



# SHARAT INDUSTRIES LIMITED

CIN - L05005AP1990PLC011276

Regd. Off. : Feed Plant, Hatchery & Farm

Venkanna Palem Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

Processing Plant : Mahalakshampuram Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

E-mail : [accounts@sharatindustries.com](mailto:accounts@sharatindustries.com), Website : [www.sharatindustries.com](http://www.sharatindustries.com)

Date: 08<sup>th</sup> December, 2020

To,

Corporate Relationship Department,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 532370.

Dear Sir/Madam,

**Sub: Submission of the Annual Report for the Financial Year 2019 – 20.**

**Ref: i. Regulations 34, 42, & 44 of Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015**  
**ii. Scrip Code: 519397**

We wish to inform you that the 30<sup>th</sup> Annual General Meeting ("AGM") of the Company is scheduled to be held on Wednesday, 30<sup>th</sup> December, 2020 at 10:00 A.M through Video Conferencing (VC)/ Other Audio-Visual Means (OVAM).

In line with requirements of Regulation 34 of SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015, We are submitting herewith the Notice of Annual General Meeting along with 30<sup>th</sup> Annual Report of the company for the Financial Year 2019-2020. The Annual Report has been uploaded in the Company's website and it is available at [www.sharatindustries.com](http://www.sharatindustries.com).

The Cut-off date for E- Voting is 23<sup>rd</sup> December, 2020 and the E-voting commences on 27<sup>th</sup> December, 2020 at 09:00 A.M and ends on 29<sup>th</sup> December, 2020 at 05:00 P.M. The Register of Members of the Company for any transfers shall remain closed during the period 24<sup>th</sup> December, 2020 to 30<sup>th</sup> December, 2020 (both days inclusive).

Request you to kindly take the same on record as required under the provision of the above captioned Regulations.

Thanking You,

Yours Faithfully,

For SHARAT INDUSTRIES LIMITED

*B. Vignesh Ram*  
B. VIGNESH RAM

COMPANY SECRETARY & COMPLIANCE OFFICER



Corporate Off. : Flat No. 4, 3rd Floor, Pallavi Apartments,  
No. 57/11, Old No. 29/TF4, 1st Main Road,  
HDFC Bank Compound, R.A.Puram, CHENNAI - 600 028.  
Contact No. : 044-24347867 / 24357868,  
E-mail : [chennai@sharatindustries.com](mailto:chennai@sharatindustries.com)

Nellore Off. : 16-6-143, Opp. Manasa Apartment,  
Srinivasa Agraharam, Nellore - 524 001.  
Tel. No. : 0861 - 2331727  
E-mail : [hrd@sharatindustries.com](mailto:hrd@sharatindustries.com)



**SHARAT INDUSTRIES LIMITED**

30<sup>th</sup> Annual Report  
2019-20

**ANCHORED IN  
VALUES  
PROPELLED BY  
VISION**



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FY 2019-20 was a watershed year for Sharat Industries Limited, as we delivered a resilient performance despite challenges and undertook strategic decisions to drive sustainable value creation. We have sharpened our focus on leveraging our core strengths, building capacities and competencies, and fortifying risk management and governance. We strongly believe that profitability is an outcome of sustainable practices and thus we remain committed to it alongside setting ourselves realistic goals. This sets us on a clear path for a long-term sustainable growth, while helping us remain firm and unshaken and focussed on our goals irrespective of varying external conditions.



# Corporate Information

## Board of Directors

1. **Mr. S. Prasad Reddy**  
*Managing Director*
2. **Mr. S. Sharat Reddy**  
*Whole-Time Director (Executive Director)*
3. **Mr. Veerraju Manda** – Up to 29<sup>th</sup> September, 2019  
*Independent Director*
4. **Mr. M.B.R. Prasad** – Up to 29<sup>th</sup> September, 2019  
*Independent Director*
5. **Mrs. Durga Thota**  
*Independent Director*
6. **Mr. Ch. Kishore Kumar** – From 12<sup>th</sup> November, 2019  
*Additional Director – Non-Executive & Independent Director*
7. **Mr. K. Sreeram Reddy** – From 12<sup>th</sup> November, 2019 to 12<sup>th</sup> November, 2020  
*Additional Director – Non-Executive & Independent Director*
8. **Mr. Harihar Venkata Muthyam** – From 28<sup>th</sup> September, 2020  
*Additional Director – Non-Executive & Independent Director*
9. **Mr. P. Shanmugam** – From 12<sup>th</sup> November, 2020  
*Additional Director – Non-Executive & Non-Independent Director*



## Statutory Auditors

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

## Internal Auditors

SSRG & Associates, Chartered Accountants

## Secretarial Auditors

Mr. D.S. Venkatanarasimhan – Practising Company Secretary

## Chief Financial Officer

Mr. Vivekanada Gupta – Up to 20<sup>th</sup> February, 2020  
Mr. B. Durga Prasad – From 26<sup>th</sup> June, 2020

## Company Secretary and Compliance Officer

Mrs. C. Rubavathy – Up to 30<sup>th</sup> September, 2020  
Mr. B. Vignesh Ram – From 1<sup>st</sup> October, 2020

## Bankers

The Federal Bank Limited  
Axis Bank Limited

## Registered Office

Venkannapalem Village, T.P. Gudur Mandal  
SPSR Nellore District  
Andhra Pradesh - 524 002

## Corporate Office

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

## Feed Marketing Office

Flat 2B, 2nd Floor, Block -B,  
Sea Doll Apartments, Nowroji road,  
Vishakapatnam - 530 002

## 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 4 years.

We offer a wide range of frozen shrimp products that meet stringent quality standards to leading food services clientele across the globe.

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.

**30+**

Years of experience

**20+**

International Customers

**30+**

Domestic Customers

**225**

Employees

**50**

Farmer Relationships

**10+**

Countries of export

**13**

Product varieties  
(10 raw and 3 cooked)

## Our Competitive Advantage

### Strong brand recall

Our products (feed and processed shrimps) have a strong brand recall due to the high-quality standards and supply reliability. Our feed has high nutritional value facilitating cost-effective shrimp growth. Our processed shrimps are antibiotic-free.

### 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.

### Favourable business environment

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

### Well-integrated farmer network

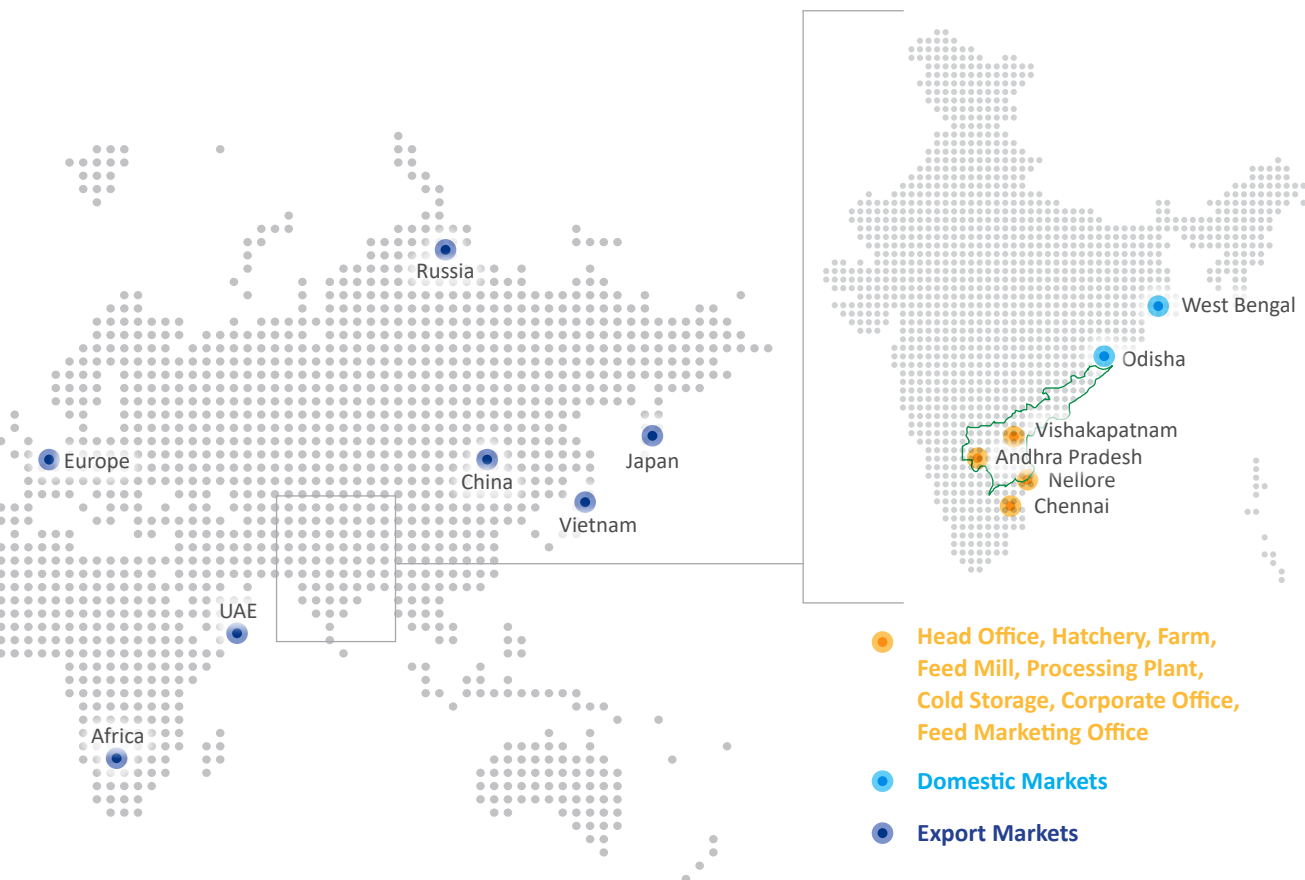
Our robust farmer network ensures accurate product traceability and the procurement of healthy, antibiotic-free shrimp.

### Vertically integrated

Our presence across the shrimp value chain enables quality control and cost effective operations across every stage.

### 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 FY 2019-20

- Strengthened broodstock selection process during imports to reduce operational issues
- Made capex investments to improve biosecurity and reduce risk of disease transmission
- Developed efficient nursery system to aid in faster shrimp growth as well as farming cycles through the year (up to 3 cycles per year as opposed to industry average of 2 cycles)

## Farm



**Capacity: 2,000 tonne shrimp per annum**

- 500 acres of land located on the coast of the Bay of Bengal facilitating use of seawater for the farming operations
- Well-planned interlocking concrete canals for uninterrupted supply of seawater

### Key developments FY 2019-20

- Took measures to improve the biosecurity at the farm. This reduces risk of disease transmission and shrimp mortality in farm operations

## Our extensive product range



### Raw White Shrimp

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

### Cooked White Shrimp

- Cooked Headless Shell-On
- Cooked Peeled and De-veined Tail-On
- Cooked Peeled and De-veined Tail-Off
- Cooked Peeled and Un-De-veined (PUD)
- Cooked Head-On

## Feed Mill



### Capacity: 20,000 tonnes per annum

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

### Key developments FY 2019-20

- Entered the market of Karnataka
- Strengthened customer selection process, majority of whom are from unorganised sector, to reduce instances of default
- Undertook focussed approach to ensure higher recovery of dues

## Processing Plant



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

- State-of-the-art infrastructure and ultra-modern processing equipment for high quality processing operations

### Key developments FY 2019-20

- Ensured higher capacity utilisation by exporting a variety of processed shrimp products as per market demand
- Increased value of exports to lucrative markets
- Invested in upgrading the plant and machinery to enhance operational efficiency of operations and production volume
- Set up auxiliary centres to increase pre-processing facilities / capacities through long-term agreements with third parties

## Product quality certifications



EIC  
 HACCP  
 ISO 22000 : 2005  
 BRC - A Grade  
 FDA  
 BSCI  
 BAP 4 Star  
 EU approved



# Letter from the Managing Director



Dear Shareholders,

I am pleased to present to you our annual report for FY 2019-20. Before I take you through our performance and where the Company is headed, it would be important to understand where Sharat Industries Limited comes from.

**Amidst this challenging background, I am happy to state that your Company delivered a resilient performance.**

We started with the business of shrimp farming and eventually created a presence across the value chain over a period of 10 years. Today, we are an integrated aquaculture company engaged in hatchery operations, shrimp farming, shrimp feed manufacturing and shrimp processing operations. Innovation has been our forte. We pride ourselves in rejuvenating the shrimp industry in India by pioneering Vannamei (white shrimp) culture which is the most produced shrimp variety in India today. Our strong knowledge of the industry, long standing relationships with vendors and customers, experienced team and state-of-the-art facilities position us attractively in the industry.

## The year in retrospect

The year gone by has been one of the most challenging in recent times. The fiscal started with a contraction in shrimp demand which led to lower production and decline in international prices. As the year progressed the markets witnessed recovery, thus bringing stability to demand and international prices. The onset of COVID-19 pandemic eventually brought a halt to the momentum gained as the lockdown severely disrupted the supply chain. Ordering remained weak as demand from the primary consumers i.e. the

foodservices industry, was low due to the shutdown.

The year ended with a decline in shrimp exports from 667,879 million tonnes in FY 2018-19 to 652,253 million tonnes in FY 2019-20, the first ever decline after an exponential growth in the last decade.

Amidst this challenging background, I am happy to state that your Company delivered a resilient performance. Our total income increased by ~3% from ₹ 195.66 lakh in FY 2018-19 to ₹ 201.70 lakh in FY 2019-20. The growth was largely driven by our focus on specific varieties of processed shrimp which were in demand and exporting to more lucrative markets, thus ensuring higher capacity utilisation. Further, despite certain countries barring imports from India during the pandemic, we were able to divert exports to other destinations thus mitigating its impact.

Coming to profitability, our EBITDA grew 5.97% to ₹ 1,248.42 lakh. PAT, however, declined by 38.94% to ₹ 177.11 lakh. This was due to the impact of higher base in the previous year where the Company received tax credit along with a rise in interest and manpower costs.

### Poised for growth

Alongside focussing on sustaining our performance, we used this challenging year to build competencies and prepare ourselves for the future. We undertook the following initiatives:

#### Invested in upgrading the plant and machinery

to enhance operational efficiency and production volume in anticipation of rising demand in the coming years

#### Recruited 20 additional manpower

to support the rising scale of operations

#### Further diversified geographical presence

by increasing the volume of exports of processed shrimps to certain destinations and launching our shrimp feed in new markets

#### Adopted focussed approach of collections

resulting in higher recovery of dues for feed sales which will help in improving the working capital position

Apart from this, we undertook efforts to reach out to other seafood companies to ensure a mutually supportive and beneficial relationship, as cooperation and not competition is the need of the hour. We believe that the sustenance of every individual company will ensure the sustenance of the industry.

We are optimistic of the Government's Pradhan Mantri Matsya Sampada Yojana aimed at bringing Blue Revolution 2.0 through a proposed investment of ₹ 20,000 crore over the next five years. The scheme focusses on sustainable and responsible development of fisheries sector as well as increasing production, productivity and quality through leveraging technology and developing robust logistics infrastructure. We believe that the various efforts by the Government brings hope for renewed growth in the sector.

### Message to the shareholders

As you are all aware, your Company is a recognised brand in the Indian shrimp industry and has come a long way since inception. We have a proven track record of weathering several storms without losing sight of our goal. We are equipped with technical expertise, capacity and manpower. Alongside this, our geographical spread and

deep relations with farmers and foodservice companies position us attractively to capitalise on the growth opportunity in the industry. We are also relatively well-placed in terms of financial position with a debt:equity of 1.01 which provides us enough headroom to invest in growth capex.

Glancing back at the year gone by, I can say with reasonable confidence that we have successfully countered every challenge to emerge steadier and stronger. I thank all our stakeholders who have supported us in achieving this. I extend my deepest appreciation to our supply chain partners and committed employees who displayed immense resilience in these testing times. Finally, I am grateful to all our shareholders for their faith and patience, and for continuing to send positive vibes that have enabled the Company to resume the trading of shares after a hiatus of nearly 21 years. With your continued support, we seek to reach greater heights sustainably and profitably.

Warm regards,

**S. Prasad Reddy**  
Managing Director

# Letter from the Executive Director



**Today, Sharat Industries Limited has become a household name. Our products are liked and demanded by individual and institutional customers alike across 10+ countries. We have capabilities to serve premium customers.**

Dear Shareholders,

Sharat Industries Limited has become a brand to reckon within the global shrimp market. For a span of three decades, we have had an unwavering focus on shrimp products. We scaled capacities and extended our presence across the value chain to become vertically integrated. We ensured uncompromised focus on quality and innovation to deliver the best products to our customers. We have also been instrumental in undertaking decisive actions that contributed to the development of the aquaculture industry.

Today, Sharat Industries Limited has become a household name. Our products are liked and demanded by individual and institutional customers alike across 10+ countries. We have capabilities to serve premium customers.

We recognise that while the seafood industry is expected to grow steadily at 2.5% CAGR during 2019 to 2027, there are certain trends that are shaping the industry. One, the demand for value-added frozen shrimp products, both cooked and raw frozen form, is growing substantially. Two, there is a growing popularity for retail products due to packaging convenience and developments

in cold chain technology. Three, demand for ready-to-eat products is gaining traction due to taste and consumer convenience.

As India's oldest integrated aquaculture player, our scale, integrated operations and strong products quality to cater premium customers do give us a competitive advantage. However, the need of the hour for us will be to step up the efforts to ensure long-term sustainable growth while ensuring value creation for shareholders.

Technology up-gradation is an area of high focus for the Company. We have made substantial investments in creating a digital platform for exchange of operational information which has facilitated dynamic decision-making. This is supported by access to real-time data across several aspects of the operation. This system has also significantly enhanced the efficiency of our integrated supply chain, which in turn ensures timely sourcing of highest quality shrimps to ensure freshness and timely delivery of products to customers.

We are working closely with technology providers to implement customised ERP solutions and develop applications for feed marketing and raw material (shrimp) sourcing channels. We also have a plan on the anvil to

**I believe the future is going to be challenging and exciting. The sudden outbreak of Covid-19 pandemic has brought about economic uncertainty and the aquaculture industry has been greatly impacted. By being vigilant and agile, the Company has been able to respond positively, despite the unfavorable circumstances.**

implement and use an application-based system to dynamically monitor the farm status of farmer network to accurately forecast raw material availability. Such data will enable us to have more focussed strategies in finalising purchase contracts.

In terms of addressing product specific demand, we intend to enhance our value-added offerings by setting up auxiliary facilities (pre-processing centres) to boost manpower for preprocessing activities. We are also conducting training programmes to enhance our team's

knowledge alongside frequent audits for quality certification of each facility to maintain top-notch quality and adherence to the ever-growing requirements of the aquaculture industry.

In terms of international customers, we have already initiated dialogues with new customer segments (retail chains and premium brands) and added several of them to our network. We will continue to add more such customers alongside consolidating existing ones. We will continue to explore opportunities for investment in infrastructure and also develop strategic partnerships to further strengthen our supply chain.

I believe the future is going to be challenging and exciting. The sudden outbreak of COVID-19 pandemic has brought about economic uncertainty and the aquaculture industry has been greatly impacted. By being vigilant and agile, the Company has been able to respond positively, despite the unfavorable circumstances.

On the closing note, I thank all our stakeholders for their unstinted support. Having completed 30 years in the aquaculture industry, we take pride in being a steady player in an industry that has otherwise been a volatile field

over the last few decades. We are thankful to our shareholders for their support and patience despite your Company's shares being suspended from trading for two decades. We had taken consistent efforts to revoke this suspension and in July of 2019, these efforts were successfully fructified. This comes at a time, when the Company is getting ready for its next phase of growth. Our focus now will be to live up to your expectations and deliver healthy and sustainable performance with aggressive growth strategies in the next few years.

I also thank our team who has worked hard in building a stable organisation; One that has exhibited the robustness in its operations by delivering steady growth during a difficult period for the industry. Your Company is now well-poised for growth and we remain committed to the same.

Finally, I request the shareholders to follow the necessary procedures to dematerialise their shares and continue to trust us as we are confident of delivering growth despite the economic turmoil caused by the pandemic.

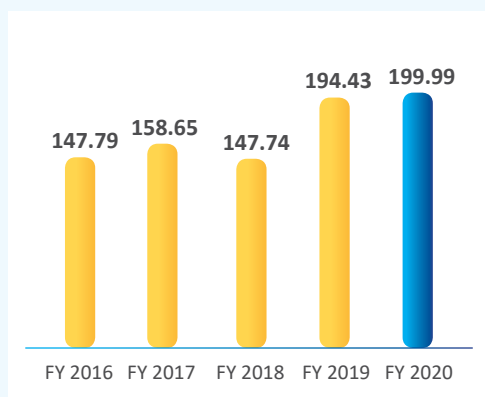
Warm regards,

**S. Sharat Reddy**  
Executive Director

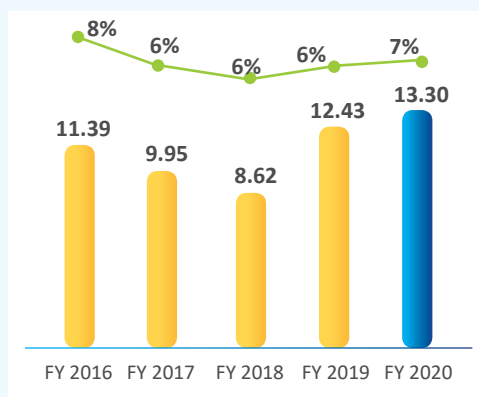


# Performing Sustainably over the Years

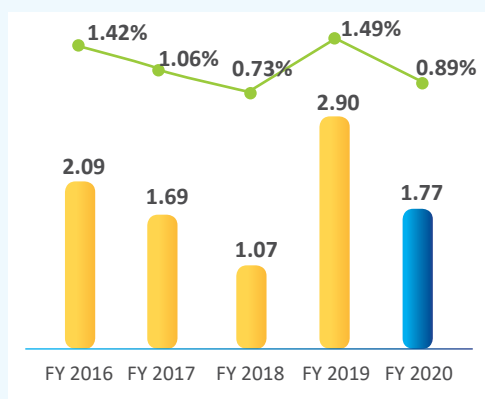
Revenue (₹ Crore)



EBIDTA (₹ Crore) and EBIDTA Margin (%)

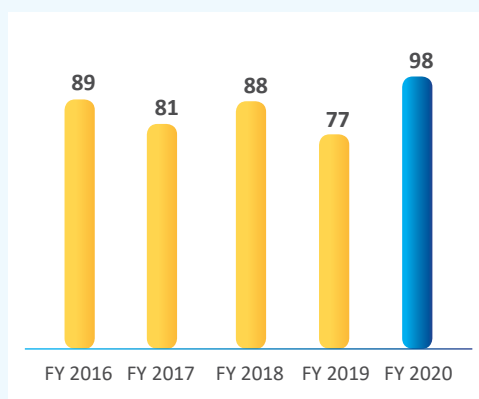


PAT (₹ Crore) and PAT Margin (%)

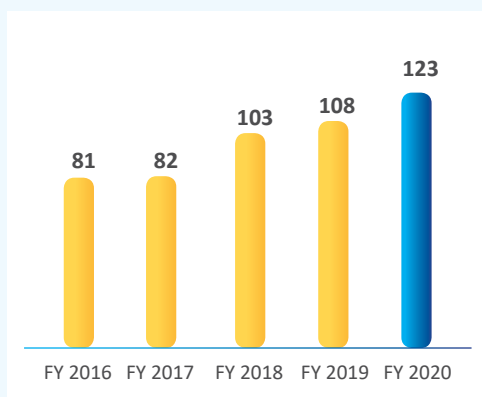


The dip in the PAT margin was due to the increase in the freight and Raw Material Costs.

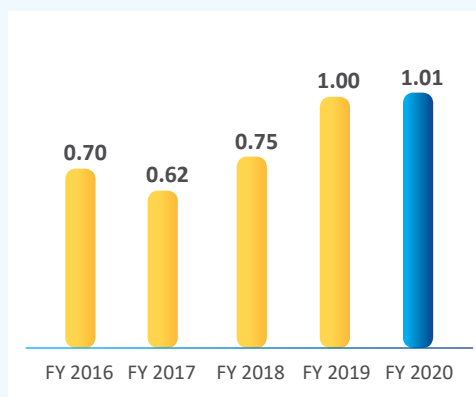
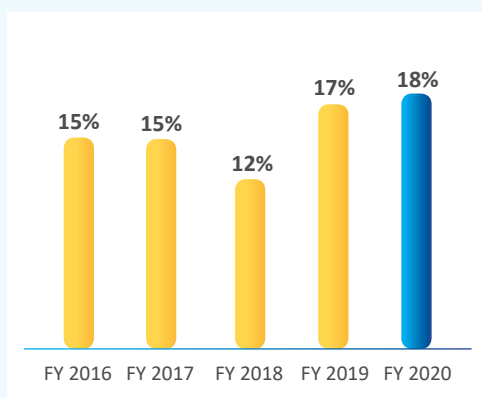
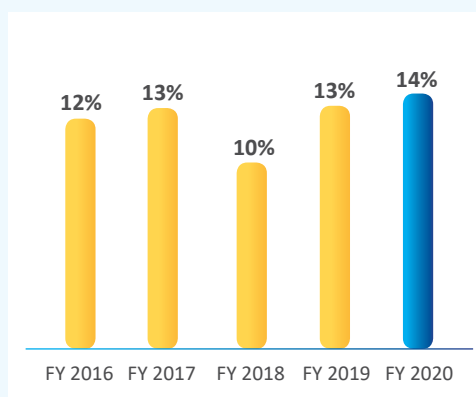
Inventory Turnover (days)



The Inventory Turnover (days) increased due to the impact of COVID and related factors.

**Working Capital (days)**

The average number of WC days increased due to the impact of COVID situations.

**Debt:Equity****Return on Net Worth (%)****Return on Capital Employed (%)**

A background image showing a blurred business meeting. Two people are seated at a table, looking at documents. One person's hand is visible, holding a pen over a document that features a pie chart and a bar chart. The scene is brightly lit, creating a warm, professional atmosphere. A large, white, diamond-shaped graphic is overlaid on the left side of the image, containing the text.

# **Statutory Reports and Financial Statements**

# Management Discussion and Analysis

## Global Economic Review

As per the International Monetary Fund (IMF), the global economy delivered a subdued growth of 2.8% in Calendar Year (CY) 2019, as against 3.5% in CY 2018. The lower growth can be attributed to heightened trade barriers between the United States and China, geopolitical tensions around Brexit, weather-related disasters, and country-specific shocks in the emerging economies that sharply lowered consumer demand and consequently production.

## Gross Domestic Product (GDP) Growth

Particulars	2018	2019	2020	2021
World	3.5%	2.8%	-4.4%	5.2%
Advanced Economies	2.2%	1.7%	-5.8%	3.9%
Emerging Markets and Developing Economies	4.5%	3.7%	-3.3%	6.0%
India (Financial Year)	6.1%	4.2%	-10.3%	8.8%

Source: World Economic Outlook October 2020 Report

The outbreak of Novel Coronavirus (COVID-19) towards the end of CY 2019 and the rapid spread across the globe during 2020 further dampened the world's GDP growth and protracted economic recovery. In this backdrop, the IMF has projected the global economy to contract by -4.4% in FY 2020. However, it projects strong growth recovery at 5.2% in CY 2021 citing the positive impact of sizeable fiscal and monetary relief packages undertaken across the globe and normalising trade activities post lockdown relaxations.

Source: World Economic Outlook October 2020 Report

## Indian Economic Review

The Indian economy, amidst the global slowdown, delivered lackluster GDP growth of 4.2% in FY 2020 as against 6.1% in FY 2019. The lower growth was primarily on account of a significant contraction in consumer demand due to macro-economic factors such as non-banking financial distress, stagnated rural wages and rising unemployment rates. Whereas on the supply side, availability of excess idle production capacity, declining corporate profitability, and infrastructure bottlenecks resulted in low private investments and consequently fell short to revive the languishing economy.

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

Real GDP growth (Annual %)	FY 2018	FY 2019	FY 2020	FY 2021 (P)	FY 2022 (P)
India	7.0	6.1	4.2	-10.3	8.8

Source: International Monetary Fund, P: Projected

While the Government of India announced several reformative initiatives to regain the country's growth momentum, the COVID-19 outbreak towards the end of FY 2020 caused widespread disruptions to the economy. To facilitate the nation in battling the economic and health crisis, the Government announced an



economic stimulus package of ₹ 20 lakh crore under the 'Self-Reliant India Movement', equivalent to 10% of India's GDP. The focus of the movement is to support the underprivileged, the SME sector and to revive the economy by promoting the use of local goods and services.

In the backdrop of challenging economic conditions, the IMF projects the Indian economy to deliver GDP de-growth of 10.3% in FY 2021. However, considering the re-opening of Indian economy post lockdown restrictions and expected positive impact of the government's stimulus, IMF projects GDP growth to rebound at 8.8% in FY 2022. The impact of the government's proactive initiatives and stimulus are already visible with the Indian economy recovering faster than expected since the second half of FY 2020-21 fiscal. All key performance indices are showing upward movement. Global firms like Morgan Stanley and Goldman Sachs are bullish on the Indian economy and expect a strong rebound.

Despite near-term challenges, the fundamentals of the Indian economy remain strong as can be manifested in its improving rank in 'Ease of Doing Business' from 77 in 2018 to 63 in 2019. India's long-term growth is expected to be supported by factors such as the country's emergence as an alternative manufacturing and supply chain hub, the government's proactive policy support, and favourable crude oil prices.

## Industry Review

### Global Seafood Industry

As per the report by Allied Market Research, the global seafood industry, which was valued at US\$ 159.3 billion in 2019, is estimated to witness compounded growth of 2.5% to reach US\$ 193.9 billion by 2027.

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.

### COVID-19 Impact

The global breakout of the COVID-19 pandemic and ensuing lockdowns announced across the globe significantly disrupted global supply chains, manufacturing operations, and posed severe logistical constraints. These coupled with trade restrictions and prolonged shutdown of the foodservice industry significantly impacted the global seafood industry. However, with easing lockdown and trade restrictions, the market is expected to regain its momentum.

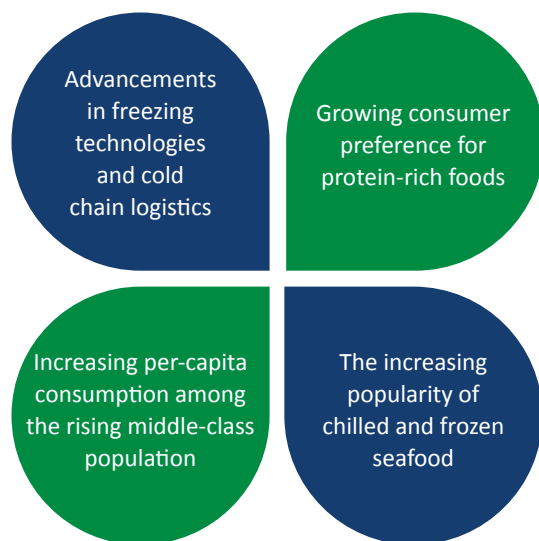
### Global Shrimp Market

Globally, shrimp continues to be one of the most popular seafood due to its high nutritional value. In value terms, it forms a major part of international

fish trade at ~18%. In 2019, global farmed shrimp production stood at 4.5 million tonnes and is estimated to have delivered a healthy year-on-year growth of 17%. Asia-Pacific region continued to dominate global shrimp production and contributed 85% of the total harvest with increased production observed in China, India, and Indonesia. (Source: *Fao.org*)

COVID-19 led disruptions significantly impacted shrimp demand in international and domestic trade. Citing lower demand scenario and manufacturing and supply chain disruption as key reasons, ICRA Report forecasts global shrimp production to contract by 20% in 2020. With closures of food catering services globally, the ongoing pandemic has also significantly shifted consumer preference to home cooking, increasing grocery offtakes and higher demand for frozen, canned and other value-added shrimp products.

Despite short-term headwinds, the global shrimp industry is well poised to deliver a healthy growth rate in the long-term due to inherent structural advantages. These include:

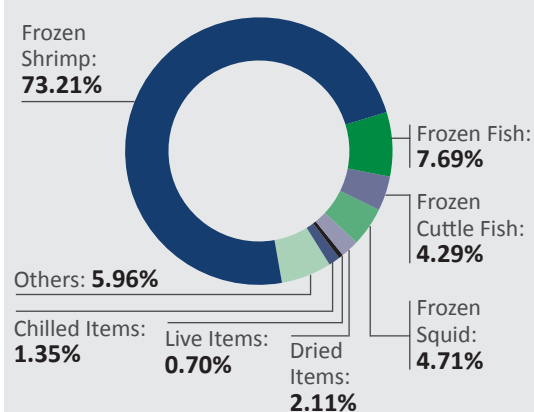


### Indian Seafood and Shrimp Industry

India is the fourth-biggest seafood exporter in the world. Over the last decade, India's export of seafood products has significantly increased from US\$ 2.9 billion in FY 2010-11 to US\$ 6.7 billion in FY 2019-20, implying a healthy compounded growth of ~10%. (Source: *mpeda.gov.in*)

In FY 2019-20, despite the sluggish demand in its major export markets caused by the pandemic, the Indian shrimp industry registered a marginal year-on-year growth of 0.16% in rupee value terms. Within total exports at US\$ 6.68 billion during the year, shrimp continued to retain its dominant position in the overall basket of seafood products, commanding a market share of 73.2% in value terms.

### India's Item-wise Export of Marine Products In US\$ terms, during FY 2019-20



Source: *mpeda.gov.in*

While the USA continued to be the largest importer of Indian frozen shrimp exports, commanding 44% market share by quantity, China is emerging as the prominent seafood export destination over the past few years. This is followed by Europe, Japan, and South-East Asia.

**Indian Shrimp Export - Country-wise**

Frozen Shrimp Export	FY 2019-20 (In Thousand MT)	% market share
The US	285.9	43.8%
China	145.7	22.3%
European Union	74	11.3%
Japan	38.9	6.0%
South-East Asia	34.4	5.3%
Middle East	32.6	5.0%
Others	40.5	6.2%
<b>Total</b>	<b>652</b>	<b>99%</b>

Source: [mpeda.gov.in](http://mpeda.gov.in)

**Indian Aquafeed Industry**

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. With shrimp dominating the Indian seafood basket, the shrimp feed industry delivered a healthy growth of 15% with a production volume of 1.15 million tonnes in 2019 as against 1 million tonnes in 2018.

**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.

**Outlook**

Demand for Indian seafood and shrimp products in the global markets are witnessing an uptick as lockdowns across the globe are being gradually scaled back. Moving ahead, demand for value-added products such as frozen, ready-to-cook, and ready-to-eat seafood that is available at retail chains, is expected to drive the industry's growth due to their convenience attributes. With an objective to capitalise on the growing global opportunity, Marine Products Export Development Authority (MPEDA) is targeting Indian seafood exports to cross ₹ 1 lakh crore mark by FY 2030.

China presents great growth potential for frozen shrimp as India stands as the third-largest player in the Chinese seafood imports after Russia and Ecuador and commands only a minor share in the US\$ 15 billion market. Shrimp export to Japan is also expected to rise due to improved black shrimp quality and relaxations in sampling norms for the quality check.

The Indian shrimp feed industry is well poised to benefit from the rising global and domestic shrimp demand and the government's policy support. Backed by these advantages, Research and Markets estimates it to grow at a compounded annual growth rate of 10% during FY 2019-24 and touch production mark of 1.8 million tonnes by 2024, registering a healthy CAGR of 10% during FY 2019-24.

**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 Farming	2,000 Tonnes Shrimp/Annum	500 acres of land located on the coast of the Bay of Bengal	Sea proximity and well-planned interlocking canals ensure uninterrupted seawater supply
Shrimp Feed	20,000 Tonnes/Annum	Brand VANNASTAR	High quality and nutritional shrimp feed widely accepted by farmers
Shrimp Processing	7,500 Tonnes Frozen Shrimps/Annum	13 varieties of raw and cooked shrimp products	The state-of-the-art plant equipped with sophisticated processing equipment. Ensures antibiotic-free and high quality processed products

## Operational Review

### Product-wise Performance

Particulars	FY 2020	FY 2019
Shrimp Export	98.9	107.5
Shrimp Local Sale	31.8	31.2
Sale of Feed	53.9	42.9
Sale of Seed	-	-
Sale of Chemicals	-	0.06
Sale of Shrimp Interstate	-	0.06
<b>Total</b>	<b>184.5</b>	<b>181.6</b>

### COVID-19 impact on operations of the Company

Impact of COVID-19 on the Company's financial and operational performance in FY 2020 was minimal due to limited number of days in FY 2020 post the lockdown announcement towards the end of March 2020. International exports to China declined resulting in increase in inventory and dip in export sales. In light of prevailing uncertainties in demand scenario in domestic as well as international markets, the pandemic is expected to negatively impact financial and operational performance in FY 2021. The Company is taking all precautionary measures to safeguard the health and wellbeing of its employees. It has also made efforts in roping in additional manpower in anticipation of future requirements. Additionally, it is proactively reaching out to other seafood companies to ensure a mutually supportive and beneficial relationship and sustenance of the entire industry. As a result, the Company has performed well so far.

## Financial Performance

### Key Financial Highlights for the Year (₹ in Crore)

Particulars	FY 2020	FY 2019
Total Revenue	201.71	195.7
Total Expenses	199.1	192.1
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA)	13.30	12.4
Profit after Tax (PAT)	1.8	2.9

### Key Financial Ratios

Particulars	FY 2020	FY 2019
Net Profit Margin	0.9%	1.5%
Basic & Diluted EPS (in ₹)	0.82	1.32
Debt to Equity Ratio	1.01	1.00
Interest Coverage Ratio	1.82	2.21
Return on Net Worth (RoNW)	18%	17%
Inventory Turnover (days)	98	77

## Opportunities and Threats

### Opportunities

**Rising global demand for Indian Shrimp:** With the rising demand for a healthy and protein-rich diet, improvement in supply chain efficiencies, and cold storage logistics, the global demand for shrimps continues to witness increasing demand.



**Improvement in shrimp quality:** Despite new 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.

### Threats

**Intensifying global and domestic competition:** The Indian shrimp industry faces stiff competition in the global market from countries such as China, Indonesia, Vietnam and Thailand who have better infrastructure, efficient manpower and trading

ties with importing nations. Furthermore, it is also witnessing intensifying domestic competition and profitability pressures as incumbents and new entrants are eyeing a larger share of the lucrative shrimp market.

**Pressure on profitability due to rising feed cost and stagnant prices:** Increasing cost of production due to increasing shrimp feed cost and competitive final prices due to increasing global supply are weighing down the profit margins of the shrimp farming business.

**Forex rate fluctuations:** With exports contributing a large share of the revenues, the industry and the Company's profitability may get severely impacted during to unfavourable currency rate fluctuations.

**Volatility in shrimp prices affecting stock value:** With shrimp becoming increasingly commoditised, any delays in order fulfilment or inventory mismanagement may severely affect the value of the open stock and consequently impact the Company's profitability.

**Increased quality norms from importing countries:** Rising quality standards of importing nations are prompting increasingly rigorous testing and screening processes at different stages of the supply chain. Failure to meet these standards may have a detrimental effect on the entire industry.

### Risks & Concerns

The aquaculture industry is a high-risk, high return industry. In line with this, the Company has a robust risk management framework in place to identify and monitor internal as well as external risks that may impact its profitability. The Company is engaged across the value chain of shrimp production and has four divisions, each of which has its own set of risks that are addressed accordingly.

**Disease Risk:** The Company proactively invests in improving and sustaining the biosecurity of its operational area, which assists in drastically reducing the risk of shrimp disease and subsequent mortality.

**Product Quality Risk:** The Company leverages its long-standing relationships with key suppliers and adheres to stringent processes while selecting the broodstock, (mother shrimp) which ensures the best quality of the farmed shrimp.

**Market Risk:** The Company exports to a diverse market across the globe instead of focussing only on a few countries and thereby achieves geographical diversification and mitigates market risk to a large extent.

**Foreign Exchange Risk:** Considering over 60% of the revenues generated through exports, the Company regularly engages in forward contracts and undertakes appropriate hedging policies to mitigate currency fluctuation risk, where possible.

**Customer Default Risk:** To mitigate customer default risk, the Company has established “material buyback” option wherein customers (farmers) of the shrimp feed division supply shrimp back to the Company’s processing division, making it a sustainable business for both, farmer and the Company.

**Raw Material Risk:** The Company successfully mitigates raw material risk by leveraging goodwill and a deep relationship that has been established with large base of suppliers by providing the best quality seedlings to farmers through hatchery division.

**Operational Risk:** The Company works with a “merchant exporter” model, wherein, it undertakes job work for another company within its facilities. This helps in achieving optimum asset utilisation while reducing operational costs and boosting production volume.

### Human Resources

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 & 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. The internal controls are reviewed periodically by internal auditors and the management team, ensuring timely compliance with regulations and accurate monitoring of its adequacy.

### Cautionary Statement

The Management Discussion and Analysis contains statements describing the Company’s objectives, projections, estimates and expectations, which may be forward-looking in nature. There cannot be any guarantee of previous performance continuity as future performance also involves risks and uncertainties. These may include but are not limited to the general market, macroeconomic conditions, interest rates movements, competitive pressures, technological and legislative developments, and other key factors that may affect the Company’s business and financial performance.

# Board's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2020.

## 1. Financial Highlights :

Particulars	(₹ in lakhs)	
	Year Ending 31.03.2020	Year Ending 31.03.2019
Revenue from operation	19999.24	19442.74
Other Income	170.88	123.17
Profit before Depreciation and Interest	1330.02	1242.55
Less: Interest – finance cost	732.43	561.57
Depreciation	338.88	326.38
Profit Before Exceptional items and Tax	258.71	354.59
Exceptional items	-	-
Provision for Tax	81.59	64.53
Profit after Tax	177.11	290.06
Other comprehensive income net of tax.	3.07	(0.52)
Total comprehensive income for the year	180.18	289.54

## 2. Summary of Operations & State of Company Affairs:

The turnover of the company for the year ended 31<sup>st</sup> March, 2020 was ₹ 19999.24 lakhs against ₹ 19442.74 lakhs in the previous year. During the year the company made sales of ₹ 18241.41 lakhs against ₹ 17917.47 lakhs in the previous year, Job work receipts of ₹ 817.82 lakhs against ₹ 479.06 lakhs in the previous year and during the year the company has made an operating profit before tax of ₹ 258.71 lakhs against ₹ 354.59 lakhs in the previous year. The company's sales is increased by 1.81% and job work sales is increased by 70.71% as compared to 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 shortfall in market demand during the year and price fluctuations were the key factors for inappreciable profits. The company is exploring

alternate markets 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. Share Capital:

The Authorized share capital of the company as on 31<sup>st</sup> March, 2020 stood at 50,00,00,000/- divided into 3,00,00,000 equity shares of ₹ 10/- each and 20,00,000 redeemable preference shares of ₹ 100/- each.

The paid-up share capital of the company as on 31<sup>st</sup> March, 2020 is 22,01,25,000 comprising of 2,20,12,500 of ₹ 10/- each. During the year under review the company has not issued any shares.

### 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, 2020.

### 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. Listing of Shares:

The Equity shares of the Company have been listed on the Bombay Stock Exchange (BSE). The Company has paid applicable listing fees to the stock exchange within stipulated time.

### 7. Change in 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.

### 8. 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.

### 9. Company Response to COVID-19:

In March 2020, the COVID pandemic increased rapidly, causing Governments of most countries to enforce a lockdown of all activities. Heeding to the various guidelines issued in India by the Central and State Governments and abroad by various agencies on the Covid-19 pandemic, all establishments, offices & factories of the Company had to down operations from 25<sup>th</sup> March, 2020. Your Company immediately took several measures to ensure health and safety of its workers and other employees and thereafter, steps were taken to ensure business continuity of essential services including security and its operations. As the situation is unprecedented, while the lockdown is gradually lifting, The Company is closely monitoring the situation as it evolves in the future. The company has resumed its activities gradually, in line with guidelines issued by the State and Central Government authorities.

### 10. 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 the size and nature of its operations. The Company's policies, procedures & standards are developed to uphold internal controls across the organisation. These controls ensure that 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. The 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.

#### 11. Extract of 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 an extract of Annual Return in prescribed form MGT 9 is annexed as Annexure II. The Annual return, forming part of the Annual report of the company is available in the Company's website [www.sharatindustries.com](http://www.sharatindustries.com)

#### 12. Details of Subsidiary/Joint Ventures/ Associate Companies:

There are no Subsidiary/ Joint venture/ Associate companies.

#### 13. Performance and Financial Position of Each of the Subsidiaries, Associates and Joint Venture Companies Included in the Consolidated Financial Statement:

Not applicable as there are no Subsidiary/ Joint venture/ Associate companies.

#### 14. Statutory Auditors:

M/s A R Krishnan & Associates, Chartered Accountants, Chennai, (Firm Registration No:009805S), were appointed by Share holders in the 27<sup>th</sup> Annual General Meeting for a period of 5 years from the conclusion of 27<sup>th</sup> Annual general Meeting to the conclusion of 32<sup>nd</sup> Annual General Meeting.

#### 15. Auditors' Report, Observations and Replies:

The Statutory Auditors report for the Financial Year 2019-2020 does not contain any qualification, reservation or adverse remark, that needs the response of the Board of Directors.

#### 16. Changes in Directors and Key Managerial Personnel:

**Resignation of Mr. M.B.R Prasad, Independent Director (DIN: 00074642) and Mr. Veeraju Manda (DIN: 03164917) Independent Director.**

Mr. M.B.R. Prasad and Mr. Veeraju Manda resigned from the Board with effect from 29.09.2019 due to their professional preoccupation.

**Appointment of Mr Ch. Kishore Kumar (DIN: 00849345) and Mr. K Sreeram Reddy (Din: 08600893) as Additional Directors in the capacity of Non Executive Independent Directors.**

Mr C. Kishore Kumar and Mr. K Sreeram Reddy were appointed as Additional Director in capacity of Non Executive Independent Director with effect from 12<sup>th</sup> November, 2020.

#### Chief Financial Officer

During the Financial Year Mr. Vivekananda Gupta was the Chief Financial Officer of the Company. Mr. Vivekananda Gupta resigned from the position of the Chief Financial Officer of the Company with effect from 20<sup>th</sup> February, 2020. Subsequently, to fill up the casual vacancy caused by resignation of Mr. Vivekananda Gupta, the Chief Financial Officer of the Company, Mr. B. Durga Prasad was appointed as the Chief Financial Officer of the Company with effect from 26<sup>th</sup> June, 2020.

#### Company Secretary & Compliance Officer

During the Financial Year Mrs. C Rubavathy was the Company Secretary and Compliance Officer of the Company. Mrs. C. Rubavathy resigned from the position of the Company Secretary

and Compliance Officer on 30<sup>th</sup> September, 2020. Mr. B. Vignesh Ram was appointed as the Company Secretary and Compliance Officer of the Company with effect from 1<sup>st</sup> October, 2020.

### 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. 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—

- (i) that the financial statements for the year ended 31<sup>st</sup> March, 2020 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;

- (ii) 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 2020 and of the profit of the company for the year ended on that date ;
- (iii) 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;
- (iv) The directors had prepared the annual accounts on a going concern basis;
- (v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 19. No. of Meetings of the Board:

During the Financial Year under review the Board of Directors of the Company met Five times during the Financial Year 2019 - 2020 on 17<sup>th</sup> May, 2020, 27<sup>th</sup> May, 2020, 12<sup>th</sup> August, 2020, 12<sup>th</sup> November, 2020 and 10<sup>th</sup> February, 2020. The details of which are given in Corporate Governance Section of this Annual Report. The gap between any two Meetings was within the period prescribed in the Act and SEBI LODR.

### 20. Audit Committee:

In Accordance with Section 177 of the Companies, Act 2013 the composition of Audit committee comprises of Mr. Veerraju Mandan and Mr MBR Prasad as its members till 29.09.2019 and Mrs Durga Thota as its Chairperson.

A detailed note on the composition of the Board and Committees along with other disclosures are provided in the Corporate Governance Report Section of this Annual Report

## 21. 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 [www.sharatindustries.com](http://www.sharatindustries.com).

## 22. Risk Management:

In line with the requirements of Section 134(3)(n) of the Companies Act, 2013 the Company has devised a Risk Management Policy which lays down the framework to define, assess, monitor and mitigate the business, operational, financial and other risks that are commensurate with the nature and size of the business of the Company.

## 23. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go:

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

### (i) Conservation of energy

(i) the steps taken or impact on conservation of energy	The Company plans to upgrade from 11 KVA to 33 KVA power supply. This will enable better efficiency in operations and lower power costs.
(ii) The steps taken by the company for utilizing alternate sources of energy	The company intends to explore Solar power options through own investment or Power Purchase Agreement.
(iii) the capital investment on energy conservation equipment	By upgrading to 33 KVA power lines and investing in new refrigeration machinery for processing plant, the company intends to lower power consumption and also have better equipment efficiency.

### (b) Technology absorption

(i) The efforts made towards technology absorption	NA
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	NA
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
(a) the details of technology imported	NA
(b) the year of import;	NA
(c) whether the technology been fully absorbed	NA
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
(iv) the expenditure incurred on Research and Development	NA

**(c) Foreign Exchange Earnings and out go:**

During the Financial Year 2019-2020 total Earnings were ₹ 98,87,60,128 and Outgo was ₹ 2,8263,042.

**24. 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.

**25. 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

**26. Deposits:**

The Company has neither accepted nor renewed any deposits from the shareholders or public, during the financial year 2019-2020 under review.

**27. Particulars of Employees:**

During the Financial Year under review there were no employees drawing salary more than ₹ 5,00,000/- per month.

**28. Managerial Remuneration:**

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

**29. Particulars of Loans, Guarantees or Investments under Section 186 Details of Loans:**

SL No	Date of making loan	Details of Borrower	Amount	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Date of SR (if reqd)	Rate of Interest	Security
NIL									

**Details of Investments:-**

SL No	Date of investment	Details of Investee	Amount	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of BR	Date of SR (if reqd)	Expected rate of return	Rate of Interest	Security
NIL									

**Details of Guarantee / Security Provided:**

SL No	Date of providing security/ guarantee	Details of recipient	Amount	Purpose security/ guarantee is proposed to be utilized by the recipient	Date of BR	Date of SR (if any)	Commission	Rate of Interest	Security
NIL									

### 30. Particulars of Contracts or Arrangements with Related Parties:

The particulars of every contract or 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 shall be disclosed in Form No. AOC-2. As Annexure III

### 31. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Sri. D.S. Venkatanarasimhan, practicing Company secretary and report given by them is annexed with the report as Annexure - I.

### 32. Internal Audit:

In terms of Section 138 of the Companies Act, 2013 and the relevant rules the company appointed M/s. SSRG & Associates, (FRN:016752S), Chartered Accountants as the internal auditors of the company. The internal auditor directly reports to the audit committee.

### 33. Management Discussion and Analysis Report:

The Directors comments on Management Discussion and Analysis, which forms a part of this report, are restricted to the areas which are relevant to the current scenario of the Company and outlook is annexed and forms part of this Annual Report

### 34. No Significant and Material Orders were Passed by the Regulators or Courts or Tribunals Impacting the going Concern Status and Company's Operations in Future:

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.

### 35. 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 termed 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 a Committee for implementation of said policy. During the year your Company has not received any complaint of harassment.

### 36. 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 Directors individual performance as well as the evaluation of the working of its 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.

A meeting of the Independent Directors was also held which reviewed the performance of Non- Independent Directors, Chairman and the quality, quantity and timelines of flow of information between the Company management and Board.

### 37. 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.

### 38. Code of Conduct:

The Company has postulated a Code of Conduct for the Board of Directors and Senior Management

Personnel and the Code of Conduct is available on the website of the Company. The Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March, 2020. As required under Regulation 34 (3) read with Schedule V (d) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, a declaration from Mr. S.Prasad Reddy, Managing Director of the Company to this effect is annexed to the Report on Corporate Governance which forms part of the Annual Report.

### 39. Acknowledgments:

Your Directors gratefully acknowledge with thanks, the constructive guidance and co-operation extended by MPEDA, FEDERAL BANK LIMITED Government of India 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.

FOR AND BEHALF OF BOARD

Place: Nellore  
Date : 12<sup>th</sup> November, 2020

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

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

**Annexure-I**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31st March, 2020**

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

To  
The Members,  
**SHARAT INDUSTRIES LIMITED**  
Venkannapalem Village - 524002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHARAT INDUSTRIES LIMITED** (herein after called the Company) Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **SHARAT INDUSTRIES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **SHARAT INDUSTRIES LIMITED** for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-
  - 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - 3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - 4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - 6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - 7. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - 8. Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2013

- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
- The Securities and Exchange Board of India (Registration Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (VI) Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
- (VII) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' Provident Funds Scheme, 1952;
- (VIII) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- (IX) The Contract Labor (Regulation and Abolition) Act, 1970 and the Contract Labor (Regulation and Abolition) Central Rules, 1971;
- (X) Income Tax Act, 1961 and rules made there under;
- (XI) Service Tax Act, 1994 and Goods and Services Tax Act, 2017 and rules made there

Under I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under section 118 (10) of the Companies Act, 2013.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange.

### I Further Report That

The Board of Directors of the Company was duly constituted as on 31<sup>st</sup> March, 2020. On 1<sup>st</sup> April, 2020 the Company was ranked among the top 2000 Companies based on the Market Capitalization as on 31<sup>st</sup> March, 2020. However the Company is taking steps to appoint one more Director. The Company in the management representation letter has assured to complete the process of induction of one more Director within 30<sup>th</sup> September, 2020, the delay in appointment is due to the complete lock-down imposed by the Central and State Governments.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board of Directors is carried through and are captured and recorded as part of the minutes. There were no dissenting views.

### I Further Report

1. There were some delays in filing MCA Forms
2. There was a delay in publishing unaudited financial result under regulation 47(3) of LODR
3. Dematerialization of part securities yet to be completed

### 4. Other Specific Laws:

- i) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- ii) Water (Prevention and Control of Pollution) Act, 1974;
- iii) Water (Prevention and Control of Pollution) Cess Act, 1977;
- iv) Environment (Protection) Act, 1986;
- v) Air (Prevention and Control of Pollution) Act, 1981;
- vi) Sexual Harassment of Women at work place (prevention, Prohibition and Redressal) Act, 2013

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

I further report that during the audit period no events has occurred which have a major bearing on the company's affairs.

D.S. VENKATANARASIMHAN  
Company Secretary in Practice  
Membership No.F5625

Date: 25<sup>th</sup> August, 2020 COP No.5276  
Place: Chennai UDIN – F005625B000617390

### **Annexure to the Secretarial Audit Report**

The Members,  
**SHARAT INDUSTRIES LIMITED**  
Venkannapalem Village - 524002

My 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 the secretarial records based on our audit.
2. I 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My 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.

D.S VENKATANARASIMHAN  
Company Secretary in Practice  
Membership No. F5625  
COP No. 5276  
UDIN: F005625B000617390

Date: 25<sup>th</sup> August, 2020  
Place: Chennai

## Annexure-II

## FORM NO. MGT 9

## Extract of Annual Return as on financial year ended on 31.03.2020

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

## I. Registration &amp; Other Details:

i)	CIN:	L05005AP1990PLC011276
	Registration Date [DD/MM/YYYY]	07/05/1990
	Name of the Company	Sharat Industries Limited
ii)	Category of the Company	Company limited by shares
iii)	Sub Category of the Company	Non - Government Company
iv)	Whether shares listed on recognized Stock Exchange(s)	Yes
	If yes, details of stock exchanges where shares are listed	Bombay Stock Exchange (BSE)
v)	AGM details	24/09/2019 at 10:15 A.M. at the Registered office of the Company Situated at Venkannapalem Village, T.P. Gudur Mandal, Nellore District, Andhra Pradesh. 524002
	Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number, date of approval letter and the period up to which extension granted)	No
	If Annual General Meeting was not held, specify the reasons for not holding the same	Not Applicable
Vi)	Name and Registered Office Address of Company:	
	Company Name	Sharat Industries Limited
	Address	Venkannapalem Village, T.P. Gudur Mandal,
	Town / City	Nellore District
	State	Andhra Pradesh
	Pin Code:	524 002
	Country Name :	INDIA
	Country Code	-
	Telephone (With STD Area Code Number)	0861-2389155/ Ph: 044-24357868 / 044-24347867
	Fax Number :	-
	Email Address	Sharatpremium@gmail.com/cs@sharatindustries.com
	Website	www.sharatindustries.com
	Name of the Police Station having jurisdiction where the registered office is situated	T.P. Gudur Police Station T.P. Gudur, Nellore Dist, Andhra Pradesh,
	Address for correspondence, if different from address of registered office:	NA



Vii)	Name and Address of Registrar & Transfer Agents ( RTA )	
	Registrar & Transfer Agents ( RTA ):-	CAMEO CORPORATE SERVICES LIMITED
	Address	SUBRAMANIAN BUILDING,NO.1 CLUB HOUSE ROAD
	Town / City	CHENNAI
	State	TAMIL NADU
	Pin Code	600002
	Telephone (With STD Area Code Number)	91-44-28460390
	Fax Number	-
	Email Address	investor@cameoindia.com

## II. Principal Business Activities of the Company (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SI No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Frozen Shrimp Exports	03061319	54.44%
2	Frozen Shrimp Domestic	23099031	17.49%
3	Shrimp Feed Domestic	10809	29.65%

## III. Particulars of Holding, Subsidiary and Associate Companies

SI No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
NIL			

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### a. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	8825200	2805900	11631100	52.83	8835700	631800	9467500	43	-9.82
b) Central Govt	0	0	0	0	0	0	0	0	Nil
c) State Govt(s)	0	0	0	0	0	0	0	0	NIL
d) Bodies Corp.	0	400	400	0.0018	0	400	400	0.0018	NIL
e) Banks / FI	0	0	0	0	0	0	0	0	NIL
f) Any other Directors and their relatives	0	300200	300200	1.36	2463800	0	2463800	11.20	9.82
<b>Sub-total (A) (1)</b>	<b>8825200</b>	<b>3106500</b>	<b>11931700</b>	<b>54.20</b>	<b>11299500</b>	<b>632200</b>	<b>11931700</b>	<b>54.2</b>	<b>NIL</b>
<b>(2) Foreign</b>									
a) Individuals (Non-Resident Individuals / Foreign Individuals)		445500	445500	2.02	0	445500	445500	2.02	Nil
b) Bodies Corporate	0	0	0	0	0	0	0	0	NIL

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Institutions	0	0	0	0	0	0	0	0	NIL
d) Any other	0	0	0	0	0	0	0	0	NIL
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>445500</b>	<b>445500</b>	<b>2.02</b>	<b>0</b>	<b>445500</b>	<b>445500</b>	<b>2.02</b>	<b>Nil</b>
<b>Total share- holding of Promoter (A)</b>	<b>8825200</b>	<b>3552000</b>	<b>12377200</b>	<b>56.22</b>	<b>11299500</b>	<b>1077700</b>	<b>12377200</b>	<b>56.22</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	16300	16300	0.07	0	16300	16300	0.07	0
b) Banks / FI	0	70000	70000	0.32	0	70000	70000	0.32	0
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B) (1):-</b>	<b>0</b>	<b>86300</b>	<b>86300</b>	<b>0.39</b>	<b>0</b>	<b>86300</b>	<b>86300</b>	<b>0.39</b>	<b>0</b>
2. Non-Institutions									0
a) Bodies Corp.	400	354900	355300	1.61	601	354800	355401	1.61	0.04
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	71100	6794300	6865400	31.18	229412	6701600	6931012	31.48	0.29
ii) Individual shareholders holding share capital in excess of ₹ 1 lakh	118500	390400	508900	2.31	280797	288300	569097	2.58	0.2734
c) Others (specify)	0	0	0	0	400				
Clearing Member	0	0	0	0	613	0	613	0.0027	0.0027
HUF	400	0	400	0.0018	3030	0	3030	0.0137	0.00119
Non Resident Indians	0	1819000	1819000	8.26	26147	1663700	1689847	7.67	-0.586
<b>Sub-total (B) (2):-</b>	<b>190400</b>	<b>9358600</b>	<b>9549000</b>	<b>43.37</b>	<b>540600</b>	<b>9008400</b>	<b>9549000</b>	<b>43.37</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>190400</b>	<b>9444900</b>	<b>9635300</b>	<b>43.77</b>	<b>540600</b>	<b>9094700</b>	<b>9635300</b>	<b>43.77</b>	<b>0</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0					0
<b>Grand Total (A+B+C)</b>	<b>9015600</b>	<b>12996900</b>	<b>22012500</b>	<b>100</b>	<b>11840100</b>	<b>10172400</b>	<b>22012500</b>	<b>100.00</b>	<b>0</b>

**Note**

Mr. S. Prasad Reddy, Mrs. S. Devaki Reddy, Mrs. Charita Reddy and Mr. S. Sharat Reddy are the actual promoters of the Company and they are in helm of affairs of the management of the Company.

The other shareholders were inadvertently classified as the Promoters of the Company.

The same has been rectified in the Shareholding pattern filed by the Company for the period ended 30<sup>th</sup> September, 2020.

**b. Shareholding of Promoter-**

SN	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1)	S. Prasad Reddy	88,14,800	40.04	0	88,14,800	40.04	0	
2)	S. Devaki Reddy	1,39,100	0.63	0	1,39,100	0.63	0	
3)	S. Charita Reddy	8,000	0.04	0	8,000	0.04	0	NIL
4)	S. Sharat Reddy	24,63,800	11.19	0	24,63,800	11.19	0	
5)	Other share holders	8,72,000	3.97	0	8,72,000	3.97	0	NIL
<b>TOTAL</b>		<b>12297700</b>	<b>55.87</b>	<b>0</b>	<b>12297700</b>	<b>55.87</b>	<b>0</b>	

**Note**

Mr. S. Prasad Reddy, Mrs. S. Devaki Reddy, Mrs. Charita Reddy and Mr. S. Sharat Reddy are the actual promoters of the Company and they are in helm of affairs of the management of the Company.

The other shareholders were inadvertently classified as the Promoters of the Company.

The same has been rectified in the Shareholding pattern filed by the Company for the period ended 30<sup>th</sup> September, 2020.

**c. Change in Promoters' Shareholding (please specify, if there is no change) No Change**

Sl. No	PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	12297700	55.87		
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	0	0	0	0
3	At the end of the year			12297700	55.87

**d. Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	Name	Share holding at the beginning of the year 01.04.19		Date	INC/ DEC	Reason	Cumulative shareholding during the year (01.4.19 to	
		No of shares	%				No of shares	%
1.	Laxmi PathiGaripalli	1,72,000	0.78				1,72,000	0.78
2.	Madhusudhan V Pulijal	1,17,300	0.53				1,17,300	0.53
3.	Venkataratnam Kottapalli	1,10,700	0.50				1,10,700	0.50
4.	Ajayya Gulati	1,02,100	0.46				101400	0.46
5.	Raja Ramesh Kottapalli And Venkata Ratnam	37400	0.34				37400	0.34
6.	Rajyalakshmi Kottapalli And Venkataratnam Kottapalli	37400	0.34				37400	0.34
7.	Ashok N Patel and Vandana Ashok Patel	74,700	0.34				74,700	0.34

Sl. No	Name	Share holding at the beginning of the year 01.04.19		Date	INC/ DEC	Reason	Cumulative shareholding during the year (01.4.19 to	
		No of shares	%				No of shares	%
8.	Suashish Finance Ltd	66,200	0.30				66,200	0.30
9.	Stock holding corporation of India Ltd	50700	0.25				50700	0.25
10.	Esquire Tea Plantation & Industries Ltd	49200	0.24				49200	0.24

**e. Shareholding of Directors and Key Managerial Personnel:**

**A. Directors:**

Sl. No	Name	Designation	Share holding at the beginning of the year 01.04.18	Increase	Reason	Cumulative shareholding during the year (01.4.18
1	S. Prasad Reddy	Managing Director	8814800 40.04%	-	-	8814800 40.04%
2	S. Sharat Reddy	Executive Director	2463800 11.19%	-	-	2463800 11.19%

**Details of Shareholders holding more than 5% shares in the company:**

Sl. No	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020
	Equity Shares	Equity Shares
S. Prasad Reddy	88,14,800 Shares 40.04%	88,14,800 Shares 40.04%
S. Sharat Reddy	24,63,600Shares 11.19%	24,63,800 Shares 11.19%

**V) Indebtedness**

Particulars	Secured Loans excluding deposits (in ₹)	Unsecured Loans (in ₹)	Deposits (in ₹)	Total Indebtedness (in ₹)
Indebtedness at the beginning of the financial year				
i) Principal Amount	55,07,43,405	4,22,97,910	-	59,30,41,315
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>55,07,43,405</b>	<b>4,22,97,910</b>	<b>-</b>	<b>59,30,41,315</b>
Change in Indebtedness during the financial year (increase/ (Decrease)	4153999	3351953	-	7505952
Indebtedness at the end of the financial year				
i) Principal Amount	55,48,97,404	4,56,49,863		60,05,47,267
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>55,48,97,404</b>	<b>4,56,49,863</b>		<b>60,05,47,267</b>

**VI. Remuneration of Directors (in ₹)**

SN.	Particulars of Remuneration	S. Prasad Reddy Managing Director	S. Sharat Reddy Executive Director
1.	Gross Salary	72,00,000	60,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	72,00,000	60,00,000
	Ceiling as per the Act	84,00,000	84,00,000

**B. Remuneration to Independent Directors for the year 2019-2020 (in ₹)**

Sl. No.	Name of Director	Fee for attending Board/ committee Meetings	Commission	Others	Total
1	Mr Veerajju Manda (Upto 29.9.2019)	26000	-	-	26000
2	Mr M.B.R. Prasad (Upto 29.9.2020)	2000	-	-	2000
3	Mrs. Durga Thota	63000	-	-	63000
4	Mr K. Sreeram Reddy (From 12.11.2019)	23000	-	-	23000
5	Mr Ch. Kishore Kumar (From 12.11.2019)	12000	-	-	12000

**Remuneration of Key Managerial Personnel for the year 2019-2020 (in ₹)**

SN.	Particulars of Remuneration	Vivekanada Gupta Chief Financial officer	C. Rubavathy Company Secretary and Compliance officer
1.	Gross Salary	20,16,663	4,56,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
	- others, specify...		
5	Others, please specify	-	-
	<b>Total</b>	<b>20,16,663</b>	<b>456000</b>

**VII. Penalties / Punishment/ Compounding of Offences: NIL**

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

For and Behalf of Board

Place: Nellore  
Date: 12<sup>th</sup> November, 2020

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

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



**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:
- (h) 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.**

Sl. No	Name of Related Party and nature of Relationship	Nature of contact / Agreement/ Transaction	Duration of the Contract	Salient terms of The contract	Date of Approval by the Board	Amount as paid as advance if any
01	S. Prasad Reddy, Managing Director	Lease of Ponds	Continuous	The lease rent paid by the company shall not exceed the similar facilities in the location	26/06/2020	Nil
02	S. Devaki, Wife of Managing Director	Lease of office premises	Continuous	The lease rent paid by the company shall not exceed the similar facilities in the location	26/06/2020	Nil

FOR AND ON BEHALF OF THE BOARD

Place: Nellore  
Date: 12<sup>th</sup> November, 2020

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

**S. Sharat Reddy**  
Executive 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 D. 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

## Annexure-V

**Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of managerial personnel) Rules, 2014:**

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	<b>Name of the Directors</b>	<b>Ratio to median remuneration</b>
		S PRASAD REDDY	46:1
		S SHARAT REDDY	38:1
(ii)	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive officer, Company Secretary or Manager, if any, in the financial year are as under	There was an increase in the managerial remuneration for the Financial Year 2019- 2020 for Mr. S. Sharat Reddy from ₹ 4.50 Lakhs per month to ₹ 5.00 Lakhs per month which is amounting to 11.11%	
(iii)	Percentage increase in the median remuneration of employees in the financial year 2019-20	No increase	
(iv)	Number of permanent employees on the rolls of the company:	220 employees	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification there of and point out if there are any exceptional circumstance for increase in the managerial remuneration;	The increase made in average salaries of employees other than the managerial personnel in the current financial year was 3%. There has been increase in the managerial remuneration for the Financial Year 2019-20 for Mr. Sharat Reddy from ₹ 4.50 Lakhs per month to ₹ 5.00 Lakhs per month.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that remuneration paid as per the Remuneration Policy for Directors, Key Managerial Personnel and Other Employees	

## 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:

##### I 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.

##### II Board of Directors

###### a. Composition of Board:

The Company has constituted the Board in consonance with the requirement of Regulation 17 of the SEBI (Listing obligation and disclosure requirements) Regulation 2015. The strength of the Board of Directors is 5 (Five) with two executive director (one managing director and one executive director) and 3 (Three) Non executive Directors. 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. Veerraju Manda (Upto 29.9.2019)	Independent Director
3	Mr. MBR Prasad (Upto 29.9.2019)	Independent Director
4	Mr. Sabbella Sharat Reddy	Whole time Director/Executive Director
5	Mrs. Durga Thota	Women Independent Director
6	Mr. Ch. Kishore Kumar (From 12.11.2019)	Independent Director
7	Mr. Sreeram Reddy (From 12.11.2019)	Independent Director

**b) Board Meetings and Related Information:**

Five (5) meetings of the Board of Directors were held during the year viz., on 17<sup>th</sup> May 2019, 27<sup>th</sup> May 2019, 12<sup>th</sup> August 2019, 12<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

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

Directors	No of Board meetings attended during the year	Last AGM (held on 24.09.2019) Attended	Directorships Held in Other Companies	No of other Committees ( other than this Company ) in which Chairman / Members
<b>Executive Promoter Directors(MD &amp; ED)</b>				
Mr. S. Prasad Reddy	5	Yes	Nil	Nil
Mr. S. Sharat Reddy	5	Yes	Nil	NIL
<b>Non-Executive Independent Directors</b>				
Mr. Veerraju Manda (Upto 29.9.2019)	2	No	NIL	NIL
Mr. MBR Prasad (Upto 29.9.2019)	0	No	2	NIL
Mrs. DurgaThota	5	Yes	1	NIL
Mr. Ch. Kishore Kumar (From 12.11.2019)	1	NA	2	NIL
Mr. Sreeram Reddy (From 12.11.2019)	2	NA	Nil	NIL

**c) Disclosure of relationships between directors inter-se:**

Mr. S. Prasad Reddy Managing Director is father of Mr. S. Sharat Reddy Executive Director.

**D) Number of Shares and Convertible instruments held by Non-Executive Director:**

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

**E) Details of familiarisation programme for Independent Directors**

The details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at <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.

**F) Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management:**

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

**G) 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:**

Mr. M.B.R Prasad and Mr. Veeraju Manda, Independent Directors has resigned w.e.f 29.09.2019, As per the resignation letter received from Mr. M.B.R Prasad and Mr. Veeraju Manda Independent Directors and their resignation is due to their present professional engagements and other personal reasons.

Further they confirmed that there are no other material reasons other than those provided.

**H) 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	S.Prasad Reddy	S.Sharat Reddy	Durga Prasad	M.B.R Prasad	Veeraju Manda	Ch. Kishore Kumar	K. Sreeram Reddy
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.	Behavioural 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	C o r p o r a t e Governance & Compliance	✓	✓	✓	✓	✓	✓	✓
5	Financial and Management skills	✓	✓			✓	✓	✓
6	Technical / Professional skills and specialized knowledge in relation to Company's business	✓	✓		✓	✓		

### III Committees of the Board

#### 1. Audit Committee

##### A. 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 provisions 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.

##### B. Composition & Meetings

The committee comprises Non-Executive Independent Directors. As on 31<sup>st</sup> March 2020, composition of the committee is as follows:

- a. Mrs Durga Thota - Non Executive Independent Director (Chairperson up to 29.09.2019)
- b. Mr. Veerraju Manda - Non-Executive Director (Member up to 29.09.2019)
- c. Mr. M.B.R Prasad- Non-Executive Independent Director (Member up to 29.09.2019)
- d. Mr. Ch. Kishore Kumar Non-Executive Independent Director (Member from 12.11.2019)
- e. Mr. Sreeram Reddy Non-Executive Independent Director (Chairman from 12.11.2019)

During the financial year 2019-20, Four (4) meetings of the Audit Committee were held viz., on 27<sup>th</sup> May 2019, 12<sup>th</sup> August 2019, 12<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020. 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



**C. Attendance of Directors**

NAME OF DIRECTOR/MEMBER	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mrs. DurgaThota	4	4
Mr. Veerraju Manda (Upto 29.9.2019)	4	2
Mr. MBR Prasad (Upto 29.9.2019)	4	0
Mr. Ch. Kishore Kumar (From 12.11.2019)	4	1
Mr. Sreeram Reddy (From 12.11.2019)	4	2

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

**2. Remuneration Committee / Nomination and Remuneration Committee:****A. Terms of Reference**

The Committee was constituted in terms of the requirement of SEBI (Listing Obligation and Disclosure Requirement), Regulation 2015 and Section 178 of 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.

**B. Composition & Meetings**

The Committee comprises of 3 Non Executive Independent Directors. The committee meets twice on 12.11.2019 and 27.12.2019 respectively.

- Mr. M.B.R Prasad – Non Executive Independent Director (Chairman up to 29.09.2019)
- Mr. Veer Raju Manda - Non Executive Independent Director (Member up to 29.09.2019)
- Mrs. Durga Thota - Non Executive Independent Director (Member)
- Mr. Ch. Kishore Kumar - Non Executive Independent Director (Chairman from 12.11.2019)
- Mr. Sreeram Reddy- Non Executive Independent Director (Member from 12.11.2019)

c. **Attendance of Directors:**

NAME OF DIRECTOR/MEMBER	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. M.B.R. Prasad	2	0
Mr. Veerraju Manda	2	0
Mrs. DurgaThota	2	2
Mr. Ch. Kishore Kumar (Chairperson From 12.11.2019)	2	2
Mr. Sreeram Reddy – (from 12.11.2019)	2	2

**Remuneration Policy:**

The remuneration Policy is that the remuneration recommended will have bearing on the previous remuneration of the managerial personnel, their individual contribution to the Company for its growth etc. and in fixing such remuneration, the Remuneration Committee will be guided by the provisions of the Schedule V to the Companies Act, 2013.

**Details of remuneration paid to directors during the year under review are as under: (in ₹)**

Name of Director	Salary	Perquisites	Contribution to PF	Total
Mr. S. Prasad Reddy	72,00,000/-			72,00,000/-
Mr. S. Sharat Reddy	60,00,000/-			60,00,000/-

There is no performance linked incentives or stock option for any of the Directors. The remuneration given above are 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.

The company is paying Sitting Fee to the Non-Executive Directors of ₹ 5000/- for Board, Audit Committee and Nomination and Remuneration Committee and ₹ 1000/- for Shareholder's Relationship Committee.

**3. Stakeholders' Relationship Committee:**

The composition of the committee comprises the following Directors as members:

- Mr. Veerraju Manda Non Executive Independent Director (Chairperson up to 29.9.2019)
- Mr. M.B.R Prasad Non Executive Independent Director (Member upto 29.09.2019)
- Mrs. Durga Thota Non Executive Independent Director (Chairperson From 21.10.2019)
- Mr. Ch. Kishore Kumar Non Executive Independent Director (Member From 12.11.2019)
- Mr. Sreeram Reddy Non Executive Independent Director (Member from 12.11.2019)
- Mr. S. Prasad Reddy Executive Director (Member from to 12.11.2019)
- Mr. S. Sharat Reddy Executive Director (Member from to 12.11.2019)

During the financial year ended on 31<sup>st</sup> March, 2019 the Shareholder's Relationship Committee meet Fourteen Times (14) times on 3.5.2019, 24.5.2019, 31.5.2019, 7.6.2019, 10.7.2019, 30.8.2019, 13.9.2019, 21.10.2019, 8.11.2019, 13.12.2019, 21.12.2019, 27.1.2020, 30.1.2020, 26.2.2020

The attendance of the members of the Stakeholder's Relationship Committee at these meetings is as follows

NAME OF DIRECTOR/MEMBER	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Veerraju Manda	14	6
Mr. M.B.R Prasad	14	2
Mrs. DurgaThota	14	13
Mr. Ch. Kishore Kumar (From 12.11.2019)	14	2
Mr. Sreeram Reddy (from 12.11.2019)	14	3
Mr. S. Prasad Reddy (from 21.10.2019 to 12.11.2019)	14	2
Mr. S. Sharat Reddy (from 21.10.2019 to 12.11.2019)	14	2

Shareholders' Relationship Committee looks after both the shareholders relations and Share Transfers. During the year the company has received 325 requisitions for transfer / transmission of shares and 30 requisitions for Change of Address etc. and the company has effected 237 requisitions for transfer/ transmission of shares and requisitions for change of address. 88 requisitions for transfer and transmission were rejected due to mismatch of signatures, non submission of Pan card etc. and there is no pending complaint at the end of the year.

#### 4. Independent Director's Meeting:

Independent Directors Meeting was held on 12.08.2019 and attended by Mrs. Durga Thota Independent Director and Mr. Veeraju Manda Independent Director.

### IV. Secretarial Standards issued by ICSI

Pursuant to the provisions of Section 118 (10) of the Companies Act, 2013, compliance with secretarial standards relating to General Meeting and Board Meeting specified by the Institute of Company Secretaries of India(ICSI) as approved by the Central Government is mandatory effective from July 1, 2015. The Company is adhering to the standards issued by the ICSI.

### V. Share Holder Information

General Body Meeting

The details of the last three Annual General meetings held are as follows:

YEAR	DATE	TIME	VENUE
2017	28.09.2017	10.00 A.M	VENKANNAPELEM VILLAGE, T.P.GUDUR MANDAL, NELLORE DIST, A.P.
2018	29.09.2018	10.00 A.M	VENKANNAPELEM VILLAGE, T.P.GUDUR MANDAL, NELLORE DIST, A.P.
2019	24.09.2019	10.15 A.M	VENKANNAPELEM VILLAGE, T.P.GUDUR MANDAL, NELLORE DIST, A.P.

#### Special Resolutions passed in the previous 3 Annual General Meetings:

##### 1. 2016-17 : YES

Pursuant to Section 196, 197 read with Schedule V, re-appointment of Mr. S. Sharat Reddy as a Whole time director for a period of three years w.e.f :01.04.2017

##### 2. 2017-18 : YES

Pursuant to Section 196, 197 read with Schedule V, re-appointment of Mr. S. Prasad Reddy as a Whole time director for a period of three years w.e.f 01.04.2018

**3. 2018-19 : NO**

Whether any Special Resolution passed last year through postal ballot- details of voting pattern: **No**

Whether any Special Resolution passed last year through postal ballot- details of voting pattern: **No**

Whether any Special Resolution is proposed to be conducted through

Postal ballot: **No**

Procedure for postal Ballot : **Not Applicable**

**Means of communication**

- a. The company has been sending annual reports, notices and other communications to each shareholder and all information in connection with Compliances under SEBI (LODR) Regulations 2015 is being uploaded in the company's web site: [www.sharatindustries.com](http://www.sharatindustries.com)
- b. The quarterly reports in the prescribed format were published in the News Papers, Financial Express- English and Vishalandhra - Telugu as required by the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.
- c. There were no presentations made to institutional investors or analysts, during the year.

**General Shareholder Information**

a.	Annual General Meeting	30 <sup>th</sup> Annual General Meeting.
	Date & Time	Wednesday 30 <sup>th</sup> December, 2020 at 10:00 AM.
	Venue	Venkannapalem, T.P. Gudur Mandal, Nellore District, Andhra Pradesh,
b.	Financial Year Calendar	1 <sup>st</sup> April to 31 <sup>st</sup> March of every year
	Financial reporting for the quarter ending 30.06.2019	12 <sup>th</sup> August 2019
	Financial reporting for the quarter and half year ending 30.09.2019	12 <sup>th</sup> November 2019
	Financial reporting for the quarter and nine months ending 31.12.2019	14 <sup>th</sup> February, 2020
	Financial reporting for the quarter and year ending 31.03.2020	26 <sup>th</sup> June, 2020
c.	Date of Book Closure	24/12/ 2020 to 30/12/2020 (both days inclusive)
d.	Listing of Stock Exchanges	BSE Ltd., The annual listing fees for the period has been paid up to date
e.	DEMAT ISIN	INE220Z01013
f.	Registrar and share transfer Agent.	M/s. Cameo Corporate Services 'Subramanian Building', No.1, Club House Chennai – 600002.
g.	Share Transfer System	Shares held in the dematerialized form are electronically traded in the depository. Pursuant to SEBI notification dated June 08, 2018 and the press release dated 03.12.2018. amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. from 01.04.2019 request for effecting transfer of physical shares certificates shall not be processed except in case of transmission or transpositions of shares. The registrar and share transfer agents of the company periodically receive from the depository the beneficiary holdings to enable them to update their records and communication details. Physical shares received for dematerialization are processed and completed within 15 days from the date of their receipt, provided they are in order. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

**Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (B) to (I) of Sub-Regulation (2) of Regulation 46 of Listing Regulations**

S. No	Particulars	Regulation	Compliance Status (Yes/No/NA)	Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (B) to (I) of Sub-Regulation (2) of Regulation 46 of Listing Regulations
1	Board of Directors	17	Yes	<ul style="list-style-type: none"> <li>• Composition (17(1))</li> <li>• Frequency of Meetings (17(2))</li> <li>• Review of Compliance Report (17(3))</li> <li>• Plans for orderly succession for appointments (17(4))</li> <li>• Code of Conduct (17(5))</li> <li>• Fees / compensation to Non-Executive Directors (17(6))</li> <li>• Minimum information to be placed before the Board (17(7))</li> <li>• Compliance Certificate (17(8))</li> <li>• Risk assessment and management (17(9))</li> <li>• Performance evaluation of Independent Directors (17(10))</li> </ul>
2	Audit Committee	18	Yes	<ul style="list-style-type: none"> <li>• Composition (18(1))</li> <li>• Meetings (18(2)(a) and (b))</li> <li>• Powers of the Committee (18(2)(c))</li> <li>• Role of the Committee and review of information by the Committee (18(3))</li> </ul>
3	Nomination and Remuneration Committee	19	Yes	<ul style="list-style-type: none"> <li>• Composition (19(1))</li> <li>• Chairperson (19(2) and (3))</li> <li>• Role of the Committee (19(4))</li> </ul>
4	Stakeholder Relationship Committee	20	Yes	<ul style="list-style-type: none"> <li>• Composition (20(1))</li> <li>• Chairperson (20(2))</li> <li>• Other Members (20(3))</li> <li>• Role of the Committee (20(4))</li> </ul>
5	Risk Management Committee	21	NA	<ul style="list-style-type: none"> <li>• The Company formulated the policy on Risk Management.</li> </ul>
6	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> <li>• Formulation of Vigil Mechanism for Directors and employees (22(1))</li> <li>• Direct access to Chairperson of Audit Committee (22(2))</li> </ul>
7	Related Party Transactions	23	Yes	<ul style="list-style-type: none"> <li>• Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions (23(1))</li> <li>• Approval including omnibus approval of Audit Committee (23(2) and (3))</li> <li>• Review of Related Party Transactions (23(3)(d))</li> </ul>

S. No	Particulars	Regulation	Compliance Status (Yes/No/NA)	Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (B) to (I) of Sub-Regulation (2) of Regulation 46 of Listing Regulations
8	Subsidiaries of the Entity	24	NA	NA
9	Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> <li>• Memberships / Chairmanships in Committees (26(1) and (2))</li> <li>• Affirmation on compliance of Code of Conduct by</li> <li>• Directors and Senior Management (26(3))</li> <li>• Disclosure of shareholding by Non-Executive Directors (26(4))</li> <li>• Disclosures by Senior Management about potential conflicts of interest (26(5))</li> </ul>
10	Other Corporate Governance Requirements	27	Yes	<ul style="list-style-type: none"> <li>• Compliance with discretionary requirements (27(1))</li> <li>• Filing of quarterly compliance report on Corporate Governance (27(2))</li> </ul>
11	Website	46	Yes	<ul style="list-style-type: none"> <li>• Maintaining Functional Website (46(1))</li> <li>• Details disseminated on website (46(2))</li> <li>• Contents on website and updating the website (46(3))</li> </ul>

### List of Policies

The Company had formulated the following policies, the policies are available in the website of the Company.

1. Nomination and Remuneration Policy
2. Risk Management Policy
3. Code of Conduct and Business Ethics
4. Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure Practices
5. Independent Directors Familiarization Programme
6. Policy for Determination of Materiality of Events
7. Related Party Transaction Policy
8. Whistle Blower Policy
9. Policy on Preservation and Archival of Documents



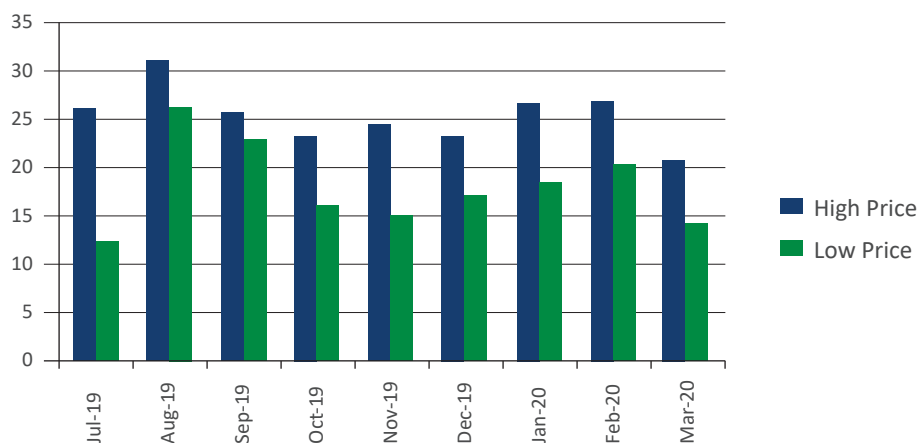
#### h. Statistical Data – Share Price – High & Low – Traded Volume (During July, 2019 to March, 2020 in BSE)

Month	High Price	Low Price	Qty. Traded
July, 2019	26.19	12.5	338
Aug, 2019	31.05	26.3	164
Sep, 2019	25.8	23	51
Oct, 2019	23.5	16.15	90
Nov, 2019	24.7	15.35	217
Dec, 2019	23.3	17.15	116
Jan, 2020	26.9	18.5	192
Feb, 2020	27	20.4	88
March, 2020	20.9	14.5	45

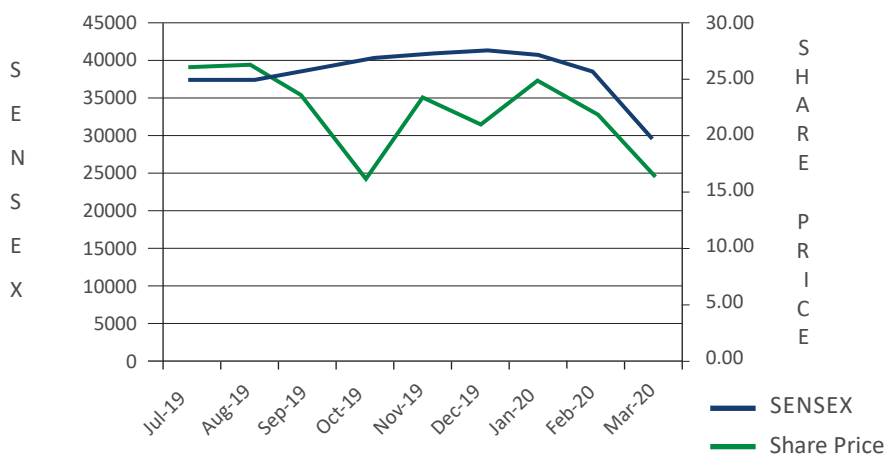
Note:

The Suspension on the trading on the shares of the Company was revoked only in the month of July, 2019.

#### i. The chart given hereunder plots the movements of the Company's share price on BSE Ltd., for the year 2019-20



#### j. Relative Performance of Sharat Industries Limited Share Price V/S. BSE Sensex:



**k. Shareholding Pattern as on 31<sup>st</sup> March, 2020**

CATEGORY	NO OF SHAREHOLDERS	NO OF SHARES	% OF SHAREHOLDING
<b>Promoter and Promoter Group:</b>			
a. Bodies Corporate	1	400	0.001
b. Directors & their relatives and others.	377	12376800	56.23
<b>Public Share Holding:</b>			
I. Institutions:			
Financial Institutions/ Banks	6	86300	0.39
II. Non Institutions:			
Bodies Corporate	107	355401	1.61
Individuals	36322	9189956	41.76
Others	11	3643	0.01
<b>Total</b>	<b>36856</b>	<b>22012500</b>	<b>100.00</b>

10172400 shares are held in Physical form and 11840100 shares are held in demat mode.

**L. Distribution of Shareholding as on 31<sup>st</sup> March, 2020**

Slab of Share Holding	SHAREHOLDERS	%	NO. OF SHARES	%
1-100	26630	72.25	2657936	12.07
101-500	7303	19.81	2054126	9.33
501-1000	1663	4.51	1365205	6.20
1001-2000	679	1.84	1013094	4.60
2001-3000	297	0.80	740687	3.36
3001-4000	92	0.24	336720	1.52
4001-5000	69	0.18	327900	1.48
5001-10000	74	0.20	530189	2.40
10001-above	49	0.13	12986643	58.99
<b>Total</b>	<b>36856</b>	<b>100.00</b>	<b>22012500</b>	<b>100.00</b>

**M Reconciliation of Share Capital and Dematerialization of Shares and Liquidity**

The Reconciliation of the Share Capital of the Company is conducted by Mr. M.V.V. Prasada Reddy, Practicing Company Secretary and the same is submitted to the Stock Exchanges in the Quarterly and Half Yearly basis.

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 Company's Registrar & Share Transfer Agents (M/s. Cameo Corporate Services Limited) of the Company and for related matters have been continuing.

**N Plant Locations**

Farm : Venkannapalem village  
T.P. Gudur Mandal, Nellore District, A.P

Hatchery : Venkannapalem village  
T.P. Gudur Mandal, Nellore District, A.P

Feed Mill : Venkannapalem village  
T.P. Gudu Mandal, Nellore District, A.P

Processing Plant : Mahalakshmi puram T.P Gudur Mandal, Nellore District AP

0 Address for

Correspondence : Shareholders correspondence should be addressed to the Company Secretary of the Company at the registered office of the company Ph: 044-24357868 / 044-24347867 email id: cs@shara@industries.com or its Registrars and Share transfer Agents, M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002, Tamilnadu, 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.

## VI. Other Disclosures

- a. The company has followed the accounting standards as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- b. Transactions with the related parties have been included in the Notes to the Accounts of the company for the year ended 31<sup>st</sup> March 2020.
- c. The Board is of the bona fide belief that there are no materially significant related party transactions made by the company with its Promoters, Directors, or Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
- d. The secretarial Audit Report contains the qualification regarding non-compliance of the Board in the line with the requirements of regulation 17 of SEBI (LODR) Regulations, 2015

The secretarial Audit Report contains the qualification regarding non-compliance of SEBI (LODR) Regulations, 2015 the Company is required to give prior intimation to the Stock Exchanges at least 5 days in advance excluding the date of intimation and the date of Board Meeting Your company has inclined with the respective qualification and appointed Director as per requirement of Regulation 17 of SEBI (LODR).

- e. 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 [www.sharatindustries.com](http://www.sharatindustries.com).
- f. The Company has complied with the Mandatory Requirement and the status of non-adoption of non-mandatory requirement is not applicable to company.
- g. The Related Party Transaction Policy is disclosed in the Company's website and its web link is – [http://www.sharatindustries.com/uploads/3/9/8/5/39859679/related\\_party\\_transaction\\_policy.pdf](http://www.sharatindustries.com/uploads/3/9/8/5/39859679/related_party_transaction_policy.pdf)
- h. The Company has not undertaken any transaction regarding commodity risk and commodity hedging Activities
- i. The Company has not raised funds through issue of Preferential allotment or Qualified Institution Placement.

- j. There has not been an occasion, where the Board had not accepted any recommendation of any Committee of the Board.
- k. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- l. The Company has complied with the Statutory and Compliance requirement that are applicable to the Company.

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

The company has generally complied with all the applicable mandatory disclosure requirements of Corporate Governance norms as given under Schedule II to the SEBI (LODR) Regulations 2015 Declaration – Code of Conduct

All Board members and senior management personnel have, for the financial year ended on 31<sup>st</sup> March, 2020, 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.

For and on Behalf of the Board

Place: Nellore  
Date : 12<sup>th</sup> November, 2020

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

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

### **Certificate on Corporate Governance**

To  
The Members,  
SHARAT INDUSTRIES LIMITED,  
Venkannapalem Village- 524002

I have examined the compliance of conditions of Corporate Governance by M/s. Sharat Industries Limited for the year ended March 31, 2020 as stipulated in Chapter IV. Schedule V (Annual Report) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (listing Regulations).

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

In my opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

Place: Chennai  
Date: 25<sup>th</sup> August, 2020

D.S. Venkatanarasimhan  
Company Secretary in Practice  
Membership No. F5625  
COP No: 5276  
UDIN:F005625B000617423

## General Information Pursuant to the Second Proviso (IV) to Section II (B) of Part II of Schedule V

### I. General Information

1.	Nature of Industry	Integrated Aqua Industry		
2.	Date of commencement of commercial production	07-05-1990		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable		
4.	Financial Performance	<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
		Gross Revenue	20170.11	19565.91
		Total Expenditure	19911.41	19211.31
		Financial Expenses	732.43	561.57
		Operating Profit	991.14	916.17
5.	Export performance and net foreign exchange:	₹ 98,87,60,128		
6.	Foreign Investments or collaborators, If any	Nil		

### II Other Information:

- Reasons for inadequacy of Profits: low market demands during the major portion of the financial years contributed to reduced output. High volatility in cost and sale price resulted in lower operation profits.
- Steps taken or proposed to be taken for improvement: The company is focusing on increasing its market share by adding new dealers & distributors to its feed division. The company is also working actively to increase the customer base for its export division
- Expected increase in productivity and profits in measurable terms: The company is planning to scale up the growth up to 20% thereby increasing profitability at 50%.

By Order of Board  
For **Sharat Industries Limited**

Place: Nellore  
Date: 12<sup>th</sup> November, 2020

**S. Prasad Reddy**  
Managing Director



### 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,  
Venkanapalam Village, T P Gudur Mandal,  
Nellore, Andhra Pradesh.

I 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 Venkanapalam Village, T P Gudur Mandal, Nellore, Andhra Pradesh (hereinafter referred to as 'the Company'), produced before me 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 my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I 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, 2020 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.

Sr. No.	Name of Director	DIN	Date of appointment at current designation	Original Date of appointment in Company
1.	Mr. S.Prasad Reddy	00069094	01/04/2018	07/05/1990
2.	Mr. S. Sharat Reddy	02929724	01/04/2017	31/01/2013
3.	Mrs. Durga Thotta	07138565	15/07/2016	15/07/2016
4.	Mr. K. Sreeram Reddy	08600893	12/11/2019	12/11/2019
5.	Mr. Ch. Kishore Kumar	00849345	12/11/2019	12/11/2019

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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

D.S. Venkatanarasimhan  
Practicing Company Secretary  
Membership No. F5625  
Certificate of Practice No. 5276  
UDIN: F005625B000617423

Place : Chennai  
Date : 25<sup>th</sup> August, 2020

### Managing Director Certification

To  
The Board of Directors  
Sharat Industries Limited.

Dear Sirs,

**Sub: Managing Director/Chief Executive Officer (CEO) Certification**

Pursuant to the proviso to Clause (b) of Sub regulation (2) of Regulation 33

- (a) We have reviewed the financial statements and the cash flow statement of Sharat Industries Limited for the year ended March 31, 2020 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> November, 2020

**S. Prasad Reddy**  
Managing Director

### **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> November, 2020

**S. Prasad Reddy**  
Managing Director

## Managing Director (MD) and Chief Financial Officer (CFO) Certification

To  
**The Board of Directors**  
**Sharat Industries Limited**

The Company has not employed a full time Chief Executive Officer and Managing Director is in helm of managing all the affairs of the Company and hence this certificate is issued by the Managing Director along with the Chief Financial Officer of the Company in compliance with the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

We, S. Prasad Reddy, Managing Director and B. Durga Prasad, Chief Financial Officer, do hereby affirm the following, pursuant to provisions the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in relation to Financial Reporting during the year ended 31<sup>st</sup> March 2020;

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
2.
  - a. These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
  - b. These statements together, present a true and fair value of the Company's Affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to such financial reporting and we have disclosed to the Auditors' and the Audit Committee, deficiencies in the design or operation of the internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies.
4. Wherever applicable, we have indicated to the Auditors' and the Audit Committee of the Company about the following:
  - a. Significant changes, if any, in the internal control over the financial reporting during the year;
  - b. Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statement;
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 12<sup>th</sup> November, 2020  
Place: Nellore

S. Prasad Reddy  
Managing Director

B. Durga Prasad  
Chief Financial Officer



# 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 31<sup>st</sup> March 2020, 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 31<sup>st</sup> March, 2020, 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

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 are 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, Business Responsibility 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 Responsibilities for the Standalone Financial Statements

The Company's Board of Directors are 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 disclosure is 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

As required by the Companies (Independent Auditor's Report) Order, 2016 ("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.

As required by Section 143 (3) of the Act, we report that:

- 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.
- 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.
- 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.
- 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 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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”.
- g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the

best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS 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.

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

Chartered Accountants

FRN : 009805S

**A. Senthil Kumar**

Partner

Place: Nellore

M. No. : 214611

Date: 26<sup>th</sup> June 2020

UDIN : 20214611AAAACX3603

## “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) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - b) All the Property, Plant and Equipment have been physically verified during the year by the Management in accordance with a regular programme 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.
- 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.
  - b) There are no material discrepancies noticed on physical verification between the physical stock and the book records.

- iii) In respect of loans, secured or unsecured, granted to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

- iv) In respect of loans, investments, guarantees and security given

The provisions of Section 185 and 186 of the companies Act, 2013 are not applicable to the Company

- 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.

- vi) In respect of cost records:

The Central Government of India has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the services rendered by the Company.

- 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, 2020 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, 2020 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 (₹ 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 repayment of dues to banks, financial institutions and debentures holders:  
The Company has not issued any debentures. In respect of dues to banks and financial institutions, the Company is generally regular in adhering to the terms of repayment.

ix) In respect of moneys raised by way of initial public offer:  
The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans received during the year have been applied for the purposes for which they were drawn.

x) In respect of frauds:  
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.

xi) In respect of managerial remuneration:  
The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with "Schedule -V" to the Act.

xii) In respect of Nidhi Company:  
The Company is not a Nidhi Company. Accordingly, 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 accounting standards.

xiv) In respect of preferential allotment or private placement of shares or fully or partly convertible debentures:

The Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.

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 registration under section 45-IA of the Reserve Bank of India Act, 1934:

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For A. R. Krishnan & Associates**  
Chartered Accountants  
FRN : 009805S

**A. Senthil Kumar**  
Partner

Place: Nellore M. No. : 214611  
Date: 26<sup>th</sup> June 2020 UDIN : 20214611AAAACX3603

# “Annexure B” to the Independent Auditors’ 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, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

FRN : 009805S

**A. Senthil Kumar**

Partner

Place: Nellore

M. No. : 214611

Date: 26<sup>th</sup> June 2020 UDIN : 20214611AAAACX3603

# Independent Auditors' Report

To,  
The Board of Directors  
Sharat Industries Limited

## Report on the audit of the Annual Financial Results

### Opinion

We have audited the accompanying annual financial results of SHARAT INDUSTRIES LIMITED (hereinafter referred to as the "Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2020.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Results section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

### Emphasis of Matter

We draw attention to Note 4 in the financial results, which describes the management's assessment of the impact of uncertainties related to COVID 19 and its consequential effects on the business operations of the Company. Our opinion is not modified in respect of this matter.

### Management's and Board of Directors' Responsibilities for the Annual Financial Results

These annual financial results have been prepared on the basis of the annual financial statements. The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;



and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Annual Financial Results**

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

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

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (1) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements 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 in the financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. 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 annual financial results 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 annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### Other Matter

The annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

Chartered Accountants

FRN : 0098055

**A.Senthil Kumar**

Partner

Place: Nellore

M. No. : 214611

Date: 26<sup>th</sup> June 2020

UDIN : 20214611AAAACX3603

# Balance Sheet

as at March 31, 2020

(in ₹)

Particulars	Note No.	As at Mar 31, 2020	As at Mar 31, 2019
<b>I ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	416,036,031	432,830,033
(b) Capital Work in Progress	3	15,729,362	2,699,426
(c) Intangible Assets	3	348,451	478,749
(d) Intangible Assets under Development		-	-
(e) Financial Assets	4	-	-
(f) Deposits		13,143,240	13,953,081
(g) Deferred Tax Asset		-	-
(h) Other Non-Current Assets		-	-
<b>Total Non-Current Assets</b>		<b>445,257,084</b>	<b>449,961,289</b>
<b>(2) Current Assets</b>			
(a) Inventories	5	539,114,071	407,909,891
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	6	440,318,117	417,140,221
(iii) Cash and Cash Equivalents	7	10,821,460	15,365,998
(iv) Bank Balances Other than (iii) above	8	22,192,489	47,118,677
(v) Others	8.1	22,478,385	47,276,138
(c) Other Current Assets	9	39,631,074	35,885,676
<b>Total Current Assets</b>		<b>1,074,555,596</b>	<b>970,696,600</b>
<b>TOTAL ASSETS</b>		<b>1,519,812,680</b>	<b>1,420,657,889</b>
<b>II EQUITY &amp; LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	10	220,125,000	220,125,000
(b) Other Equity	11	328,068,817	310,051,139
<b>Total Equity</b>		<b>548,193,817</b>	<b>530,176,139</b>
<b>(2) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	78,766,946	82,848,633
(ii) Other Financial liabilities[other than those specified in (b) below]	12.1	64,797,773	63,591,729
(iii) Trade Payables	12.2	25,489,465	24,732,395
(b) Provisions	13	1,844,345	1,966,972
(c) Deferred Tax Liabilities (Net)	14	4,351,146	391,697
<b>Total Non-Current Liabilities</b>		<b>175,249,675</b>	<b>173,531,425</b>
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	476,130,458	446,636,610
(ii) Trade Payables	16	241,073,040	197,062,533
(iii) Other Financial liabilities[Other than those specified in (c) below]	17	21,814,616	21,710,026
(b) Other Current Liabilities	18	2,493,930	1,842,357
(c) Provisions	19	54,857,144	49,698,799
<b>Total Current Liabilities</b>		<b>796,369,189</b>	<b>716,950,325</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,519,812,680</b>	<b>1,420,657,889</b>
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 A. R. Krishnan & Associates**  
Chartered Accountants  
F.R. No. 0098055

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

Place : Nellore  
Date : 26-06-2020

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

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

**C. Rubavathy**  
Company Secretary

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

# Statement of Profit and Loss

for the year Ended March 31,2020

(in ₹)

Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>I</b> Revenue from Operations	20	1,999,923,781	1,944,274,098
<b>II</b> Other Income	21	17,087,657	12,317,120
<b>III Total Income (I+II+III)</b>		<b>2,017,011,438</b>	<b>1,956,591,218</b>
<b>IV Expenses</b>			
(a) Cost of Materials Consumed	22	1,568,385,111	1,537,043,489
(b) Purchase of Stock in trade		-	-
(c) Changes in Inventory	23	(116,823,322)	(95,907,858)
(d) Employee Benefits Expense	24	100,602,949	87,654,069
(e) Finance Costs	25	73,243,157	56,157,844
(f) Depreciation and Amortisation Expense	3.1	33,888,302	32,638,288
(g) Other Expenses	26	331,844,565	303,545,741
<b>Total Expenses (V)</b>		<b>1,991,140,762</b>	<b>1,921,131,573</b>
<b>V Profit Before Exceptional items and Tax (IV-V)</b>		<b>25,870,676</b>	<b>35,459,644</b>
<b>VI</b> Exceptional Items		-	-
<b>VII Profit Before Tax (VI-VII)</b>		<b>25,870,676</b>	<b>35,459,644</b>
<b>VIII Tax Expense</b>			
(a) Current Tax		4,318,333	7,486,968
(b) Mat Credit Entitlement		2,415,193	1,198,653
(c) Deferred Tax		1,426,082	(2,232,084)
<b>IX Profit /(Loss) for the year (VIII-IX)</b>		<b>17,711,068</b>	<b>29,006,108</b>
<b>X Other Comprehensive Income</b>			
Items that will not be reclassified to profit/(loss)		306,610	(52,278)
<b>XI Total Comprehensive Income for the year (comprising of profit for the year and other comprehensive income [X+XI])</b>		<b>18,017,678</b>	<b>28,953,830</b>
<b>XII Earnings per Equity Share [Nominal Value of ₹ 10/- per share]</b>	27		
(1) Basic		0.82	1.32
(2) Diluted		0.82	1.32
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 A. R. Krishnan & Associates**

Chartered Accountants  
F.R. No. 0098055

**A. Senthil Kumar**

Partner  
M. No. 214611  
Chennai

Place : Nellore  
Date : 26-06-2020

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

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

**C. Rubavathy**  
Company Secretary

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

# Cash Flow Statement

for the year ended March 31, 2020

S. No	Particulars	(in ₹)	
		For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit / (Loss) Before Extraordinary Items and Tax</b>	25,870,676	35,459,644
	<b>Adjustments for:</b>		
	Depreciation and impairment of Property, plant and equipment	33,888,302	32,638,288
	Amortisation and impairment of intangible assets		
	Loss on sale of Investments		
	Finance Costs	73,243,157	56,157,844
	Gratuity	467,880	451,864
	Wealth Tax	-	-
	(Profit)/Loss on Sale of Vehicle	61,198	(169,417)
	Interest Income	(2,948,536)	(3,581,243)
	Creditors no Longer Payable	(487,167)	-
	Provision for Bad and Doubtful Debts	11,416,086	-
	Capital Subsidy	-	(428,315)
	<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>141,511,597</b>	<b>120,528,665</b>
	<b>Changes in Working Capital:</b>		
	<b>Adjustment for (Increase) / Decrease in Operating Assets</b>		
	Inventories	(131,204,180)	(57,049,335)
	Trade Receivables	(34,593,984)	(185,965,573)
	Short term Loans and Advances	21,052,355	(5,910,817)
	Bank Balances Other than cash & Cash Equivalents	24,926,188	(8,372,352)
	Others		-
	<b>Adjustment for Increase / (Decrease) in Operating Liabilities</b>		
	Trade Payables	44,497,674	84,959,639
	Other Current Liabilities	651,574	(2,711,677)
	Long Term Provisions	(165,722)	30,026
	Short Term Provisions	8,326,980	23,564,876
	<b>Cash generated from operations</b>	<b>75,002,482</b>	<b>(30,926,547)</b>
	Cash outflow due to Exceptional Items	-	-
<b>B.</b>	<b>Cash generated from operations</b>	<b>75,002,482</b>	<b>(30,926,547)</b>
	Net Income Tax (Paid)/Refund	(7,486,968)	(3,194,677)
	<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES - A</b>	<b>67,515,514</b>	<b>(34,121,224)</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure on Fixed Assets	(15,432,998)	(97,150,767)
	Decrease / (Increase) in Capital Work in Progress	(14,722,137)	3,967,087
	Proceeds from Sale of Fixed Assets	100,000	3,140,000
	Long Term Loans and Advances	809,841	(385,099)
	Interest Received	2,948,536	3,581,243
	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES - B</b>	<b>(26,296,758)</b>	<b>(86,847,535)</b>

# Cash Flow Statement

for the year ended March 31, 2020

(in ₹)

S. No	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds / (Repayment) from / of Long Term Borrowings	(2,875,643)	53,512,083
	Current Maturities of Long term Debt	104,590	21,228,136
	Other Short term Borrowings	29,493,848	107,618,136
	Trade Payables	757,070	-
	Finance Costs	(73,243,157)	(56,157,844)
	<b>NET CASH FROM / (USED IN ) FINANCING ACTIVITIES - C</b>	<b>(45,763,293)</b>	<b>126,200,511</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(4,544,537)</b>	<b>5,231,752</b>
	<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>15,365,998</b>	<b>10,134,246</b>
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>10,821,460</b>	<b>15,365,998</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)		
	<b>Cash and Cash Equivalents at the end of the year</b>		
	<b>Comprises:</b>		
	Cash on hand	199,721	536,229
	Balance with Banks		
	- in Current Accounts	10,621,739	14,829,769
	- in Deposit Accounts	-	-
		<b>10,821,460</b>	<b>15,365,998</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  
Chennai

Place : Nellore  
Date : 26-06-2020

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

**S.Prasad Reddy**

Managing Director  
DIN : 00069094

**C. Rubavathy**

Company Secretary

**S.Sharat Reddy**

Executive Director  
DIN : 02929724

# Notes Forming Part of the Financial Statements

## Notes to the Financial Statements for the year ended March 31, 2020

### Corporate Information

Sharat Industries Limited ("the Company") 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.

# Notes Forming Part of the Financial Statements

## 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 recognised 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 recognised 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance 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 of 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 of 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 derecognised 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 recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.



# Notes Forming Part of the Financial Statements

## 2.2. 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 derecognised 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 amortisation 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) Amortisation 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 recognised 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 amortised cost

Financial assets are subsequently measured at amortised 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

# Notes Forming Part of the Financial Statements

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 amortised 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 recognised in profit or loss.

## **Financial liabilities**

Financial liabilities are measured at amortised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise 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 amortised 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 recognised 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 recognised in the Statement of Profit and Loss.

# Notes Forming Part of the Financial Statements

## 2.6 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable 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 realisable 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 livestock of shrimps breeders and different phases of shrimp that are classified as current biological assets. The Company recognises 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 recognised 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 despatched but have not been delivered at the end of the financial reporting period have been recognised as "Revenue on Shipments in Transit".

Export benefits are accounted on recognition of export sales.

Revenue from the sale of Feeds is recognised 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.

# Notes Forming Part of the Financial Statements

## 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 capitalised. Tangible assets used in research and development are capitalised.

## 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 recognised 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

# Notes Forming Part of the Financial Statements

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 recognised 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.

# Notes Forming Part of the Financial Statements

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 recognised in the Statement of Profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised 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 recognised 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 recognised 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 capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost

# Notes Forming Part of the Financial Statements

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 capitalisation. All the other borrowing costs are recognised 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 recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised

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 recognised 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 utilised.

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 utilised.

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 realised 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.



# Notes Forming Part of the Financial Statements

## 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 recognised 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.





# Notes Forming Part of the Financial Statements

## Notes forming part of the Financial Statements

### Note - 3.1 : Fixed Assets

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
(in ₹)														
<b>Cost or Deemed Cost</b>														
At March 31, 2019	51,707,172	130,738,539	216,960,533	3,773,932	40,645,309	2,754,025	1,728,735	1,025,589	8,326,224	40,664,764	5,348,201	11,491,464	515,164,486	2,699,426
Additions	-	2,011,992	6,140,801	262,281	5,989,914	351,325	-	508,133	306,920	-	-	1,553,833	17,125,199	14,722,137
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-373,482	-	-	-	-	-	-	-	(373,482)	(1,692,201)
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>51,707,172</b>	<b>132,750,531</b>	<b>223,101,334</b>	<b>4,036,213</b>	<b>46,261,741</b>	<b>3,105,350</b>	<b>1,728,735</b>	<b>1,533,722</b>	<b>8,633,144</b>	<b>40,664,764</b>	<b>5,348,201</b>	<b>13,045,297</b>	<b>531,916,203</b>	<b>15,729,362</b>
<b>Depreciation and Impairment</b>														
At March 31, 2019	-	15,932,704	37,299,447	1,380,091	11,283,029	1,646,155	202,748	540,307	4,537,064	6,475,839	1,076,055	1,961,014	82,334,453	-
Depreciation charge for the year	-	6,794,447	14,770,853	423,854	5,636,718	484,468	164,144	255,029	920,693	2,158,613	358,685	1,790,502	33,758,005	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-212,284	-	-	-	-	-	-	-	(212,284)	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>-</b>	<b>22,727,152</b>	<b>52,070,300</b>	<b>1,803,945</b>	<b>16,707,463</b>	<b>2,130,623</b>	<b>366,892</b>	<b>795,336</b>	<b>5,457,756</b>	<b>8,634,451</b>	<b>1,434,741</b>	<b>3,751,516</b>	<b>115,880,175</b>	<b>-</b>
<b>Carrying Amount</b>														
As at March 31, 2020	51,707,172	110,023,379	171,031,034	2,232,269	29,554,278	974,727	1,361,843	738,386	3,175,388	32,030,313	3,913,460	9,293,781	416,036,028	15,729,362
As at March 31, 2019	51,707,172	114,805,835	179,661,086	2,393,842	29,362,280	1,107,870	1,525,987	485,282	3,789,160	34,188,925	4,272,145	9,530,450	432,830,033	2,699,426
As at March 31, 2018	51,471,672	84,507,604	158,389,879	2,958,419	21,961,085	1,606,543	1,690,131	270,761	4,409,432	36,347,538	4,630,830	2,946,346	371,190,239	6,666,313

# Notes Forming Part of the Financial Statements

## 4. Financial Assets

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
Balances With Government Authorities	-	-
Security Deposits	13,143,240	13,953,081
Other Advances	-	-
<b>Total</b>	<b>13,143,240</b>	<b>13,953,081</b>

## 5. Inventories

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
(As valued and certified by the Management)		
(i) Raw Materials	33,319,336	38,957,752
(ii) Finished Goods	478,575,623	361,752,301
(iii) Stock of Spares	8,717,722	7,199,838
(iii) Biological Asset	18,501,390	-
	<b>539,114,071</b>	<b>407,909,891</b>

## 6. Trade Receivables

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
Trade Receivables	440,318,117	417,140,221
Less : Allowance for Doubtful debts	-	-
	<b>440,318,117</b>	<b>417,140,221</b>
Receivables from Related Parties	-	-
<b>Total</b>	<b>440,318,117</b>	<b>417,140,221</b>
Current	<b>440,318,117</b>	<b>417,140,221</b>
Non-Current	-	-
<b>Breakup of Good and Doubtful Debts</b>		
Unsecured, Considered good	440,318,117	417,140,221
Unsecured, Considered doubtful	-	-
<b>Total</b>	<b>440,318,117</b>	<b>417,140,221</b>
<b>Impairment Allowance (allowance for bad and doubtful debts):</b>		
Unsecured, Considered good	440,318,117	417,140,221
Unsecured, Considered doubtful	-	-
<b>Total</b>	<b>440,318,117</b>	<b>417,140,221</b>

# Notes Forming Part of the Financial Statements

## 7. Cash and Cash Equivalents

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
(a) Cash on hand	199,721	536,229
(b) Balances with Banks:		
i) in Current Accounts	10,621,739	14,829,769
ii) Deposits with original maturity of less than 3 months	-	-
<b>Current</b>	<b>10,821,460</b>	<b>15,365,998</b>
<b>Non-Current</b>		

## 8. Bank Balances Other Than Referred Above

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
(a) Earmarked balances :		
i) Unclaimed dividend account	-	-
ii) In deposit accounts	22,192,489	46,553,190
(b) Balances with banks :		
Deposits with original maturity of more than 3 months	-	-
(c) EEFC Balances	-	565,487
(d) Deposit Accounts	-	-
<b>Total</b>	<b>22,192,489</b>	<b>47,118,677</b>

8.1 Others	22,478,385	47,276,138
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## 9. Other Current Assets

Particulars	(in ₹)	
	As at Mar 31, 2020	As at Mar 31, 2019
(a) Loans and Advances to Employees		
Unsecured, considered good	48,770	32,042
Less : Provision for Doubtful Advances	-	-
	48,770	32,042
(b) Loans and Advances to Vendors & Others	6,527,772	3,108,165
(c) Prepaid Expenses	2,473,735	1,025,573
(d) Balances with Government Authorities	24,517,446	27,171,975
(e) Others	6,063,351	4,547,921
	<b>39,582,304</b>	<b>35,853,634</b>

# Notes Forming Part of the Financial Statements

## 10. Equity Share Capital

(in ₹)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Authorised :</b>		
Equity Shares of ₹ 10/- each	300,000,000	300,000,000
No. of shares FY : 3,00,00,000 (PY : 3,00,00,000)		
Redeemable Preference Shares of ₹ 100/- each	200,000,000	200,000,000
No. of shares FY : 20,00,000 (PY : 20,00,000)		
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares of ₹ 10/- each fully paid up	220,125,000	220,125,000
No. of shares FY : 2,20,12,500 (PY : 2,20,12,500)		
	<b>220,125,000</b>	<b>220,125,000</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:

(in ₹)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Equity Shares:</b>		
Number of Shares at the beginning of the year	22,012,500	22,012,500
Add: Allotted during the year	-	-
Less: Bought back during the year	-	-
<b>Number of Shares at the end of the year</b>	<b>22,012,500</b>	<b>22,012,500</b>

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

Name of Share holder	As at Mar 31, 2020	As at Mar 31, 2019
	No. of Shares - % held	No. of Shares - % held
S. Prasad Reddy	8814800-40.04%	8814800-40.04%
S. Sharat Reddy	2463800-11.19%	2463800-11.19%

# Notes Forming Part of the Financial Statements

## 11. Other Equity

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Capital Reserve</b>		
Opening Balance	140,832,436	140,832,436
Add: Additions during the year	-	-
Closing Balance A	<b>140,832,436</b>	<b>140,832,436</b>
<b>Capital Subsidy</b>		
Opening Balance	-	428,315
Closing Balance B	-	-
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening Balance	169,218,703	140,264,873
Add: Profit for the year	18,017,678	28,953,830
Add/(Less) : Adjustment on Account of Term Loan Ind As Adjustment	-	-
Closing Balance C	<b>187,236,381</b>	<b>169,218,703</b>
<b>Total ( A+B+C )</b>	<b>328,068,817</b>	<b>310,051,139</b>

## 12. Financial Liabilities

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>(i) Borrowings</b>		
Term Loan from Federal Bank (Secured)	34,589,645	82,253,440
Hire Purchase Loans From Banks	4,454,708	595,193
From Others	39,722,592	-
<b>(ii) Other Financial Liabilities</b>		
Other Loans	57,297,773	42,297,910
Advances from Customers	6,776,185	21,111,280
Deferred Advance from Rental Deposits	723,815	182,539
	<b>143,564,718</b>	<b>146,440,362</b>
<b>12.2 Trade Payables</b>	<b>25,489,465</b>	<b>24,732,395</b>

# Notes Forming Part of the Financial Statements

## 13. Provisions

(in ₹)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Provision for employee benefits</b>		
Post Retirement Benefits	1,844,345	1,966,972
Compensated Absences	-	-
	<b>1,844,345</b>	<b>1,966,972</b>

## 14. Deferred Tax Liability

(in ₹)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
On account of brought forwarded Losses		
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	27,910,529	26,366,272
Deferred Tax Asset		
On Account of Minimum Alternate Tax	23,559,383	25,974,576
<b>Net Deferred Tax Asset</b>	<b>4,351,146</b>	<b>391,697</b>

### Nature of Security

1. Term Loan from Federal Bank is secured by Exclusive charges on Machineries purchased out of the term loan , Additional charges on Land and Building of the Company and other fixed assets of the Company. Additional charges on Land ad measuring 33.16 Crores in the name of S. Prasad Reddy, MD. Terms of Repayment: Various: 36 - 54 Equal monthly installment.
2. Vehicle Loan from Federal Bank :  
Terms of repayment: Various; Each repayable in 60 equated installments.
3. Hire Purchase Loans are secured by way of hypothecation / charge of respective vehicles financed. The Loans are repayable in 48 monthly installments.

## 15. Borrowings

(in ₹)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Loans Payable on Demand</b>		
From Banks	476,130,458	446,636,610
From Others	-	-
	<b>476,130,458</b>	<b>446,636,610</b>

# Notes Forming Part of the Financial Statements

## 16. Trade Payables

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
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	237,641,006	190,521,092
- For Expenses and Others	3,432,034	6,541,441
	<b>241,073,040</b>	<b>197,062,533</b>

## 17. Other Financial Liabilities

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Current Maturities of Long Term Borrowings	21,197,030	21,258,162
Provision for Gratuity	617,586	451,864
	<b>21,814,616</b>	<b>21,710,026</b>

## 18. Other Current Liabilities

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
(i) Statutory Remittances	2,493,930	1,842,357
(ii) Advances from Customers & Others	-	-
	<b>2,493,930</b>	<b>1,842,357</b>

## 19. Provisions

(in ₹)		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
(c)		
Provision for others		
(a) Provision for Taxes (Net of Advance Tax)	14,999,978	10,681,645
(b) Provision for Expenses	39,857,166	39,017,154
	<b>54,857,144</b>	<b>49,698,799</b>
<b>TOTAL (a+b+c)</b>	<b>796,369,189</b>	<b>716,950,325</b>



# Notes Forming Part of the Financial Statements

## A. Nature of Security:

1. Cash Credit: Borrowings are secured by hypothecation of present and future stock of raw materials, work in progress, finished goods of Feed Mill and Domestic Receivables, property, plant and equipment of the Company, excluding vehicles.

Packing Credit: Borrowings are secured by hypothecation of stock of marine products meant for Exports & Exclusive charges on Land and Building of the Company and other fixed assets of the Company & Exclusive charges on Land ad measuring 33.16 Crores in the name of S. Prasad Reddy, MD

## 20. Other Financial Liabilities

(in ₹)		
Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
<b>Revenue from Operations:</b>		
(a) Sale of Products	1,824,141,237	1,791,747,831
(b) Sale of Services	81,782,608	47,906,703
(c) Other Operating Revenues	93,999,936	104,619,564
	<b>1,999,923,781</b>	<b>1,944,274,098</b>
<b>Sale of Products:</b>		
Sale of Shrimp - Export	988,760,128	1,074,920,883
Sale of Feed	538,476,324	428,862,641
Sale of Raw Shrimp	317,702,248	311,344,975
Sale of Chemicals	-	550,937
Sale of Shrimp - Interstate	-	549,190
<b>Total</b>	<b>1,844,938,700</b>	<b>1,816,228,625</b>
Less: Sales Return	-	(3,881,989)
Turnover Discount	(20,797,463)	(20,598,806)
<b>Net Turnover</b>	<b>1,824,141,237</b>	<b>1,791,747,831</b>
<b>Sale of Services:</b>		
Job Work Charges	81,782,608	47,906,703
	<b>81,782,608</b>	<b>47,906,703</b>
<b>Other Operating Revenue:</b>		
Export Incentives	91,886,961	102,107,531
Sale of Shrimp shell waste	2,112,975	2,512,033
	<b>93,999,936</b>	<b>104,619,564</b>

# Notes Forming Part of the Financial Statements

## 21. Interest Income

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
(a) Interest Income		
(i) On Bank Deposits	2,220,784	2,689,627
(ii) On Others	727,752	891,616
(b) Net gain on Foreign Currency Transactions	10,802,725	5,546,255
(c) Other Non-Operating Income	3,336,396	2,622,329
(d) Profit on sale of vehicle	-	567,293
	<b>17,087,657</b>	<b>12,317,120</b>

## 22. Consumption of Raw Materials and Packing Materials

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Opening Stock	38,957,752	76,753,156
Add: Purchases	1,581,248,085	1,499,248,085
	<b>1,620,205,837</b>	<b>1,576,001,241</b>
Less: Closing Stock - Shrimp	51,820,726	38,957,752
	<b>1,568,385,111</b>	<b>1,537,043,489</b>

## 23. Changes in Inventory of finished goods

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
<b>Inventories at the end of the year</b>		
Finished Goods - Feed & Shrimps	478,575,623	361,752,301
	<b>478,575,623</b>	<b>361,752,301</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods - Feed & Shrimps	361,752,301	265,844,443
	<b>361,752,301</b>	<b>265,844,443</b>
<b>Stock Loss</b>		
(a) Finished goods/Stock in trade		-
(b) Work-in-progress		-
Total Stock loss		-
<b>(Increase) / Decrease in stock</b>	<b>(116,823,322)</b>	<b>(95,907,858)</b>

# Notes Forming Part of the Financial Statements

## 24. Employee Benefits Expense

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Salaries, wages and bonus	93,352,343	81,785,973
Staff Welfare and contribution to other Funds	7,250,606	5,868,096
	<b>100,602,949</b>	<b>87,654,069</b>

## 25. Finance Costs

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Interest Expense on:		
(i) Interest	72,131,752	55,861,743
(ii) Other Borrowing Costs	1,111,406	296,102
	<b>73,243,157</b>	<b>56,157,844</b>

## 26. Other Expenses

(in ₹)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
<b>Manufacturing Expenses</b>		
Power & Fuel	58,177,829	64,243,504
Repairs & Maintenance		
- Buildings	1,749,376	1,621,395
- Plant & Machinery	6,293,496	4,470,184
- Electricals	197,315	46,762
Other Manufacturing Expenses	100,676,531	93,835,972
(a)	<b>167,094,547</b>	<b>164,217,816</b>
<b>Selling Expenses</b>		
Advertisement	763,749	553,383
Ocean freight and export expenses	71,136,165	66,603,807
Marketing Expenses	19,680,851	6,833,070
Discount Allowed	10,576,686	15,440,010
(b)	<b>102,157,452</b>	<b>89,430,270</b>
<b>Other expenses</b>		
Audit Fees		
For Statutory Audit	250,000	250,000
For Taxation purpose	100,000	100,000
Return preparation	50,000	50,000
For Other Services	-	-

## Notes Forming Part of the Financial Statements

Particulars	(in ₹)	
	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Audit Expense	56,307	50,982
Bank Charges	2,701,461	2,748,669
Bad Debts	11,416,086	-
Donation	193,000	-
Consultancy Fees	5,791,937	3,787,736
Communication Expenses	606,567	668,278
General Expenses	3,362,569	1,030,485
Fuel Charges	459,094	1,060,327
Insurance	1,633,610	1,362,828
Legal, Statutory & Documentation Charges	615,036	811,112
Listing Fee	300,000	250,000
Loss on sale of vehicle	61,198	397,876
Inspection Charges	8,400	6,600
Office Maintenance	571,103	2,420,677
Printing & Stationery	1,052,944	2,973,882
Registration & Renewals	769,224	1,264,135
Rates & Taxes	17,202,003	15,888,722
Security Charges	5,005,946	4,022,901
Office Rent	2,094,500	1,627,975
Cold Storage Maintenance	-	41,820
Revocation Fees to BSE	-	3,000,000
Travelling & Conveyance Expenses	4,455,910	4,241,428
Vehicles Maintenance	3,835,673	1,841,221
(c)	<b>62,592,566</b>	<b>49,897,655</b>
<b>Grand Total (a+b+c)</b>	<b>331,844,565</b>	<b>303,545,741</b>

### 27. Earnings per Share

Particulars	(in ₹)	
	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Profit / (Loss) After Tax attributable to Equity Shareholders	18,017,678.08	28,953,829.50
Weighted average number of equity shares	22,012,500	22,012,500
Basic & Diluted Earnings per Share	0.82	1.32
Face Value of the Share	10.00	10.00

# Notes Forming Part of the Financial Statements

## 28. 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 recognised 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

# Notes Forming Part of the Financial Statements

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.

## 29. 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.	G Vivekananda Gupta	KMP - Chief Financial Officer (Upto 19.02.2020)
5.	C Rubavathy	KMP - Company Secretary

## Related Party Transactions

Particulars	Name of the company	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of goods	-	-	-
Reimbursement of expenses	-	-	-
Receipt of service	-	-	-
Closing balance	-	-	-

## Notes Forming Part of the Financial Statements

### Transactions with key management personnel:

Key management Personnel	Particulars of payment	As at March 31, 2020	As at March 31, 2019
S. Prasad Reddy	Remuneration	72,00,000	72,00,000
S. Prasad Reddy	Lease Rent	Nil	16,50,000
S. Sharat Reddy	Remuneration	60,00,000	54,00,000
S. Devaki Reddy	Rent	8,54,000	8,40,000
G Vivkeananda Gupta	Salary	20,16,663	2,81,336
C Rubavathy	Salary	4,56,000	1,42,742

### 30. Gratuity and other post-employment benefit plan

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Defined Benefit Plan		
a)	Defined benefit obligation at the beginning of the year	24,18,836	19,14,694
b)	Current Service Cost	2,97,352	3,09,411
	Interest Cost	1,70,528	1,42,453
	Actuarial Gain/(loss)	(4,24,785)	52,278
	Benefits Paid	-	-
	Defined benefit obligation at the end of the year	24,61,931	24,18,836
	Expense recognized during the year		
	Current Service Cost	2,97,352	3,09,411
	Interest Cost	1,70,528	1,42,453
	Actuarial Assumptions		
	Discount Rate (per Annum)	5.66%	7.05%
	Rate Escalation in salary (per Annum)	10.00%	10.00%

### Sensitivity Analysis (Gratuity)

Sl. No	Particulars	Decrease			Increase		
		₹	Impact (Absolute)	%	₹	Impact (Absolute)	%
(a)	Discount Rate (-0.50/+0.50%)	2,496,796	34,865	1.42	2,428,237	(33,694)	(1.37)
(b)	Salary Inflation (-1/+1 %)	2,397,618	(64,313)	(2.61)	2,529,341	67,410	2.74
(c)	Withdrawal rate (-5/+5 %)	2,606,845	144,914	5.89	2,348,380	(113,551)	(4.61)



# Notes Forming Part of the Financial Statements

## Maturity Profile of Defined Benefit Obligation (Gratuity)

Particulars	31-Mar-20	31-Mar-19
Year 1	620,568	662,904
Year 2	419,893	454,649
Year 3	402,446	361,335
Year 4	337,988	333,379
Year 5	274,022	279,653
After 5 <sup>th</sup> Year	886,372	900,754
<b>Total</b>	<b>2,941,289</b>	<b>2,992,674</b>

## 31. 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 summarised 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, 2020 (₹ in lakhs)	As at March 31, 2019 (₹ in lakhs)
Customs & Excise Duty	76.31	76.31
Service Tax	31.50	31.50
Income Tax (CIT, Appeals)	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.

## Notes Forming Part of the Financial Statements

### Amount in respect of other claims

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

Name of bank	As at March 31, 2020 (₹ in lakhs)	As at March 31, 2019 (₹ in lakhs)
Federal bank	47.56	47.56

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

- a) plaintiffs/parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;
- b) The proceedings are in early stages;
- c) There is uncertainty as to the outcome of pending appeals or motions or negotiations; and/or
- d) There are significant factual issues to be resolved.

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.

### 32. Segment Reporting

The Company's only Business is Integrated Aqua Culture and related activities and hence disclosure of segment wise information is not applicable as required as per Accounting Standard-17 notified by the Company's (Accounting Standards) Rules, 2006. There is no geographical segment to be reported since all the operations are in India.

### 33. 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.

## Notes Forming Part of the Financial Statements

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised 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, 2020 and March 31, 2019

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, 2020, 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, 2020 would decrease or increase by ₹ 43.78 lakhs .(March 31, 2019 : ₹ 3.73 Lakhs).

### 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, 2020		Currency	As at March 31, 2019	
	Financial assets	Financial liabilities		Financial assets	Financial liabilities
USD	2,124,535	-	USD	3,494,043	-

# Notes Forming Part of the Financial Statements

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, 2020		Currency	As at March 31, 2019	
	Closing rate	Effect of 10% strengthening of USD on net earnings		Closing rate	Effect of 10% strengthening of USD on net earnings
USD	74.76	212453.5	USD	69.1198	349404.3

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 recognised at March 31, as summarised below:

Classes of Financial Assets	As at March 31, 2020	As at March 31, 2019
Investments	-	-
Trade Receivable	440,318,117	417,140,221
Cash and Bank Balances	10,821,460	15,365,998
Bank Balances Other than above Bank Balances	22,192,489	47,118,677
Other Financial assets		
<b>Total</b>	<b>473,332,066</b>	<b>479,624,895</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.

## Notes Forming Part of the Financial Statements

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, 2020 and March 31, 2019.

As at March 31, 2020	Current	Non Current		Total
	Within 12 Months	1-5 yrs	More than 5 years	
Borrowings	476,130,458	78,766,946	-	554,897,404
Trade Payables	241,073,040	-	-	241,073,040
Other Financial Liabilities	21,814,616	64,797,773	-	86,612,389
<b>Total</b>	<b>739,018,114</b>	<b>143,564,719</b>	<b>-</b>	<b>882,582,833</b>

As at March 31, 2019	Current	Non Current		Total
	Within 12 Months	1-5 yrs	More than 5 years	
Borrowings	446,636,160	82,848,633	-	529,484,793
Trade Payables	221,794,928	-	-	221,794,928
Other Financial Liabilities	21,710,026	63,591,729	-	85,301,755
<b>Total</b>	<b>690,141,114</b>	<b>146,440,362</b>	<b>-</b>	<b>836,581,476</b>

### 34. 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 maximise 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

## Notes Forming Part of the Financial Statements

not subject to any externally imposed capital requirements. Net debt are 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:

(in ₹)		
Particulars	March 31, 2020	March 31, 2019
Share Capital	22,01,25,000	22,01,25,000
Free Reserves	18,21,42,088	16,92,18,702
Equity (A)	40,22,67,088	38,93,43,702
Short term borrowings	47,95,55,351	44,66,36,610
Long Term Borrowings	14,35,64,718	14,64,40,362
Current Maturities of Long term borrowings	2,11,97,030	2,12,58,162
Debt (B)	62,95,77,715	61,43,35,134
Cash and Cash Equivalents	1,07,70,716	1,53,65,998
Short Term Investments	-	-
Total Cash (C)	1,07,70,716	1,53,65,998
Net Debt (B-C)=D	61,88,06,999	59,89,69,136
Net Debt to Equity Ratio (D/A)=E	1.54	1.54

### 35. 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.

### 36. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on June 26, 2020.

#### For A. R. Krishnan & Associates

Chartered Accountants  
F.R. No. 009805S

#### A. Senthil Kumar

Partner  
M. No. 214611  
Chennai

Place : Nellore

Date : 26-06-2020

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

#### S. Prasad Reddy

Managing Director  
DIN : 00069094

#### S. Sharat Reddy

Executive Director  
DIN : 02929724

# Notice to the Members

**NOTICE** is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of the Members of the Company will be held on Wednesday, the 30<sup>th</sup> December, 2020, at 10:00 A.M through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) to transact the following business;

## Ordinary Business | Ordinary Resolution

### 1. Consideration of Financial Statements together with the reports of the Directors and Auditors thereon:

To consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2020, together with the Report of the Directors and the Report of the Auditors thereon.

## Special Business

### 2. To re-appoint Mr. S. Prasad Reddy as Managing Director of the Company.

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

**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and other applicable enactments as amended from time to time including any statutory modification(s) or re-enactment(s) there of approval of the members of the Company be and is hereby accorded for re-appoint Mr. S. Prasad Reddy (DIN:00069094) as Managing Director, for a period of 5 (Five) years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 on such terms and conditions including remuneration be decided by the Board of Directors of the Company from time to time based on the recommendations

of the Nomination and Remuneration Committee, the remuneration payable shall be in line with the permissible managerial remuneration as prescribed under Schedule V of the Companies Act, 2013 as amended from time to time.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.

### 3. To re-appoint Mr. S. Sharat Reddy as a Whole-time Director of the Company:

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

**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and other applicable enactments as amended from time to time including any statutory modification(s) or re-enactment(s) there of approval of the members of the Company be and is hereby accorded for re-appoint Mr. S. Sharat Reddy (DIN:02929724) as a Whole-time Director, designated as Executive Director, for a period of 5 (Five) years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 on such terms and conditions including remuneration be decided by the Board of Directors of the Company from time to time based on the recommendations of the Nomination and Remuneration Committee, the remuneration payable shall be in line with the permissible managerial remuneration as

prescribed under Schedule V of the Companies Act, 2013 as amended from time to time.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.

**4. Re-appointment of Mrs. Durga Thota as an Independent Director for a second term of five years:**

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs Durga Thota (DIN: 07138565), who was appointed as an Independent Director and who holds office as an Independent Director up to July 15<sup>th</sup>, 2021 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Director herself, proposing her candidature for the office of Director, being eligible, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 and the provisions of Section 152 in respect of retirement of directors by rotation shall not be applicable to her during his tenure.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered

necessary, proper or expedient to give effect to this Resolution.

**5. Appointment of Mr. Ch. Kishore Kumar as Independent Director of the company:**

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

**RESOLVED THAT** in accordance with the provisions of Section 149 other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, Mr. Ch. Kishore Kumar (DIN 00849345) who was appointed as the Additional Director of the Company with effect from 12<sup>th</sup> November, 2019 and holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 and the provisions of Section 152 in respect of retirement of directors by rotation shall not be applicable to him during his tenure.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.



**6. Appointment of Mr. Harihar Venkata Muthyam as Independent Director of the company:**

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

**RESOLVED THAT** in accordance with the provisions of Section 149 other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, Mr. Harihar Venkata Muthyam (DIN 08160011), who was appointed as the Additional Director of the Company with effect from 28<sup>th</sup> September, 2020 and holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 and the provisions of Section 152 in respect of retirement of directors by rotation shall not be applicable to him during his tenure.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or Mr. B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.

**7. To approve appointment of Mr. P. Shanmugam as Independent Director of the Company:-**

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

**RESOLVED THAT** in accordance with the provisions of Section 149 other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any amendment thereto or modification thereof, Mr. Shanmugam (DIN 08877587) who was appointed as the Additional Director of the Company with effect from 12<sup>th</sup> November, 2020 and holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years commencing with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025 and the provisions of Section 152 in respect of retirement of directors by rotation shall not be applicable to him during his tenure.

**RESOLVED FURTHER THAT** any one of the Directors of the Company or B. Vignesh Ram, Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.

By Order of the Board,  
For **Sharat Industries Limited**

Place: Nellore  
Date: 12<sup>th</sup> November, 2020

**S. Prasad Reddy**  
Chairman

# Explanatory Statement

(Pursuant to Section 102(1) of the Companies Act, 2013)

## Item No:2

Mr. S. Prasad Reddy (DIN:00069094) was appointed as the Managing Director of the Company by the Shareholders of the Company in the Annual General Meeting held on 29<sup>th</sup> September 2018 for a term of three (3) years. The Board of Directors of the Company taking note of the same passed a resolution in the meeting held on 12<sup>th</sup> November, 2020 recommending to the Shareholders of the Company for reappointing Mr. S. Prasad Reddy as the Managing Director of the Company for a further term of 5 (five) years.

Accordingly, the shareholders are hereby requested to approve the resolution for re appointing Mr. S Prasad Reddy as the Managing Director of the Company by passing Special Resolution as set out in the Item No:2 in the Notice of the Annual General Meeting.

Mr. S. Prasad Reddy shall be appointed as the Managing Director and any revision in remuneration shall be decided by the Board in consultation or recommendation of the Nomination and Remuneration Committee.

## A brief profile of Mr. S. Prasad Reddy is given below:

S.No	Particulars	Details
1.	Name of Director	S. Prasad Reddy
2.	Date of Birth	27.06.1956
3.	Nationality	Indian
4.	Relationship with Director	Mr. Sharat Reddy, Executive Director of the Company is the son of Mr. S.Prasad Reddy.
5.	Date of Appointment on Board	07.05.1990
6.	Expertise in specific functional areas	More than three decades experience in field of integrated Aquaculture and seafood exports strategic planning, marketing and business operations
7.	Number of Shares held in company	8814800
8.	List of the Directorships held in other companies	Nil

## Item No: 3

Mr. S.Sharat Reddy (DIN: 02929724) was appointed as the Whole Time Director in the capacity of the Executive Director of the Company by the Shareholders of the Company in the Annual General Meeting held on 28.09.2017 for a term of three (3) years. The Board of Directors of the Company taking note of the same passed a resolution in the meeting held on 12<sup>th</sup> November, 2020 recommending to the Shareholders of the Company for reappointing Mr. S. Sharat Reddy as the Whole Time Director in the capacity of Executive Director of the Company for a further term of 5 (five) years.

Accordingly, the shareholders are hereby requested to approve the resolution for re appointing Mr. S Sharat Reddy as the Whole Time Director in the capacity of the Executive Director of the Company by passing Ordinary Resolution as set out in the Item No:3 in the Notice of the Annual General Meeting.

Mr. S.Sharat Reddy shall be appointed as the Whole Time Director in the capacity of Executive Director and any revision in remuneration shall be decided by the Board in consultation or recommendation of the Nomination and Remuneration Committee.

**A brief profile of Mr. S. Sharat Reddy is given below:**

S.No	Particulars	Details
1.	Name of Director	S. Sharat Reddy
2.	Date of Birth	10.07.1989
3.	Nationality	Indian
4.	Relationship with Director	Mr. S. Sharat Reddy is the son of Mr. S. Prasad Reddy, Managing Director.
5.	Date of Appointment on Board	31.01.2013
6.	Expertise in specific functional areas	More than 7 years experience in field of integrated Aquaculture and seafood exports strategic planning, marketing and business operations
7.	Number of Shares held in company	2463800
8.	List of the Directorships held in other companies	Nil

**Item No: 4**

Mrs Durga Thota (DIN:07138565) was appointed as the Independent Director of the Company in the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2016 for a term of 5 (five) years. According to the resolution passed by the Shareholders of the Company the term of office of Mrs. Durga Thotta concludes on 15<sup>th</sup> July, 2021. The Board of Directors of the Company in the meeting held on 12<sup>th</sup> November, 2020 after taking into consideration of the recommendations of the Nomination and Remuneration Committee passed a resolution recommending to the Shareholders of the Company for reappointing Mrs. Durga Thotta as the Independent Director of the Company for a further term of five years.

Mrs. Durga Thotta qualifies to be appointed as the Independent Director of the Company for a further consecutive term of five years. The Company is in receipt of necessary declarations from Mrs. Durga Thotta stating she meets all the criteria of Independence and has not been disqualified under Section 164 of the Companies Act, 2013.

Pursuant to Section 149(10) reappointment of Independent Director for a consecutive term of the five requires Special Resolution. Hence, the shareholders are hereby requested to approve the resolution as set out in Item No:4 for re appointing Mrs. Durga Thotta as the Independent Director of the Company.

**A brief profile of Mrs. Durga Thota is given below:**

S.No	Particulars	Details
1.	Name of Director	Mrs Durga Thota
2.	Date of Birth	18-04-1966
3.	Nationality	Indian
4.	Relationship with Director	Nil
5.	Date of Appointment on Board	15.07.2016
6.	Expertise in specific functional areas	Administrative and Business operation skill.
7.	Number of Shares held in company	Nil
8.	List of the Directorships held in other companies.	Gruppo Biokimica India Private Limited.

**Item No: 5**

Mr. Ch. Kishore Kumar (DIN: 00849345) was appointed as the Additional Director in the capacity of Non – Executive & Independent Director of the Company in the Board Meeting held on 12<sup>th</sup> November, 2019 and his appointment needs to be regularized in the ensuing Annual General Meeting of the Company.

Mr. Ch. Kishore Kumar qualifies to be appointed as the Independent Director of the Company for term

of five years with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025.

The Company is in receipt of necessary declarations from Mr. Ch. Kishore Kumar stating he meets all the criteria of Independence and has not been disqualified under Section 164 of the Companies Act, 2013. Hence, the shareholders are requested to approve the resolution as set out in the Item No:6 by passing the **Ordinary Resolution**.

**A brief profile of Mr. Ch. Krishore Kumar is given below:**

S.No	Particulars	Details
1.	Name of Director	Mr. Ch. Kishore Kumar
2.	Date of Birth	02.10.1956
3.	Nationality	Indian
4.	Relationship with Director	Nil
5.	Date of Appointment on Board	12.11.2019
6.	Expertise in specific functional areas	<ul style="list-style-type: none"> <li>• Banking operation</li> <li>• Financial Advisor</li> </ul>
7.	Number of Shares held in company	Nil
8.	List of the Directorships held in other companies	1. Omsons Marines Limited 2. Sandy Bay Seafoods ( India) Private Limited

**Item No: 6**

Mr. Harihar Venkata Muthyam (DIN: 08160011) was appointed as the Additional Director in the capacity of Non – Executive & Independent Director by way of passing circular resolution on 28<sup>th</sup> September, 2020 and his appointment needs to be regularized in the ensuing Annual General Meeting of the Company.

Mr. Harihar Venkata Muthyam qualifies to be appointed as the Independent Director of the

Company for a term of five years with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025.

The Company is in receipt of necessary declarations from Mr. Harihar Venkata Muthyam, he meets all the criteria of Independence and has not been disqualified under Section 164 of the Companies Act, 2013. Hence, the shareholders are requested to approve the resolution as set out in the Item No: 6 by passing the **Ordinary Resolution**.

**A brief profile of Mr. Harihar Venkata Muthyam is given below:**

S.No	Particulars	Details
1.	Name of Director	Mr. Harihar Venkata Muthyam
2.	Date of Birth	01.10.1990
3.	Nationality	Indian
4.	Relationship with Director	Nil
5.	Date of Appointment on Board	12.11.2019
6.	Expertise in specific functional areas	Administrative and Business operation skill
7.	Number of Shares held in company	Nil
8.	List of the Directorships held in other companies	Fourier Services Private Limited

**Item No: 7**

Mr. P. Shanmugam (DIN: 08877587) was appointed as the Additional Director in the capacity of Non-Executive & Non-Independent Director of the Company in the Board Meeting held on 12<sup>th</sup> November, 2020 and his appointment needs to be regularized in the ensuing Annual General Meeting of the Company.

Mr. P. Shanmugam qualifies to be appointed as the Independent Director of the Company

for term of five years with effect from 30<sup>th</sup> December, 2020 to 29<sup>th</sup> December, 2025.

The Company is in receipt of necessary declarations from stating Mr. P. Shanmugam meets all the criteria of Independence and has not been disqualified under Section 164 of the Companies Act, 2013. Hence, the shareholders are requested to approve the resolution as set out in the Item No:7 by passing the **Ordinary Resolution**.

**A brief profile of Mr. P. Shanmugam is given below:**

S.No	Particulars	Details
1.	Name of Director	Mr. Shanmugam
2.	Date of Birth	18-06-1968
3.	Nationality	Indian
4.	Relationship with Director	Nil
5.	Date of Appointment on Board	12.11.2020
6.	Expertise in specific functional areas	Marketing and Financial Advisor
7.	Number of Shares held in company	Nil
8.	List of the Directorships held in other companies	Nil

For **Sharat Industries Limited**

Place: Nellore

Date: 12<sup>th</sup> November, 2020

**S. Prasad Reddy**

Chairman

## Notes

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/ CFD/ CMD1/CIR /P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 30<sup>th</sup> (Thirtieth) AGM of the Company is being conducted through Video Conference (VC) / Other Audio Visual Means (OAVM), which does not require physical presence of Members at a common venue. In terms with the Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, the venue of the 30<sup>th</sup> (Thirtieth)AGM shall be deemed to be the Registered Office of the Company situated at Venkannapalem, T.P. Gudur Mandal, Nellore District, Andhra Pradesh, 524 405
2. 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 30<sup>th</sup> (Thirtieth) AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in terms of the provisions of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
3. The Explanatory Statement pursuant to Section 102 of the Act in respect of business as set out in the Notice is annexed hereto.
4. 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.
5. 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.
6. 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.
7. The Register of Members and Share Transfer Books will remain closed from 24<sup>th</sup> December, 2020 to 30<sup>th</sup> December, 2020 (both days inclusive) for the purpose of the AGM.
8. The details required under Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, in respect of Brief resume of Directors proposed to be appointed /reappointed, nature of their expertise in specific functional areas, names of listed companies in which they hold directorships and the Memberships of Board Committees, shareholding and relationships between directors inter-se, are provided in the Annexure to the explanatory statement attached to this Notice.

9. A route map to reach the venue of the Meeting to be attached along with this Notice in accordance with Clause No. 1.2.4 of the Secretarial Standard-2 on "General Meetings" is not attached since the Meeting will be conducted through VC.
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.
11. The company's equity shares are listed with Bombay Stock Exchange Ltd.
12. As per Regulation 40 of SEBI LODR, securities of listed Companies can be transferred only in dematerialized form with effect from, April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA for any assistance in this regard.
2. 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 Exchanges 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/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
3. All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on 23<sup>rd</sup> December, 2020 ('the cut-off date'), shall be entitled to vote at the AGM by availing the facility of remote e-voting or by voting at the AGM.
4. The Board of Directors has appointed Mr M.V.V. Prasada Reddy (Membership No. FCS 7390) Practicing Company Secretary, as the Scrutinizer to scrutinize the remote e-voting and voting process, in a fair and transparent manner.
5. Voting through Electronic means:
  - (i) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing regulations, the company providing E-Voting facility to the members using Central Depository Services Ltd. (CDSL) platform
  - (ii) The voting period begins on 27<sup>th</sup> December 2020 at 9:00 A.M and ends on 29<sup>nd</sup> December 2020 at 05:00 P.M. 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) of

#### **Dispatch of Annual Report through Email and Registration of Email IDs:**

1. In compliance with MCA Circular No. 20/2020 dated May 5, 2020 and SEBI Circular No. SEBI/ HO/CFD/ CMD1/CIR/P/2020/79 dated May 12, 2020 and owing to the difficulties involved in dispatching of physical copies of the Financial Statements including Board's Report, Auditor's report or other documents required to be attached therewith (together referred to as "Annual Report"), the Annual Report for Financial Year 2019-20 and Notice of AGM are being sent in electronic mode to Members whose e-mail address(es) are registered with the Company or the Depository Participant(s) and no physical copies will be dispatched to the Members.

- 23<sup>th</sup> December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders.
  - (v) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the Image Verification as displayed and Click on Login.
  - (vii) 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 voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alphanumeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.(Sequence number has been provided as Serial Number (SL NO.) in the Address Label In case the sequence number is less than 8 digits enter the applicable number of 0's before the number a Generally the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction(iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu where in they are required to mandatorily enter their login password in the new password field. Kindly note that this pass word 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 201125003 for Sharat Industries Limited.



- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take printout of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**Process for those Shareholders whose Email Addresses are not Registered with the Depositories for Obtaining Login Credentials for E-Voting for the Resolutions Proposed in this Notice:**

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 provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id

**Note for Non – Individual Shareholders and Custodians**

- 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), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> 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.

**Instructions for Shareholders for E-Voting during the AGM areas under: -**

- a) The procedure for e-Voting on the day of the AGM is same as per the instructions mentioned above for Remote e-voting.
- b) 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.
- c) 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.
- d) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Instructions for Shareholders attending the AGM through VC/OAVM are as under:**

- a) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders /Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder / Members login where the EVSN of Company will be displayed.
- b) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- c) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) 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.
- e) Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in 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 These queries will be replied to by the company suitably by email.
- f) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

13. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
14. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, 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 no later than 48 hours of the conclusion of the meeting a Consolidated Scrutinizer's Report of the total votes cast in favour 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.
15. The result declared along with the Scrutinizer's Report shall be placed on the Company's website ([www.sharatindustries.com](http://www.sharatindustries.com)) and on the website of CDSL immediately. The Company shall simultaneously forward the same BSE Limited, where the shares of the Company are listed.





## SHARAT INDUSTRIES LIMITED

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### Registered Office

Venkannapalem Village,  
T.P. Gudur Mandal  
SPSR Nellore District  
Andhra Pradesh - 524 008  
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  
Phone : 04424347867  
Email: [chennai@sharatindustries.com](mailto:chennai@sharatindustries.com)

### Feed Marketing Office

Flat 2B, 2nd Floor, Block -B,  
Sea Doll Apartments,  
Nowroji road,  
Vishakapatnam - 530 002  
Phone : 7496466919  
Email: [feed@sharatindustries.com](mailto:feed@sharatindustries.com)