going concern status and future operations of the Company.

### 41. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

To prevent sexual harassment of women at work place, a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9<sup>th</sup> December, 2013 and



every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

#### **42. MECHANISM FOR BOARD EVALUATION:**

Regulation 17(10) of SEBI (LODR) Regulations, 2015 states that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal Annual Evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors.

Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision and objective, skills, knowledge and experience, participation and attendance in Board/Committee meetings; governance and contribution to strategy; interpersonal skills etc.

The Board has carried out the annual performance evaluation of its own performance the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations and governance.

#### **43. PREVENTION OF INSIDER TRADING:**

The Company has a policy viz., Code of Conduct to regulate, monitor and report trading by designated person and same has been posted on the website of the company [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/code\\_of\\_conduct\\_for\\_insider\\_trading.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/code_of_conduct_for_insider_trading.pdf)

#### **44. PERSONNEL:**

The relations between the management and the staff were very cordial throughout the year. Your Directors take this opportunity to record their appreciation for the co-operation and loyal services rendered by the employees.

#### **45. GENERAL**

Your directors state that no disclosure or reporting is required of the following matter as there were no transaction on these matters during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares to employees of the Company under any scheme
- No instance of fraud reported by the Auditors under section 143 (12) of the Act.
- There are no proceedings pending under the Insolvency and Bankruptcy code, 2016.
- There was no instance of one-time settlement with any Banks or financial institution.



**46. ACKNOWLEDGEMENTS:**

Your Directors gratefully acknowledge with thanks the constructive guidance and co-operation extended by MPEDA, Axis Bank and Government of Andhra Pradesh, Tamil Nadu and also to employees at all levels, suppliers, dealers and customers for their strong support.

Your Directors also thank the shareholders for their continued confidence and trust placed by them with the Company.

By Order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

Place: Nellore  
Date: 12<sup>th</sup> August 2023

**Prasad Reddy Sabbella**  
Managing Director  
DIN: 00069094

**Sharat Reddy Sabbella**  
Whole-time Director  
DIN: 02929724





**ANNEXURE-I**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023**

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

To,  
 The Members,  
 Sharat Industries Limited  
 Venkannapalem Village, TP Gudur Mandal,  
 Nellore- 524002, Andhra Pradesh.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sharat Industries Limited** (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 **Sharat Industries Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on, 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 made available to us and maintained by **Sharat Industries Limited** for the financial year ended on 31st March, 2023 according to the applicable provisions of:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>i. The Companies Act, 2013 (the Act) and the rules made thereunder;</li> <li>ii. The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made there under;</li> </ul> | <ul style="list-style-type: none"> <li>iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;</li> <li>vi. 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;</li> <li>v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):               <ul style="list-style-type: none"> <li>a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</li> <li>c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</li> <li>d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021; (Not applicable to the Company during the audit period)</li> <li>e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;</li> <li>f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;</li> </ul> </li> <li>vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;</li> <li>vii. Other laws applicable to the Company as per the representations made by the Management;</li> </ul> |
|--|--|

With respect to Fiscal laws such as Income Tax and Goods and Service Tax we have reviewed

the systems and mechanisms established by the Company for ensuring compliances under various acts and based on the information and explanation provided to us by the management and officers of the company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- i. Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, issued by The Institute of Company Secretaries of India have been generally complied with.
- ii. During the period under review the Company has Complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
  1. The Company was not able to appoint Compliance officer as per the Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 12<sup>th</sup> January 2022 to 26<sup>th</sup> May 2022 and 06<sup>th</sup> December 2022 to 21<sup>st</sup> April 2023 due to resignations of Mr. Vignesh Ram, (Membership No. A32958) (Resignation dated 11<sup>th</sup> January, 2022) and Mrs. R. Jashvadha (Membership No. A64475) (Resignation dated 05<sup>th</sup> December, 2022) respectively.
  2. The Company has not followed the procedure for reclassification of Promoters as per the Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  3. The company has a Structured Digital Database (SDD) for handling Unpublished Price Sensitive information. However, there were gaps in the implementation of SDD in line with Regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.
  4. The Company has not filed certain forms and maintained register as required under

other laws that are applicable to the Company.

5. There was one instance where the Company didn't make disclosure to the stock exchange as required under Regulation 30 of SEBI (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.

During the period under review there were no events which required specific compliance of the provisions of

- i. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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.

Adequate/Shorter 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 or at a short date, 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.

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





We further report that during the audit period, the following significant events have taken place:

1.	Mr. Swayze Mani (DIN: 09604569) has been appointed as an Independent Director for a period of 5 Years with effect from 16 <sup>th</sup> May 2022 and was regularized as Independent Director for a period of 5 years with effect from 16 <sup>th</sup> May 2022.
2.	The Company has invested in its Associate Company by way of holding 49% Equity shares in the United Aquatech Private Limited.
3.	Mrs R. Jashvadha has been appointed as a Company Secretary and Compliance officer with effect from 27 <sup>th</sup> May 2022.
4.	The Authorized Share Capital of the Company was reclassified by cancelling the unissued Redeemable Preference Shares via Ordinary Resolution passed by the Members of the Company in the Extra-ordinary General Meeting held on 10 <sup>th</sup> June 2022 by altering the clause V of the Memorandum of Association of the Company.
5.	Mr. Ch Kishore Kumar (DIN: 00849345), an Independent Director of the Company has resigned from the Board with effect from 30 <sup>th</sup> July 2022.
6.	M/s A. R Krishnan and Associates Reappointed as Statutory Auditors of the Company for a Second term of Five Consecutive Years from the conclusion of 32 <sup>nd</sup> Annual General Meeting until the conclusion of 37 <sup>th</sup> Annual General Meeting.
7.	The Company has submitted a Suo Moto application under Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 for Non-Compliance of certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Company in connection with the issue of warrants.
8.	Mrs. Jashvadha (M. No: A64475) has resigned from the position of Company Secretary, Compliance officer & Key Managerial Personnel with effect from 05 <sup>th</sup> December 2022.
9.	The Shareholder in their meeting held on 13 <sup>th</sup> February 2023 has approved for revising the price of the 19,00,000 (Nineteen lakhs only) Equity Shares allotted pursuant to conversion of warrants by way of a preferential issue on 31 <sup>st</sup> January 2022 from Rs.50/- (Rupees Fifty only) per Equity Share to Rs.60/- (Rupees Sixty only) per Equity Share and subsequently the Board took note of receipt of differential price Rs. 10/- per equity shares in their meeting held on 23 <sup>rd</sup> February 2023.
10.	Mrs. Geetha Adhyam Bindu (07017187) has appointed as an Independent Director of the Company with effect from 10 <sup>th</sup> February 2023 and was regularized as Independent Director for a period of 5 years with effect from 10 <sup>th</sup> February 2023.
11.	The Remuneration of Mr. Prasad Reddy Sabbella (DIN: 00069094) Managing Director of the Company has approved by the Shareholders of the Company via Postal ballot approved on 23 <sup>rd</sup> March, 2023 for the financial year from 01 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023.
12.	The Remuneration of Mr. Sharat Reddy Sabbella (DIN:02929724), Whole-time Director of the Company has approved by the Shareholders of the Company via Postal ballot approved on 23 <sup>rd</sup> March, 2023 for the financial year from 01 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023.
13.	Mr. Prasad Reddy Sabbella (DIN:00069094) has Re-appointed of Managing Director of the Company for a further period of 3 Years from 01 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2026.
14.	Mr. Sharat Reddy Sabbella (DIN:02929724) has Re-appointed as Whole-Time Director of the Company for further period of 3 years from 01 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2026.
15.	Mr. Durga Prasad has resigned from the position from Chief Financial Officer and Key Managerial Personnel of the Company with effect from 19 <sup>th</sup> February 2023.

16.	Mr. N. Thyagarajan has been appointed as Chief Financial Officer and Key Managerial Personnel of the Company with effect from 21 <sup>st</sup> February 2023.
17.	Mrs. Durga Thota (DIN: 07138565) has Resigned from the Board as Independent Director of the Company with effect from 01 <sup>st</sup> March 2023.
18.	<p>During the period company has paid penalty in the following few instances:</p> <p>(i) The Company has not obtained the In Principle approval as required under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for purpose of Issuance of 19,00,000 Equity shares on conversion of warrants, However, Company has paid a penalty of Rs. 50,000/- on 15<sup>th</sup> February 2023.</p> <p>(ii) The Company has not filed Listing Application for listing 19,00,000 equity shares under preferential issue within 20 days from the date of the allotment i.e 31<sup>st</sup> January 2022. However, Company has paid a penalty of Rs. 10,00,000/- (rupees Ten Lakhs) on 14<sup>th</sup> April 2022.</p>

**For BP & Associates**  
**Company Secretaries**  
**Peer Review No: P2015TN040200**

**C. Prabhakar**  
**Partner**  
**M.NO:F11722| CP NO: 11033**  
**UDIN: F011722E000793085**

**Place: Chennai**  
**Date: 12<sup>th</sup> August 2023**

**ANNEXURE A**

To  
The Members,  
Sharat Industries Limited  
Venkannapalem Village TP Gudur Mandal  
Nellore, 524002 Andhra Pradesh

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Wherever 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 the management. Our examination was limited to the verification of procedures on test 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 BP & Associates**  
**Company Secretaries**  
**Peer Review No: P2015TN040200**

**C. Prabhakar**  
**Partner**  
**M.NO: F11722| CP NO: 11033**

**Place: Chennai**  
**Date: 12<sup>th</sup> August 2023**

**ANNEXURE- II**  
**FORM AOC-1**  
**Part –B**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

**(Rs. In Lakhs except number of Shares)**

<b>Name of the Associate</b>	<b>United Aquatech Private Limited</b>
<b>1. Latest Audited Balance Sheet Date</b>	31st March 2023
<b>2. Shares of the Associate held by the Company on the Year end</b>	
Number of Shares	49,000
Amount of Investment in Associate	4.90
Extent of Holding %	49%
<b>3. Description of how there is significant influence</b>	Significant influence in the financial and operating policy decisions of the entity
<b>4. Reason why the associate is not consolidated</b>	-
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	(10.04)
<b>6. Profit / Loss for the year</b>	
i. Considered in Consolidation	(4.90)
ii Not Considered in Consolidation	(15.14)

1. Names of associates or joint ventures which are yet to commence operations. –NA

2. Names of associates or joint ventures which have been liquidated or sold during the year- NA

**For A.R.Krishnan & Associates**

Chartered Accountants  
F.R. No. 009805S

**For and behalf of Board of Directors**

**Prasad Reddy Sabbella**  
Managing Director  
DIN:00069094

**Sharat Reddy Sabbella**  
Whole-Time Director  
DIN:02929724

**A.Senthil Kumar**  
Partner  
M.No. 214611

**N. Thyagarajan**  
Chief Financial Officer

**M. Balamurugan**  
Company Secretary



### ANNEXURE-III Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts /arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any:

Date on which the special resolution was passed in general meeting as required under first proviso to section 188

#### 2. Details of material contracts or arrangement or transactions at arm's length basis. (Rs. In Lakhs)

S.No	Name of Related Party and nature of Relationship	Nature of contact / Agreement/ Transaction	Value of Transaction	Duration of the Contract	Salient terms of The contract	Date of Approval by the Board	Amount as paid as advance if any
01.	Katyayini Aquatech Private Limited (Private Limited Company in which a relative of Director is Director and member)	Sale of Goods	1,146.03	Year on Year Basis	The related party Transaction entered into during the year were in ordinary course and arm's length Basis	27th May 2022	Nil
		Purchase of Goods and Services	1,016.24	Year on Year Basis			Nil



S.No	Name of Related Party and nature of Relationship	Nature of contact / Agreement/ Transaction	Value of Transaction	Duration of the Contract	Salient terms of The contract	Date of Approval by the Board	Amount as paid as advance if any
02.	SP Enterprise (Partnership Firm in which Director and relative of Director are partners)	Sale of Goods	797.75	Year on Year Basis	The related party Transaction entered into during the year were in ordinary course and arm's length Basis	27th May 2022	Nil
		Purchase of Goods and Services	418.90	Year on Year Basis			Nil
03.	United Aquatech Private Limited (Associate Company)	Sale of Goods	192.57	Year on Year Basis	The related party Transaction entered into during the year were in ordinary course and arm's length Basis	27th May 2022	Nil
		Purchase of Goods and Services	276.60	Year on Year Basis			Nil
04.	United Aquatech Private Limited (Associate Company)	Lease Rent	10.00	Year on Year basis	The lease rent paid by the company shall not exceed the similar facilities in the location	27th May 2022	Nil
05.	Mr. Prasad Reddy Sabbella Managing Director	Lease of Ponds	16.50	Year on Year basis	The lease rent paid by the company shall not exceed the similar facilities in the location	27th May 2022	Nil
06.	Mrs. Devaki Reddy Sabbella relative of Mr. S. Prasad Reddy, Managing Director	Lease of office premises	8.82	Year on Year basis	The lease rent paid by the company shall not exceed the similar facilities in the location	27th May 2022	Nil

By Order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

**Place: Nellore**  
**Date: 12<sup>th</sup> August 2023**

**Prasad Reddy Sabbella**  
**Managing Director**  
**DIN: 00069094**

**Sharat Reddy Sabbella**  
**Whole-time Director**  
**DIN: 02929724**

**ANNEXURE-IV****STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISION OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

As prescribed under Section 197(12) of the Companies Act, 2013 ("Act") and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are given in Annexure V. In terms of provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names of the employees and other particulars, drawing remuneration in terms of the said Rules forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member who is interested in obtaining these particulars may write to the Company Secretary of the Company.

By Order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

Place: Nellore  
Date: 12<sup>th</sup> August 2023

**Prasad Reddy Sabbella**  
**Managing Director**  
**DIN: 00069094**

**Sharat Reddy Sabbella**  
**Whole-time Director**  
**DIN: 02929724**

## ANNEXURE -V

**Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014****1. The ratio of the remuneration to Key Managerial Personnel to the median remuneration of the Employees of the Company for the Financial Year ended 31<sup>st</sup> March 2023 and Percentage Increase in remuneration compared to last financial year:**

Particulars	Remuneration for the FY 22-23 (Rs. In Lakhs)	% in Increase in remuneration compared to last FY	Ratio to median remuneration of Employees
<b>Managing Director</b>			
Mr. Prasad Reddy Sabbella	72.00	-	34:1
<b>Whole Time Director</b>			
Mr. Sharat Reddy Sabbella	60.00	-	29:1
<b>Chief Financial Officer</b>			
Mr. Durga Prasad <sup>^</sup>	14.77	(33.47%)	7:1
Mr. N. Thyagarajan <sup>#</sup>	0.90	-	-
<b>Company Secretary</b>			
Mrs. R. Jashvadh <sup>a</sup>	1.59	-	1:1

\*Resigned with effect from 05<sup>th</sup> Decmber 2022.

<sup>^</sup> Resigned with effect from 19<sup>th</sup> February 2023

<sup>#</sup> Appointed with effect from 21<sup>st</sup> February 2023

**2. Percentage Increase/Decrease in the median remuneration of the employees in the financial year ended 31st March 2023**

There was an increase in the median remuneration by 12.6%.

**3. No. of Employees on the rolls of the Company as on 31st March 2023: 164****4. Average percentile increases 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, pointing out if there are any exceptional circumstances for increase in the managerial remuneration.**

Particulars	FY 2021-2022	FY 2022-2023	% Increase/ (Decrease)
Employees Salary	621.55	633.54	1.93%
Managerial Remuneration	132.00	132.00	-



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

Your Company affirms that the remuneration to Directors and Key Managerial Personnel is as per the Remuneration Policy of the Company.

By Order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

**Place: Nellore**  
**Date: 12<sup>th</sup> August 2023**

**Prasad Reddy Sabbella**  
**Managing Director**  
DIN: 00069094

**Sharat Reddy Sabbella**  
**Whole-time Director**  
DIN: 02929724

## ANNEXURE VI

### REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance in accordance with the SEBI prescribed format is given below:

#### MANDATORY REQUIREMENTS:

##### 1. COMPANY'S PHILOSOPHY:

Good corporate governance is an essential condition for sustainable business that aims at generating long term value to its stakeholder. The Company believes that strong governance standards, focusing on fairness transparency, accountability and responsibility are vital, not only healthy and vibrant corporate sector growth, but also for inclusive growth of the economy. The Company's philosophy on corporate governance oversees business strategies and ensured fiscal accountability, ethical corporate behavior.

The Governance philosophy of the Company is not limited to confirming of compliance of laws but it is a blend of both legal and management practices to embed the same in decision making process. The Company has been practicing best principles from the stage of conceptualization of products till providing of services to consumers after sales.

##### 2. BOARD OF DIRECTORS

###### 2.01 Composition of Board:

The Company has constituted the Board in consonance with the requirement of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The strength of the Board of Directors is 6 (Six) with 2 (Two) Executive Directors (one Managing Director and one Whole -time Director), 4 (Four) Non-executive Directors (Three Independent and one Non-Independent Director). The Independent Directors are having vast experience in the industry, finance and general expertise to handle and guide the operation towards betterment. They take active part in the Board and Committee Meetings.

S.No.	DIRECTORS NAME	DESIGNATION
1.	Mr. Prasad Reddy Sabbella	Managing Director
2.	Mr. Sharat Reddy Sabbella	Whole Time Director/Executive Director
3.	Mrs. Durga Thota*	Non-Executive Independent Director
4.	Mr. Ch. Kishore Kumar^	Non-Executive Independent Director
5.	Mr. Harihar Venkata Muthyam	Non-Executive Independent Director
6.	Mr. Shanmugam	Non-Executive Non-Independent Director
7.	Mr. Swayze Mani <sup>§</sup>	Non-Executive Independent Director
8.	Mrs. Geetha Adhyam Bindu <sup>@</sup>	Non-Executive Independent Director

\* Resigned with effect from 01<sup>st</sup> March 2023

^ Resigned with effect from 30<sup>th</sup> July 2022

§ Appointed with effect from 16<sup>th</sup> May 2022

@ Appointed with effect from 10<sup>th</sup> February 2023

###### 2.02 None of the Directors on the Board:

- a. Holds Directorships in more than ten public companies
- b. Serves as Director or as an Independent Director in more than seven listed Companies as required under Regulation 17A of Listing Regulation





- c. Who are the Executive Directors serves as Independent Director in more than 3 listed entities
- d. is member of more than 10 committees or chairperson of more than 5 committees across all the Companies in which he/she is a Director as required under regulation 26 (1) of Listing Regulation

### 2.03 Information of Board of Directors and Attendance:

During the year under review the Board of Directors of the company met 9 (Nine) times. viz., 16<sup>th</sup> May 2022, 27<sup>th</sup> May 2022, 30<sup>th</sup> July 2022, 31<sup>st</sup> August 2022, 10<sup>th</sup> October 2022, 08<sup>th</sup> November 2022, 14<sup>th</sup> January 2023, 10<sup>th</sup> February 2023 and 23<sup>rd</sup> February 2023.

The attendance particulars of each Director at the Board Meetings and last Annual General Meeting are as follows:

Name of Director / Designation	No of Board meetings attended during the year	Last AGM (held on 29 <sup>th</sup> September 2022) Attended	Directorships Held in Companies (Excluding Sharat Industries Limited)#	No of other Committees (other than Sharat Industries Limited ) in which Chairman / Members
Mr. Prasad Reddy Sabbella Managing Director	9	Yes	Nil	Nil
Mr. Sharat Reddy Sabbella Whole-Time Director	9	Yes	1	Nil
Mrs. Durga Thota* (Non-Executive Independent Director)	6	Yes	1	Nil
Mr. Kishore Kumar^ (Non-Executive Independent Director)	1	NA	2	Nil
Mr. Harihar Venkata Muthyam (Non-Executive Independent Director)	9	Yes	2	Nil
Mr. Shanumugam (Non-Executive Non-Independent Director)	5	Yes	Nil	Nil
Mr. Swayze Mani\$ (Non- Executive Independent Director)	7	Yes	Nil	Nil
Mrs. Geetha Adhyam Bindu® (Non- Executive Independent Director)	1	NA	Nil	Nil

\* Resigned with effect from 01<sup>st</sup> March 2023

^ Resigned with effect from 30<sup>th</sup> July 2022

\$ Appointed with effect from 16<sup>th</sup> May 2022

@ Appointed with effect from 10<sup>th</sup> February 2023

# Excludes private, foreign companies and companies registered under Section 8 of the Companies Act, 2013

Note: As on 31<sup>st</sup> March 2023, none of the Directors holds any Directorship in other Listed Companies.

#### **2.04 Disclosure of relationships between directors inter-se:**

Mr. Prasad Reddy Sabbella, Managing Director is father of Mr. Sharat Reddy Sabbella, Whole-Time Director.

None of the other Directors are related to any other Director on the Board.

#### **2.05 Number of Shares and Convertible instruments held by Non-Executive Director:**

None of the Non-executive Directors holds any share in the company.

#### **2.06 Details of familiarization programmers for Independent Directors**

The details of the Familiarization Programmers for Independent Directors are available at the Company's website, at the following link <http://www.sharatindustries.com/investors-financial-results.html>

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013. The Code is available at the Company's website at the following link at <http://www.sharatindustries.com/investors-financial-results.html>

The minimum information to be placed before the Board of Directors at their meeting, as specified in Part A of Schedule II of SEBI (LODR) Regulations, 2015 have been adequately complied with.

#### **2.07 Confirmation that in the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and is Independent of the management:**

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

#### **2.08 Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such Director that there are no other material reasons other than those provided:**

- (a) Mr. Ch. Kishore Kumar (DIN:00849345) resigned from the position of the Independent Director of the Company with effect from 30<sup>th</sup> July 2022 due to his personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.

- (b) Mrs. Durga Thota (DIN:07138565) resigned from the position of the Independent Director of the Company with effect from 01<sup>st</sup> March 2023 due to personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.

#### **2.09 List of core Skills / expertise/ Competencies required in the Company's Board to enable it function effectively and those actually available**

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:



S.No	Skills/ Expertise/ Competence identified by Board	Mr. Prasad Reddy Sabbella	Mr. Sharat Reddy Sabbella	Mr, Harihar Venkata Muthyam	Mr. Shanmugam	Mr. Swayze Mani	Ms. Geetha Adhyam Bindu
1	Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.	✓	✓	✓	✓	✓	✓
2.	Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.	✓	✓	✓	✓	✓	✓
3.	Business Strategy, Forex Management, Administration, Decision Making, Sales & Marketing.	✓	✓	✓	✓	✓	✓
4	Corporate Governance & Compliance	✓	✓	✓	✓	✓	✓
5	Financial and Management skills	✓	✓	✓	✓	✓	✓
6	Technical / Professional skills and specialized knowledge in relation to Company's business	✓	✓	✓		✓	✓

### 3. CHANGES IN DIRECTORS & KEY MANAGERIAL PERSONNEL

#### APPOINTMENT:

On recommendation of the Nomination and Remuneration committee the Board have considered and approved the following:

- (a) Appointment of Mr. Swayze Mani (DIN: 09604569) as an Additional Director (Non-Executive Independent) with effect from 16th May 2022 for a term of five (5) consecutive years and same was approved by the Shareholders of the Company in the Extra-Ordinary General Meeting (EGM) held on 10<sup>th</sup> June 2022.
- (b) Appointment of Mrs. Geetha Adhyam Bindu (DIN: 07017187) as an Additional Director (Non-Executive Independent) with effect from 10<sup>th</sup> February 2023 for a term of five (5) consecutive years and same was approved by the Shareholders through Postal Ballot process on 23<sup>rd</sup> March 2023.

#### RESIGNATION:

- (a) Mr. Ch. Kishore Kumar (DIN: 00849345) resigned from the position of the Independent Director of the Company with effect from 30<sup>th</sup> July 2022 due to his personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.

- (b) Mrs. DurgaThota (DIN:07138565) resigned from the position of the Independent Director of the Company with effect from 01<sup>st</sup> March 2023 due to personal reasons and other professional commitments.

There were no other material reasons of the resignation other than those mentioned above.

#### **RE-APPOINTMENT:**

- (a) Mr. Prasad Reddy Sabbella (DIN:00069094), Managing Director was re-appointed as Managing Director for a period of 3 years with effect from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 by way of Special Resolution passed by the Shareholders of the Company through Postal ballot process on 23<sup>rd</sup> March 2023.
- (b) Mr. Sharat Reddy Sabbella (DIN:02929724), Whole Time Director was re-appointed as Whole-Time Director for a period of 3 years with effect from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 by way of Special Resolution passed by the Shareholders of the Company through Postal ballot process on 23<sup>rd</sup> March 2023.

#### **KEY MANAGERIAL PERSONNEL:**

- (a) Mrs. R. Jashvadhya (Membership No: A64475) was appointed as a Company Secretary and Compliance Officer with effect from 27<sup>th</sup> May 2022 and subsequently resigned from the position of Company Secretary & Compliance officer with effect from 05<sup>th</sup> December 2022 after the closure of the business hours due to personnel reasons.
- (b) Mr. Durga Prasad resigned from the position of Chief Financial Officer with effect from 19<sup>th</sup> February 2023.
- (c) Mr. N. Thyagarajan was appointed as Chief Financial Officer with effect from 21<sup>st</sup> February 2023 and continues to hold the position till date.
- (d) Mr. M. Balamurugan (Membership No: A66115) was appointed as Company Secretary and Compliance Officer with effect from 22<sup>nd</sup> April 2023 and continues to hold the position till date.

### **4. AUDIT COMMITTEE**

#### **4.01 Terms of Reference**

The committee acts as a bridge between the Board, the Statutory Auditors and the internal auditors. The Committee functions as per the provisions of regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 177 of Companies Act, 2013. The responsibilities of the Committee, inter-alia, include:

- (a) Overall review of the Company's periodical financial statements; financial reporting process; disclosure policies and ensuring that they are appropriate, accurate and credible and more particularly:
  - a. To select and establish accounting policies and changes if any in accounting policies and procedures.
  - b. To answer qualifications if any given in the draft auditors' report.
  - c. On the major entries made in the accounts based on the exercise of judgment made by the management.
  - d. The Going Concern concept assumption.
  - e. Compliance with the Accounting Standards as prescribed by ICAI.
  - f. Compliance with requirements of stock exchanges and legal requirements concerning the financial statements.
  - g. To review management discussion and analysis of financial condition and results of operation.



- h. To review statement of significant related party disclosures submitted by the management.
- i. To evaluate internal financial controls and risk management systems.
- (b) Recommending the appointments and removal of external auditor, fixation of audit fee and also approval for payment for other services.
- (c) Periodic review of the adequacy of the internal audit, internal controls and discussions with the external auditors thereon. Depending upon the necessity the senior personnel from the concerned department are called to the meeting.

The Company Secretary serves as the Secretary to the Committee.

#### 4.02 Composition & Meetings

The committee comprises Non-Executive Independent Directors. Subsequent to the Resignation of Mr. Kishore Kumar (DIN: 00849345) with effect from 30<sup>th</sup> July 2022 and Mrs. DurgaThota (DIN:07138565) with effect from 01<sup>st</sup> March 2023 the Audit Committee was reconstituted.

As on 31<sup>st</sup> March 2023, the composition of the committee is as follows:

S.No	Name of the Member	Description
1	Mrs. Geetha Adhyam Bindu	Chairperson, Independent Director
2.	Mr. Harihar Venkata Muthyam	Member, Independent Director
3.	Mr. Swayze Mani	Member, Independent Director

During the financial year 2022-23, Four (4) meetings of the Audit Committee were held viz., on 27<sup>th</sup> May 2022, 30<sup>th</sup> July 2022, 08<sup>th</sup> November 2022 & 10<sup>th</sup> February 2023. All members of Audit Committee have knowledge of financial management, audit and accounts. The statutory auditors, the internal auditors and senior management were invited to attend all the meetings of the committee.

#### 4.03 Attendance of Directors

Name of Director/Member	No. of Meetings Held	No. of Meetings Attended
Mr. Kishore Kumar <sup>^</sup>	4	1
Mrs. Durga Thota <sup>*</sup>	4	2
Mr. Harihar Venkata Muthyam	4	4
Mr. Swayze Mani <sup>§</sup>	4	2
Mrs. Geetha Adhyam Bindu <sup>@</sup>	4	NA

<sup>^</sup> member upto 30<sup>th</sup> July 2022

<sup>\*</sup> member upto 10<sup>th</sup> February 2023

<sup>§</sup> Inducted into the Committee by the Board with effect from 30<sup>th</sup> July 2022

<sup>@</sup> Inducted into the Committee by the Board with effect from 10<sup>th</sup> February 2023

All the recommendations made by the Audit Committee were accepted by the Board.



## 5. NOMINATION AND REMUNERATION COMMITTEE:

### 5.01. Terms of Reference

The Committee was constituted in terms of the requirement of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Section 178 of the Companies Act, 2013. The responsibility of the committee includes:

- To formulate criteria for determining qualifications, positive attributes and independence of a director.
- To identify persons who are qualified to become Directors and Key Managerial Personnel in accordance with the criteria laid down in this policy and recommend their appointment to Board.
- To formulate criteria for evaluation of Directors, the Board and various Committees of the Board.
- To carry out evaluation of Director's performance.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial and Senior Management Personnel.
- Succession planning for replacing Key Executives and overseeing the Implementation of the same.

The Company Secretary serves as the Secretary to the Committee.

### 5.02 Composition & Meetings

The Committee comprises of 3 Non-Executive Independent Directors. Subsequent to the Resignation of Mr. Kishore Kumar (DIN: 00849345) with effect from 30<sup>th</sup> July 2022 and Mrs. Durga Thota (DIN:07138565) with effect from 01<sup>st</sup> March 2023 the Nomination & Remuneration Committee was reconstituted.

As on 31<sup>st</sup> March 2023, composition of the committee is as follows:

S.No	Name of the Member	Description
1	Mrs. Geetha Adhyam Bindu	Chairperson, Independent Director
2.	Mr. Harihar Venkata Muthyam	Member, Independent Director
3.	Mr. Swayze Mani	Member, Independent Director

### 5.03. Attendance of Members:

Name of Director/Member	No. of Meetings Held	No. of Meetings Attended
Mr. Kishore Kumar <sup>^</sup>	3	1
Mrs. Durga Thota <sup>*</sup>	3	2
Mr. Harihar Venkata Muthyam	3	3
Mr. Swayze Mani <sup>§</sup>	3	1
Mrs. Geetha Adhyam Bindu <sup>@</sup>	3	NA

<sup>^</sup> member upto 30<sup>th</sup> July 2022

<sup>\*</sup> member upto 10<sup>th</sup> February 2023

<sup>§</sup> Inducted into the Committee by the Board with effect from 30<sup>th</sup> July 2022

<sup>@</sup> Inducted into the Committee by the Board with effect from 10<sup>th</sup> February 2023

The committee met thrice during the Financial Year 2022-23 viz., 16<sup>th</sup> May 2022, 27<sup>th</sup> May 2022 & 10<sup>th</sup> February 2023.



#### 5.04 Performance Evaluation Criteria for Independent Directors

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. Their criteria provide for certain parameters below

- (a) Attendance at Meetings - attendance at Board Meetings, General and Committee meetings.
- (b) Other Directorships held by the Non-Executive Director in listed or unlisted Companies.
- (c) Other companies in which Non-Executive Director is a chairperson.
- (d) Participation at Board/Committee meetings.
- (e) Review of Financial Statements, risks and business performance
- (f) Time devoted towards discussion with Management.

The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors; the Directors expressed their satisfaction with the evaluation process.

### 6. REMUNERATION OF DIRECTORS

#### 6.01 Pecuniary relationship or transaction of the Non-Executive Director vis-à-vis the Company

There were no pecuniary relationships or transactions of the non - executive directors 'vis-à-vis' the company during the Financial Year ended March 31, 2023 except payment of remuneration by way of sitting fees as disclosed below

#### 6.02 Criteria of Making Payment to Non-Executive Directors

The Company has formulated and laid down the criteria for making payment to the Non-executive Director as enumerated in the Nomination and Remuneration policy which is accessed in the website of the Company [www.sharatindustries.com](http://www.sharatindustries.com)

#### 6.03 Disclosure with respect to remuneration

Disclosures with respect to remuneration paid during the financial year ended March 31, 2023 as per the Companies Act, 2013

#### 6.04 Remuneration Paid to Non-executive Director

The details of the remuneration (sitting fees) paid to non-executive directors during the financial year ended 31<sup>st</sup> March 2023 is given below

S.No	Name of the Non-Executive Directors	Sitting Fees Paid (Rs. in Lakhs)
1	Mr. Ch. Kishore Kumar	0.08
2.	Mrs. Durga Thota	0.43
3.	Mr. Harihar Venkata Muthyam	0.60
4.	Mr. Shanmugam	0.25
5.	Mr.Swayze Mani	0.42
6	Mrs. Geetha Adhyam Bindu	0.05

**6.04 Remuneration paid to Executive Director (Rs. in Lakhs)**

Name of Director	Salary	Perquisites	Contribution to PF	Total
Mr. S. Prasad Reddy	72	-	-	72
Mr. S. Sharat Reddy	60	-	-	60

There is no performance linked incentives or stock option for any of the Directors. The remuneration given above is fixed components. The tenure of office of the Managing Director and Whole time Executive Director is for a period of three years from the date of appointment, being promoter Directors, no service contract has been stipulated for them.

**7. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

**7.01** The Committee, inter-alia, approves issuance of duplicate share certificates as well as oversees and reviews all matters connected with the securities transfer, transmission, nomination, dematerialization and rematerialisation including redressing grievances related thereto. The Committee also considers redressing of shareholder's complaints relating to non-receipt of notices/annual reports and dividends etc.

**7.02** The committee comprises Non-Executive Independent Directors. Subsequent to the Resignation of Mr. Ch. Kishore Kumar (DIN: 00849345) with effect from 30th July 2022 and Mrs. Durga Thota (DIN: 07138565) with effect from 01st March 2023 the Stakeholder Relationship Committee was reconstituted.

As on 31<sup>st</sup> March 2023, composition of the committee is as follows:

S.No	Name of the Member	Description
1	Mrs. Geetha Adhyam Bindu	Chairperson, Independent Director
2.	Mr. Harihar Venkata Muthyam	Member, Independent Director
3.	Mr. Swayze Mani	Member, Independent Director

Mr. M Balamurugan, Company Secretary is the Compliance Officer to the Committee.

**7.03** During the financial year ended on 31<sup>st</sup> March, 2023 the Shareholder's Relationship Committee met 2 (Twice) viz., 27<sup>th</sup> May 2022 & 10<sup>th</sup> February 2023

The attendance of the members of the Stakeholder's Relationship Committee is as follows:

Name of Director/Member	No. of Meetings Held	No. of Meetings Attended
Mr. Ch Kishore Kumar <sup>^</sup>	2	0
Mrs. Durga Thota <sup>*</sup>	2	1
Mr. Harihar Venkata Muthyam	2	2
Mr. Swayze Mani <sup>§</sup>	2	1
Mrs. Geetha Adhyam Bindu <sup>@</sup>	2	NA

<sup>^</sup> member upto 30<sup>th</sup> July 2022

<sup>\*</sup> member upto 10<sup>th</sup> February 2023

<sup>§</sup> Inducted into the Committee by the Board with effect from 30<sup>th</sup> July 2022

<sup>@</sup> Inducted into the Committee by the Board with effect from 10<sup>th</sup> February 2023



- (i) The Details of Shareholders Complaints during the financial year ended 31<sup>st</sup> March 2023 are given below

No. of Investors Complaints pending at the beginning of the Year 2022-2023	No. of Complaints received during the year 2022-2023	No. of Complaints Resolved during the year 2022-2023	No. of Complaints remaining unresolved during the Year 2022-2023
0*	4*	4*	0*

\*Based on the Quarterly Investor's Grievance Report submitted to the stock exchanges pursuant to Regulation 13 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year ended 31<sup>st</sup> March 2023.

## 8. INDEPENDENT DIRECTOR'S MEETING:

During the Financial Year under review the Independent Directors meeting was held on 23<sup>rd</sup> February 2023 and was attended by Mrs. Geetha Adhyam Bindu, Mr. Harihar Venkata Muthyam and Mr. Swayze Mani.

## 9. (i) GENERAL BODY MEETING

Details of location and time of the last three Annual General Meeting held are as follows:

Year	Location	Date	Time	Details of Special Resolutions passed
2021-2022	Through Video Conferencing (VC)/other Audio Visuals Means (OAVM)	29th September 2022	11:00 AM	Approving the appointment of Mr. Swayze Mani (DIN:09604569) as an Independent Director of the Company
2020-2021	Through Video Conferencing (VC)/other Audio Visuals Means (OAVM)	27th September 2021	10:00 AM	No Special Resolution was passed
2019-2020	Through Video Conferencing (VC)/other Audio Visuals Means (OAVM)	30th December 2020	10:00 AM	Re-appointment of Mr. S. Prasad Reddy (DIN:00069094) as Managing Director of the company for period of 5 Years  Re-appointment of Mrs. Durga Thota (DIN:07138565) as Independent Director for Second term of 5 Years.

## (ii) EXTRAORDINARY GENERAL MEETING

During the Year Two (2) Extra Ordinary General Meetings (EGM) were held on 10<sup>th</sup> June 2022 & 13<sup>th</sup> February 2023. The details of Special/ ordinary resolution, as more particular set out in the notice of the EGM and passed by the members are as follows:

No. of EGM/ Financial Year	Day, Date & Time	Special /Ordinary Resolution Passed
EGM During the Year 2022-23	Friday, 10 <sup>th</sup> June 2022 at 10:00 AM Through video conferenc- ing (VC) /Other Audio visual means (OAVM)	1) Ratification of Issuance of Share warrants on Private Placement Basis. ( <i>Special Resolution</i> ) 2) Reclassification of Authorized Capital of the Com- pany consequent alteration in the Memorandum of Association ( <i>Ordinary Resolution</i> ) 3) Approving the appointment of Mr. Swayze Mani (DIN: 09604569) as an Independent Director ( <i>Ordinary Resolution</i> )
EGM During the Year 2022-23	Monday, 13 <sup>th</sup> February 2023 at 11:00 AM Through video con- ferencing (VC) /Other Audio visual means (OAVM)	Considering and approving revision in the price payable for the 19, 00,000 Equity Shares of Rs. 10/- each allotted on conversion of warrants on 31 <sup>st</sup> January 2022 by means of preferential issue from Rs.50/- (Rupees Fif- ty Only) per Equity Share to Rs.60/- (Rupees Sixty Only) per Equity Share. ( <i>Special Resolution</i> )

(iii) The details of Special Resolutions which were passed through postal ballot during the year under review and voting pattern thereon is as follows:-

Particulars of Special Resolution	Date of passing of the Resolution	Voting pattern	
		Vote cast in favour	Vote cast against
1) Approving the appointment of Mrs. Geetha Adhyam Bindu (DIN: 07017187) as an Independent Director	23 <sup>rd</sup> March 2023	26,510 (100%)	-
2) Approving the remuneration to Mr. Prasad Reddy Sabbella (DIN:00069094) Managing Director for the Financial Year ending 31 <sup>st</sup> March 2023	23 <sup>rd</sup> March 2023	23,362 (88.12%)	3,148 (11.88%)
3) Approving the remuneration payable to Mr. Sharat Reddy Sabbella (DIN:02929724) Whole Time Director for the Financial Year ending 31 <sup>st</sup> March 2023	23 <sup>rd</sup> March 2023	23,362 (100%)	-
4) Approving the re-appointment of Mr. Prasad Reddy Sabbella (DIN:00069094) as a Managing Director for a term of 3 (three) years from 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2026	23 <sup>rd</sup> March 2023	26,510 (100%)	-
5) Approving the re-appointment of Mr. Sharat Reddy Sabbella (DIN:02929724) as a Whole-time Director for a term of 3 (three) years from 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2026	23 <sup>rd</sup> March 2023	26,510 (100%)	-

Mr. Amresh Kumar (COP No:22067) proprietor of M/s. Amresh & Associates, Practicing Company Secretaries, who was appointed as the Scrutinizer, conducted the postal ballot process in a fair and transparent manner.

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.



### Procedure of Postal Ballot

- i. The Board of Directors of the Company at its meeting held on 10<sup>th</sup> February 2023 approved the process to conduct Postal Ballot by remote e-voting process pursuant to Section 110 of the Companies Act 2013 Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules") read with the circulars issued by the Ministry of Corporate Affairs from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- ii. Mr. Sharat Reddy Sabbella (DIN:02929724) Whole Time Director was authorized to receive scrutinizer report and declare the voting results of the Postal Ballot on behalf of the Company.
- iii. Mr. Amresh Kumar (COP No:22067) proprietor of M/s. Amresh & Associates, Practicing Company Secretaries, was appointed as Scrutinizer for conducting the Postal Ballot only through Remote-evoting in fair and transparent manner.
- iv. The Company has availed the service of Central Depository Service Limited (CDSL) for providing Remote E-voting facility to the members.
- v. The postal ballot notice along with the explanatory statement sent only through e-mail id on 21<sup>st</sup> February 2023 to those members whose name appears on the Register of Members as on cut-off date i.e 17<sup>th</sup> February 2023.
- vi. The newspaper advertisement as required under the Act and the MCA Circulars was published on 22<sup>nd</sup> February 2023 in Financial Express (English edition) and Visalandhra (Telugu edition).
- vii. The remote e-Voting period commenced on Wednesday, 22<sup>nd</sup> February 2023 09:00 AM and ended on Thursday, 23<sup>rd</sup> March 2023 at 05:00 PM (both days inclusive).
- viii. The voting results and scrutinizer report has been submitted to the stock exchange and uploaded on the website of the Company on 25<sup>th</sup> March 2023.

### 10. MEANS OF COMMUNICATION

S.No	Description	Remarks
1.	Quarterly Results	The quarterly results are submitted to the stock exchange in accordance with the requirement of Listing Regulation.
2.	Newspaper wherein results are published	Quarterly/Half yearly/Annual Audited Results are generally published in widely circulated newspaper viz. Financial Express(English) All India edition and Visalandhra (Telugu) Nellore Edition
3.	Website where results are published	<a href="http://www.sharatindustries.com">www.sharatindustries.com</a> <a href="http://www.sharatindustries.com/financial-performance.html">http://www.sharatindustries.com/financial-performance.html</a>
4.	Presentation made to institutional investors	The Company makes use of this website viz., <a href="http://www.sharatindustries.com/shareholder-information.html">http://www.sharatindustries.com/shareholder-information.html</a> for publishing presentations if any, made to institutional investors / analysts. No unpublished price sensitive information is discussed in the meeting with institutional investors and financial analysts.



## 11. GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting	33 <sup>rd</sup> Annual General Meeting.
Date & Time	Thursday, 28 <sup>th</sup> September 2023 at 11:00 AM (IST)
Venue	Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)
Registered Office	Venkannapalem Village, TP Gudur Mandal, Nellore, Andhra Pradesh 524002
Name and address of Stock Exchange(s) at which company's shares are listed	The equity securities of the Company are listed in Bombay Stock exchange (BSE Limited) and the annual listing fees for the financial year 2023-2024 has been paid within the stipulated time.
CIN:	L05005AP1990PLC011276
Financial Year 2023-2024 (tentative)	First Quarter Results -By 14 <sup>th</sup> August 2023 Second Quarter Results/ Half yearly – By 14 <sup>th</sup> November 2023 Third Quarter – By 14 <sup>th</sup> February 2024 Year end results- By 30 <sup>th</sup> May 2024
Registrar and share transfer Agent.	M/s. Cameo Corporate Services Ltd, 'Subramanian Building', No.1, Club House Road, Chennai – 600002. Email address:cameo@cameoindia.com Website: www.cameoindia.com
Whether the securities were suspended from trading during the Year 2022-2023	The equity shares of the Company were not suspended at any point of time during the year 2022-2023 and also till the date of the Report.
ISIN Stock Code	INE220Z01013 519397

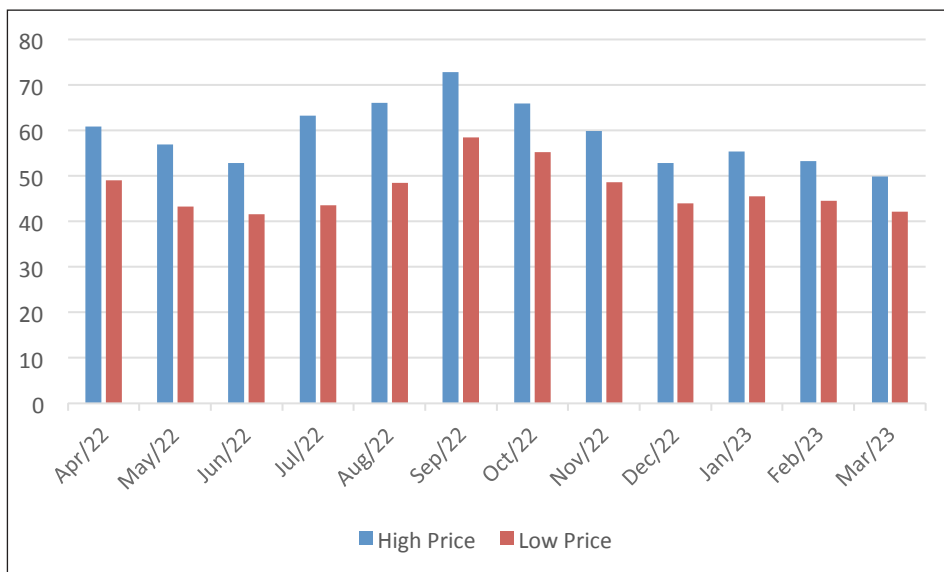
## 12. MARKET PRICE DATA

Details of Monthly high and low market prices as per stock exchange data for the financial year ended 31<sup>st</sup> March, 2023.

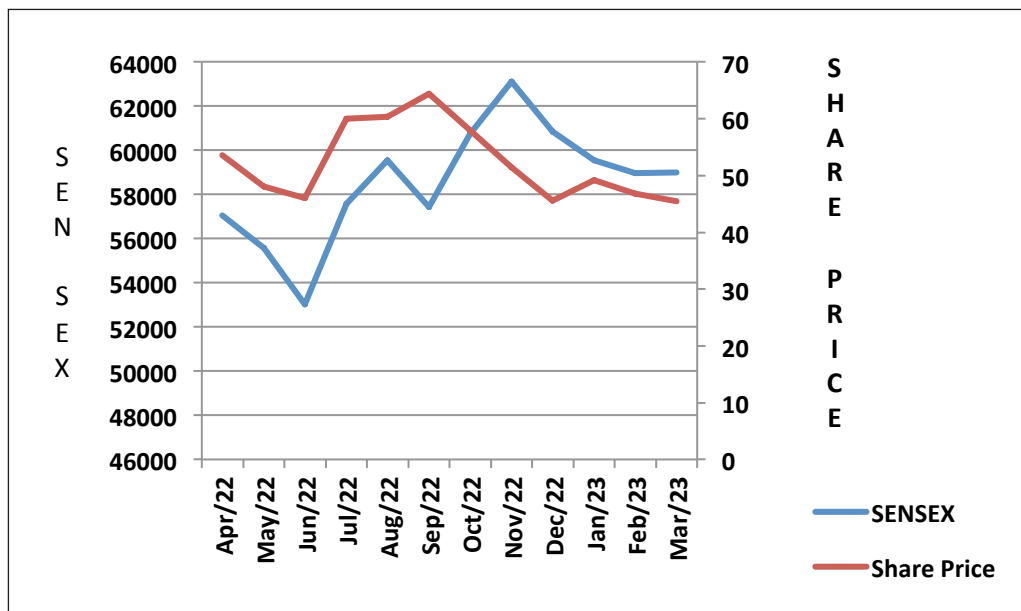
Month	High Price (Rs.)	Low Price (Rs.)	No. of Trades
Apr-22	60.90	49.05	576
May-22	57.00	43.35	364
Jun-22	52.80	41.65	466
Jul-22	63.30	43.50	494
Aug-22	66.05	48.45	831
Sep-22	72.90	58.5	752
Oct-22	66.00	55.25	274
Nov-22	59.90	48.65	359
Dec-22	52.85	44.00	366
Jan-23	55.40	45.60	428
Feb-23	53.25	44.50	430
Mar-23	49.87	42.10	335



**13. CHART GIVEN HEREUNDER PLOTS THE MOVEMENTS OF THE COMPANY'S SHARE PRICE ON BOMBAY STOCK EXCHANGE LIMITED FOR THE YEAR 2022-23**



**14. RELATIVE PERFORMANCE OF SHARAT INDUSTRIES LIMITED V/S. BSE SENSEX**



#### 15. SHAREHOLDING PATTERN AS ON MARCH 31, 2023 (PAN CONSOLIDATED):

Category	No. of Shareholders	No. of Shares	% of Shareholding
(A) Promoter and Promoter Group:	4	93,14,441	38.95
(B) Public	36,947	1,45,98,059	61.05
<b>Grand Total</b>	<b>36,951</b>	<b>2,39,12,500</b>	<b>100.00</b>

The Company has received Listing approval letter on 29<sup>th</sup> March 2023 for listing the 19,00,000 Equity Shares allotted on 31<sup>st</sup> January 2022 pursuant to conversion of warrants issued on preferential basis. These shares were listed in BSE Limited with effect from 19<sup>th</sup> April 2023 and hence total number of Equity shares of the Company listed with effect from 19<sup>th</sup> April 2023 is 2,39,12,500.

#### 16. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

Slab of Share Holding	Shareholders	%	Shares Amount	%
1 - 5000	34,073	92.07	4,67,63,560	11.53
5,001-10,000	1,654	4.47	1,35,41,220	3.34
10,001-20,000	680	1.84	10,06,40,030	24.81
20,001-30,000	284	0.77	71,48,660	1.76
30,001-40,000	98	0.26	35,87,660	0.88
40,001-50,000	68	0.18	32,23,680	0.79
50,001-1,00,000	79	0.21	57,64,100	1.42
1,00,001- Above	77	0.19	22,50,32,090	55.47
<b>Total</b>	<b>37,007</b>	<b>100.00</b>	<b>40,57,01,000</b>	<b>100.00</b>

#### 17. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The company has established connectivity with both the depositories NSDL (National Securities Services Ltd) and CDSL (Central depository services limited). Therefore The Company's Equity Shares can be dematerialized.

The Details of Dematerialization of Shares as on 31<sup>st</sup> March, 2023 as under

S.No	Mode of Holding	No. of Holders	Percentage of No. of Holders	No. of Shares	Percentage of No. of Shares
1.	Physical	35,559	96.09	93,33,500	39.03
2.	NSDL	638	1.72	41,19,498	17.23
3.	CDSL	810	2.19	1,04,59,502	43.74
	<b>Total</b>	<b>37,007</b>	<b>100.00</b>	<b>2,39,12,500</b>	<b>100.00</b>

#### 18. OUTSTANDING GDRs OR ADRs OR WARRANTS OR CONVERTIBLE INSTRUMENTS

There is no outstanding Global Depository Receipt or American Depository Receipt or Warrants or any convertible instruments during the year 2022-23.



## 19. ADDRESSES FOR CORRESPONDENCE:

Shareholders correspondence should be addressed to the Company Secretary of the Company at the registered office of the company Mob:8897628787 email id: cs@sharatindustries.com.

Its Registrar and Share transfer Agent, M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002, Tamil Nadu, Ph: 91-44-28460390 / 91-44-40020700 email id: investor@cameoindia.com by quoting the Folio number or the Client ID number with DP ID number.

## 20. PLANT LOCATION:

Plant	Location
Farm	Venkannapalem Village, TP Gudur Mandal, Nellore, Andhra Pradesh 524002
Hatchery	Venkannapalem Village, TP Gudur Mandal, Nellore, Andhra Pradesh 524002
Feed Mills	Venkannapalem Village, TP Gudur Mandal, Nellore, Andhra Pradesh 524002
Processing Plant	Mahalakshmpuram Village, TP Gudur Mandal, Nellore, Andhra Pradesh 524002

## 21. REGISTRAR AND SHARE TRANSFER AGENTS

The address of Cameo Corporate Services, Registrar and Share transfer Agents of the company is as under.

Cameo Corporate Services Limited  
 Subramanian Building  
 No.1, Club House Road, Chennai 600002  
 Email Id: cameo@cameoindia.com  
 Website: <https://www.cameoindia.com/>  
 Phone Number: 044-28460390

## 22. CREDIT RATING DISCLOSURE

CRISIL	2022-2023	2021-2022
Long term Rating	BBB-	BBB-
Short Term Rating	A3	A3

## 23. RECONCILIATION OF SHARE CAPITAL AND DEMATERIALIZATION OF SHARES

The shares of the company are in compulsory dematerialization segment and are available for trading in the depository system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Quarterly audit was conducted by M/s BP & Associates, Practicing Company Secretaries, Chennai by reconciling the issued and listed capital of the company with the aggregate number of shares held by the shareholders in the physical and demat form.

The Company shares are liquid and actively traded in BSE limited. The status of the shares held in dematerialized and physical forms as on 31<sup>st</sup> March 2023.

Particulars	No. of Shares	Percentage
Shares held in Demat form	1,45,79,000	60.97%
Shares held in Physical form	93,33,500	39.03%
<b>Total</b>	<b>2,39,12,500</b>	<b>100.00%</b>

## 24. OTHER DISCLOSURES

### 24.01 Disclosure of Materially significant related party transaction that may have a potential conflict with the Interest of the entity at large & weblink for policy on dealing with Related Party Transaction.

During the year under review, no material related party transactions which had any potential conflict with the interest of entity at large were entered.

The Board of Directors of the Company, as per the provisions of Regulation 23 of Listing Regulation has formulated a Policy on Material Related party transactions. The said policy is available on the website of the company <http://www.sharatindustries.com/corporate-policies.html>

### 24.02 Details of Non-Compliance by the Company, Penalties, strictures imposed on the Company by Stock Exchange or the Board or any statutory authority, on any matter related to capital markets during last three years

#### a. For non-Compliance with the Provisions of the Regulation 29 (1) (a) of SEBI (LODR) Regulations, 2015. (FY - 2020-2021)

An Amount of Rs. 5000/- was paid by the company for delay in furnishing the prior intimation to BSE. There was delay for one day and company has paid a Penalty of Rs. 5000/-. This was due to technical issues that was completely out of control of the Company.

#### b. Non-Compliance for the Provisions of SEBI (ICDR) Regulations, 2018 Schedule XIX- para (2) (FY - 2021-2022)

An amount of Rs. 10,00,000/- was paid by the Company as fine in the FY 2022-23 for delay in making an application for listing for the allotment of 19,00,000/- Equity shares on 31st January 2022 pursuant to conversion of warrants issued on preferential basis. As per SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated 19th August 2019, the listing application should be filed with the stock exchange(s) within 20 days from the date of allotment of shares. The due date of filing listing application for the above allotment of 19,00,000 Equity Shares as per the SEBI circular was 20th February 2022. However, the Company had filed the listing application with BSE Limited on 11th March 2022 resulting in a delay of 50 days and hence paid a fine of Rs. 10,00,000/-

#### c. Non-Compliance with the Provisions of Regulation 28 SEBI (LODR) Regulations, 2015 (FY 2021-2022)

An amount of Rs. 50,000/- was paid by the Company as fine in the FY 2022-23 for the purpose of not obtaining In-principal approval of stock exchange inadvertently before the issuance of 19,00,000 share warrants in the FY 2021-22.

### 24.03 Details of Establishment of Vigil mechanism/ Whistle blower policy

In pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.sharatindustries.com/corporate-policies.html>. It provides for direct access to the Chairman of the audit committee. No personnel have approached the Audit Committee till date.



#### 24.04 Web-Link where the Policy for determining Material Subsidiary is available

The Company does not have any material subsidiary. Hence the necessity for complying with respect to framing a policy for determining the material subsidiary does not arise.

#### 24.05 Details of Funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

During the year, the shareholders of the Company at the Extra-Ordinary Generally Meeting held on 13th February 2023 had approved revising the price of the 19,00,000 (Nineteen lakhs only) Equity Shares allotted on 31st January 2022 pursuant to conversion of warrants issued on preferential basis from Rs.50/- (Rupees Fifty only) per Equity Share to Rs.60/- (Rupees Sixty only) per Equity Share and subsequently the Board took note of receipt of differential price Rs. 10/- per equity share in their meeting held on 23rd February 2023.

Further, The Company hereby confirms that the differential price amount was utilized for its business activities, financing the future growth opportunities and general corporate purpose.

#### 24.06 Where the Board has not accepted any recommendations of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons.

During the year under review, the Board has accepted all the recommendation of the all the committees of the Board.

#### 24.07 Total fees paid to Statutory Auditors

During the year company has paid Rs. 4,00,000/- to statutory auditors for the services rendered.

#### 24.08 Redressal of Grievance under Sexual Harassment Policy:

Pursuant to Rule 8(5) (x) of Companies (Accounts) Rules, 2014, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

a.	Number of complaints filed during the financial year	Nil
b.	Number of complaints disposed of during the financial year	Nil
c.	Number of complaints pending as on end of the financial year	Nil

#### 24.09 Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account pursuant to the requirement of Regulation 34(3) and Schedule V Part F of the Listing Regulations

The following table provides details in respect of the equity shares lying in the suspense account

Details	Number of Members	Number of Equity Shares
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 1st April, 2022	0	0
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



Details	Number of Members	Number of Equity Shares
Number of Members who approached the company for transfer of shares and shares transferred from suspense account during the year	0	0
Unclaimed Shares Transfer to IEPF Authority during the year	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March 2023	0	0

#### 24.10 Compliance of SEBI (LODR) Regulations, 2015.

It is confirmed that the company has complied with the requirement under regulation 17 to 27 and Reg 46(2) (b) to (i) of SEBI (LODR) Regulations, 2015.

##### Non-Mandatory Requirements:

The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II as mentioned under Regulation 27 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

##### 1. Modified opinion(s) in audit report

There was no qualification by the statutory auditors on the financial statements of the Company.

##### 2. Reporting of Internal Auditor

As per the requirements, the internal auditor may report directly to the Audit committee. The same is reported by briefing the Audit Committee through discussion and presentation of the observations every quarter by the Internal Auditors.

##### 3. Shareholder rights:

The Company regularly does statutory filings as required under SEBI (LODR) Regulations, 2015 as amended and also updates the website of the Company on a regular basis. The financial results as and when approved by the Board are hosted on the investor column of the Company's website from which any shareholder can easily access and obtain the requisite information about the Company.

#### 24.11 Disclosure of Commodity price risk and commodity hedging activities

Company does not have exposure to commodity price risk and hedging activities

#### 24.12 Loans and advances in the nature of loans to firms / Companies in which directors are interested:

During the year, the Company did not extend any loans or advance to any firms/companies in which directors are interested in terms of Section 184 of the Act.



**25. Particulars of senior management including the changes therein since the close of the previous financial year**

S. No	Name	Designation	Appointment date	Cessation Date
1	Mrs. R. Jasvadhya (A64475)	Company Secretary and Compliance Officer	27-05-2022	05-12-2022
2	Mr. Durga Prasad	Chief Financial officer	26-06-2020	19-02-2023
3	Mr. N. Thyagarajan	Chief Financial officer	21-02-2023	-

**26. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE**

The Company has obtained certificate from M/s. BP & Associates, Practicing Company Secretaries in compliance with provisions of Regulation 34(3) of the of the Listing regulation read with schedule V, confirming that none of Directors of the Company have been disqualified from being appointed or continuing as a Director of the Company by SEBI, Reserve Bank of India or Ministry of Corporate affairs as on 31<sup>st</sup> March 2023. The said certificate is enclosed with this report as Annexure.

**27. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**

The Company has complied with all the requirements of the Corporate Governance mentioned in the Regulation 17 to 27 and clause (b) to (i) of Sub -Regulation (2) of the regulation 46 of the Listing Regulations as applicable. The Company has submitted the quarterly compliance reports on corporate governance to the stock exchanges within the timelines prescribed by the SEBI for all the quarters during the financial year 2022-2023.

**28. DECLARATION ON CODE OF CONDUCT**

All Board members and senior management personnel have, for the financial year ended on 31st March, 2023, have affirmed compliance with the code of conduct laid down by the Board of Directors and senior management, in terms of Schedule V-D of SEBI (LODR) Regulations, 2015.

**29. DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES: Nil**

By Order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

Place: Nellore  
Date: 12<sup>th</sup> August, 2023

Prasad Reddy Sabbella  
Managing Director  
DIN: 00069094

Sharat Reddy Sabbella  
Whole-time Director  
DIN: 02929724

## MANAGING DIRECTOR/CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To  
The Board of Directors'  
Sharat Industries Limited.

Dear Sirs,

**Sub: Managing Director/Chief Financial Officer (CFO) Certification  
Pursuant to the 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- (a) We have reviewed the financial statements and the cash flow statement of Sharat Industries Limited for the year ended March 31, 2023 and that to the best of our knowledge and belief, we state that:
- i These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - ii These statements together present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and the steps they have taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
- i Significant changes, if any, in internal control over financial reporting during the year;
  - ii Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii That there were no instances of significant fraud of which we have become aware.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: Nellore  
DATE: 12<sup>th</sup> August 2023**

**PRASAD REDDY SABBELLA  
MANAGING DIRECTOR**

**N. THYAGARAJAN  
CHIEF FINANCIAL OFFICER**



## **DECLARATION BY THE MANAGING DIRECTOR OF THE COMPANY ON CODE OF CONDUCT**

I hereby declare that:

1. The Code of Conduct for the Board Members and Senior Management of the company was approved by the Board of Directors in the Board Meeting and the same was adopted by the Company.
2. The Code of Conduct adopted by the Company was circulated to the members of the Board and Senior Management of the Company and is also posted on the website of the Company.
3. All the members of the Board and Senior Management of the Company have complied with all the provisions of the Code of Conduct.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: NELLORE**  
**DATE: 12<sup>th</sup> August 2023**

**PRASAD REDDY SABBELLA**  
**MANAGING DIRECTOR**

## **ANNEXURE -VII**

### **CERTIFICATE ON COMPLIANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members,  
SHARAT INDUSTRIES LIMITED,  
Venkannapalem Village, T P Gudur Mandal,  
Nellore 524002 Andhra Pradesh

We have examined the compliance of conditions of Corporate Governance by Sharat Industries Limited ("the Company") for the year ended 31<sup>st</sup> March, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to a review of the procedures adopted and implementation thereof, by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of the Listing Regulations.

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

**For BP & Associates**  
**Company Secretaries**  
**Peer Review No: P2015TN040200**

Date: 12<sup>th</sup> August 2023  
Place: Chennai

**C. Prabhakar**  
**Partner**  
**M No: F11722**  
**CP No: 11033**  
**UDIN: F011722E000793074**



## ANNEXURE -VIII

### 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,  
SHARAT INDUSTRIES LIMITED  
Venkannapalem Village, TP Gadur Mandal,  
Nellore Andhra Pradesh 524002

We have examined the relevant Registers, Records, Forms, Returns and Disclosures received from the Directors of SHARAT INDUSTRIES LIMITED having CIN L05005AP1990PLC011276 and having registered office at Venkannapalem Village, TP Gadur Mandal Nellore Andhra Pradesh 524002 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with 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 our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers.

We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2023 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	Date of appointment in Company*
1	Mr. Prasad Reddy Sabbella	00069094	07/05/1990
2	Mr. Sharat Reddy Sabbella	02929724	31/01/2013
3	Mrs. Geetha Adhyam Bindu	07017187	23/03/2023
4	Mr. Harihar Venkata Muthyam	08160011	28/09/2020
5	Mr. Shanmugam	08877587	12/11/2020
6	Mr. Swayze Mani	09604569	16/05/2022

\*The date of appointment is as per the MCA Portal.

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

**For BP & Associates**  
**Company Secretaries**  
**Peer Review No:P2015TN040200**

Date: 12<sup>th</sup> August 2023  
Place: Chennai

**C. Prabhakar**  
**Partner**  
**M No: F11722**  
**CP No: 11033**  
**UDIN: F011722E000793063**



A person is working at a desk. A laptop is open in the background, displaying a grid of images. In the foreground, a hand holds a pen over a document that features a bar chart and some text. Another document with a bar chart is visible below it. A large, light gray diagonal shape is overlaid on the left side of the image.

# **Financial Statements**



## INDEPENDENT AUDITORS' REPORT

### To The Members of SHARAT INDUSTRIES LIMITED Report on the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Sharat Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income) for the year then ended, the Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31st March, 2023, the profit for the year ended on that date total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis of Opinion

We conducted our audit of the standalone financial statements 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 Standalone 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 standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 on the standalone financial statements.

#### 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 have determined that there are no key audit matters to communicate in our report.

#### Information other than the financial statements and auditors' 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 Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance, of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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



are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Independent Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. **A)** As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect of the adequacy of the Internal Financial Controls over Financial Reporting of the company and its operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.

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

- i. The Company has disclosed the impact on pending litigations on its financial position in the standalone financial statements – Refer Note 30 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
- iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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 person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the

company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
  - v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid to the directors during the year is in accordance with the section 197 of the Act. The remuneration paid to any director is not in excess of the limit.

**For A.R.KRISHNAN & ASSOCIATES**  
**Chartered Accountants**  
**FRN : 009805S**

**A.SENTHIL KUMAR**  
**Partner**  
**M. No. : 214611**  
**UDIN : 23214611BGUXJY8310**  
**Place: Chennai**  
**Date: 30/05/2023**



## “ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT OF SHARAT INDUSTRIES LIMITED

In terms of the information and explanations sought by us and given by the Company 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 that: -

- i) In respect of its fixed assets:
  - a) **A)** The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - B)** The company has maintained proper records showing full particulars of intangible assets;
  - b) All the Property, Plant and Equipment have been physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company.
  - d) The company is following cost model, hence revaluation of property, plant and equipment (including right of use assets) or intangible assets or both for the year is not applicable.
  - e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, if so, whether the company has appropriately disclosed the details in its financial statements.
- ii) In respect of inventories:
  - a) The Inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable and the procedures followed were appropriate. No Discrepancies were noticed on verification between the physical stocks and book records that were 10% or more in the aggregate for each class of inventory.
  - b) The company has been sanctioned working capital limit of Rs. 85.00 Crores, in aggregate, from banks or financial institutions on the basis of security of current assets; and the statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
- iii) According to the Information and Explanation given to us and on the basis of examination of the records, the company has made investments in equity shares and provided guarantee but has not granted any Loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.
  - a) Based on the Information and the audit procedures carried on by us, the company has not granted any loans during the year but has provided guarantee to companies.



Particulars	Guarantees (Rs. In Lakhs)
Aggregate amount granted/provided during the year	1300.00
Balance outstanding as at balance sheet date in respect of above cases	1300.00

- b)** Based on the Information and the audit procedures carried on by us, the Investments made and Guarantees provided are prima facie, not pre judicial to the interest of the company.
- c)** According to the Information and Explanation given to us and on the basis of examination of the records, the company has not granted loans or advances in the nature of loans. Hence, the Clauses 3(iii)(c), 3(iii)(d), 3(iii)(e), 3(iii)(f) is not applicable to the company.
- iv)** According to the information and explanations given to us and on the basis of our examination of records of the Company, 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 loans as specified under Section 186 of companies, Act 2013. Further in our opinion the company has complied with provisions of Section 186 of the Companies Act, 2013 ("the Act") in relation to guarantees provided and investments made.
- v)** In respect of public deposits:  
The Company has not accepted any deposits from the public. Therefore, the provisions of section 73 and 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) with regard to the deposits accepted from the public and from the members are not applicable to the Company. Hence, the clause 3(v) of the order is not applicable.
- vi)** In respect of cost records:  
**a)** The Central Government of India has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013. Hence, the clause 3(vi) of the order is not applicable.
- vii)** In respect of statutory dues:  
**a)** The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2023 for a period of more than six months from the date they became payable.
- b)** Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2023 on account of disputes are given below

Name of the Statute	Nature of dues	Forum where the Dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)
Customs Act, 1962	Customs Duty	In the High Court of Judicature of Andhra Pradesh at Hyderabad.	2004-2005	76.31
Finance Act, 1994 (Chapter IV)	Service Tax	In the High Court of Judicature of Andhra Pradesh at Hyderabad.	2015-2016	31.50
Income Tax Act, 1967	Income Tax	Commissioner of Appeals	2017-2018	96.61



**viii) In respect of surrendered or disclosed an unrecorded income:**

The company has not surrendered or disclosed any unrecorded income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1963).

- ix) a)** According to the information and explanations given to us and as per the records produced to us, the company does not make any default in repayment of loan or other borrowings or in the payment of interest thereon to any lender.
- b)** As per the information obtained, the company has not been declared as wilful defaulter by any bank or financial institutions or other lender.
- c)** In respect of term loan, the company applied the loan for the purpose of which the loans were obtained.
- d)** In respect of short term loan, the fund raised on short term basis have not been utilized for long term purpose.
- e)** According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- f)** According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- x) In respect of fund raised.**
- a)** The company has not raised money by way of initial public offer or further public offer (including debt instrument) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- b)** The company has not made any private placement of shares or convertible debentures (fully, partially or optionally) during the year. But the company received securities premium amount for the shares allotted during the previous financial year due to revision in offer price.
- xi) In respect of fraud**
- a)** No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of audit
- b)** No report was filed under sub-section (12) of section 143 of the companies with the central government.
- c)** During the year no whistle-blower complaints were received by the company.
- xii) In respect of Nidhi Company:**
- The Company is not a Nidhi Company. Hence, paragraph 3(xii) of the Order is not applicable.
- xiii) In respect of transactions with related parties:**
- All transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Financial Statements etc., as required by the applicable Indian Accounting Standards.

**xiv)** In respect of internal audit system.

- a)** The Company has internal audit system as appropriate with size and nature of its business.
- b)** In respect of Internal audit report, internal audit report for the period were considered during the audit.

**xv)** In respect of non-cash transactions with directors:

The Company has not entered into any non-cash transactions with directors or persons connected with him hence this clause is not applicable.

**xvi)** In respect of Non-banking financial activities.

- a)** The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b)** The Company does not conduct any Non-banking financial or Housing Finance activities
- c)** The company is not a core investment company (CIC) as defined in regulation made by the Reserve Bank of India, Hence the clauses 3(xvi)(c) and 3(xvi)(d) of the order are not applicable.

**xvii)** As per the information and explanation furnished to us, the company does not make any cash loss during the year.

**xviii)** Based on the information and explanation given to us, no such resignation of the statutory auditor was occurred during the year.

**xix)** According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 that the 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 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)** According to the information and explanation given to us, the company is not liable for CSR activities, hence clauses 3(xx)(a) and 3(xx)(b) of the order are not applicable.

**For A.R.KRISHNAN & ASSOCIATES**

Chartered Accountants

FRN : 0098055

**A.SENTHIL KUMAR**

Partner

M. No. : 214611

UDIN : 23214611BGUXJY8310

Place: Chennai

Date: 30/05/2023



## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF SHARAT INDUSTRIES LIMITED**

### **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 **SHARAT INDUSTRIES LIMITED** (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For A.R.KRISHNAN & ASSOCIATES**

Chartered Accountants

FRN : 0098055

**A.SENTHIL KUMAR**

Partner

M. No. : 214611

UDIN : 23214611BGUXJY8310

Place: Chennai

Date: 30/05/2023



## SHARAT INDUSTRIES LIMITED

### BALANCE SHEET AS AT 31 MARCH, 2023

(Rs. in Lakhs)

	Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>I</b>	<b>ASSETS</b>			
	<b>(1) Non-Current Assets</b>			
	(a) Property, Plant & Equipment	3	4,931.84	4,585.23
	(b) Capital Work in Progress	3	140.00	254.67
	(c) Intangible Assets	3	-	0.26
	(d) Intangible Assets under Development		-	-
	(e) Financial Assets	4	4.90	-
	(f) Deferred Tax Asset		-	-
	(g) Other Non-Current Assets	4.1	253.34	254.34
	(h) Trade Receivables	4.2	435.41	520.45
	<b>Total Non-Current Assets</b>		<b>5,765.50</b>	<b>5,614.95</b>
	<b>(2) Current Assets</b>			
	(a) Inventories	5	5,513.57	5,493.98
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	6	5,602.07	5,658.99
	(iii) Cash and Cash Equivalents	7	853.12	462.06
	(iv) Bank Balances Other than (iii) above	8	346.92	100.17
	(v) Others	8.1	465.37	386.79
	(c) Other Current Assets	9	1,234.86	898.17
	<b>Total Current Assets</b>		<b>14,015.92</b>	<b>13,000.16</b>
	<b>TOTAL ASSETS</b>		<b>19,781.42</b>	<b>18,615.11</b>
<b>II</b>	<b>EQUITY &amp; LIABILITIES</b>			
	<b>(1) Equity</b>			
	(a) Equity Share Capital	10	2,391.25	2,391.25
	(b) Other Equity	11	5,478.05	4,644.89
	<b>Total Equity</b>		<b>7,869.30</b>	<b>7,036.14</b>

(Rs. in Lakhs)

	Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
	<b>(2) Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	12	1,050.21	1,230.76
	(ii) Other Financial liabilities[other than those specified in (b) below]	12.1	497.09	483.59
	(iii) Trade Payables	12.2	20.00	80.50
	(b) Provisions	13	29.41	14.38
	(c) Deferred Tax Liabilities (Net)	14	235.81	138.02
	<b>Total Non-Current Liabilities</b>		<b>1,832.52</b>	<b>1,947.25</b>
	<b>(3) Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	15	7,876.43	7,685.05
	(ii) Trade Payables	16	1,603.29	1,259.63
	(iii) Other Financial liabilities[Other than those specified in (c) below]	17	9.52	4.16
	(b) Other Current Liabilities	18	21.08	99.76
	(c) Provisions	19	569.28	583.11
	<b>Total Current Liabilities</b>		<b>10,079.60</b>	<b>9,631.72</b>
	<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>19,781.42</b>	<b>18,615.11</b>
Significant Accounting Policies & Notes forming part of the financial statements		1 & 2		

The accompanying notes are integral part of the financial statements.  
As per our report of even date

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

**For A.R.Krishnan & Associates**  
**Chartered Accountants**  
**F.R. No. 009805S**

**S.Prasad Reddy**  
Managing Director  
DIN: 00069094

**S Sharat Reddy**  
Executive Director  
DIN: 02929724

**A.Senthil Kumar**  
**Partner**  
**M.No. 214611**

**N. Thyagarajan**  
Chief Financial Officer

**M. Balamurugan**  
Company Secretary

**Place: Nellore**  
**Date: 30<sup>th</sup> May 2023**





**SHARAT INDUSTRIES LIMITED**  
**Statement of Profit and Loss for the Year Ended 31 March, 2023**

(Rs. in Lakhs)

	Particulars	Note No.	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
<b>I</b>	<b>Revenue from Operations</b>	20	33,253.83	24,703.29
<b>II</b>	<b>Other Income</b>	21	346.89	106.73
<b>III</b>	<b>Total Income (I+II)</b>		<b>33,600.72</b>	<b>24,810.02</b>
<b>IV</b>	<b>Expenses</b>			
	(a) Cost of Materials Consumed	22	25,363.90	16,390.16
	(b) Purchase of Stock in trade		-	-
	(c) Changes in Inventory	23	-859.06	1,125.00
	(d) Employee Benefits Expense	24	765.54	753.55
	(e) Finance Costs	25	858.68	614.14
	(f) Depreciation and Amortisation Expense	3	424.03	386.20
	(g) Other Expenses	26	6,138.92	5,090.46
	<b>Total Expenses (IV)</b>		<b>32,692.02</b>	<b>24,359.51</b>
<b>V</b>	<b>Profit Before Exceptional items and Tax (III-IV)</b>		<b>908.69</b>	<b>450.51</b>
<b>VI</b>	Exceptional Items		-	-
<b>VII</b>	<b>Profit Before Tax (V-VI)</b>		<b>908.69</b>	<b>450.51</b>
<b>VIII</b>	<b>Tax Expenses</b>			
	(a) Current Tax		152.13	75.12
	(b) Mat Credit Entitlement		84.42	30.17
	(c) Deferred Tax		17.72	-0.67
<b>IX</b>	<b>Profit /(Loss) for the year (VII-VIII)</b>		<b>654.42</b>	<b>345.90</b>
<b>X</b>	<b>Other Comprehensive Income</b>			
	Items that will not be reclassified to profit/ (loss)		-11.27	-3.31

(Rs.in Lakhs)

	Particulars	Note No.	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
XI	<b>Total Comprehensive Income for the year (comprising of profit for the year and other comprehensive income [IX+X])</b>		<b>643.16</b>	<b>342.58</b>
XII	<b>Earnings per Equity Share [Nominal Value of Rs.10/- per share]</b>	27		
	(1) Basic		2.69	1.53
	(2) Diluted		2.69	1.53
	Face Value of the Share		10.00	10.00

Significant Accounting Policies & Notes forming part of the financial statements

The accompanying notes are integral part of the financial statements.

As per our report of even date

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

**For A.R.Krishnan & Associates**

**Chartered Accountants**

**F.R. No. 0098055**

**A.Senthil Kumar**

**Partner**

**M.No. 214611**

**Place : Nellore**

**Date: 30<sup>th</sup> May 2023**

**S.Prasad Reddy**

Managing Director

DIN: 00069094

**N. Thyagarajan**

Chief Financial Officer

**S.Sharat Reddy**

Executive Director

DIN: 02929724

**M. Balamurugan**

Company Secretary



## SHARAT INDUSTRIES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2023

(Rs.in Lakhs)

S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit / (Loss) Before Extraordinary Items and Tax</b>	<b>908.69</b>	<b>450.51</b>
	<b>Adjustments for:</b>		
	Depreciation and impairment of Property, plant and equipment	424.03	386.20
	Amortisation and impairment of intangible assets	-	-
	Loss on sale of Investments	-	-
	Finance Costs	858.68	614.14
	Gratuity	-15.61	-4.59
	Wealth Tax	-	-
	(Profit)/Loss on Sale of Vehicle	-	-
	Interest Income	-22.67	-11.98
	Creditors no Longer Payable	-	-
	Capital Subsidy	-	-
	Provision for Bad and Doubtful Debts	-	-
	<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>2,153.13</b>	<b>1,434.28</b>
	<b>Changes in Working Capital:</b>		
	<b>Adjustment for (Increase) / Decrease in Operating Assets</b>		
	Inventories	-19.59	1,036.34
	Trade Receivables	141.95	-1,513.88
	Short term Loans and Advances	-78.58	482.88
	Bank Balances Other than cash & Cash Equivalents	-246.75	192.52
	Others	-336.69	0.10
	<b>Adjustment for Increase / (Decrease) in Operating Liabilities</b>		
	Trade Payables	343.66	-1,410.72
	Other Current Liabilities	-78.68	84.98
	Long Term Provisions	15.03	6.93
	Short Term Provisions	-8.47	-56.44
	<b>Cash generated from operations</b>	<b>1,885.00</b>	<b>256.99</b>
	Cash outflow due to Exceptional Items		

(Rs.in Lakhs)

S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
B.	<b>Cash generated from operations</b>	<b>1,885.00</b>	<b>256.99</b>
	Net Income Tax (Paid)/Refund	-152.13	-75.12
	<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES - A</b>	<b>1,732.87</b>	<b>181.87</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure on Fixed Assets	-770.38	-737.57
	Decrease / (Increase) in Capital Work in Progress	114.66	-41.99
	Proceeds from Sale of Fixed Assets	-	-
	Long Term Loans and Advances	1.00	-8.13
	Interest Received	22.67	11.98
	Investment in Joint Venture	-4.90	-
C.	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES - B</b>	<b>-636.94</b>	<b>-775.71</b>
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds / (Repayment) from / of Long Term Borrowings	-180.56	-464.32
	Current Maturities of Long term Debt	13.50	-80.89
	Other Short term Borrowings	191.37	1,216.52
	Trade Payables	-60.50	-101.29
	Finance Costs	-858.68	-614.14
	capital subsidy received from government	-	-
	Share Warrant money received	190.00	950.00
	<b>NET CASH FROM / (USED IN ) FINANCING ACTIVITIES - C</b>	<b>-704.87</b>	<b>905.88</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>391.06</b>	<b>312.04</b>
	<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>462.06</b>	<b>150.02</b>
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>853.12</b>	<b>462.06</b>
	<b>Reconciliation of Cash and Cash Equivalents with the Balance sheet</b>		
	Cash and Cash Equivalents as per Balance Sheet (Refer Note No.13)		



(Rs.in Lakhs)

S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
	<b>Cash and Cash Equivalents at the end of the year</b>		
	<b>Comprises:</b>		
	Cash on hand	5.11	13.51
	Balance with Banks		
	- in Current Accounts	848.01	448.55
	- in Deposit Accounts	-	-
		<b>853.12</b>	<b>462.06</b>

As Per our Report of even date

**For A.R.Krishnan & Associates**  
**Chartered Accountants**  
**F.R. No. 0098055**

**A.Senthil Kumar**  
**Partner**  
**M.No. 214611**

**Place: Nellore**  
**Date: 30<sup>th</sup> May 2023**

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

**S. Prasad Reddy**  
 Managing Director  
 DIN : 00069094

**S Sharat Reddy**  
 Executive Director  
 DIN: 02929724

**N. Thyagarajan**  
 Chief Financial Officer

**M. Balamurugan**  
 Company Secretary

## Notes forming part of the Financial Statements

### (I) Assets

#### 1) Non Current Assets

(Rs.in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Non Current Assets</b>			
<b>Financial Assets</b>			
Equity instruments in Joint Venture	4	4.90	-
<b>Other Non-Current Assets</b>	4.1		
<b>Unsecured, Considered Good</b> (to Parties other than related Party)		-	-
<b>Capital Advances</b>		-	-
<b>Advances Other than Capital Advances</b>			
Balances With Government Authorities		-	-
Security Deposits		253.34	254.34
Other Advances		-	-
<b>Total (a+b+c)</b>		<b>253.34</b>	<b>254.34</b>
(h) Trade Receivables	4.1	435.41	520.45
Less : Allowance for Doubtful debts			
<b>Total</b>	<b>4.1</b>	<b>435.41</b>	<b>520.45</b>
<b>2) Current Assets</b>			
(A) Inventories :	5		
(As valued and certified by the Management)			
(i) Raw Materials		367.85	1,423.99
(ii) Finished Goods		4,813.23	3,954.17
(iii) Stock of Spares		332.49	115.82
(iv) Biological Asset		-	-
		<b>5,513.57</b>	<b>5,493.98</b>



(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(B) Financial Assets :</b>			
(i) Trade Receivables :	6		
Trade Receivables		5,624.28	5,681.19
Less : Allowance for Doubtful debts		-	-
		<b>5,624.28</b>	<b>5,681.19</b>
Receivables from Related Parties			
<b>Total</b>		<b>5,624.28</b>	<b>5,681.19</b>
Current		<b>5,624.28</b>	<b>5,681.19</b>
Non-Current			
<b>Breakup of Good and Doubtful Debts</b>			
Unsecured, Considered good		5,624.28	5,681.19
Unsecured, Considered doubtful		-	-
<b>Total</b>		<b>5,624.28</b>	<b>5,681.19</b>
<b>Impairment Allowance (allowance for bad and doubtful debts):</b>			
Unsecured, Considered good		5,624.28	5,681.19
Unsecured, Considered doubtful		(22.21)	(22.21)
<b>Total</b>		<b>5,602.07</b>	<b>5,658.99</b>
<b>(ii) Cash and Cash Equivalents :</b>	7		
(a) Cash on hand		5.11	13.51
(b) Balances with Banks:			
i) in Current Accounts		848.01	448.55
ii) Deposits with original maturity of less than 3 months		-	-
<b>Current</b>		<b>853.12</b>	<b>462.06</b>
<b>Non-Current</b>			
<b>(ii) Bank Balances Other Than Referred Above</b>	8		
(a) Earmarked balances :			
i) Unclaimed dividend account		-	-
ii) In deposit accounts		346.92	100.17
(b) Balances with banks :			
Deposits with original maturity of more than 3 months		-	-
(c) EEFC Balances		-	-
(d) Deposit Accounts		-	-
<b>Total</b>		<b>346.92</b>	<b>100.17</b>



(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
(v) Others	8.1	465.37	386.79
<b>(C) Other Current Assets</b>	9		
(a) Loans and Advances to Employees			
Unsecured, considered good		1.89	4.35
Less : Provision for Doubtful Advances		-	-
		<b>1.89</b>	<b>4.35</b>
(b) Loans and Advances to Vendors & Others		15.70	76.73
(c) Prepaid Expenses		33.80	37.89
(d) Balances with Government Authorities		565.30	312.04
(e) Others		618.18	467.16
		<b>1,234.86</b>	<b>898.17</b>

## (II) EQUITY & LIABILITIES

### 1) Equity

(Rs.in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
a) Equity Share Capital	10		
<b>Authorised :</b>			
Equity Shares of Rs. 10/- each		5,000.00	3,000.00
No. of shares FY : 5,00,00,000 (PY : 3,00,00,000)			
Redeemable Preference Shares of Rs. 100/- each		-	2,000.00
No. of shares FY : 20,00,000 (PY : 20,00,000)			
		<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, Subscribed and Paid up:</b>			
Equity Shares of Rs. 10/- each fully paid up		2,391.25	2,391.25
No. of shares FY : 2,20,12,500 (PY : 2,20,12,500)			
		<b>2,391.25</b>	<b>2,391.25</b>

(a) All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.



(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

(Numbers in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Equity Shares:</b>			
Number of Shares at the beginning of the year		239.13	220.13
Add: Allotted during the year		-	19.00
Less: Bought back during the year		-	-
<b>Number of Shares at the end of the year</b>		<b>239.13</b>	<b>239.13</b>

(c) Details of Shareholders holding more than 5% shares :

(Rs in Lakhs)

Name of Share holder	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
		No. of Shares - % held	No. of Shares - % held
S. Prasad Reddy	11	7297641 - 33.15%	7297641 - 33.15%
S. Sharat Reddy		1803300 - 8.19%	1803300 - 8.19%
<b>b) Other Equity</b>			
<b>Capital Reserve</b>			
Opening Balance		1,408.32	1,408.32
Add: Additions during the year		-	-
Closing Balance A		<b>1,408.32</b>	<b>1,408.32</b>
<b>Capital Subsidy</b>			
Opening Balance		-	-
Closing Balance B		-	-
<b>Share Premium</b>			
Opening Balance		950.00	-
Add: Additions during the year		-	760.00
Closing Balance C		<b>950.00</b>	<b>760.00</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>			
Opening Balance		2,476.57	2,133.99
Add: Profit for the year		643.16	342.58
Add/(Less) : Adjustment on Account of Term Loan Ind As Adjustment		-	-
Closing Balance D		<b>3,119.73</b>	<b>2,476.57</b>
<b>Total ( A+B+C+D )</b>		<b>5,478.05</b>	<b>4,644.89</b>

## 2) Non Current Liabilities

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(a) Financial Liabilities</b>	<b>12</b>		
(i) Borrowings			
Term Loan from Bank (Secured)		844.41	728.99
Hire Purchase Loans From Banks		62.14	50.82
From Others		143.66	450.95
(ii) Other Financial Liabilities			
Other Loans	12.1	420.65	420.65
Advances from Customers		15.00	1.50
MPEDA		61.43	61.43
Deferred Advance from Rental Deposits		-	-
		<b>1,547.29</b>	<b>1,714.35</b>
(iii) Trade Payables	12.2	20.00	80.50
<b>(b) Provisions</b>	<b>13</b>		
<b>Provision for employee benefits</b>			
Post Retirement Benefits		29.41	14.38
Compensated Absences		-	-
		<b>29.41</b>	<b>14.38</b>
<b>(c) Deferred Tax Liability</b>	<b>14</b>		
On account of brought forwarded Losses		-	-
Deferred Tax Liability			
On difference between book balance and tax balance of fixed assets		318.44	305.06
Deferred Tax Asset			
On Account of Minimum Alternate Tax		82.63	163.87
<b>Net Deferred Tax Asset</b>		<b>235.81</b>	<b>141.19</b>

### A. Nature of Security:

1. Term Loan from Axis Bank is secured by the charge of Fixed Assets Procured.
2. Hire Purchase Loans are secured by way of hypothecation / charge of respective vehicles financed.



## 3. Current Liabilities

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(a) Financial Liabilities</b>			
(i) Borrowings	15		
<b>Loans Payable on Demand</b>			
From Banks		7,269.67	7,132.46
Current Maturities of Long Term Borrowings		606.76	552.59
		<b>7,876.43</b>	<b>7,685.05</b>
ii) Trade Payables	16		
Trade Payables to Micro ,Small and Medium Enterprises		-	-
Trade Payables to Related Parties		-	-
Trade Payables Other than Micro Small and Medium Enterprises		-	-
- For Supplies and Services		1,587.73	1,130.19
- For Expenses and Others		15.56	129.45
		<b>1,603.29</b>	<b>1,259.63</b>
(iii) Other Financial Liabilities	17		
Provision for Gratuity		9.52	4.16
		<b>9.52</b>	<b>4.16</b>
<b>(b) Other Current Liabilities</b>	18		
(i) Statutory Remittances		21.08	19.64
(ii) Advances from Customers		-	75.00
(iii) MPEDA		-	5.12
		<b>21.08</b>	<b>99.76</b>
<b>(c) Provisions</b>	19		
<b>Provision for others</b>			
(a) Provision for Taxes (Net of Advance Tax)		28.21	64.75
(b) Provision for Expenses		541.07	523.12
		<b>569.28</b>	<b>587.86</b>
<b>TOTAL (a+b+c)</b>		<b>10,079.60</b>	<b>9,636.47</b>

#### 4) Revenues

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Revenue from Operations:</b>	<b>20</b>		
(a) Sale of Products		31,988.00	23,318.82
(b) Sale of Services		168.66	730.50
(c) Other Operating Revenues		1,097.17	653.97
		<b>33,253.83</b>	<b>24,703.29</b>
<b>Sale of Products:</b>			
Sale of Shrimp - Export		23,072.44	15,041.85
Sale of Feed		7,049.18	5,961.86
Sale of Raw Shrimp		2,026.32	2,529.74
Sale of Chemicals		-	-
Sale of Shrimp - Interstate		-	-
<b>Total</b>		<b>32,147.93</b>	<b>23,533.46</b>
<b>Less: Sales Return</b>		-	-
<b>Turnover Discount</b>		(159.94)	(214.63)
<b>Net Turnover</b>		<b>31,988.00</b>	<b>23,318.82</b>
<b>Sale of Services:</b>			
Job Work Charges		168.66	730.50
		<b>168.66</b>	<b>730.50</b>
<b>Other Operating Revenue:</b>			
Export Incentives		1,051.67	620.76
Sale of Shrimp shell waste/Scrap		26.26	33.22
Miscellaneous Income		19.24	-
		<b>1,097.17</b>	<b>653.97</b>
<b>Other Income :</b>	<b>21</b>		
(a) Interest Income			
(i) On Bank Deposits		15.25	11.98
(ii) On Others		7.43	-
(b) Net gain on Foreign Currency Transactions		190.88	80.14
(c) Other Non-Operating Income		133.33	14.61
(d) Profit on sale of vehicle		-	-
		<b>346.89</b>	<b>106.73</b>



(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
Consumption of Raw Materials and Packing Materials	22		
Opening Stock		1,456.32	1,367.66
Add: Purchases		24,524.43	16,478.82
		<b>25,980.75</b>	<b>17,846.48</b>
Less: Closing Stock - Raw Material		616.85	1,456.32
		<b>25,363.90</b>	<b>16,390.16</b>
<b>Changes in Inventory of finished goods:</b>	23		
<b>Inventories at the end of the year</b>			
Finished Goods - Feed & Shrimps		4,813.23	3,954.17
		<b>4,813.23</b>	<b>3,954.17</b>
<b>Inventories at the beginning of the year</b>			
Finished Goods - Feed & Shrimps		3,954.17	5,079.17
		<b>3,954.17</b>	<b>5,079.17</b>
Stock Loss			
(a) Finished goods/Stock in trade		-	-
(b) Work-in-progress		-	-
<b>Total Stock loss</b>		-	-
<b>(Increase) / Decrease in stock</b>		<b>(859.06)</b>	<b>1,125.00</b>

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Employee Benefits Expense :</b>	24		
Salaries, wages and bonus		725.23	719.61
Staff Welfare and contribution to other Funds		40.32	33.93
		<b>765.54</b>	<b>753.55</b>
<b>Finance Costs :</b>	25		
Interest Expense on:			
(i) Interest		858.68	614.14
(ii) Other Borrowing Costs		-	-
		<b>858.68</b>	<b>614.14</b>

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Other Expenses</b>	<b>26</b>		
<b>Manufacturing Expenses</b>			
Power & Fuel		684.10	562.15
Repairs & Maintenance			
- Buildings		3.43	11.34
- Plant & Machinery		52.04	41.18
- Electricals		35.62	29.17
Other Manufacturing Expenses		1,508.55	1,390.45
(a)		<b>2,283.74</b>	<b>2,034.29</b>
<b>Selling Expenses</b>			
Advertisement		4.31	9.17
Ocean freight and export expenses		2,576.30	2,104.79
Marketing Expenses		119.90	88.53
Discount Allowed		69.98	63.64
(b)		<b>2,770.48</b>	<b>2,266.12</b>
Other expenses			
Audit Fees			
For Statutory Audit		2.50	2.50
For Taxation purpose		1.00	1.00
Return preparation		0.50	0.50
For Other Services		-	1.50
Audit Expense		1.18	0.18
Bank Charges		50.70	35.50
Bad Debts		257.61	7.19
Donation		1.35	0.75
Consultancy Fees		149.21	155.97
Communication Expenses		3.43	5.36
General Expenses		53.52	27.64
Fuel Charges		-	6.28
Insurance		18.62	16.61
Legal, Statutory & Documentation Charges		4.28	11.73
Listing Fee		3.00	3.00
Loss on sale of vehicle		1.43	-
Inspection Charges		0.13	0.51
Office Maintenance		28.12	16.08





(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
Printing & Stationery		8.78	5.60
Registration & Renewals		11.21	24.80
Rates & Taxes		222.89	263.09
Security Charges		36.26	40.48
Office Rent		20.53	24.11
Foreign Currency Loss		-	-
Foreign Currency Loss - NL		135.29	-
Cold Storage Maintenance		-	-
Revocation Fees to SEBI		-	-
Travelling & Conveyance Expenses		44.07	27.91
Vehicles Maintenance		29.09	111.75
(c)		<b>1,084.70</b>	<b>790.05</b>
<b>Grand Total (a+b+c)</b>		<b>6,138.92</b>	<b>5,090.46</b>

Earnings per Share	27	As At Mar 31, 2023	As At Mar 31, 2022
Profit / (Loss) After Tax attributable to Equity Shareholders		643.16	342.58
Weighted average number of equity shares		239.13	223.29
Basic & Diluted Earnings per Share		<b>2.69</b>	<b>1.53</b>
Face Value of the Share		<b>10.00</b>	<b>10.00</b>

## SHARAT INDUSTRIES LIMITED : NELLORE

### Notes forming part of the Financial Statements

#### Note - 3: Fixed Assets

Particulars	Freehold Land	Building	Plant and Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Lab Equipments	Computers	Electrical Fixtures	Pond Constuction	Jetty	Tools & Equipments	Total PPE	Capital WIP
<b>Cost or Deemed Cost</b>														
<b>At March 31, 2022</b>	<b>5,50,81,762</b>	<b>13,90,86,913</b>	<b>31,01,34,114</b>	<b>51,86,407</b>	<b>5,45,97,805</b>	<b>60,66,975</b>	<b>17,32,803</b>	<b>22,04,298</b>	<b>1,17,99,405</b>	<b>4,06,64,764</b>	<b>53,48,201</b>	<b>1,48,44,241</b>	<b>64,67,91,203</b>	<b>2,54,66,767</b>
Additions	12,62,160	36,72,146	5,96,87,803	2,79,575	70,15,631	25,53,083	-	4,65,441	7,09,513	-	-	18,60,564	7,75,05,916	2,74,41,657
Disposals	-	-	-	-	-9,22,284	-	-	-	-	-	-	-	-9,22,284	3,89,08,062
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>5,63,43,922</b>	<b>14,27,59,059</b>	<b>36,98,21,917</b>	<b>54,65,982</b>	<b>6,06,91,152</b>	<b>86,20,058</b>	<b>17,32,803</b>	<b>26,69,739</b>	<b>1,25,08,918</b>	<b>4,06,64,764</b>	<b>53,48,201</b>	<b>1,67,04,805</b>	<b>72,33,74,835</b>	<b>1,40,00,361</b>
<b>Depreciation and Impairment</b>														
<b>At March 31, 2022</b>	<b>-</b>	<b>3,66,03,160</b>	<b>8,65,90,613</b>	<b>27,22,286</b>	<b>2,89,84,758</b>	<b>29,70,192</b>	<b>6,95,532</b>	<b>15,38,969</b>	<b>68,50,922</b>	<b>1,29,51,676</b>	<b>21,52,112</b>	<b>62,07,606</b>	<b>18,82,67,826</b>	<b>-</b>
Depreciation charge for the year	-	70,31,068	2,39,52,840	5,54,158	50,44,096	10,54,523.15	1,64,530	3,37,656	10,18,002	21,58,613	3,58,685	7,03,042	4,23,77,213	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-4,54,272	-	-	-	-	-	-	-	-4,54,272	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>-</b>	<b>4,36,34,229</b>	<b>11,05,43,453</b>	<b>32,76,444</b>	<b>3,35,74,581</b>	<b>40,24,715</b>	<b>8,60,061</b>	<b>18,76,625</b>	<b>78,68,923</b>	<b>1,51,10,289</b>	<b>25,10,797</b>	<b>69,10,648</b>	<b>23,01,90,766</b>	<b>-</b>
<b>Carrying Amount</b>														
<b>As at March 31, 2023</b>	<b>5,63,43,922</b>	<b>9,91,24,831</b>	<b>25,92,78,464</b>	<b>21,89,537</b>	<b>2,71,16,571</b>	<b>45,95,343</b>	<b>8,72,741</b>	<b>7,93,114</b>	<b>46,39,994</b>	<b>2,55,54,475</b>	<b>28,37,404</b>	<b>97,94,158</b>	<b>49,31,84,069</b>	<b>1,40,00,361</b>
As at March 31, 2022	5,50,81,762	10,24,83,753	22,35,43,501	24,64,120	2,56,13,047	30,96,784	10,37,271	6,65,329	49,48,483	2,77,13,088	31,96,089	86,36,635	45,85,23,377	2,54,66,767
As at March 31, 2021	5,44,13,672	10,84,09,041	18,02,83,235	21,79,383	3,05,10,318	10,41,068	11,97,699	6,30,740	25,80,315	2,98,71,700	35,54,774	85,53,416	42,32,25,363	2,12,67,960
As at March 31, 2020	5,17,07,172	11,00,23,379	17,10,31,034	22,32,269	2,95,54,278	9,74,727	13,61,843	7,38,386	31,75,388	3,20,30,313	39,13,460	92,93,781	41,60,36,028	1,57,29,362
As at March 31, 2019	5,17,07,172	11,48,05,835	17,96,61,086	23,93,842	2,93,62,280	11,07,870	15,25,987	4,85,282	37,89,160	3,41,88,925	42,72,145	95,30,450	43,28,30,033	26,99,426
As at March 31, 2018	5,14,71,672	8,45,07,604	15,83,89,879	29,58,419	2,19,61,085	16,06,543	16,90,131	2,70,761	44,09,432	3,63,47,538	46,30,830	29,46,346	37,11,90,239	66,66,313



## Notes to the Financial Statements for the year ended March 31, 2023

### Corporate Information

Sharat Industries Limited ("the Company") is a listed public Company incorporated in the year 1990 in India under the Companies Act, 1956. The Company is in the business of Shrimp Aquaculture and manufacturer and sale of shrimp feeds.

### 1 Basis of Preparation of Financial Statements

#### Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

#### Basis of preparation and measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an Orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

## 2 Significant Accounting Policies

### 2.1 Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of property, plant and equipment includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition. Property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and Impairment losses, if any.

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 methods, estimated useful lives and residual value Depreciation on tangible assets is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act, 2013. The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in financial statements.

#### 2.1. Intangible assets

Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss.



An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(i) Computer software

Computer software are stated at cost, less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Amortization methods and periods

Intangible assets with finite useful live are amortized over their respective individual estimated useful lives on a straight-line basis.

### 2.3 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

### 2.4 Non-derivative Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly

attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

### Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are measured at the proceeds received net off direct issue cost.

### Offsetting of financial instruments

Financial assets and financial liabilities are off set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 2.5 Impairment

### Financial assets (other than at fair value)

Financial assets (other than at fair value) The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### PPE and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e., higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

## 2.6 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including all taxes and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



Biological assets of the Company comprise of live stocks of shrimps' breeders and different phases of shrimp that are classified as current biological assets. The Company recognizes biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises.

## 2.7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

### Sale of goods

Revenue from sale of shrimps is recognized when all the significant risks and rewards of ownership have been passed to the buyer- normally when the shipment is loaded which is in accordance with industry practice and entitlement of export subsidies are based on shipment of goods. Shipments that have been dispatched but have not been delivered at the end of the financial reporting period have been recognized as "Revenue on Shipments in Transit".

Export benefits are accounted on recognition of export sales.

Revenue from the sale of Feeds is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

Income recognition for services takes place as and when the services are performed.

### Interest Income

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

### Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.



## 2.8 Research and Development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

## 2.9 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### (i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

### (ii) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

## 2.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.



## 2.11 Employee benefit expenses

Employee benefits consist of contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

### (i) Post-employment benefit plans

#### *Defined Contribution plans*

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

The Company also makes contribution towards provident fund, in substance a defined contribution retirement benefit plan for qualifying employees. The provident fund is deposited with the Provident Fund Commissioner which is recognized by the Income Tax authorities.

#### *Defined benefit plans*

The Company operates various defined benefit plan such as gratuity fund.

The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or as set is recognized in the Statement of Profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### (ii) Short term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

## 2.12 Foreign currency translation

The functional currency of the Company is Indian rupee

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency

monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognized in the Statement of Profit and Loss.

### **2.13 Borrowing cost**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalized until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All the other borrowing costs are recognized in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

### **2.14 Income tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### **Current tax**

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

#### **Deferred tax**

Deferred income tax is recognized using the Balance Sheet approach. Deferred income 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, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of 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.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.



## 2.15 Accounting of provisions, contingent liabilities and contingent assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

## 2.16 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

## 27 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and

estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **Impairment of non- financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### **Inventories**

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

### **Defined Benefit Obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 28).

### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain assets.

### **Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non- financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### **Current and non-current classification**

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 Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.



## 28 Group Structure - Related Party Relationship

Sl. No	Name of the Related Party	Relationship
1	S. Prasad Reddy	Key Managerial Person (Managing Director)
2	S. Sharat Reddy	Key Managerial Person (Executive Director)
3	S. Devaki Reddy	Relative of Key Managerial Person (Wife of S. Prasad Reddy, Managing Director)
4	N Thyagarajan	Key Managerial Person - Chief Financial Officer (Joined w.e.f. 21-02-2023)
5	B Durga Prasad	Key Managerial Person - Chief Financial Officer (From 01-08-2020 to 20-02-2023)
6	R. Jashvadha	Company Secretary & Compliance officer (From 01-06-2022 to 05-12-2022)
7	Katyayini Aquatech Pvt Ltd	S Devaki Reddy – One of the Directors in the Company
8	SP Enterprises	S Prasad Reddy – Managing Partner of the firm S Sharat Reddy – One of the Partners of the firm
9	United Aquatech Pvt Ltd	Associate Company

## Related Party Transactions

(Rs.in Lakhs)

Particulars	Name of the company	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of shrimp	Katyayini Aquatech P Ltd	1,016.24	-
	SP Enterprises	418.90	-
	United Aquatech Pvt Ltd	276.60	-
Sale of Shrimp / Feed	Katyayini Aquatech P Ltd	1,146.03	-
	SP Enterprises	797.75	-
	United Aquatech Pvt Ltd	192.57	-
Lease Rent	United Aquatech Pvt Ltd	10.00	-
Receivable (Net off)	Katyayini Aquatech P Ltd	1082.10	-
	SP Enterprises	46.62	-
	United Aquatech Pvt Ltd	96.30	-

## Transactions with key management personnel:

(Rs.In Lakhs)

Key management Personnel	Particulars of payment	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
S. Prasad Reddy	Remuneration	72.00	72.00
S. Sharat Reddy	Remuneration	60.00	60.00
S Devaki Reddy	Rent	8.82	8.82
S Devaki Reddy	Salary	-	6.60
B. Durga Prasad	Salary	14.77	22.20
N. Thyagarajan	Salary	0.90	-
S. Prasad Reddy	Lease rent	16.50	16.50
R. Jashvadha	Salary	1.59	-

## 29 Gratuity and other post-employment benefit plan

(Rs.In Lakhs)

Sl. No.	Particulars	As At March 31, 2023	As At March 31, 2022
	Defined Benefit Plan		
a)	Defined benefit obligation at the beginning of the year	18.53	10.35
b)	Current Service Cost	5.10	3.16
	Interest Cost	1.15	0.60
	Actuarial (Gain)/loss	15.61	4.59
	Benefits Paid	(1.47)	(0.17)
	Defined benefit obligation at the end of the year	38.93	18.53
	Expense recognized during the year	-	-
	Current Service Cost	5.10	3.16
	Interest Cost	1.15	0.60
	Actuarial Assumptions		
	Discount Rate (per Annum)	7.30%	6.19%
	Rate Escalation in salary (per Annum)	10.00%	10.00%

## Sensitivity Analysis (Gratuity)

(Rs. In lakhs)

Sl. No.	Particulars	Amount	Impact (Absolute)	%	Amount	Impact (Absolute)	%
a)	Discount Rate (-0.50/+0.50%)	39.43	0.50	1.28%	38.44	(0.48)	-1.24%
b)	Salary Inflation (-1/+1 %)	37.98	(0.94)	-2.41%	39.91	0.98	2.52%
c)	Withdrawal rate (-5/+5 %)	40.51	1.58	4.06%	37.63	(1.30)	-3.33%

## Maturity Profile of Defined Benefit Obligation (Gratuity)

(Rs. In lakhs)

Particulars	31 Mar 23	31 Mar 22
Year 1	9.53	4.18
Year 2	7.79	3.52
Year 3	6.61	3.08
Year 4	5.65	2.63
Year 5	4.51	2.19
After 5 <sup>th</sup> Year	14.13	6.90
<b>Total</b>	<b>48.22</b>	<b>22.50</b>





### 30 Commitments and contingencies

#### Contingent Liabilities

The Company is involved in a number of judicial, appellate and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses. A summary of claims asserted on the Company in respect of these cases have been summarized below.

#### Tax contingencies

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, which are in dispute, have been tabulated below:

Nature of Tax	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Customs & Excise Duty	76.31	76.31
Service Tax	31.50	31.50
Income Tax (CIT, Appeals)	96.61	96.61

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of above matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the Company may be required to pay some or all of the asserted claims and the consequential interest and penalties, which would reduce net income and could have a material adverse effect on net income in the respective reported period.

#### Contingencies related to guarantees.

Name of bank	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Financial guarantees given to Companies	1300.00	-

Guarantee creates a possible obligation on the company. The management believes that the likelihood of an actual outflow of resources due to these guarantees are remote and the potential liability is not expected to materialize.

#### Amount in respect of other claims

##### Bank Guarantees issued on behalf of the company

Name of bank	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Federal bank	15.20	133.89
Axis Bank	148.96	27.20
<b>Total</b>	<b>164.16</b>	<b>161.09</b>

However, in respect of the above matters, management does not believe, based on currently available information, that the outcomes of the litigation, will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

### 31 Operating Segment Reporting

The Company's only Business is Integrated Aqua Culture and related activities and hence there is no separate reportable segment as per Indian Accounting Standard 108 on "Operating Segment" prescribed in Companies (Indian Accounting Standards) Rules, 2015.

### 32 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management advises on financial risks and the appropriate financial risk governance framework.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended March 31, 2023, all other variables being held constant. These changes are reasonably possible based on observation of current market conditions.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with average interest rates.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. If interest rates increase or decrease by 100 basis points with all other variables being constant, the Company's profit after tax for the year ended March 31, 2023 would decrease or increase by Rs. Nil. (March 31, 2022 : Rs. Nil).



### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company's exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity:

Currency	As at March 31, 2023		Currency	As at March 31, 2022	
	Financial assets	Financial liabilities		Financial assets	Financial liabilities
USD	18,45,179.80	-	USD	21,12,916	-

Set out below is the impact of a 10% change in the US dollar on profit arising as a result of the revaluation of the Company's foreign currency financial instruments:

Currency	As at March 31, 2023		Currency	As at March 31, 2022	
	Closing rate	Effect of 10% strengthening of USD on net earnings		Closing rate	Effect of 10% strengthening of USD on net earnings
USD	82.19	1,84,517.98	USD	75.79	2,11,291.60

The impact on total equity is the same as the impact on net earnings as disclosed above.

### Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits, loans etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at March 31, as summarized below:

(Rs.In Lakhs)

Classes of Financial Assets	As at March 31, 2023	As at March 31, 2022
Investments	-	-
Trade Receivable	6,037.48	6,179.43
Cash and bank balances	853.12	462.06
Bank Balances other than above bank balances	346.92	100.17
Other Financial assets	-	-
<b>Total</b>	<b>7,237.52</b>	<b>6,741.66</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporate this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprise of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

### Liquidity risk

The following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities as at March 31, 2023 and March 31, 2022.

(Rs. In.Lakhs)

As at 31st march 2023	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	7,876.43	1,050.21	-	8,926.63
Trade Payables	1,603.29	20.00	-	1,623.29
Other Financial Liabilities	9.52	497.09	-	506.60
<b>Total</b>	<b>9,489.23</b>	<b>1,567.29</b>	<b>-</b>	<b>11,056.53</b>

As at 31st march 2022	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	7,685.05	1,230.76	-	8,915.82
Trade Payables	1,259.63	80.50	-	1,340.13
Other Financial Liabilities	4.16	483.59	-	487.74
<b>Total</b>	<b>8,948.84</b>	<b>1,794.85</b>	<b>-</b>	<b>10,743.70</b>

### Trade Receivables-Billed-Current

(Rs. In lakhs)

Particulars	As At 31 <sup>st</sup> March 2023	As At 31 <sup>st</sup> March 2022
Trade Receivables-Billed	5624.28	5681.19
Less: Allowance for Doubtful trade receivables – Billed	-22.21	-22.21
<b>Considered Good</b>	<b>5602.07</b>	<b>5658.98</b>

Ageing for Trade Receivables – Current Outstanding as at 31<sup>st</sup> March 2023

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables- considered good	2672.93	1276.01	1653.13	-	-	-	5,602.07
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>2672.93</b>	<b>1276.01</b>	<b>1653.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,602.07</b>

Ageing for Trade Receivables – Current Outstanding as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables- considered good	2256.59	2348.87	1053.53	-	-	-	5658.98
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>2256.59</b>	<b>2348.87</b>	<b>1053.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5658.98</b>

## Trade Receivables-Billed-Non-Current

(Rs. in Lakhs)

Particulars	As At 31st March 2023	As At 31st March 2022
Trade Receivables-Billed	435.41	520.45
Less: Allowance for Doubtful trade receivables – Billed	-	-
<b>Considered Good</b>	<b>435.41</b>	<b>520.45</b>



## Ageing for Trade Receivables – Non-Current Outstanding as at 31st March 2023

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables- considered good	-	-	-	-	-	-	-
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	202.84	232.57	-	435.41
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202.84</b>	<b>232.57</b>	<b>-</b>	<b>435.41</b>



### Ageing for Trade Receivables – Non-Current Outstanding as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables- considered good	-	-	-	-	56.06	206.78	262.84
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	257.61	257.61
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>56.06</b>	<b>464.39</b>	<b>520.45</b>

**Trade Payables****Ageing for Trade Payables – Current Outstanding as at 31<sup>st</sup> March 2023**

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Payables MSME*</b>	41.5	33.93	-	-	-	75.43
Others	544.91	982.96				1527.87
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>586.41</b>	<b>1016.88</b>				<b>1603.29</b>

\*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

**Ageing for Trade Payables – Current Outstanding as at 31<sup>st</sup> March 2022**

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Payables MSME*</b>	312.28	19.53	-	-	-	331.81
Others	805.16	122.67	-	-	-	927.83
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>1117.44</b>	<b>142.19</b>	-	-	-	<b>1259.63</b>

## Trade Payables

### Ageing for Trade Payables – Non-Current Outstanding as at 31<sup>st</sup> March 2023

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	-	-	-	-	-	-
Others	-	-	-	-	20	20
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>20</b>	<b>20</b>

\*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

### Ageing for Trade Payables – Non-Current Outstanding as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	-	-	-	-	-	-
Others	-	-	-	-	80.5	80.5
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>80.5</b>	<b>80.5</b>

## Financial Ratios

Ratio	2022-2023	2021-2022
Current Ratio	1.39	1.35
Debt-Equity Ratio	1.71	1.93
Debt Service Coverage Ratio	1.54	1.35
Return on Equity Ratio	8.1%	4.9%
Inventory Turnover Ratio	4.45	2.91
Trade Receivables Turnover Ratio	5.44	4.56
Trade Payables Turnover Ratio	16.55	7.86



Ratio	2022-2023	2021-2022
Net Capital Turnover Ratio	8.45	7.33
Net Profit Ratio	1.9%	1.4%
Return on Capital Employed	18.8%	12.2%

### Disclosure of Shareholding Promoters

Disclosure of shareholding of promoters as at 31<sup>st</sup> March 2023 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Prasad Reddy Sabbella	72,97,641	30.52	72,97,641	30.52	-
Sharat Reddy Sabbella	18,03,300	7.54	18,03,300	7.54	-
Devaki Reddy Sabbella	1,85,500	0.77	1,76,500	0.74	0.04%
Charita Reddy Sabbella	28,000	0.12	28,000	0.12	-
Total	93,14,441	38.95	93,05,441	38.91	0.04%

Disclosure of shareholding of promoters as at 31<sup>st</sup> March 2023 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Prasad Reddy Sabbella	72,97,641	30.52	88,14,800	40.04	-6.89%
Sharat Reddy Sabbella	18,03,300	7.54	24,64,800	11.20	-3.01%
Devaki Reddy Sabbella	1,76,500	0.74	1,76,500	0.80	-
Charita Reddy Sabbella	28,000	0.12	28,000	0.13	-
Total	93,05,441	38.91	1,14,84,100	52.17	-9.90%

### A) Capital work-in-progress

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

(Rs. in lakhs)

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 – 2 Years	2-3 Years	More than 3 Years	
Capital Work in Progress	95.09	-	-	-	95.09
CWIP - Condenser	29.91	-	-	-	29.91
CWIP – Intangible Assets	15.00	-	-	-	15.00
<b>Total</b>	<b>140.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140.00</b>

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

(Rs. in lakhs)

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 – 2 Years	2-3 Years	More than 3 Years	
CWIP - Cooker	254.67	-	-	-	254.67
<b>Total</b>	<b>254.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254.67</b>

### 33 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximize the shareholders' value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt is long term and short-term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises share capital and free reserves (total reserves including capital reserve). The following table summarizes the capital of the Company:

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Share Capital	2391.25	2391.25
Free Reserves (Excluding Capital Reserve)	3114.03	2476.57
Equity (A)	5506.08	4867.82
Short term borrowings	7269.67	7132.46
Long Term Borrowings	1547.29	1714.35
Current Maturities of Long-term borrowings	606.76	552.59
Debt (B)	9423.72	9399.41
Cash and Cash Equivalents	853.12	462.06
Short Term Investments	-	-
Total Cash (C)	853.12	462.06
Net Debt (B-C) =D	8570.60	8937.34
Net Debt to Equity Ratio (D/A) =E	1.56	1.84



### Loans availed from banks/financial institutions against current assets:

The quarterly returns or statements filed by the Company for working capital limits with such banks and financial institutions are in agreement with the books of account of the Company

### 34 Previous year figures

Previous year's figures have been restated, rearranged and regrouped, wherever necessary to enable comparability of the current year's position of accounts with that of the relative previous year's position.

### 35 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 30<sup>th</sup> May 2023.

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

**For A.R. KRISHNAN & ASSOCIATES**

Chartered Accountants

**FRN No: 0098055**

**A. SENTHIL KUMAR**

Partner

**M.No: 214611**

**Place: Nellore**

**Date: 30<sup>th</sup> May 2023**

**S. PRASAD REDDY**

Managing Director

**(DIN : 00069094)**

**N. Thyagarajan**

**Chief financial officer**

**S. SHARAT REDDY**

Executive Director

**(DIN : 02929724)**

**M. Balamurugan**

**Company Secretary**

## INDEPENDENT AUDITORS' REPORT

### To The Members of SHARAT INDUSTRIES LIMITED Report on the Audit of Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Sharat Industries Limited ("the Parent") and its associate (together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2023, the Consolidated Statement of Profit and Loss (including other comprehensive income) for the year then ended, the Consolidated Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("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 31<sup>st</sup> March, 2023, of its consolidated profit and other comprehensive loss, its consolidated cash flows and the consolidated changes in equity for the year ended.

#### Basis of Opinion

We conducted our audit of the Consolidated financial statements 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 Consolidated Financial Statements section of our report. We are independent of the

Group 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 Consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 on the consolidated financial statements.

#### 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 have determined that there are no key audit matters to communicate in our report.

#### Information other than the financial statements and auditors' report thereon

The Parent's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.





If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position and consolidated financial performance, of the Group in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective managements of the companies included in the Group are responsible for assessing each Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on internal financial controls system in place with reference to the consolidated financial statements 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 companies included in the group'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 Consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the parent and such other Companies included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 (Independent Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. **A)** As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.



- d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of the Parent as on 31 March 2023 taken on record by the Board of Directors of the Parent and on the basis of written representations received by the management from directors of its associate as on 31 March 2022, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect of the adequacy of the Internal Financial Controls over Financial Reporting of the company and its operating effectiveness of such controls, refer to our separate report in “Annexure B”.
- B)** With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact on pending litigations on its financial position in the consolidated financial statements - Refer Note 30 to the Consolidated financial statements
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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 parent or its associate to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the parent or its associate from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
  - v. The parent or its associate have not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid to the directors of parent or its associate during the year is in accordance with the section 197 of the Act. The remuneration paid to any director is not in excess of the limit.

**For A.R.KRISHNAN & ASSOCIATES**

Chartered Accountants

FRN: 0098055

**A.SENTHIL KUMAR**

Partner

M. No.: 214611

UDIN: 23214611BGUXJZ7385

Place: Chennai

Date: 30/05/2023





**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF SHARAT INDUSTRIES LIMITED  
FOR THE YEAR ENDED 31 MARCH 2023**

xxi) According to the information and explanations given to us, there have been no qualifications or adverse remarks in the Companies (Auditor’s Report) Order (CARO) by the auditor of the associate company included in the Consolidated Financial Statements.

**For A.R.KRISHNAN & ASSOCIATES**

Chartered Accountants

FRN : 0098055

**A.SENTHIL KUMAR**

Partner

M. No. : 214611

UDIN: 23214611BGUXJZ7385

Place: Chennai

Date: 30/05/2023



## **"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHARAT INDUSTRIES LIMITED FOR THE YEAR ENDED 31 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")**

In conjunction with our audit of the Consolidated Financial Statements of **Sharat Industries Limited** (the "Parent Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of the parent company and its associate as of that date.

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

The respective Board of Directors of the companies included in the Group is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Parent Company and its associate's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.



### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the associate company, is based on the corresponding report of the auditor of the associate.

Place: Chennai  
Date: 30/05/2023

**For A.R.KRISHNAN & ASSOCIATES**  
Chartered Accountants  
FRN : 0098055

**A.SENTHIL KUMAR**  
Partner  
M. No.: 214611  
UDIN: 23214611BGUXJZ7385

## SHARAT INDUSTRIES LIMITED

### STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AS AT 31 MARCH, 2023

(Rs. in Lakhs)

	Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>I</b>	<b>ASSETS</b>			
	<b>(1) Non-Current Assets</b>			
	(a) Property, Plant & Equipment	3	4,931.84	4,585.23
	(b) Capital Work in Progress	3	140.00	254.67
	(c) Intangible Assets	3	-	0.26
	(d) Intangible Assets under Development		-	-
	(e) Financial Assets	4	-	-
	(f) Deferred Tax Asset		-	-
	(g) Other Non-Current Assets	4.1	253.34	254.34
	(h) Trade Receivables	4.2	435.41	520.45
	<b>Total Non-Current Assets</b>		<b>5,760.60</b>	<b>5,614.95</b>
	<b>(2) Current Assets</b>			
	(a) Inventories	5	5,513.57	5,493.98
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	6	5,602.07	5,658.99
	(iii) Cash and Cash Equivalents	7	853.12	462.06
	(iv) Bank Balances Other than (iii) above	8	346.92	100.17
	(v) Others	8.1	465.37	386.79
	(c) Other Current Assets	9	1,234.86	898.17
	<b>Total Current Assets</b>		<b>14,015.92</b>	<b>13,000.16</b>
	<b>TOTAL ASSETS</b>		<b>19,776.52</b>	<b>18,615.11</b>
<b>II</b>	<b>EQUITY &amp; LIABILITIES</b>			
	<b>(1) Equity</b>			
	(a) Equity Share Capital	10	2,391.25	2,391.25
	(b) Other Equity	11	5,473.15	4,644.89
	<b>Total Equity</b>		<b>7,864.40</b>	<b>7,036.14</b>





(Rs in Lakhs)

	Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
	<b>(2) Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	12	1,050.21	1,230.76
	(ii) Other Financial liabilities[other than those specified in (b) below]	12.1	497.09	483.59
	(iii) Trade Payables	12.2	20.00	80.50
	(b) Provisions	13	29.41	14.38
	(c) Deferred Tax Liabilities (Net)	14	235.81	138.02
	<b>Total Non-Current Liabilities</b>		<b>1,832.52</b>	<b>1,947.25</b>
	<b>(3) Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	15	7,876.43	7,685.05
	(ii) Trade Payables	16	1,603.29	1,259.63
	(iii) Other Financial liabilities[Other than those specified in (c) below]	17	9.52	4.16
	(b) Other Current Liabilities	18	21.08	99.76
	(c) Provisions	19	569.28	583.11
	<b>Total Current Liabilities</b>		<b>10,079.60</b>	<b>9,631.72</b>
	<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>19,776.52</b>	<b>18,615.11</b>
Significant Accounting Policies & Notes forming part of the financial statements		1 & 2		

The accompanying notes are integral part of the financial statements.  
As per our report of even date

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

**For A.R.Krishnan & Associates**  
**Chartered Accountants**  
**F.R. No. 009805S**

**S.Prasad Reddy**  
Managing Director  
DIN: 00069094

**S Sharat Reddy**  
Executive Director  
DIN: 02929724

**A.Senthil Kumar**  
**Partner**  
**M.No. 214611**

**N. Thyagarajan**  
Chief Financial Officer

**M. Balamurugan**  
Company Secretary

**Place: Nellore**  
**Date: 30<sup>th</sup> May 2023**

**SHARAT INDUSTRIES LIMITED**  
**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH, 2023**

(Rs. in Lakhs)

	Particulars	Note No.	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
I	<b>Revenue from Operations</b>	20	33,253.83	24,703.29
II	<b>Other Income</b>	21	346.89	106.73
III	<b>Total Income (I+II)</b>		<b>33,600.72</b>	<b>24,810.02</b>
IV	<b>Expenses</b>			
	(a) Cost of Materials Consumed	22	25,363.90	16,390.16
	(b) Purchase of Stock in trade		-	-
	(c) Changes in Inventory	23	-859.06	1,125.00
	(d) Employee Benefits Expense	24	765.54	753.55
	(e) Finance Costs	25	858.68	614.14
	(f) Depreciation and Amortisation Expense	3	424.03	386.20
	(g) Other Expenses	26	6,138.92	5,090.46
	<b>Total Expences (IV)</b>		<b>32,692.02</b>	<b>24,359.51</b>
V	<b>Profit Before Exceptional items and Tax (III-IV)</b>		<b>908.69</b>	<b>450.51</b>
	<b>Share of Profit/(Loss) from Associate</b>		<b>-4.90</b>	-
VI	Exceptional Items		-	-
VII	<b>Profit Before Tax (V-VI)</b>		<b>903.79</b>	<b>450.51</b>
VIII	<b>Tax Expense</b>			
	(a) Current Tax		152.13	75.12
	(b) Mat Credit Entitlement		84.42	30.17
	(c) Deferred Tax		17.72	-0.67
IX	<b>Profit /(Loss) for the year (VII-VIII)</b>		<b>649.52</b>	<b>345.90</b>
X	<b>Other Comprehensive Income</b>			
	Items that will not be reclassified to profit/ (loss)		-11.27	-3.31



(Rs.in Lakhs)

	Particulars	Note No.	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
XI	<b>Total Comprehensive Income for the year (comprising of profit for the year and other comprehensive income [IX+X])</b>		<b>638.26</b>	<b>342.58</b>
XII	<b>Earnings per Equity Share [Nominal Value of Rs.10/- per share]</b>	27		
	(1) Basic		2.67	1.53
	(2) Diluted		2.67	1.53
	Face Value of the Share		10.00	10.00

Significant Accounting Policies & Notes forming part of the financial statements

The accompanying notes are integral part of the financial statements.

As per our report of even date

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

**For A.R.Krishnan & Associates**

**Chartered Accountants**

**F.R. No. 0098055**

**A.Senthil Kumar**

**Partner**

**M.No. 214611**

**Place : Nellore**

**Date: 30<sup>th</sup> May 2023**

**S.Prasad Reddy**

Managing Director

DIN: 00069094

**S.Sharat Reddy**

Executive Director

DIN: 02929724

**N. Thyagarajan**

Chief Financial Officer

**M. Balamurugan**

Company Secretary

## SHARAT INDUSTRIES LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2023

(Rs.in Lakhs)

S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit / (Loss) Before Extraordinary Items and Tax</b>	<b>903.79</b>	<b>450.51</b>
	<b>Adjustments for:</b>		
	Depreciation and impairment of Property, plant and equipment	424.03	386.20
	Amortisation and impairment of intangible assets	-	-
	Loss on sale of Investments	-	-
	Finance Costs	858.68	614.14
	Gratuity	-15.61	-4.59
	Wealth Tax	-	-
	(Profit)/Loss on Sale of Vehicle	-	-
	Interest Income	-22.67	-11.98
	Share of Loss from Associate	4.90	-
	Creditors no Longer Payable	-	-
	Capital Subsidy	-	-
	Provision for Bad and Doubtful Debts	-	-
	<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>2,153.13</b>	<b>1,434.28</b>
	<b>Changes in Working Capital:</b>		
	<b>Adjustment for (Increase) / Decrease in Operating Assets</b>		
	Inventories	-19.59	1,036.34
	Trade Receivables	141.95	-1,513.88
	Short term Loans and Advances	-78.58	482.88
	Bank Balances Other than cash & Cash Equivalents	-246.75	192.52
	Others	-336.69	0.10
	<b>Adjustment for Increase / (Decrease) in Operating Liabilities</b>		
	Trade Payables	343.66	-1,410.72
	Other Current Liabilities	-78.68	84.98
	Long Term Provisions	15.03	6.93
	Short Term Provisions	-8.47	-56.44
	<b>Cash generated from operations</b>	<b>1,885.00</b>	<b>256.99</b>
	Cash outflow due to Exceptional Items	-	-



S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
B.	<b>Cash generated from operations</b>	<b>1,885.00</b>	<b>256.99</b>
	Net Income Tax (Paid)/Refund	-152.13	-75.12
	<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES - A</b>	<b>1,732.87</b>	<b>181.87</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure on Fixed Assets	-770.38	-737.57
	Decrease / (Increase) in Capital Work in Progress	114.66	-41.99
	Proceeds from Sale of Fixed Assets	-	-
	Long Term Loans and Advances	1.00	-8.13
	Interest Received	22.67	11.98
	Investment in Joint Venture	-4.90	-
	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES - B</b>	<b>-636.94</b>	<b>-775.71</b>
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds / (Repayment) from / of Long Term Borrowings	-180.56	-464.32
	Current Maturities of Long term Debt	13.50	-80.89
	Other Short term Borrowings	191.37	1,216.52
	Trade Payables	-60.50	-101.29
	Finance Costs	-858.68	-614.14
	capital subsidy received from government	-	-
	Share Warrant money received	190.00	950.00
	<b>NET CASH FROM / (USED IN ) FINANCING ACTIVITIES - C</b>	<b>-704.87</b>	<b>905.88</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>391.06</b>	<b>312.04</b>
	<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>462.06</b>	<b>150.02</b>
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>853.12</b>	<b>462.06</b>
	<b>Reconciliation of Cash and Cash Equivalents with the Balance sheet</b>		
	Cash and Cash Equivalents as per Balance Sheet (Refer Note No.13)		

(Rs in Lakhs)

S.No	Particulars	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022
	<b>Cash and Cash Equivalents at the end of the year</b>		
	<b>Comprises:</b>		
	Cash on hand	5.11	13.51
	Balance with Banks		
	- in Current Accounts	848.01	448.55
	- in Deposit Accounts	-	-
		<b>853.12</b>	<b>462.06</b>

As Per our Report of even date

**For A.R.Krishnan & Associates**  
**Chartered Accountants**  
**F.R. No. 0098055**

**A.Senthil Kumar**  
**Partner**  
**M.No. 214611**

**Place: Nellore**  
**Date: 30<sup>th</sup> May 2023**

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

**S. Prasad Reddy**  
 Managing Director  
 DIN : 00069094

**S Sharat Reddy**  
 Executive Director  
 DIN: 02929724

**N. Thyagarajan**  
 Chief Financial Officer

**M. Balamurugan**  
 Company Secretary



## Notes forming part of the Financial Statements

### (I) Assets

#### 1) Non Current Assets

(Rs.in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Non Current Assets</b>			
<b>Financial Assets</b>			
Equity instruments in Joint Venture	4.00	-	-
<b>Other Non-Current Assets</b>	4.10	-	-
<b>Unsecured, Considered Good</b> (to Parties other than related Party)		-	-
<b>Capital Advances</b>		-	-
<b>Advances Other than Capital Advances</b>			
Balances With Government Authorities			
Security Deposits		253.34	254.34
Other Advances			
<b>Total (a+b+c)</b>		<b>253.34</b>	<b>254.34</b>
(h) Trade Receivables	4.10	435.41	520.45
Less : Allowance for Doubtful debts			
<b>Total</b>	<b>4.10</b>	<b>435.41</b>	<b>520.45</b>
<b>2) Current Assets</b>			
(A) Inventories :	5.00		
(As valued and certified by the Management)			
(i) Raw Materials		367.85	1,423.99
(ii) Finished Goods		4,813.23	3,954.17
(iii) Stock of Spares		332.49	115.82
(iv) Biological Asset		-	-
		<b>5,513.57</b>	<b>5,493.98</b>

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(B) Financial Assets :</b>			
(i) Trade Receivables :	6.00		
Trade Receivables		5,624.28	5,681.19
Less : Allowance for Doubtful debts		<b>5,624.28</b>	<b>5,681.19</b>
Receivables from Related Parties			
<b>Total</b>		<b>5,624.28</b>	<b>5,681.19</b>
Current		<b>5,624.28</b>	<b>5,681.19</b>
Non-Current		-	-
<b>Breakup of Good and Doubtful Debts</b>			
Unsecured, Considered good		5,624.28	5,681.19
Unsecured, Considered doubtful		-	-
<b>Total</b>		<b>5,624.28</b>	<b>5,681.19</b>
<b>Impairment Allowance (allowance for bad and doubtful debts):</b>			
Unsecured, Considered good		5,624.28	5,681.19
Unsecured, Considered doubtful		(22.21)	(22.21)
<b>Total</b>		<b>5,602.07</b>	<b>5,658.98</b>
<b>(ii) Cash and Cash Equivalents :</b>	7.00		
(a) Cash on hand		5.11	13.51
(b) Balances with Banks:			
i) in Current Accounts		848.01	448.55
ii) Deposits with original maturity of less than 3 months		-	-
<b>Current</b>		<b>853.12</b>	<b>462.06</b>
<b>Non-Current</b>			
<b>(ii) Bank Balances Other Than Referred Above</b>	8.00		
(a) Earmarked balances :			
i) Unclaimed dividend account		-	-
ii) In deposit accounts		346.92	100.17
(b) Balances with banks :			
Deposits with original maturity of more than 3 months		-	-
(c) EEFC Balances		-	-
(d) Deposit Accounts		-	-
<b>Total</b>		<b>346.92</b>	<b>100.17</b>





(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
(v) Others	8.10	465.37	386.79
<b>(C) Other Current Assets</b>	<b>9.00</b>		
(a) Loans and Advances to Employees			
Unsecured, considered good		1.89	4.35
Less : Provision for Doubtful Advances		-	-
		<b>1.89</b>	<b>4.35</b>
(b) Loans and Advances to Vendors & Others		15.70	76.73
(c) Prepaid Expenses		33.80	37.89
(d) Balances with Government Authorities		565.30	312.04
(e) Others		618.18	467.16
		<b>1,234.86</b>	<b>898.17</b>

**(II) EQUITY & LIABILITIES****1) Equity**

(Rs.in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
a) Equity Share Capital	10.00		
<b>Authorised :</b>			
Equity Shares of Rs. 10/- each		5,000.00	3,000.00
No. of shares FY : 5,00,00,000 (PY : 3,00,00,000)			
Redeemable Preference Shares of Rs. 100/- each		-	2,000.00
No. of shares FY : 20,00,000 (PY : 20,00,000)			
		<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, Subscribed and Paid up:</b>			
Equity Shares of Rs. 10/- each fully paid up		2,391.25	2,391.25
No. of shares FY : 2,20,12,500 (PY : 2,20,12,500)			
		<b>2,391.25</b>	<b>2,391.25</b>

(a) All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

(Numbers in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At March 31, 2022
<b>Equity Shares:</b>			
Number of Shares at the beginning of the year		239.13	220.13
Add: Allotted during the year		-	19.00
Less: Bought back during the year		-	-
<b>Number of Shares at the end of the year</b>		<b>239.13</b>	<b>239.13</b>

(c) Details of Shareholders holding more than 5% shares :

(Rs in Lakhs)

Name of Share holder	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
		No. of Shares - % held	No. of Shares - % held
S. Prasad Reddy		7297641 - 33.15%	7297641 - 33.15%
S. Sharat Reddy		1803300 - 8.19%	1803300 - 8.19%
<b>b) Other Equity</b>	<b>11.00</b>		
<b>Capital Reserve</b>			
Opening Balance		1,408.32	1,408.32
Add: Additions during the year		-	-
Closing Balance A		<b>1,408.32</b>	<b>1,408.32</b>
<b>Capital Subsidy</b>			
Opening Balance		-	-
Closing Balance B		-	-
<b>Share Premium</b>			
Opening Balance		950.00	-
Add: Additions during the year		-	760.00
Closing Balance C		<b>950.00</b>	<b>760.00</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>			
Opening Balance		2,476.57	2,133.99
Add: Profit for the year		638.26	342.58
Add/(Less) : Adjustment on Account of Term Loan Ind As Adjustment		-	-
Closing Balance D		<b>3,114.83</b>	<b>2,476.57</b>
<b>Total ( A+B+C+D )</b>		<b>5,473.15</b>	<b>4,644.89</b>



## 2) Non Current Liabilities

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(a) Financial Liabilities</b>	<b>12.00</b>		
(i) Borrowings			
Term Loan from Bank (Secured)		844.41	728.99
Hire Purchase Loans From Banks		62.14	50.82
From Others		143.66	450.95
(ii) Other Financial Liabilities			
Other Loans	12.10	420.65	420.65
Advances from Customers		15.00	1.50
MPEDA		61.43	61.43
Deferred Advance from Rental Deposits			
		<b>1,547.29</b>	<b>1,714.35</b>
(iii) Trade Payables	12.20	20.00	80.50
<b>(b) Provisions</b>	<b>13.00</b>		
<b>Provision for employee benefits</b>			
Post Retirement Benefits		29.41	14.38
Compensated Absences		-	-
		<b>29.41</b>	<b>14.38</b>
<b>(c) Deferred Tax Liability</b>	<b>14.00</b>		
On account of brought forward Losses		-	-
Deferred Tax Liability			
On difference between book balance and tax balance of fixed assets		318.44	305.06
Deferred Tax Asset			
On Account of Minimum Alternate Tax		82.63	163.87
<b>Net Deferred Tax Asset</b>		<b>235.81</b>	<b>141.19</b>

**A. Nature of Security:**

1. Term Loan from Axis Bank is secured by the charge of Fixed Assets Procured.
2. Hire Purchase Loans are secured by way of hypothecation / charge of respective vehicles financed.

**3. Current Liabilities**

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>(a) Financial Liabilities</b>			
(i) Borrowings	15.00		
<b>Loans Payable on Demand</b>			
From Banks		7,269.67	7,132.46
Current Maturities of Long Term Borrowings		606.76	552.59
		<b>7,876.43</b>	<b>7,685.05</b>
ii) Trade Payables	16.00		
Trade Payables to Micro ,Small and Medium Enterprises		-	-
Trade Payables to Related Parties		-	-
Trade Payables Other than Micro Small and Medium Enterprises		-	-
- For Supplies and Services		1,587.73	1,130.19
- For Expenses and Others		15.56	129.45
		<b>1,603.29</b>	<b>1,259.63</b>
(iii) Other Financial Liabilities	17.00		
Provision for Gratuity		9.52	4.16
		<b>9.52</b>	<b>4.16</b>
<b>(b) Other Current Liabilities</b>	18.00		
(i) Statutory Remittances		21.08	19.64
(ii) Advances from Customers		-	75.00
(iii) MPEDA		-	5.12
		<b>21.08</b>	<b>99.76</b>
<b>(c) Provisions</b>	19.00		
<b>Provision for others</b>			
(a) Provision for Taxes (Net of Advance Tax)		28.21	64.75
(b) Provision for Expenses		541.07	523.12
		<b>569.28</b>	<b>587.86</b>
<b>TOTAL (a+b+c)</b>		<b>10,079.60</b>	<b>9,636.47</b>



## 4) Revenues

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Revenue from Operations:</b>	<b>20.00</b>		
(a) Sale of Products		31,988.00	23,318.82
(b) Sale of Services		168.66	730.50
(c) Other Operating Revenues		1,097.17	653.97
		<b>33,253.83</b>	<b>24,703.29</b>
<b>Sale of Products:</b>			
Sale of Shrimp - Export		23,072.44	15,041.85
Sale of Feed		7,049.18	5,961.86
Sale of Raw Shrimp		2,026.32	2,529.74
Sale of Chemicals		-	-
Sale of Shrimp - Interstate		-	-
<b>Total</b>		<b>32,147.93</b>	<b>23,533.46</b>
<b>Less: Sales Return</b>			
<b>Turnover Discount</b>		(159.94)	(214.63)
<b>Net Turnover</b>		<b>31,988.00</b>	<b>23,318.82</b>
<b>Sale of Services:</b>			
Job Work Charges		168.66	730.50
		<b>168.66</b>	<b>730.50</b>
<b>Other Operating Revenue:</b>			
Export Incentives		1,051.67	620.76
Sale of Shrimp shell waste/Scrap		26.26	33.22
Miscellaneous Income		19.24	-
		<b>1,097.17</b>	<b>653.97</b>
<b>Other Income :</b>	<b>21.00</b>		
(a) Interest Income			
(i) On Bank Deposits		15.25	11.98
(ii) On Others		7.43	-
(b) Net gain on Foreign Currency Transactions		190.88	80.14
(c) Other Non-Operating Income		133.33	14.61
(d) Profit on sale of vehicle		-	-
		<b>346.89</b>	<b>106.73</b>

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
Consumption of Raw Materials and Packing Materials	22.00		
Opening Stock		1,456.32	1,367.66
Add: Purchases		24,524.43	16,478.82
		<b>25,980.75</b>	<b>17,846.48</b>
Less: Closing Stock - Raw Material	23.00	616.85	1,456.32
		<b>25,363.90</b>	<b>16,390.16</b>
<b>Changes in Inventory of finished goods:</b>			
<b>Inventories at the end of the year</b>			
Finished Goods - Feed & Shrimps		4,813.23	3,954.17
		<b>4,813.23</b>	<b>3,954.17</b>
<b>Inventories at the beginning of the year</b>			
Finished Goods - Feed & Shrimps		3,954.17	5,079.17
		<b>3,954.17</b>	<b>5,079.17</b>
Stock Loss			
(a) Finished goods/Stock in trade		-	-
(b) Work-in-progress		-	-
<b>Total Stock loss</b>		-	-
<b>(Increase) / Decrease in stock</b>		<b>(859.06)</b>	<b>1,125.00</b>

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Employee Benefits Expense :</b>	24.00		
Salaries, wages and bonus		725.23	719.61
Staff Welfare and contribution to other Funds		40.32	33.93
		<b>765.54</b>	<b>753.55</b>
<b>Finance Costs :</b>	25.00		
Interest Expense on:			
(i) Interest		858.68	614.14
(ii) Other Borrowing Costs		-	-
		<b>858.68</b>	<b>614.14</b>



(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
<b>Other Expenses</b>	<b>26.00</b>		
<b>Manufacturing Expenses</b>			
Power & Fuel		684.10	562.15
Repairs & Maintenance			
- Buildings		3.43	11.34
- Plant & Machinery		52.04	41.18
- Electricals		35.62	29.17
Other Manufacturing Expenses		1,508.55	1,390.45
(a)		<b>2,283.74</b>	<b>2,034.29</b>
<b>Selling Expenses</b>			
Advertisement		4.31	9.17
Ocean freight and export expenses		2,576.30	2,104.79
Marketing Expenses		119.90	88.53
Discount Allowed		69.98	63.64
(b)		<b>2,770.48</b>	<b>2,266.12</b>
Other expenses			
Audit Fees			
For Statutory Audit		2.50	2.50
For Taxation purpose		1.00	1.00
Return preparation		0.50	0.50
For Other Services		-	1.50
Audit Expense		1.18	0.18
Bank Charges		50.70	35.50
Bad Debts		257.61	7.19
Donation		1.35	0.75
Consultancy Fees		149.21	155.97
Communication Expenses		3.43	5.36
General Expenses		53.52	27.64
Fuel Charges		-	6.28
Insurance		18.62	16.61
Legal, Statutory & Documentation Charges		4.28	11.73
Listing Fee		3.00	3.00
Loss on sale of vehicle		1.43	-
Inspection Charges		0.13	0.51
Office Maintenance		28.12	16.08

(Rs in Lakhs)

Particulars	Note No.	As At Mar 31, 2023	As At Mar 31, 2022
Printing & Stationery		8.78	5.60
Registration & Renewals		11.21	24.80
Rates & Taxes		222.89	263.09
Security Charges		36.26	40.48
Office Rent		20.53	24.11
Foreign Currency Loss		-	-
Foreign Currency Loss - NL		135.29	-
Cold Storage Maintenance		-	-
Revocation Fees to SEBI		-	-
Travelling & Conveyance Expenses		44.07	27.91
Vehicles Maintenance		29.09	111.75
(c)		1,084.70	790.05
<b>Grand Total (a+b+c)</b>		<b>6,138.92</b>	<b>5,090.46</b>

Earnings per Share	27	As At Mar 31, 2023	As At Mar 31, 2022
Profit / (Loss) After Tax attributable to Equity Shareholders		638.26	342.58
Weighted average number of equity shares		239.13	223.29
Basic & Diluted Earnings per Share		2.67	1.53
Face Value of the Share		10.00	10.00





## SHARAT INDUSTRIES LIMITED : NELLORE

### Notes forming part of the Financial Statements

Note - 3: Fixed Assets

(Rs.in Lakhs)

Particulars	Freehold Land	Building	Plant and Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Lab Equipments	Computers	Electrical Fixtures	Pond Construction	Jetty	Tools & Equipments	Total PPE	Capital WIP
<b>Cost or Deemed Cost</b>														
<b>At March 31, 2022</b>	<b>5,50,81,762</b>	<b>13,90,86,913</b>	<b>31,01,34,114</b>	<b>51,86,407</b>	<b>5,45,97,805</b>	<b>60,66,975</b>	<b>17,32,803</b>	<b>22,04,298</b>	<b>1,17,99,405</b>	<b>4,06,64,764</b>	<b>53,48,201</b>	<b>1,48,44,241</b>	<b>64,67,91,203</b>	<b>2,54,66,767</b>
Additions	12,62,160	36,72,146	5,96,87,803	2,79,575	70,15,631	25,53,083	-	4,65,441	7,09,513	-	-	18,60,564	7,75,05,916	2,74,41,657
Disposals	-	-	-	-	-9,22,284	-	-	-	-	-	-	-	-9,22,284	3,89,08,062
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>5,63,43,922</b>	<b>14,27,59,059</b>	<b>36,98,21,917</b>	<b>54,65,982</b>	<b>6,06,91,152</b>	<b>86,20,058</b>	<b>17,32,803</b>	<b>26,69,739</b>	<b>1,25,08,918</b>	<b>4,06,64,764</b>	<b>53,48,201</b>	<b>1,67,04,805</b>	<b>72,33,74,835</b>	<b>1,40,00,361</b>
<b>Depreciation and Impairment</b>														
<b>At March 31, 2022</b>	<b>-</b>	<b>3,66,03,160</b>	<b>8,65,90,613</b>	<b>27,22,286</b>	<b>2,89,84,758</b>	<b>29,70,192</b>	<b>6,95,532</b>	<b>15,38,969</b>	<b>68,50,922</b>	<b>1,29,51,676</b>	<b>21,52,112</b>	<b>62,07,606</b>	<b>18,82,67,826</b>	<b>-</b>
Depreciation charge for the year	-	70,31,068	2,39,52,840	5,54,158	50,44,096	10,54,523.15	1,64,530	3,37,656	10,18,002	21,58,613	3,58,685	7,03,042	4,23,77,213	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-4,54,272	-	-	-	-	-	-	-	-4,54,272	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>-</b>	<b>4,36,34,229</b>	<b>11,05,43,453</b>	<b>32,76,444</b>	<b>3,35,74,581</b>	<b>40,24,715</b>	<b>8,60,061</b>	<b>18,76,625</b>	<b>78,68,923</b>	<b>1,51,10,289</b>	<b>25,10,797</b>	<b>69,10,648</b>	<b>23,01,90,766</b>	<b>-</b>
<b>Carrying Amount</b>														
<b>As at March 31, 2023</b>	<b>5,63,43,922</b>	<b>9,91,24,831</b>	<b>25,92,78,464</b>	<b>21,89,537</b>	<b>2,71,16,571</b>	<b>45,95,343</b>	<b>8,72,741</b>	<b>7,93,114</b>	<b>46,39,994</b>	<b>2,55,54,475</b>	<b>28,37,404</b>	<b>97,94,158</b>	<b>49,31,84,069</b>	<b>1,40,00,361</b>
As at March 31, 2022	5,50,81,762	10,24,83,753	22,35,43,501	24,64,120	2,56,13,047	30,96,784	10,37,271	6,65,329	49,48,483	2,77,13,088	31,96,089	86,36,635	45,85,23,377	2,54,66,767
As at March 31, 2021	5,44,13,672	10,84,09,041	18,02,83,235	21,79,383	3,05,10,318	10,41,068	11,97,699	6,30,740	25,80,315	2,98,71,700	35,54,774	85,53,416	42,32,25,363	2,12,67,960
As at March 31, 2020	5,17,07,172	11,00,23,379	17,10,31,034	22,32,269	2,95,54,278	9,74,727	13,61,843	7,38,386	31,75,388	3,20,30,313	39,13,460	92,93,781	41,60,36,028	1,57,29,362
As at March 31, 2019	5,17,07,172	11,48,05,835	17,96,61,086	23,93,842	2,93,62,280	11,07,870	15,25,987	4,85,282	37,89,160	3,41,88,925	42,72,145	95,30,450	43,28,30,033	26,99,426
As at March 31, 2018	5,14,71,672	8,45,07,604	15,83,89,879	29,58,419	2,19,61,085	16,06,543	16,90,131	2,70,761	44,09,432	3,63,47,538	46,30,830	29,46,346	37,11,90,239	66,66,313

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Corporate Information

Sharat Industries Limited ("the Company") is a listed public Company incorporated in the year 1990 in India under the Companies Act, 1956. The Company is in the business of Shrimp Aquaculture and manufacturer and sale of shrimp feeds.

### 1 Basis of Preparation of Consolidated Financial Statements

#### Statement of Compliance with Ind AS

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

#### Basis of preparation and measurement

The Consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an Orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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



Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

## **2 Significant Accounting Policies**

### **2.1 Property, Plant and Equipment (PPE)**

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognized in the Consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of property, plant and equipment includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition. Property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and Impairment losses, if any.

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 methods, estimated useful lives and residual value Depreciation on tangible assets is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act, 2013. The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in the Consolidated financial statements.

#### **2.1. Intangible assets**

Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. All intangible assets are tested for impairment.

Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### (i) Computer software

Computer software are stated at cost, less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### (ii) Amortization methods and periods

Intangible assets with finite useful live are amortized over their respective individual estimated useful lives on a straight-line basis.

### 2.3 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

### 2.4 Non-derivative Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.



### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

### Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are measured at the proceeds received net off direct issue cost.

### Offsetting of financial instruments

Financial assets and financial liabilities are off set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 2.5 Impairment

### Financial assets (other than at fair value)

Financial assets (other than at fair value) The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### PPE and intangibles assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

## 2.6 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including all taxes and other levies, transit insurance and

receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Biological assets of the Company comprises of live stocks of shrimps breeders and different phases of shrimp that are classified as current biological assets. The Company recognizes biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises.

## 2.7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

### Sale of goods

Revenue from sale of shrimps is recognized when all the significant risks and rewards of ownership have been passed to the buyer- normally when the shipment is loaded which is in accordance with industry practice and entitlement of export subsidies are based on shipment of goods. Shipments that have been dispatched but have not been delivered at the end of the financial reporting period have been recognized as "Revenue on Shipments in Transit".

Export benefits are accounted on recognition of export sales.

Revenue from the sale of Feeds is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

Income recognition for services takes place as and when the services are performed.

### Interest Income

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.



### Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 2.8 Research and Development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

## 2.9 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### (i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

### (ii) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

## 2.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## **2.11 Employee benefit expenses**

Employee benefits consist of contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

### **(i) Post-employment benefit plans**

#### *Defined Contribution plans*

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

The Company also makes contribution towards provident fund, in substance a defined contribution retirement benefit plan for qualifying employees. The provident fund is deposited with the Provident Fund Commissioner which is recognized by the Income Tax authorities.

#### *Defined benefit plans*

The Company operates various defined benefit plan such as gratuity fund.

The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or as set is recognized in the Statement of Profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### **(ii) Short term employee benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the





liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

## 2.12 Foreign currency translation

The functional currency of the Company is Indian rupee

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognized in the Statement of Profit and Loss.

## 2.13 Borrowing cost

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalized until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All the other borrowing costs are recognized in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

## 2.14 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

### Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

### Deferred tax

Deferred income tax is recognized using the Balance Sheet approach. Deferred income 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, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of 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.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

## 2.15 Accounting of provisions, contingent liabilities and contingent assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

## 2.16 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

## 27 Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the Consolidated financial statements:

### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss



carry- forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **Impairment of non- financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### **Inventories**

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

### **Defined Benefit Obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 28).

### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain assets.

### **Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non- financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.

### 28 Group Structure - Related Party Relationship

Sl.No	Name of the Related Party	Relationship
1	S. Prasad Reddy	Key Managerial Person (Managing Director)
2	S. Sharat Reddy	Key Managerial Person (Executive Director)
3	S. Devaki Reddy	Relative of Key Managerial Person (Wife of S. Prasad Reddy, Managing Director)
4.	N Thyagarajan	Key Managerial Person - Chief Financial Officer (Joined w.e.f. 21-02-2023)
5.	B Durga Prasad	Key Managerial Person - Chief Financial Officer (From 01-08-2020 to 20-02-2023)
6.	R. Jashvadhha	Company Secretary & Compliance officer (From 01-06-2022 to 05-12-2022)
7.	Katyayini Aquatech Pvt Ltd	S Devaki Reddy – One of the Directors in the Company
8.	SP Enterprises	S Prasad Reddy – Managing Partner of the firm. S Sharat Reddy – One of the Partners of the firm
9.	United Aquatech Pvt Ltd	Associate Company

### Related Party Transactions

(Rs. In Lakhs)

Particulars	Name of the company	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of shrimp	Katyayini Aquatech P Ltd	1,016.24	-
	SP Enterprises	418.90	-
	United Aquatech Pvt Ltd	276.60	-
Sale of Shrimp / Feed	Katyayini Aquatech P Ltd	1,146.03	-
	SP Enterprises	797.75	-
	United Aquatech Pvt Ltd	192.57	-
Lease Rent	United Aquatech Pvt Ltd	10.00	-
Receivable (Net off)	Katyayini Aquatech P Ltd	1082.10	-
	SP Enterprises	46.62	-
	United Aquatech Pvt Ltd	96.30	-



### Transactions with key management personnel:

(Rs.In Lakhs)

Key management Personnel	Particulars of payment	For the Year Ended March 31, 2023	For the Year Ended march 31, 2022
S. Prasad Reddy	Remuneration	72.00	72.00
S. Sharat Reddy	Remuneration	60.00	60.00
S Devaki Reddy	Rent	8.82	8.82
S Devaki Reddy	Salary	-	6.60
B. Durga Prasad	Salary	14.77	22.20
N. Thyagarajan	Salary	0.90	-
S. Prasad Reddy	Lease rent	16.50	16.50
R. Jashvadha	Salary	1.59	-

### 29 Gratuity and other post-employment benefit plan

(Rs.In Lakhs)

Sl. No.	Particulars	As At March 31, 2023	As At March 31, 2022
	Defined Benefit Plan		
a)	Defined benefit obligation at the beginning of the year	18.53	10.35
b)	Current Service Cost	5.10	3.16
	Interest Cost	1.15	0.60
	Actuarial (Gain)/loss	15.61	4.59
	Benefits Paid	(1.47)	(0.17)
	Defined benefit obligation at the end of the year	38.93	18.53
	Expense recognized during the year	-	-
	Current Service Cost	5.10	3.16
	Interest Cost	1.15	0.60
	Actuarial Assumptions		
	Discount Rate (per Annum)	7.30%	6.19%
	Rate Escalation in salary (per Annum)	10.00%	10.00%

## Sensitivity Analysis (Gratuity)

(Rs. In lakhs)

Sl. No.	Particulars	Amount	Impact (Absolute)	%	Amount	Impact (Absolute)	%
a)	Discount Rate (-0.50/+0.50%)	39.43	0.50	1.28%	38.44	(0.48)	-1.24%
b)	Salary Inflation (-1/+1 %)	37.98	(0.94)	-2.41%	39.91	0.98	2.52%
c)	Withdrawal rate (-5/+5 %)	40.51	1.58	4.06%	37.63	(1.30)	-3.33%

## Maturity Profile of Defined Benefit Obligation (Gratuity)

(Rs. In lakhs)

Particulars	31-Mar-23	31-Mar-22
Year 1	9.53	4.18
Year 2	7.79	3.52
Year 3	6.61	3.08
Year 4	5.65	2.63
Year 5	4.51	2.19
After 5 <sup>th</sup> Year	14.13	6.90
<b>Total</b>	<b>48.22</b>	<b>22.50</b>

## 30 Commitments and contingencies

## Contingent Liabilities

The Company is involved in a number of judicial, appellate and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Group's businesses. A summary of claims asserted on the Company in respect of these cases have been summarized below.

## Tax contingencies

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, which are in dispute, have been tabulated below:

Nature of Tax	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Customs & Excise Duty	76.31	76.31
Service Tax	31.50	31.50
Income Tax (CIT, Appeals)	96.61	96.61

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of above matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the Company may be required to pay some or all of the asserted claims and the consequential interest and penalties, which would reduce net income and could have a material adverse effect on net income in the respective reported period.



### Contingencies related to guarantees.

Name of bank	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Financial guarantees given to Companies	1300.00	-

Guarantee creates a possible obligation on the company. The management believes that the likelihood of an actual outflow of resources due to these guarantees are remote and the potential liability is not expected to materialize.

### Amount in respect of other claims

#### Bank Guarantees issued on behalf of the company

Name of bank	As at March 31, 2023 (Rs. in lakhs)	As at March 31, 2022 (Rs. in lakhs)
Federal bank	15.20	133.89
Axis Bank	148.96	27.20
<b>Total</b>	<b>164.16</b>	<b>161.09</b>

However, in respect of the above matters, management does not believe, based on currently available information, that the outcomes of the litigation, will have a material adverse effect on the Group's financial condition, though the outcomes could be material to the Group's operating results for any particular period, depending, in part, upon the operating results for such period.

### 31 Operating Segment Reporting

The Company's only Business is Integrated Aqua Culture and related activities and hence there is no separate reportable segment as per Indian Accounting Standard 108 on "Operating Segment" prescribed in Companies (Indian Accounting Standards) Rules, 2015.

### 32 Financial risk management objectives and policies

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended March 31, 2023, all other variables being held constant. These changes are reasonably possible based on observation of current market conditions.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with average interest rates.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. If interest rates increase or decrease by 100 basis points with all other variables being constant, the Group's profit after tax for the year ended March 31, 2023 would decrease or increase by Rs. Nil. (March 31, 2022 : Rs. Nil).

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Group's exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity:

Currency	As at March 31, 2023		Currency	As at March 31, 2022	
	Financial assets	Financial liabilities		Financial assets	Financial liabilities
USD	18,45,179.80	-	USD	21,12,916	-

Set out below is the impact of a 10% change in the US dollar on profit arising as a result of the revaluation of the Group's foreign currency financial instruments:

Currency	As at March 31, 2023		Currency	As at March 31, 2022	
	Closing rate	Effect of 10% strengthening of USD on net earnings		Closing rate	Effect of 10% strengthening of USD on net earnings
USD	82.17	1,84,517.98	USD	75.79	2,11,291.60

The impact on total equity is the same as the impact on net earnings as disclosed above.

### Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits, loans etc. the





Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at March 31, as summarized below:

(Rs.In Lakhs)

Classes of Financial Assets	As at March 31, 2023	As at March 31, 2022
Investments	-	-
Trade Receivable	6,037.48	6,179.43
Cash and bank balances	853.12	462.06
Bank Balances other than above bank balances	346.92	100.17
Other Financial assets	-	-
<b>Total</b>	<b>7,237.52</b>	<b>6,741.66</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporate this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprise of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

### Liquidity risk

The following is an analysis of the Group's contractual undiscounted cash flows payable under financial liabilities as at March 31, 2023 and March 31, 2022.

(Rs. In.Lakhs)

As at 31st march 2023	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	7,876.43	1,050.21	-	8,926.63
Trade Payables	1,603.29	20.00	-	1,623.29
Other Financial Liabilities	9.52	497.09	-	506.60
<b>Total</b>	<b>9,489.23</b>	<b>1,567.29</b>	<b>-</b>	<b>11,056.53</b>

As at 31st march 2022	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	7,685.05	1,230.76	-	8,915.82
Trade Payables	1,259.63	80.50	-	1,340.13
Other Financial Liabilities	4.16	483.59	-	487.74
<b>Total</b>	<b>8,948.84</b>	<b>1,794.85</b>	<b>-</b>	<b>10,743.70</b>

#### Trade Receivables-Billed-Current (Rs. In lakhs)

Particulars	As At 31 <sup>st</sup> March 2023	As At 31 <sup>st</sup> March 2022
Trade Receivables-Billed	5624.28	5681.19
Less: Allowance for Doubtful trade receivables – Billed	-22.21	-22.21
<b>Considered Good</b>	<b>5602.07</b>	<b>5658.98</b>

#### Ageing for Trade Receivables – Current Outstanding as at 31<sup>st</sup> March 2023

(Rs. In Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables-considered good	2672.93	1276.01	1653.13	-	-	-	5,602.07
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables-credit impaired	-	-	-	-	-	-	-
Disputed trade receivables-considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>2672.93</b>	<b>1276.01</b>	<b>1653.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,602.07</b>

Ageing for Trade Receivables – Current Outstanding as at 31<sup>st</sup> March 2022

(Rs. In Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables- considered goods	2256.59	2348.87	1053.53	-	-	-	5658.98
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>2256.59</b>	<b>2348.87</b>	<b>1053.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5658.98</b>

## Trade Receivables-Billed-Non-Current

(Rs. In Lakhs)

Particulars	As At 31st March 2023	As At 31st March 2022
Trade Receivables-Billed	435.41	520.45
Less: Allowance for Doubtful trade receivables – Billed	-	-
<b>Considered Goods</b>	<b>435.41</b>	<b>520.45</b>

## Ageing for Trade Receivables – Non-Current Outstanding as at 31<sup>st</sup> March 2023

(Rs. In Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed Trade receivables- considered goods	-	-	-	-	-	-	-
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	202.84	232.57	-	435.41
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202.84</b>	<b>232.57</b>	<b>-</b>	<b>435.41</b>



### Ageing for Trade Receivables – Non-Current Outstanding as at 31<sup>st</sup> March 2022

(in Rs. Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Receivables – Billed</b>							
Undisputed trade receivables-considered goods	-	-	-	-	56.06	206.78	262.84
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	257.61	257.61
Undisputed trade receivables-credit impaired	-	-	-	-	-	-	-
Disputed trade receivables-considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.06</b>	<b>464.39</b>	<b>520.45</b>

### Trade Payables

#### Ageing for Trade Payables – Current Outstanding as at 31<sup>st</sup> March 2023

(in Rs. Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Payables</b>						
MSME*	41.5	33.93	-	-	-	75.43
Others	544.91	982.96				1527.87
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>586.41</b>	<b>1016.88</b>				<b>1603.29</b>

\*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

### Ageing for Trade Payables – Current Outstanding as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Payables MSME*</b>	312.28	19.53	-	-	-	331.81
Others	805.16	122.67	-	-	-	927.83
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>1117.44</b>	<b>142.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1259.63</b>

### Trade Payables

### Ageing for Trade Payables – Non-Current Outstanding as at 31st March 2023

(in Rs. Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
<b>Trade Payables MSME*</b>	-	-	-	-	-	-
Others	-	-	-	-	20	20
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20</b>

\*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006



### Ageing for Trade Payables – Non-Current Outstanding as at 31<sup>st</sup> March 2022

(in Rs. Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	-	-	-	-	-	-
Others	-	-	-	-	80.5	80.5
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80.5</b>	<b>80.5</b>

### Financial Ratios

Ratio	2022-2023	2021-2022
Current Ratio	1.39	1.35
Debt-Equity Ratio	1.71	1.93
Debt Service Coverage Ratio	1.54	1.35
Return on Equity Ratio	8.1%	4.9%
Inventory Turnover Ratio	4.45	2.91
Trade Receivables Turnover Ratio	5.44	4.56
Trade Payables Turnover Ratio	16.55	7.86
Net Capital Turnover Ratio	8.45	7.33
Net Profit Ratio	1.9%	1.4%
Return on Capital Employed	18.8%	12.2%

### Disclosure of Shareholding Promoters

Disclosure of shareholding of promoters as at 31<sup>st</sup> March 2023 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Prasad Reddy Sabbella	72,97,641	30.52	72,97,641	30.52	-
Sharat Reddy Sabbella	18,03,300	7.54	18,03,300	7.54	-
Devaki Reddy Sabbella	1,85,500	0.77	1,76,500	0.77	0.04%
Charita Reddy Sabbella	28,000	0.12	28,000	0.12	-
Total	93,14,441	38.95	93,05,441	38.91	0.04%

Disclosure of shareholding of promoters as at 31<sup>st</sup> March 2022 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Prasad Reddy Sabbella	72,97,641	30.52	88,14,800	40.04	-6.89%
Sharat Reddy Sabbella	18,03,300	7.54	24,64,800	11.20	-3.01%
Devaki Reddy Sabbella	1,76,500	0.74	1,76,500	0.80	-
Charita Reddy Sabbella	28,000	0.12	28,000	0.13	-
Total	93,05,441	38.91	1,14,84,100	52.17	-9.90%

### A) Capital work-in-progress

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

(Rs.In lakhs')

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 – 2 Years	2-3 Years	More than 3 Years	
Capital Work in Progress	95.09	-	-	-	95.09
CWIP - Condenser	29.91	-	-	-	29.91
CWIP – Intangible Assets	15.00	-	-	-	15.00
<b>Total</b>	<b>140.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140.00</b>

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

(Rs.In lakhs')

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 – 2 Years	2-3 Years	More than 3 Years	
CWIP - Cooker	254.67	-	-	-	254.67
<b>Total</b>	<b>254.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254.67</b>

### 33 Capital Management

The Group's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximize the shareholders' value. The Group's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding





requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Group's policy is to use short term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt is long term and short-term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises share capital and free reserves (total reserves including capital reserve). The following table summarizes the capital of the Company:

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Share Capital	2391.25	2391.25
Free Reserves (Excluding Capital Reserve)	3114.83	2476.57
Equity (A)	5506.08	4867.82
Short term borrowings	7269.67	7132.46
Long Term Borrowings	1547.29	1714.35
Current Maturities of Long-term borrowings	606.76	552.59
Debt (B)	9423.72	9399.41
Cash and Cash Equivalents	853.12	462.06
Short Term Investments	-	-
Total Cash (C)	853.12	462.06
Net Debt (B-C) =D	8570.60	8937.34
Net Debt to Equity Ratio (D/A) =E	1.56	1.84

### Loans availed from banks/financial institutions against current assets:

The quarterly returns or statements filed by the Company for working capital limits with such banks and financial institutions are in agreement with the books of account of the Company

### 34 Previous year figures

Previous year's figures have been restated, rearranged and regrouped, wherever necessary to enable comparability of the current year's position of accounts with that of the relative previous year's position.

### 35 Approval of Consolidated Financial Statements

The Consolidated financial statements were approved for issue by the Board of Directors on 30<sup>th</sup> May 2023.

## Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidates as Subsidiary/Associates

### Part A: Associates

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

(Rs. in Lakh, Except number of shares)

Name of Associates	United Aquatech Pvt Ltd
1. Latest audited Balance Sheet Date	31-03-2023
2. Shares of associates held by the company on the year end	
Number of shares	49000
Amount of investment in Associates	4.90
Extent of holding %	49%
3. Description of how there is significant influence	Significant influence in the financial and operating policy decisions of the entity
4. Reason why the associate/ joint venture is not consolidated	Not Applicable
5. Net worth attributable to Shareholding as per latest Audited Balance Sheet	(10.04)
6. Profit/ (Loss) for the year	
i. Considered in Consolidation	(4.90)
ii. Not Considered in Consolidation	(15.14)

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

#### **For A.R.KRISHNAN & ASSOCIATES**

Chartered Accountants

**FRN No: 0098055**

**A. SENTHIL KUMAR**

Partner

**M.No: 214611**

**S. PRASAD REDDY**

Managing Director

**(DIN: 00069094)**

**S. SHARAT REDDY**

Executive Director

**(DIN: 02929724)**

**Place: Nellore**

**Date: 30th May 2023**

**N. Thyagarajan**

Chief financial officer

**M. Balamurugan**

Company Secretary



## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the Thirty-Third (33<sup>rd</sup>) Annual General Meeting (AGM) of the Members of the Sharat Industries Limited will be held on Thursday, 28<sup>th</sup> September 2023, at 11:00 A.M (IST) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses;

### ORDINARY BUSINESSES:

- 1. Adoption of the Audited Standalone and Consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March 2023, together with the reports of the Board of Directors and Auditors thereon:**

*To consider passing the following resolution as an **Ordinary Resolution**:*

**"RESOLVED THAT** the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2023 together with reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.

- 2. To Appoint a Director in place of Mr. Sharat Reddy Sabbella (DIN: 02929724), who retires by rotation and being eligible, offers himself for re-appointment:**

*To consider passing the following resolution as an **Ordinary Resolution**:*

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sharat Reddy Sabbella (DIN:02929724) who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

### SPECIAL BUSINESS

- 3. To Approve the Increase in the Borrowings Limits of the Company under Section 180 (1) (C) of the Companies Act, 2013:**

*To consider passing the following resolution as a **Special Resolution**:*

**"RESOLVED THAT** in supersession of earlier resolution passed in this regard, pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board), to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, from banks, financial institutions, corporates and other body corporate, the aggregate of which is in excess of aggregate of the paid-up share capital of the Company and its free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.200 Crores (Rupees Two Hundred Crores only) over and above the aggregate of the paid up share capital, free reserves and securities premium of the Company."

**"RESOLVED FURTHER THAT** any one of the Directors or Company Secretary of the Company be and are hereby severally authorized to take steps for giving effect to the aforesaid resolution, including filing necessary forms with the Registrar of the Companies and to do all such acts, deeds, matter and things as may be required to be done to give effect to the above resolution and to settle any questions or difficulty

that may arise with regards to the aforesaid purpose and which it may be deem fit in the interest of the Company”

#### **4. Approval to make investment, give loans, guarantees and provide securities under Section 186 of the Companies Act 2013:**

*To consider passing the following resolution as a **Special Resolution**;*

**“RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company for giving any loan to any person or body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person; and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit from time to time which together with the loans, guarantee, security and investment given/provided/ made by the Company, may exceed the aggregate permissible limit i.e. 60% of the paid-up capital of the Company and its free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more, provided that the aggregate of such sum or sums of moneys shall not at any time exceed the Rs. 100 Crores (Rupees One Hundred Crores Only).

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded to the Board to invest in Related Parties, make loans to them; provide guarantees/security on their behalf, to person, within the limits, if any, as may be applicable from time to time and on such terms and conditions as may be deemed fit and expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any one of the Directors or Key Managerial Personnel of the Company be and are hereby authorized to take from time to time all decisions and such steps as may be necessary for giving loans, guarantees or providing securities or for making such investments and to execute such documents, deeds, writings, papers and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate.”

By order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

Sd/-  
**PRASAD REDDY SABELLA**  
**MANAGING DIRECTOR**  
**DIN: 00069094**

Place: Nellore  
Date: 12<sup>th</sup> August 2023

Registered Office: Vekkannapalem Village, T.P Gadur Mandal  
Nellore District, Andhra Pradesh - 524002  
e-mail: cs@sharatindustries.com  
Website: www.sharatindustries.com  
CIN: L05005AP1990PLC011276  
Mobile No. 8897628787.



## NOTES

1. The Ministry of Corporate Affairs ('MCA'), vide its General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with General Circular Nos. 14/2020 dated 8<sup>th</sup> April, 2020, 17/2020 dated 13<sup>th</sup> April, 2020, 02/2021 dated 13<sup>th</sup> January, 2021, 19/2021 dated 8<sup>th</sup> December, 2021, 21/2021 dated 14<sup>th</sup> December, 2021 and 10/2022 dated 28<sup>th</sup> December, 2022 ('MCA Circulars'), and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (collectively "SEBI Circular"), have permitted Companies to conduct the AGM through VC/OAVM. In accordance with the said MCA Circulars, SEBI circular, applicable provisions of the Companies Act, 2013 (the "Act") and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the 33<sup>rd</sup> AGM of the Company is being convened and conducted through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The explanatory statement pursuant to section 102 of the Companies Act, 2013 setting out the material facts concerning special business forms part of this notice
3. Since this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with and there is no provision for the appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. In terms of the provisions of Section 112 and Section 113 of the Act, representatives of the Members can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization can be sent to the Company at [cs@sharatindustries.com](mailto:cs@sharatindustries.com) not before the 48 hours of the meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members will be entitled to vote.
8. The Company has appointed Mr. C. Prabhakar, Practicing Company Secretary as Scrutinizer for conducting the remote e-voting and also e-voting process during AGM in a fair and transparent manner.
9. A route map to reach the venue of the Meeting is not attached since the Meeting will be conducted through VC/OAVM.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send their share certificates to the RTA for consolidation into a single folio.

### CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. The general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 Circular No. 3/2022 dated May 05, 2022 and 28<sup>th</sup> December 2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 May 05, 2020 May 05, 2022 and December 28, 2022 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e- Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis
4. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.sharatindustries.com](http://www.sharatindustries.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

#### **THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER**

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i) The voting period begins from Monday, 25<sup>th</sup> September 2023 at 09:00 A.M. (IST) to Wednesday, 27<sup>th</sup> September 2023 at 05:00 P.M. (IST) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) on Thursday, 21<sup>st</sup> September 2023 may cast their vote electronically. The e voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 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.



Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL (Electronic Access to Securities information), can log-in through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to (Electronic Access to Securities information) is <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the (Electronic Access to Securities information) user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting 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 or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/ KARVY/ LINK IN TIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for (Electronic Access to Securities information), option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting 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 with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting 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 name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for 'IDeAS' e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you 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 name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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. CDSL and NSDL

Login Type	Helpdesk Details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
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 toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

**(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders**

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





Particulars	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical Shareholder.</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</p>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records.</p> <p>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (vi) After entering these details appropriately, click on "SUBMIT" tab
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting the resolutions contained in this Notice.
- (ix) on the EVSN Number 230905080
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

#### Facility for Non – Individual Shareholders and Custodians –Remote Voting

- a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module

- b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- c) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- d) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- f) Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@sharatindustries.com](mailto:cs@sharatindustries.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM
4. Shareholders are encouraged to join the Meeting through Laptops / I Pads for better experience
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their requesting advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@sharatindustries.com](mailto:cs@sharatindustries.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@sharatindustries.com](mailto:cs@sharatindustries.com). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM



10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL / MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES**

1. For Physical shareholders- please provide necessary details like 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 Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43

The Scrutinizer shall, after the conclusion of the voting at the AGM, first count the votes cast at the meeting and unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and shall make not make later than two working days of the conclusion of the meeting a Consolidated Scrutinizer's Report of the total votes cast in favor or against and invalid votes if any, forthwith to the Chairman of the Company or the person authorized by him, who shall countersign the same and declare the result of the voting forthwith.

The Statutory Registers and documents in accordance with the Companies Act, 2013 will be available for inspection in electronic mode.

The Results shall be declared by the Chairman, or any person authorized by him in this regard on or before 30<sup>th</sup> September 2023. The result along with the Scrutiniser's Report shall also be placed on the website of the Company [www.sharatindustries.com](http://www.sharatindustries.com) and on the website of the CDSL i.e., [www.evotingindia.com](http://www.evotingindia.com) and Stock exchange i.e., [www.bseindia.com](http://www.bseindia.com).

### **EXPLANATORY STATEMENT RELATING TO SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **ITEM NO: 3**

#### **TO APPROVE THE INCREASE IN THE BORROWINGS LIMITS OF THE COMPANY UNDER SECTION 180 (1) (C) OF THE COMPANIES ACT, 2013:**

In order to cater to the business requirements, the Board at its meeting held on 12<sup>th</sup> August 2023 has approved to increase the borrowing limits from Rs. 150 Crores to Rs. 200 crores over and above the aggregate of the

paid up share capital, free reserves and securities premium of the Company under Section 180(1) (c) of the Companies Act, 2013 subject to shareholders approval.

As per the provisions of Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting by passing a Special Resolution, borrow monies in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company.

Taking into consideration the growth in the business operations, foreseeable future plans and the existing credit facilities availed by the Company, it would be in the interest of the Company to enhance the borrowing limits for the Board and authorise the Board of Directors and Key Managerial Personnel of the Company to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company, free reserves and securities premium but that shall not exceed Rs.200 Crores (Rupees Two Hundred Crores Only) over and above the aggregate of the paid up share capital, free reserves and securities premium of the Company.

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and /or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors and Key Managerial Personnel of the Company, from time to time, in consultation with the lender(s).

The above proposal is in the interest of the Company and the Board recommends the Resolution as set out at Item No. 3 for approval by the members of the Company as Special Resolution.

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

#### **ITEM NO: 4**

#### **APPROVAL TO MAKE INVESTMENT, GIVE LOAN, GUARANTEE AND PROVIDE SECURITIES UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other bodies corporate as and when required and in the best interest of the Company.

Members may note that pursuant to Section 186 of the Companies Act, 2013 ("Act"), the Company can give loan or give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire securities of any other body corporate, in excess of 60% of its paid up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more, with the approval of Members by passing special resolution at the general meeting.

In view of the aforesaid, it is proposed to obtain the approval under Section 186 of the Companies Act, 2013, by way of special resolution, up to a limit of Rs. 100 Crores, (Rupees One Hundred Crores only) as proposed in the Notice. The above proposal is in the interest of the Company and the Board recommends the Resolution as set out at Item No. 4 for approval by the members of the Company as Special Resolution.

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



## ANNEXURE

**Details of the Director retiring by rotation and seeking re-appointment at the Annual General Meeting pursuant to i) Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ii) Secretarial Standards on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are as under:**

Mr. Sharat Reddy Sabbella (DIN: 02929724)

Age	34 Years
Nationality	Indian
Qualifications	Master's degree in Industrial Engineering and Operations Research from Pennsylvania State University (USA).
Experience (Including Expertise in Specific Functional Area) Brief Resume	Mr. Sharat Reddy Sabbella has over a decade experience in the Aquaculture Industry.  He has played a key role in growth of the Company over the last 5 years and responsible for creating the roadmap for the future of the Company.
Terms & Conditions of Appointment	Appointed as Whole Time Director for a term of 3 (Three) years from 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2026 and is liable to retire by rotation.
Remuneration Last Drawn (FY 2022-23)	Rs.5,00,000/- per month
Date of First appointment on the Board	31 <sup>st</sup> January 2013
Relationship with other Directors/Key Managerial Personnel	Son of Mr. Prasad Reddy Sabbella, Managing Director.
No. of Shares Held in the Company	18,03,300
Other Directorship, Membership/Chairmanship of the Committees of other Boards (Including Listed entities)	<u>DIRECTOR</u> United Aquatech Private Limited
No. of Board meetings attended during the FY 2022-23	9 (Nine) meetings attended out of 9 (Nine) meetings held/conducted
Name of listed entities from which the person has resigned in the past three years.	-

By order of the Board of Directors  
For **SHARAT INDUSTRIES LIMITED**

Sd/-  
**PRASAD REDDY SABELLA**  
**MANAGING DIRECTOR**  
**DIN: 00069094**

**Registered Office**

Venkannapalem Village,  
T.P. Gudur Mandal  
SPSR Nellore District  
Andhra Pradesh - 524 002  
Phone : 08612331727  
Email : [cs@sharatindustries.com](mailto:cs@sharatindustries.com)  
Website : [www.sharatindustries.com](http://www.sharatindustries.com)

**Corporate Office**

Flat No. 4, Third Floor,  
Pallavi Apartments  
No. 57/11 HDFC Bank Compound  
First Main Road, R.A. Puram  
Chennai - 600 028  
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