

OFFERING CIRCULAR
NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES



Offering of Unsecured Foreign Currency Convertible Bonds in an aggregate principal amount of USD 100,000,000, comprising 1,000 Bonds of USD 100,000 each, bearing a coupon of 2% per annum and issued at a 15% discount to their principal amount (an aggregate issue price of US\$85,000,000), maturing on July 9, 2031.

Davangere Sugar Company Limited (known as DSCL, a public limited company incorporated in India under the Companies Act, 1956 (governed under the Companies Act, 2013) (the “Issuer”), is offering US\$100,000,000 aggregate principal amount of 2.00% Unsecured Foreign Currency Convertible Bonds due July 9, 2031 (the ‘Bonds’), comprising 1,000 Bonds of US\$100,000 principal amount each, issued at 85% of their principal amount (an aggregate issue price of US\$85,000,000). The Bonds are unsecured and effectively subordinated to the Issuer’s secured indebtedness to the extent of the value of the assets securing such indebtedness, for more details please refer to the Risk Factors chapter.

Unless previously converted, redeemed, repurchased or cancelled, the Bonds are convertible on or after July 9, 2026 (the “Issue Date”) and prior to July 9, 2031 (the “Maturity Date”) by holders of the Bonds (the “Bondholders”) into the Company’s newly issued, ordinary Shares of par value Indian Rupee One (1) per share (the “Shares”) on the terms described herein at the option of the Bondholder, at a Conversion Price as provided herein. The Conversion Price is subject to adjustment in certain circumstances. For the terms of the conversion rights, see “Terms and Conditions of the Bonds — Conversion”.

Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed at 100% of their principal amount, together with accrued and unpaid interest, on July 9, 2031 (the ‘Maturity Date’). The Bonds are not redeemable at the option of the Issuer prior to the Maturity Date. Any redemption prior to the Maturity Date, however, whether at the option of the Company or the Bondholders, is subject to prior receipt of approval from the Reserve Bank of India (the “RBI”).

The Bonds will be represented by a single Global Certificate (as defined herein) to be issued in the name of Wave Capital Limited and deposited with SBM Fund Services Ltd, Mauritius. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.

This Offering Circular dated July 3rd 2026, constitutes an information notice for the purposes of section 2.(i).(a) of the AFRINEX Securities List Rulebook issued by AFRINEX Limited. This Offering Circular has been prepared by the Issuer in connection with the application by the Issuer for the listing of the FCCB on the AFRINEX Securities List of AFRINEX Limited. The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”).

The Bonds are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). Subject to certain exceptions, the Bonds may not be offered, sold, or delivered within the United States (as defined in Regulation S). For a description of certain restrictions on offers, sales and transfers of the Bonds, see "*Transfer Restrictions*". The Bonds may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India, except in certain limited circumstances.

The Bonds will constitute the Company’s direct, unconditional, unsubordinated and unsecured obligations and will at all times rank pari-passu and without any preference or priority among themselves. The Company’s payment obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated, and unsecured obligations.

There is currently no public market for the Bonds. Application will be made to list the Bonds on the AFRINEX Securities List of the AFRINEX.

Bonds

This Offering Circular as well as all information contained herein (the "Offering Circular") is meant to provide details on the securities and the issuer in relation to the admission of the securities onto the AFRINEX Securities List maintained by the Exchange without admission to trading on the Exchange. The Offering Circular has been prepared for the sole goal of being admitted and displayed on AFRINEX Securities List. It does not provide any key information to be used for making investment decisions. The Offering Circular is provided for information purposes only. It does not constitute and is not construed as any advice, solicitation, offer, endorsement, commitment or recommendation to invest in the securities described herein. The provision of the Offering Circular is not and shall not be a substitute for your own research, investigations, verifications, checks or consultation for professional or investment advice. You are using the Offering Circular at your own risks.

The Directors of Davangere Sugar Company Limited, whose names appear in the chapter titled 'Management' of this Offering Circular, accept responsibility for the information contained in this Offering Circular. Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the knowledge and belief of the Directors, in accordance with the facts and contains no omission likely to affect its import.

Application is being made and approval has been sought for the listing of the Bonds on AFRINEX Securities List of the AFRINEX (the “**Exchange**”). Such approval will be granted when the Bonds have been admitted to AFRINEX Securities List. The AFRINEX and AFRINEX Clearing House Limited (ACHL) assumes no responsibility for the correctness of any statements made, opinions expressed, or reports contained in this Offering Circular. Approval for the listing of the Bonds on the AFRINEX are not to be taken as an indication of the merits of the Bonds or of the Issuer or their respective subsidiaries or associated companies (if any).

This Offering Circular has not been and will not be filed, registered, produced, published or made available as an offer document (whether as a prospectus in respect of a public offer or information memorandum or private placement offer cum application letter or other offering

material in respect of any private placement, under the Indian Companies Act, 2013, as amended or any other applicable Indian laws) with the Registrar of Companies in India, the Securities and Exchange Board of India, the Indian exchanges or any other statutory or regulatory body of like nature in India save and except for any information from any part of this Offering Circular which is (i) mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or (ii) pursuant to the sanction of any regulatory and adjudicatory body in India.

AFRINEX and ACHL takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The contents of this Offering Circular, along with any other related documents, are prepared in strict accordance with the Rulebook for Admission to AFRINEX Securities List (“Rulebook”). It is hereby affirmed that no part of these documents shall be in conflict with the said Rulebook. Any perceived discrepancy should be brought to the attention of the Issuer for review and, where appropriate, rectification. Investing in the Bonds involves a high degree of risk. See “*Risk Factors*” beginning on page no. 46. The Bonds have not been rated by any credit rating agency. Nothing in this Offering Circular should be construed as implying any credit rating of the Bonds or the Issuer.

For additional information about eligible offerees and transfer restrictions, see “*Important Information for Investors*” and “*Notice to Investors*.”

Delivery of the Bonds in book-entry form only will be made on or about the Closing Date.

<i>Lead Merchant Banker</i>	<i>Lead Manager</i>
Finaax Capital Advisors Private Limited 618, East Wing, Venus Stratum, Near Jhansi Ki Rani, Nehrunagar, Ahmedabad, Gujarat, India – 380015	Wave Capital Manager Limited Hennessy Court, Pope Hennessy Street Port Louis, Mauritius, PO Box 72201

**GANESH
SHIVASHAN
KARAPPA
SHAMANUR**

Digitally signed by GANESH
SHIVASHANKARAPPA
SHAMANUR
DN: cn=GANESH
SHIVASHANKARAPPA
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Date: 2026-07-06
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IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

You must read the following notice before continuing. The following notice applies to this offering circular (the “Offering Circular”) relating to the proposed issuance by Davangere Sugar Company Limited (the “Issuer” or the “Company”) of its foreign currency convertible bonds (the “Bonds”). By accessing this Offering Circular, you acknowledge, represent and agree to be bound by the terms and conditions set out below, including any modifications thereto, each time you receive any information from the Issuer or the Lead Manager in connection with the Offering.

The Offering Circular has been prepared for the sole goal of being admitted and displayed on AFRINEX Securities List. The distribution of this Offering Circular and the offer and sale of the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required to inform themselves about, and to observe, any such restrictions.

U.S. SECURITIES ACT AND REGULATION S RESTRICTIONS

The Bonds and the equity shares of the Issuer issuable upon conversion of the Bonds (the “Shares”) have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

CONFIRMATION OF REPRESENTATIONS

By accessing this Offering Circular, you shall be deemed to have represented to the Issuer and Wave Capital Manager Limited, as Lead Manager, that:

- (i) you and any customers you represent are located outside the United States;
- (ii) the electronic mail address to which this Offering Circular has been delivered is not located in the United States, its territories or possessions; and
- (iii) you consent to the delivery of this Offering Circular and any amendments or supplements thereto by electronic transmission.

Documents transmitted electronically may be altered or changed during transmission. Accordingly, none of the Issuer, the Lead Manager, the Lead Merchant Banker or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed electronically and any hard copy version. A hard copy of this Offering Circular will be provided upon request, where permissible.

ISSUER RESPONSIBILITY AND NON-RELIANCE

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that, having made all reasonable enquiries, this Offering Circular contains all information which is material in the context of the Offering and does not omit any material facts the omission of which would render the statements herein misleading.

This Offering Circular has been prepared solely for the purpose of assisting prospective investors in making an independent evaluation of the Issuer and the Bonds. Prospective investors must rely solely on their own examination of the Issuer, the Group, the Bonds and the terms of the Offering, including the merits and risks involved.

None of Finaax Capital Advisors Private Limited, as Lead Merchant Banker, Wave Capital Manager Limited, as Lead Manager, registrar, paying agent, conversion agent, any stock exchange on which the Bonds may be listed, or any of their respective affiliates or representatives has independently verified the information contained in this Offering Circular. Accordingly, no representation or warranty, express or implied, is made by any of them as to the accuracy, completeness or sufficiency of the information contained herein, and no responsibility or liability is accepted by any of them whatsoever in relation to this Offering Circular or its contents.

No person has been authorised to provide any information or to make any representation other than as contained in this Offering Circular. Any information or representation not so contained must not be relied upon as having been authorised by the Issuer or any other party.

INVESTOR SUITABILITY AND NO ADVICE

This Offering Circular does not constitute investment, legal, tax or accounting advice. Each prospective investor must consult its own professional advisers as to the legal, tax, financial and other matters relevant to an investment in the Bonds.

The Bonds are intended solely for sophisticated and institutional investors who have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Bonds and who are capable of bearing the economic risk of such investment for an indefinite period of time.

NO OFFER IN CERTAIN JURISDICTIONS

Nothing in this Offering Circular constitutes an offer or invitation to subscribe for or purchase any Bonds in any jurisdiction where such offer or invitation is unlawful. The Issuer and the Lead Manager do not represent that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction.

The date of this Offering Circular is 03 July, 2026

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In this Offering Circular, “*Issuer*,” “*Davangere Sugar Company Limited*,” “*group*,” “*Group*,” “*Company*” refer to Davangere Sugar Company Limited, except where the context otherwise requires, or it is otherwise indicated. The Company’s telephone number is +91 81 9220 1623 and website is www.davangeresugar.com. The information contained on the Company’s website does not constitute part of this Offering Circular.

NOTICE TO INVESTORS

The issue of the Bonds is conditional upon the satisfaction (or waiver) of the conditions set out in the Subscription Agreement, and the Offering may be terminated in accordance with its terms.

This Offering Circular is personal to the prospective investor to whom it has been delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds or the equity shares issuable upon conversion of the Bonds (the “**Shares**”). Distribution of this Offering Circular to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect thereto is unauthorised. Any disclosure of the contents of this Offering Circular without the prior written consent of the Issuer is prohibited.

This Offering Circular has been prepared in connection with the subscription of the Bonds by Wave Capital Limited pursuant to the Subscription Agreement and the listing of the Bonds on the AFRINEX Securities List and does not purport to summarise all of the terms, conditions, covenants and other provisions contained in the transaction documents relating to the Bonds. The information contained herein is not all-inclusive and is subject to change without notice. Notwithstanding any investigation that may have been conducted by the Lead Merchant Banker or the Lead Manager in connection with the Offering, none of the Issuer, **Finaax Capital Advisors Private Limited**, as Lead Merchant Banker, **Wave Capital Manager Limited**, as Lead Manager, nor any of their respective affiliates, directors, officers, employees or agents accepts any responsibility or liability whatsoever for the accuracy or completeness of the information contained in this Offering Circular or for any other information supplied in connection with the Offering.

Prospective investors should rely solely on the information contained in this Offering Circular. No person has been authorised to provide any information or to make any representation concerning the Issuer, the Bonds or the Shares other than as contained in this Offering Circular. Any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Lead Merchant Banker or the Lead Manager.

The information contained in this Offering Circular is accurate only as of the date of this Offering Circular. Neither the delivery of this Offering Circular nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs, business, financial condition, results of operations or prospects of the Issuer since the date hereof or that the information contained herein is correct as of any time subsequent to such date. Each prospective investor must make its own independent investigation of the Issuer and its financial condition, business, operations and prospects, and must independently assess the suitability of an investment in the Bonds and the Shares, including the merits and risks involved. Any investment decision must be based on such investigation and on advice obtained from such professional advisers as the prospective investor deems appropriate.

The Bonds and the Shares issuable upon conversion of the Bonds have not been approved or disapproved by any regulatory authority in India or elsewhere, including the Securities and Exchange Board of India, the Reserve Bank of India or any stock exchange, nor has any such authority passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary may be unlawful.

NOTICE TO ALL PROSPECTIVE INVESTORS

THE BONDS MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY BONDS TO THE PUBLIC EXCEPT IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS. THE BONDS ARE BEING OFFERED BY WAY OF PRIVATE PLACEMENT TO ELIGIBLE INSTITUTIONAL INVESTORS ONLY.

NOTICE TO U.S. INVESTORS

The Bonds and the Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented that it has not offered or sold, and agreed that it will not offer or sell any Bonds except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Lead Manager, nor its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. The Bonds may be offered and sold to non-U.S. persons outside the United States in reliance on Rule 903 or Rule 904 of Regulation S. For a description of certain further restrictions on the resale or transfer of the Bonds, see “Transfer Restrictions.”

The Bonds described in this Offering Circular have not been registered with, recommended by, or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any other such securities commission or authority passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

In addition, until 40 days after the later of the commencement of the offering of the Bonds and the Closing Date of the issue of the Bonds, an offer or sale of Bonds or the Shares within the United States or to any U.S. person by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

NOTICE TO UK INVESTORS

This Offering Circular has been prepared on the basis that any offer of the Bonds referred to herein in the United Kingdom (“UK”) will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) from the requirement to publish a prospectus for offers of the Bonds. Accordingly, any person making or intending to make an offer in the UK of the Bonds which are the subject of the offering contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor the Lead Manager have authorized, nor do they authorize, the making of any offer of the Bonds in circumstances in which an obligation arises for the Issuer or any of the Lead Manager to publish a prospectus for such offer.

Prohibition of sales to UK retail investors: The Bonds are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO MAURITIUS INVESTORS

Prohibition of sales to Mauritius retail investors: The Bonds are not intended to be offered, sold or otherwise made available to, and with effect from such date, should not be offered, sold or otherwise made available to any retail investor in Mauritius. For these purposes a “retail investor” is as defined in the Securities Act 2005, as applicable in Mauritius

Financial Promotion Order

This Offering Circular is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the UK, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Bonds may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons. Relevant persons should note that all, or most, of the protections offered by the UK regulatory system will not apply to an investment in the Bonds and that compensation will not be available under the UK Financial Services Compensation Scheme.

This Offering Circular or any material relating to the Bonds has not been and will not be circulated or distributed to any prospective investor who is not a resident of an FATF or IOSCO compliant jurisdiction, and the Bonds will not be offered or sold or transferred and have not been offered or sold or transferred to any person who is not a resident of an FATF or IOSCO compliant jurisdiction.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

In this Offering Circular, unless the context otherwise requires, references to, the “Company” or the “Issuer” refer to **Davangere Sugar Company Limited**, and references to the “Group” refer to the Company together with its subsidiaries, if any.

References to “U.S.\$”, “U.S. dollars”, “USD” or “\$” are to the lawful currency of the United States of America. References to “INR”, “Indian Rupees”, “Rupees” or “₹” are to the lawful currency of the Republic of India. All references to the “United States” or the “U.S.” are to the United States of America, its territories and possessions, and all references to “India” are to the Republic of India.

Unless otherwise indicated, all financial information included in this Offering Circular has been derived from the audited and unaudited financial statements of the Issuer prepared in accordance with IND-AS, as prescribed under the Companies Act, 2013 and applicable regulations.

The financial year of the Issuer commences on **1 April** of each calendar year and ends on **31 March** of the following calendar year. References to a “financial year” or “fiscal year” are to the 12-month period ended 31 March of the relevant year.

Certain financial, operational and statistical information contained in this Offering Circular has been rounded to the nearest whole number or decimal place. Accordingly, totals in certain tables may not be the arithmetic sum of the figures preceding them. Any discrepancies in tables are due to rounding adjustments.

This Offering Circular includes certain non-GAAP financial measures and other operating metrics, including, without limitation, EBITDA, EBITDA margin and other performance indicators (together, “Non-GAAP Measures”). These Non-GAAP Measures are presented for supplemental informational purposes only and are not required by, nor prepared in accordance with, IND-AS, IFRS or U.S. GAAP. Such measures should not be considered in isolation or as a substitute for, or superior to, financial information prepared in accordance with IND-AS. Other companies may calculate Non-GAAP Measures differently, limiting their usefulness as comparative measures.

Information contained on, or accessible through, the Issuer’s website does not form part of this Offering Circular and has not been incorporated by reference into this Offering Circular.

Historical Financial Information

With respect Davangere Sugar Limited, this Offering Circular includes:

- the audited standalone financial statements of Davangere Sugar Company Limited as of and for the year ended March 31, 2024 (the “*2024 Standalone Financial Statements*”); and
- The audited Standalone financial statements of Davangere Sugar Company Limited as of the year ended March 31, 2025 (the “*2025 Standalone Financial Statements*”).
- The audited Standalone financial statements of Davangere Sugar Company Limited as of the year ended March 31, 2026 (the “*2026 Standalone Financial Statements*”).

The 2024 Standalone Financial Statements, 2025 Standalone Financial Statements and 2026 Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards (IND-AS) and as notified under Section 133 of the Indian Companies Act, 2013. The preparation of financial statements in accordance with IND-AS requires the Company to use

certain critical accounting estimates. It also requires the Company's board of directors to exercise its judgment in the process of applying its accounting policies.

IND-AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Offering Circular and investors should consult their own advisors regarding such differences and their impact on the Company's financial data. The degree to which the financial information included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, IND-AS, the Companies Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"). Any reliance by persons not familiar with IND-AS, the Companies Act, 2013 the SEBI LODR Regulations and practices on the financial disclosures presented in this Offering Circular should accordingly be limited.

The Audited Standalone Financial Statements should be read along with the respective audit reports and the unaudited Interim Standalone Financial Statements should be read along with the limited review report issued thereon. The Financial Statements included in this Offering Circular were prepared in English. The interim financial statements have not been audited and are subject to change. Furthermore, the Annual Report is included solely for regulatory compliance and should not be relied upon as current disclosure for the Offering.

Pursuant to Indian regulatory requirements, "Annual Report" is required to accompany the Standalone Financial Statements, therefore, such reports are included in this Offering Circular only in order to comply with such regulatory requirements. Investors are strongly cautioned that the Annual Report contain information as of various historical dates, non- financial information, as well as Management's views on the outlook and do not contain a current description of the Company's business, affairs, or results. The information contained in the Annual Report has neither been audited nor prepared for the specific purpose of the Offering. Accordingly, the Annual Reports should be read together with the other sections of this Offering Circular, and particularly "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Any information contained in the Annual Report is deemed to be modified or superseded by any information contained elsewhere in this Offering Circular that is subsequent to or inconsistent with it. Furthermore, the Annual Report include certain forward-looking statements that are subject to inherent uncertainty (see "Forward-Looking Statements"). Accordingly, investors are urged to rely only upon the information in this Offering Circular rather than upon the information contained in such Annual Report.

References to "Revenue" throughout this Offering Circular are used interchangeably with and refer to the same figures included in the "Net Sales" line item within the standalone income statement data from the 2026 Standalone Financial Statements.

Other Information

Certain data contained in this Offering Circular, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform to the total percentage given.

DGMS & Co. are registered with the Institute of Chartered Accountants of India and has its registered address at Office number F-04, Eternity Mall, Teen Hath Naka, L B S Road, Thane (West), – 400 604, Maharashtra – India.

MARKET AND INDUSTRY DATA

The Company has generally obtained the market and competitive data as well as certain forward-looking industry statements in this Offering Circular from industry publications and from surveys and studies conducted by third-party sources.

The Company cannot assure you of the accuracy and completeness of, and has not independently verified, such information. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. The Company does, however, accept responsibility for the correct reproduction of this information, and as far as it is aware and is able to ascertain from information published by the external sources referred to above, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this Offering Circular should be viewed with caution and no representation or warranty is given by any person, including the Company or the initial purchasers, as to their accuracy.

In many cases, the Company has made statements in this Offering Circular regarding its industry and its position in the industry based on its experience and its own investigation of market conditions. While the Company believes that such estimates correctly reflect its position in the industry, it cannot assure that a third party using potentially different methodology, assumptions, or underlying data would have arrived at the same estimates. None of its internal surveys or information has been verified by any independent sources, and general industry trends may not be indicative of the Issuer's future performance. While it is not aware of any misstatements regarding the industry data presented herein, its estimates involve certain assumptions, risks, and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this Offering Circular.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains statements under the headings “*Summary*,” “*Risk Factors*,” “*Business*,” “*Sugar Industry*” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and in other sections that are, or may be deemed to be, forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical fact contained in this Offering Circular , including, without limitation, those regarding the Company’s future financial position and results of operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which it participates or is seeking to participate or anticipated regulatory changes in the markets in which it operates or intends to operate. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “aim,” “believe,” “estimate,” “guidance,” “forecast,” “project,” “expect,” “anticipate,” “intend,” “target,” “may,” “will,” “plan,” “predict,” “assume,” “shall,” “continue,” “potential,” “could” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions.

By their nature, forward-looking statements involve known and unknown risks, uncertainties, and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Issuer cautions you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that its actual results of operations, including its financial condition and liquidity and the development of the industries in which the Company operates, may differ materially from (and be more negative than) those made in, or implied by, the forward-looking statements contained in this Offering Circular . You should not place undue reliance on these forward- looking statements.

In addition, even if the Company’s results of operations, including its financial condition and liquidity and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- Changes in laws and regulations relating to the sectors/areas in which it operates;
- Inability to identify the new projects may adversely affect the operations, finances and profitability of the Company
- Uncertainty regarding the economic conditions and other factors beyond its control
- Inability to identify or effectively respond to consumer needs, expectations or trends in a timely manner;
- The Company’s ability to successfully implement its growth strategy and expansion plans, and to successfully launch and implement various projects
- The Company’s failure to keep pace with rapid changes in technology;
- The Company’s ability to meet its further capital expenditure requirements;
- Fluctuations in operating costs;
- The Company’s ability to attract and retain qualified personnel;
- Conflict of Interest with affiliated companies, the promoter group and other related parties
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- General economic and business conditions in the markets in which the Company operates and in the local, regional, national and international economies;
- Changes in government policies and regulatory actions that apply to or affect the Company’s business.

- The performance of the financial markets in India and globally;
- The occurrence of natural disasters or calamities;
- Risks relating to the FCCB; and
- Other factors discussed in more detail under the heading “Risk Factors.”

These risks and others described under the heading “*Risk Factors*” are not exhaustive. Other sections of this Offering Circular describe additional factors that could adversely affect the Company’s results of operations, financial condition, liquidity, and the development of the industries in which it operates. New risks can emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Offering Circular, and the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Offering Circular. You should interpret all subsequent written or oral forward-looking statements attributable to the Company’s or to persons acting on its behalf as being qualified by the cautionary statements in this Offering Circular. As a result, you should not place undue reliance on these forward-looking statements. No forward-looking statement should be interpreted as a prediction of the Issuer’s ability to meet its obligations under the Bonds or to effect conversion.

DEFINITIONS AND ABBREVIATIONS

In this Offering Circular the following expressions have the following meanings, unless the context otherwise requires or unless it is otherwise specifically provided:

- “*AFRINEX*” means AFRINEX Limited;
- “*ACHL*” refers to AFRINEX Clearing House Limited, Mauritius;
- “*Agency Agreement*” refers to the Agency Agreement dated July 01, 2026 between, inter alios, the Issuer, SBM Fund Services Ltd., Mauritius and Integrated Registry Management Services Private Limited., Bangalore.
- “*Bonds*”, “*Convertible Bonds*” and “*Foreign Currency Convertible Bonds*” refer to the unsecured Foreign Currency Convertible Bonds in an aggregate principal amount of USD 100,000,000 (USD 100,000 per Bond), bearing a coupon of 2% per annum and issued at a 15% discount to their principal amount, due July 9, 2031, issued by Davangere Sugar Company Limited;
- “*Closing Date*” means July 8, 2026, or such other date as may be agreed pursuant to the Subscription Agreement, being the date on which payment for the Bonds is made;
- “*Company*”, “*Davangere Sugar Company Limited*”, “*Issuer*”, “*the Company*” refer to the Issuer, except where the context otherwise requires;
- “*Crore*” refers to the numerical figure where one crore is equal to 10,000,000;
- “*European Economic Area*” or “*EEA*” refers to the trading area established by the European Economic Area Agreement of January 1, 1994, currently comprising the Member States of the European Union, Norway, Iceland, and Liechtenstein;
- “*European Union*” or “*EU*” refers to the European economic and political union;
- “*Issue Date*” means July 9, 2026 being the date on which the Bonds offered hereby are issued;
- “*Issuer*” refers to Davangere Sugar Company Limited;
- “*Lien*” refers to a right to keep possession of property belonging to another person until a debt owed by that person is discharged;
- “*Lakh*” means one hundred thousand (100,000);
- “*Mauritius*” refers to the Republic of Mauritius;
- “*Member State*” refers to a member state of the European Union;
- “*Net Proceeds*” means the net proceeds of the issue of the Bonds, after deduction of the original issue discount, fees and issue-related expenses, estimated at approximately US\$79,802,325;
- “*ODI*” or “*Overseas Direct Investment*” has the meaning given under the Overseas Investment Regime and refers to the proposed investment by the Company in the UK Subsidiary described under “*Use of Proceeds*”;
- “*Overseas Investment Regime*” means, collectively, the Foreign Exchange Management (Overseas Investment) Rules, 2022, the Foreign Exchange Management (Overseas Investment) Regulations, 2022 and the RBI Directions – Overseas Investment, 2022, each as amended;
- “*UK Subsidiary*” means the wholly-owned subsidiary of the Company, Aurevant Global Ltd, incorporated in the United Kingdom for the purposes described under “*Use of Proceeds*”;
- “*Offering*” refers to the offering of the Bonds by the Issuer and the application of the net proceeds therefrom in the manner set forth herein under the heading “*Use of Proceeds*”;
- “*Regulation S*” refers to Regulation S as promulgated under the U.S. Securities Act;
- “*Registrar/ Transfer Agent*” refers to SBM Fund Services Ltd, Mauritius;

- “*Rule 144A*” refers to Rule 144A as promulgated under the U.S. Securities Act;
- “*SEC*” refers to the U.S. Securities and Exchange Commission;
- “*United States*,” “*U.S.*” or “*US*” refers to the United States of America and its territories and possessions;
- “*U.S. Securities Act*” refers to the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the SEC thereunder.

GLOSSARY OF INDUSTRY TERMS

ACHL	AFRINEX Clearing House Limited
Agency Agreement	Agency Agreement dated July 01, 2026, between the Company, SBM Fund Services Ltd., Mauritius and Integrated Registry Management Services Private Limited., Bangalore
ASL	AFRINEX Securities List
CAGR	Compound Annual Growth Rate
CBEC	Central Board of Customs and Excise
Child Labour Act	The Child Labour (Prohibition & Regulation) Act, 1986
Civil Code	Code of Civil Procedure, 1908
Companies Act	The Companies Act, 2013
Competition Act	The Competition Act, 2002
Convertible Bond	A convertible bond is a fixed income corporate debt security that yields interest payments, but can be converted into a predetermined number of common stock or equity shares
CSR	Corporate Social Responsibility
Customs Act	The Customs Act, 1962
DPIIT	Department for Promotion of Industry and Internal Trade
DTAA	Double Tax Avoidance Agreement
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EPF Act	The Employees Provident Funds and Miscellaneous Provisions Act, 1952
Equity Offering	An equity offering is a public sale of Shares of the Company for the purpose of raising capital
ESI Act	The Employees State Insurance Act, 1948
EU	European Union
EUWA	European Union (Withdrawal) Act, 2018
EXIM	Export-Import
FCCBs	Foreign Currency Convertible Bonds
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FSMA	Financial Services and Markets Act, 2000
FTA	Foreign Trade (Development and Regulation) Act, 1992
FY	Financial Year
GAAP	Generally Accepted Accounting Principles Commonly followed accounting rules and standards for financial reporting
GOI	Government of India

Gratuity Act	The Payment of Gratuity Act, 1972
GST	Goods and Service Tax
ID Act	The Industrial Disputes Act, 1947
IFRS	International Financial Reporting Standards
INR	Indian Rupee
ISO	International Organization for Standardization
IT Act	Income Tax Act, 1961/ Income Tax Act, 2025
DSCL	Davangere Sugar Company Limited, also referred to as Issuer
Maternity Benefit Act	Maternity Benefit Act, 1961
Mn	Million
MOCI	Ministry of Commerce and Industry
MoF	Ministry of Finance
MSMED Act	The Micro, Small and Medium Enterprises Development Act, 2006
NRIs	Non-Resident Indians
Principal Paying and Conversion Agent	SBM Fund Services Limited
Foreign RTA	SBM Fund Services Limited
RBI	Reserve Bank of India
ROC	Registrar of Companies
SEBI	Securities and Exchange Board of India
SHWW Act	The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013
STT	Securities Transaction Tax
Trade Union Act	The Trade Union Act, 1926
Trademarks Act	The Trademarks Act, 1999
UK	United Kingdom
US	United States of America
USD	United States Dollars

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this Offering Circular:

- “\$,” “dollar” or “U.S. dollar” refers to the lawful currency of the United States; and
- “INR,” “Indian Rupee” or “Rupee” refers to the lawful currency of the Republic of India.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates (London) expressed in INR per U.S. dollars. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The historical exchange rates are provided below are for background only and are not indicative of future exchange rate movements.

INR Per U.S. dollar

Year	Period End Buying Rate	Period Average	High	Low
2017	64.85	67.199	66.92	64.80
2018	65.11	64.578	65.30	64.73
2019	69.18	69.057	71.00	68.35
2020	75.33	70.393	76.39	72.03
2021	73.50	74.188	73.78	72.27
2022	73.81	78.40	83.00	73.81
2023	83.20	82.25	83.3850	81.12
2024	83.40	83.30	83.60	83.20
2025	90.49	86.70	90.47	84.22
2026	95.20	91.97	94.92	89.85

Month	Period End Buying Rate	Period Average	High	Low
Jan-24	83.0425	83.1794	83.3163	83.0425
Feb-24	82.9138	82.9812	83.0638	82.8987
Mar-24	83.4050	83.0943	83.4250	82.7637
April- 24	83.4350	83.3681	83.5425	83.1938
May-24	83.4650	83.31125	83.5275	83.0950
June-24	83.3887	83.3969	83.6488	83.1450
July-24	83.727	83.587	83.728	83.446
Aug-24	83.872	83.849	83.971	83.728
Sep-24	83.801	83.767	83.981	83.553
Oct -24	83.30	83.25	83.50	83.10
Nov-24	83.40	83.30	83.55	83.10
Dec-24	83.45	83.35	83.60	83.20

Jan-25	86.63	86.23	86.65	85.56
Feb-25	87.64	86.96	87.79	86.56
Mar-25	85.85	86.62	87.47	85.43
Apr -25	85.60	85.60	86.46	84.55
May-25	85.19	85.20	86.02	84.22
Jun-25	85.92	85.93	86.74	85.37
July- 25	87.55	86.07	87.66	85.39
Aug-25	88.17	87.64	88.18	87.02
Sept- 25	88.32	88.29	88.75	87.90
Oct-25	88.37	88.37	88.90	87.95
Nov -25	89.35	88.77	89.73	88.32
Dec- 25	89.98	90.02	90.95	89.47
Jan-26	90.79	92.04	89.85	91.68
Feb-26	90.74	91.72	90.31	91.07
March-26	92.97	94.86	91.06	93.48
April-26	93.38	94.92	92.28	95.17

- (1) The average rate for a year means the average of the Bloomberg Composite Rates (London) on the last day of each month during a year.
- (2) The average rate for each month presented is based on the average Bloomberg Composite Rate (London) for each business day of such month.
- The above rates differ from the actual rates used in the preparation of the Standalone Financial Statements and other financial information appearing in this Offering Circular.

SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. The summary below does not contain all the information that you should consider before investing in the Bonds. The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Circular. You should carefully read the entire Offering Circular to understand the Company's business, the nature and terms of the Bonds, and the tax and other considerations which are important to your decision to invest in the Bonds, including the more detailed information in the financial statements and the related Bonds included elsewhere in this Offering Circular, before making an investment decision. See the section entitled "Risk Factors" for factors that you should consider before investing in the Bonds and the section entitled "Forward-Looking Statements" for information relating to the statements contained in this Offering Circular that are not historical facts.

Overview

The Company was incorporated as *Davangere Sugar Company Limited* on September 28, 1970, as a public limited company under the Companies Act, 1956, with the Registrar of Companies, Mysore, Bangalore. A certificate of commencement of business was subsequently issued on December 31, 1970. The Corporate Identification Number (CIN) of the Company is L10721KA1970PLC001949.

Davangere Sugar Company Limited ("DSCL") was established as a joint sector company, with its initial shareholding comprising Karnataka Agro Industries Corporation Limited (KAICL), Karnataka State Small Industries Development Corporation Limited (KSSIDC), and leading financial institutions such as IDBI, ICICI, and IFCI, along with participation from local farmers. The initial paid-up equity capital of the Company was INR 16,000,000/- (Rupees One Crore Sixty Lakhs only). Accordingly, the majority shareholding was held by Karnataka State Government undertakings and public financial institutions.

At inception, the Company commissioned a sugar manufacturing unit with an installed capacity of 1,250 tonnes of cane per day (TCD). Commercial production commenced in 1974. Given the predominance of government and institutional shareholding, the management of the Company was vested with the Government of Karnataka. In 1995, Mr. Shamanur Shivashankarappa, a prominent industrialist, along with his family members, acquired the shareholding of the Government undertakings and financial institutions, thereby becoming the majority shareholders. The management of the Company was formally taken over by the Shamanur Shivashankarappa family in 1996.

Following this transition, the Company entered a new phase of growth and development. Under the new management, DSCL undertook significant capacity expansion and diversification initiatives, including:

- Enhancement of sugarcane crushing capacity from 1,250 TCD to 4,750 TCD.
 - Commissioning of a 24.45 MW co-generation power plant; and
 - Establishment of a 65 KLPD distillery unit.
- This marked the beginning of a sustained growth trajectory for the Company under its current leadership.

The Company has an employee base of 383 employees as of May 31, 2026. For further details, refer to page 119.

Key Strengths of the Company

Fully Integrated Sugar and Ethanol Manufacturing Plant: Combines sugar and ethanol production seamlessly, utilizing sugarcane as the primary raw material for efficient and sustainable processing. This integrated approach optimizes resource utilization and enhances overall production efficiency.

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

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

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

Co-Generation of power for Existing Plants: By adopting co-generation of power, existing sugar and ethanol plants can enhance their operational efficiency, reduce their environmental footprint, and contribute to more sustainable and economically viable production processes. Promotes sustainable economy by providing employment opportunities to local community: By providing employment opportunities, promoting skill development, and engaging in community development initiatives, sugar and ethanol companies play a vital role in fostering a sustainable economy that benefits the local community and contributes to the region's social and economic growth.

EXECUTIVE SUMMARY

Name of the Company	DAVANGERE SUGAR COMPANY LIMITED
Registered Address	73/1, Post Box No.312, Shamanur Road, Davangere., Shamanur Road, Davangere, Karnataka, India 577004.
Warehouse/Factory Address	Kukkuwada, Channagiri Road, Kukkuwada Davangere, Karnataka 577525 India
Constitution	Public Limited Company, listed on BSE on the 19 th March, 2021 and NSE on 25th January, 2024.
Date of incorporation	September 28, 1970
CIN	L10721KA1970PLC001949
Business Activity	Davangere Sugar Company Limited is an integrated agro-industrial company operating across three principal business segments: Sugar, Distillery (Ethanol) and Co-Generation Power . The Company operates sugar manufacturing facilities, ethanol/distillery units and biomass-based co-generation power plants in Karnataka, enabling it to derive value across the sugarcane processing chain. Through its integrated operations, the Company manufactures sugar, ethanol and power while monetising by-products such as molasses and bagasse. With an established operating history, experienced management and a diversified revenue base, the Company is positioned to benefit from increasing demand for ethanol blending, renewable energy generation and value-added sugar industry products. Its integrated business model supports operational efficiencies, revenue diversification and long-term growth prospects.
Industry	Sugar
Size of Unit	Sugar Crushing (TCD) – 4750 TCD Ethanol Capacity KLPD – 65 KLPD Co-Generation (Power) MW – 24.45 MW Facility is located on a land area of 165 acres at Kukkuwada, 18 kms from Davangere City, Karnataka state
Board of Directors	1. Mr. Shamanur Shivashankarappa Ganesh, Managing Director 2. Mr. Abhijith Ganesh Shamanur, Executive Director 3. Ms. Swathi Shamanur, Non-Executive Director 4. Ms. Hima Bindu Sagala, Independent Director 5. Ms. Vinita Dilip Modak, Independent Director 6. Ms. Achal Kapoor, Independent Director
Proposed Project	The object of the issue is the Company's overseas business expansion in the global sugar and ethanol value chain, to be effected by way of Overseas Direct Investment of the net proceeds of the Bonds (approximately US\$79,802,325) into Aurevant Global Ltd, the Company's wholly-owned subsidiary incorporated in the United Kingdom, for the acquisition, refining, trading and development of sugar and related products outside India (directly or through one or more permitted step-down subsidiaries), in each case subject to and in compliance with the applicable External Commercial Borrowing and Overseas Investment regimes. See "Use of Proceeds".

FCCB Issue	1000 FCCB Bonds are issued at face value is USD 100,000 each aggregating to USD 100 Million. FCCB is issued at a discount of 15% and each Bond subscription amount is USD 85,000 aggregating to subscription amount of USD 85,000,000 Issue expense are estimated at USD 5,197,675 will be spent out of the subscription amount Net Proceeds USD 79,802,325 (USD 85,000,000 – USD 5,197,675)			
Cost of project	Application of Net Proceeds of the Bonds (Overseas Direct Investment)			Amount in US \$
	Overseas Direct Investment into Aurevant Global Ltd, United Kingdom			79,802,325
	Balance retained in permitted instruments pending utilisation			0.00
	Total Net Proceeds			79,802,325
Financial Highlights (Amount in US \$)	Particulars	FY 2024	FY 2025	FY 2026
	Revenue	26,747,989	25,321,248	25,471,522
	EBDITA	6,209,918	6,279,217	5,354,999
	PBT	1,733,763	1,502,182	1,160,978
	PAT	1,468,024	1,277,663	898,706
	TNW	40,785,732	40,865,642	53,332,329
	Debt Equity Ratio (In Times)	1.01	1.42	0.60
	Current Ratio (in times)	1.33	1.43	1.96

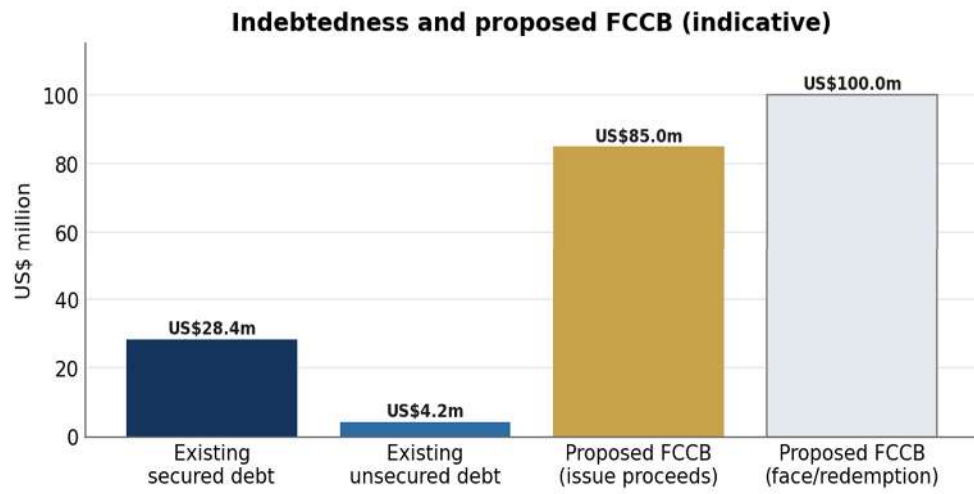
Government Approvals and Licenses

Approval/License	Reference Number
CIN	L10721KA1970PLC001949
PAN	AAACD7302D
TAN	BLRD03019C
GST Registration	29AAACD7302D1Z2
Importer - Exporter Code	0700007563
Registration Certificate of Shops and Establishment	Not Applicable

The Issuer

The Issuer is a public limited company incorporated under the laws of India and listed on the Bombay Stock Exchange and the National Stock Exchange with its registered office in Karnataka, India. The Issuer is registered with the Registrar of Companies, Karnataka, India. The said registration is for an indefinite period. The Issuer's registered address is 73/1, Shamanur Road, Post Box No. # 312, Davangere, Karnataka, India - 577004. The Company Registration Number is 001949 and the Company Identification Number is L10721KA1970PLC001949. Additional details are as follows:

Name at the time of Registration	Davangere Sugar Company Limited
Date of Incorporation	September 28, 1970
Incorporation Status	Incorporated under the Companies Act, 1956 registered with Registrar of Companies – Bengaluru, India
History of Changing name	The Company has not changed its name since incorporation
GST Reg. Number	29AAACD7302D1Z2
Permanent Account Number	AAACD7302D
Importer-Exporter Code (IEC)	0700007563
Listed at	BSE and NSE
NSE trading CODE	DAVANGERE
Number of Directors	Six (6)
Authorized Capital	INR 2,000,000,000/- (Indian Rupees Two Hundred Crores) (USD 21,014,981.00 exchange rate 95.1702 dated June 02, 2026)
Issued & Paid-up Capital	INR 1,429,990,798/- (Indian Rupees One Hundred Forty-Two Crores Ninety-Nine Lakhs Ninety Thousand Seven Hundred Ninety-Eight) (USD 15,025,615.00 exchange rate 95.1702 dated June 02, 2026)
Face Value of Each Share	INR 1/- per share
Outstanding Secured Debt (as on date 02.06.2026)	\$ 28.42 Million USD
Outstanding Unsecured Debt (as on date 02.06.2026)	\$ 4.21 Million USD



THE OFFERING

The following summary of the Offering contains basic information about the Bonds. It is not intended to be complete, and it is subject to important limitations and exceptions. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see “*Terms and Conditions of the Bonds*”.

Issuer	Davangere Sugar Company Limited is a public limited company incorporated under the provisions of the Companies Act, 1956 (now governed by the Companies Act, 2013), having its registered office at 73/1, Post Box No. 312, Shamanur Road, Davangere – 577004, Karnataka, India
Legal Entity Identifier – “LEI” Number	335800VOG4O9WKOYC634
Issue or the Offering	USD 100,000,000 @ 15% Discount with Coupon of 2% Unsecured Foreign Currency Convertible Bonds due on July 9, 2031 convertible into Shares of Rs. 1/-in the share capital of the Company.
Coupon Option Settlement	At the election of the Bondholder, any coupon payment due may, in lieu of cash settlement, be satisfied by the issuance of fully paid-up equity shares of the Company at the then-applicable conversion price determined in accordance with the FCCB Scheme 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions. Such election shall be notified to the Company in writing not less than fifteen (15) Business Days prior to the relevant coupon payment date. For the avoidance of doubt, equity shares issued in lieu of coupon shall be subject to the same lock-in, transfer restrictions, and regulatory requirements applicable to shares issued upon conversion of the Bonds.
Investment Currency	United States Dollar
Principal Placement Amount of Bonds	USD 100,000,000.00
Subscription Amount with offer of Discount	USD 85,000,000.00 Discount of USD 15,000,000 (@ 15% on USD 100,000,000)
Par Value of each Bond	USD 100,000
Proposed Bonds	1000 Foreign Currency Convertible Bonds
Issue Price	USD 85,000.00 per Bond issued at a discount of 15% of the par value of each Bond.
Discount on Principal Amount	15% discount on Principal Amount
Redemption Value	USD 100,000,000.00

Redemption Value of each Bond	USD 100,000.00
Cancellation	All Bonds which are redeemed, purchased or in respect of which conversion rights are exercised will be cancelled and may not be reissued or resold. Certificates in respect of the Bonds redeemed, converted, or purchased by the Company will be surrendered for cancellation and may not be reissued or resold.
Issue Date	July 9, 2026
Maturity Date	Unless previously redeemed, converted or purchased and cancelled as provided in the Offering Circular, the Issuer will redeem each Bond at its outstanding principal amount on July 9, 2031 (the “Maturity Date”)
Bonds Maturity Tenure	60 months
Linked instrument to the Bonds	Convertible into listed and tradeable Shares of Davangere Sugar Company Limited.
Deployment	Overseas Business Expansion – In terms of the Use of Proceeds part of this Offering Circular.
Clearance and Settlement of Bonds	The Bonds shall be settled only through ACHL by way of off-market book-entry transfers, and ACHL shall not be responsible for the clearing of such Bonds.
Depository	AFRINEX Clearing House Limited
Closed Period	Period in which conversion right may not be exercised by Bondholders as mentioned in Condition 5.1.2 of the “Terms and Condition of Bonds” Section.
Continuing Disclosures	A shareholder who holds 5 per cent or more of the total share capital of the Company is required under Indian law to make disclosures of this shareholding to the Company. The Company is obliged to comply with the ongoing disclosure requirements as set forth in the Rulebook for Admission to AFRINEX Securities List (“Rulebook”). The Company shall promptly notify AFRINEX of any such disclosures in accordance with the procedures outlined in the Rulebook.
Conversion notice	A duly completed and signed notice of conversion, in the form (for the time being) obtainable from the specified office of the Principal Paying and Conversion Agent shall be submitted by the Bondholder at the specified office of the Principal Paying and Conversion Agent.
Conversion of the Bonds	The FCCBs shall be convertible at the option of the Bondholder from July 9, 2026 up to the close of business on July 9, 2031. The conversion price per equity share shall be INR 3.60 determined with reference to the Relevant Date in accordance with applicable provisions of the Issue of Foreign Currency

	Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions ("FCCBs Guidelines") and accordingly, the regulatory floor price as determined in accordance with the FCCBs Guidelines. The conversion price represents a premium to the regulatory floor price. In case of listed companies, where the equity shares of the Company are frequently traded, the conversion price shall be not less than the average of the weekly high and low of the closing prices of the related shares during the two weeks preceding the relevant date. The "relevant date" for the purposes of this issuance means the date of the meeting in which the Board of Directors of the Company or the Committee of Directors duly authorized by the Board decides to open the proposed issue. The Relevant Date for this issuance is July 6, 2026, being the date on which the Directors decided to open the issue. If the Company is unable to convert the Bonds into Shares within 35 Business Days after receiving the Conversion Notice, provided the conversion is permitted according to the applicable laws, the Company shall have the option to pay to the relevant Bondholder an amount in cash equal to the Cash Settlement Amount (as defined in Condition 5.4.5 of the "Terms and Condition of Bonds" Section) in satisfaction of Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the "Cash Settlement Option").
Conversion Formula	Upon exercise of the conversion option, the number of equity shares to be issued to the Bondholder shall be calculated by dividing the conversion amount by the conversion price of INR 3.60 per equity share, as determined in accordance with the SEBI ICDR Regulations. Any reference to exchange rates, illustrations or numerical examples is indicative only, provided solely for explanatory purposes, and shall not be construed as fixing, implying or guaranteeing any conversion price or conversion ratio. The conversion price may be at a premium to the face value of the equity shares, as mandatorily determined under the FCCB Guidelines and SEBI ICDR Regulations and prevailing market conditions on the Relevant Date.
Share Capital	As on 02nd June, 2026, the Company's share capital account is as follows: Authorized Capital: INR 2,000,000,000/- (USD 21,014,981.00 exchange rate 95.1702 dated June 02, 2026))

	Paid up share capital: INR 1,429,990,798 (USD 15,025,615.00 exchange rate 95.1702 dated June 02, 2026)
Events of Default	For a description of certain events that will cause the Bonds to immediately become due and payable at their principal amount, see “Terms and Conditions of the Bonds — Events of Default”.
Exchange Rate on Conversion	The price at which such Bonds will be converted will be the Conversion Price in effect on such Conversion
Existing Shares	The Shares in the capital of the Company of the nominal value of Re.1/- each as at the date of this Offering Circular.
Form and Denomination of the Bonds	The Bonds will be issued in registered form in denominations of USD 100,000 each or integral multiples thereof. The Bonds will be represented by a single Global Certificate (as defined in the Conditions) which will be issued and deposited with SBM Fund Services Ltd. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form. See “Terms and Conditions of the Bonds”. The Bonds will be listed on AFRINEX.
Further Issue	The Company may from time to time, without the consent of the Bondholders, create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) and so that such further notes, bonds or debentures shall be standalone and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, subordination (if any), premium, conversion, redemption and otherwise as the Company may determine at the time of their issue.
General Market for the Shares, Listing and Share Ownership Restrictions	The Company’s issued and paid-up Shares are listed on the Indian Stock Exchanges. The Shares issued upon conversion of the Bonds will be listed on the Indian Stock Exchanges. There are restrictions on investments in Shares of Indian companies by non-residents of India. See “Foreign Investment and Exchange Controls”.
Global Certificate	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a SBM Fund Services Ltd for the Clearing Systems, payments of principal in respect of the Bonds represented by the Global Certificate will be made against presentation for endorsement and, if no further payment is to be made in respect of the Bonds, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing Systems. See “Global Certificate — Payments”.

Governing Law	The Bonds will be constituted under the Agency Agreement, which is governed by, and construed in accordance with the laws of the Mauritius.
Government Approvals	The Bonds constitute Foreign Currency Convertible Bonds and External Commercial Borrowings, and are governed by the framework prescribed by the Reserve Bank of India (the "RBI") under the Foreign Exchange Management Act, 1999 ("FEMA"), as amended from time to time. With effect from 16 February 2026, the External Commercial Borrowings provisions of the RBI Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations (FED Master Direction No. 5/2018-19 dated 26 March 2019) were deleted, and External Commercial Borrowings (including by way of Foreign Currency Convertible Bonds) are now governed by the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended by the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026. The issue of the Bonds is also subject to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, the Companies Act, 2013 and the rules framed thereunder and, in respect of the pricing of the Equity Shares to be issued upon conversion, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Subject to compliance with the conditions specified therein — including those relating to eligible borrowers and recognised lenders, minimum average maturity, permitted end-uses and reporting — Indian companies may issue Foreign Currency Convertible Bonds under the automatic route, without the prior approval of the RBI. Under the amended Regulations, the all-in-cost of the Bonds is required to be in line with prevailing market conditions; the all-in-cost ceiling and the separate cap on FCCB issue-related expenses previously prescribed under the deleted provisions no longer apply. The Company is undertaking the issue of the Bonds pursuant to, and in reliance on, the foregoing framework. The Company is undertaking this offering of the Bonds pursuant to the foregoing Government regulations.

Listing	Application shall be made to admit the Bonds to listing on the AFRINEX Securities List. The Bonds will be traded OTC/Off Market in a minimum board lot size of USD 100,000 for so long as the Bonds are listed on AFRINEX. The Company has undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing on the NSE.
Potential Bondholder/ Investor	Wave Capital Limited
RBI approval required for Early Redemption or Repurchase	The ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption or repurchase prior to the Maturity Date; such approval may or may not be forthcoming.
Representations of Bondholders	A Bondholder will be required to represent and agree on conversion that, among other things, it is not a U.S. person or located in the United States (within the meaning of Regulation S).
Requisite Approvals	No payments of principal or interest will be made prior to the Maturity Date (including on the occurrence of an Event of Default) if the requisite RBI approvals have not been obtained or any other applicable Indian laws and restrictions have not been complied with. The Company shall use its best endeavors to obtain such requisite RBI approvals or with respect to any other applicable Indian Laws that maybe necessary to make any payments of principal or interest prior to the Maturity Date.
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, European Economic Area, Hong Kong, India, Japan, United Kingdom, and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Selling Restriction”.
Share Ranking	Shares issued upon conversion of the Bonds will be fully paid and will rank pari passu, subject to listing, with the Shares in issue on the relevant Conversion Date (as defined in the Conditions). Shares issued on conversion of Bonds shall not be entitled to any rights, the record date for which preceded the relevant Conversion Date. See “Description of the Shares — Dividends” and “Terms and Conditions of the Bonds — Conversion”.
Status of the Bonds	The Bonds will constitute the Company’s direct, unconditional, unsubordinated, and unsecured obligations and will at all time rank pari passu and without any preference or priority among themselves. The Company’s payment obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated, and unsecured obligations.

Trading Day	Any day of the week during which the NSE is open for business but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) if the Shares are not listed or admitted.
Use of Proceeds	The proceeds from the issue of Bonds will be utilized to make investments/acquisitions in its overseas subsidiary, Aurevant Global Ltd, and any step-down subsidiaries, in order to support the expansion, growth, and development of business activities of the Company. For detailed disclosure in the “Use of Proceeds” section.
Registrar for the Bonds	SBM Fund Services Ltd
Principal Paying and Conversion Agent	SBM Fund Services Ltd
Foreign RTA	SBM Fund Services Ltd
Voting Rights	Bondholders shall not be entitled to exercise any voting rights at any general meeting of the Company solely by virtue of holding the Bonds. However, Bondholders may exercise voting rights at meetings of Bondholders. Upon conversion of the Bonds into equity shares, the holders shall be entitled to such voting rights as are attached to the equity shares issued on conversion.
Identification Numbers for the Bonds	MU0000000388
Identification Numbers for the Issuer (CIN)	CIN - L10721KA1970PLC001949
LRN	202606207
Rating of the Bonds	Bondholder shall have the right to require the Company to obtain a rating report from an approved rating agency.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The tables below set forth summary financial data for Davangere Sugar Company Limited as of and for the years ended March 31, 2024, 2025 and March 31, 2026 derived from the Standalone Financial Statements, which were prepared in accordance with Indian Accounting Standards (Ind AS) and are included elsewhere in this Offering Circular. The summary financial information has been derived from the audited and unaudited standalone financial statements of the Company.

Historical Financial Data (In USD)			
Profit and Loss Account Year ended March 31			
PARTICULARS	2026 (Standalone)	2025 (Standalone)	2024 (Standalone)
REVENUE			
Revenue from operations	25,225,797.95	25,114,399.17	25,975,809.50
Other income	245,723.76	206,849.19	772,179.08
Total Revenue	25,471,521.71	25,321,248.36	26,747,988.58
EXPENSES			
Cost of Materials Consumed/Operating exp	12,915,345.91	15,594,343.34	12,900,134.66
Power and fuel	1,697,413.21	1,175,461.75	2,269,124.71
Purchase of Traded Goods	3,053,987.94	0.00	0.00
Changes in inventories of finished goods, stock-in-trade and work-in-progress	-666,024.30	-1,684,106.58	1,528,977.39
Employee Benefits Expense	841,791.17	976,362.82	1,015,301.46
Finance Cost	2,748,406.32	3,121,527.48	2,865,374.29
Bank Charges	103,628.42	172,016.78	176,026.45
Depreciation and Amortization Expense	1,341,986.15	1,483,491.18	1,434,754.39
Other Expenses	2,274,009.14	2,979,969.62	2,824,532.05
Total Expenses	24,310,543.97	23,819,066.40	25,014,225.40
Profit before tax	1,160,977.74	1,502,181.96	1,733,763.18
Tax Expenses	0.00	0.00	0.00
Minimum Alternative Tax Expenses	253,019.50	262,461.23	302,888.43

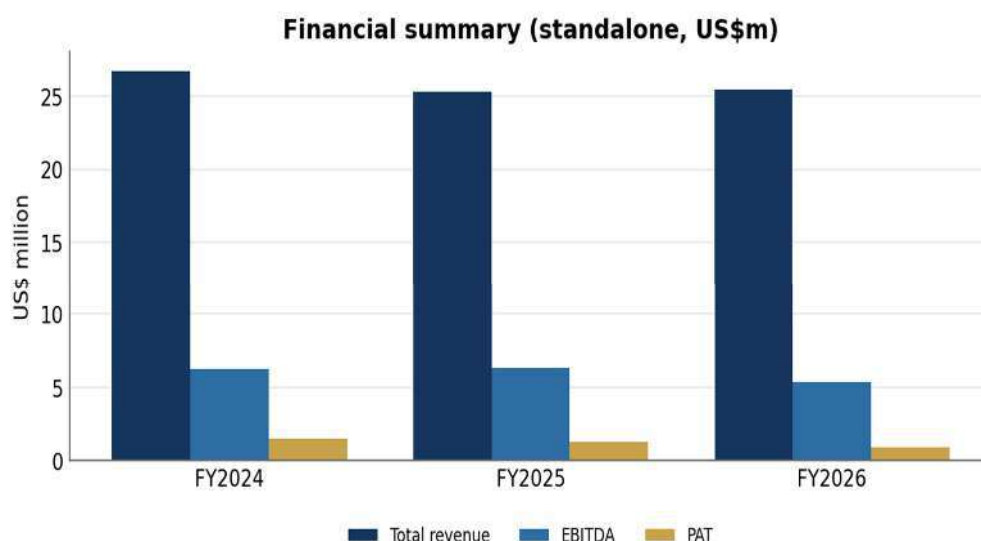
Deferred Tax	9,252.71	-37,942.47	-37,149.13
Profit/(Loss) for the year	898,705.52	1,277,663.20	1,468,023.88
Items that will not be reclassified to profit or loss	-116,282.97	-12,382.83	0.00
Total Comprehensive Income for the period	782,422.55	1,265,280.37	1,468,023.88
Earnings per Equity Share			
Basic	0.0006	0.0014	0.0156
Diluted	0.0006	0.0014	0.0156

Historical Financial Data (In USD)			
Balance Sheet at Year ended March 31			
Particulars	2026 (Standalone)	2025 (Standalone)	2024 (Standalone)
(ASSETS)			
A. Non-Current Assets			
(a) Property, Plant & Equipment	33,360,702.82	38,375,661.42	40,552,043.69
Intangible Assets	1,545.46	1,708.88	1,634.51
(b) Capital Work-in-progress	2,221,800.48	2,440,612.46	2,506,310.51
Goodwill			
(c) Financial assets(investments)	569,188.62	539,452.16	546,775.67
Deposit, Loans & advances			
(d) Deferred tax assets (Net)			
(e) Other non-current assets	2,100,147.45	2,322,224.45	2,384,735.65
Total	38,253,384.83	43,679,659.38	45,991,500.03
B. Current Assets			
(a) Inventories	22,233,772.97	16,883,812.09	14,623,226.04
Financial Assets			
(a) Trade Receivables	3,698,668.25	3,354,201.31	2,210,853.54

(b) Loans	23,795,978.31	22,433,560.42	18,539,933.91
(c) Cash and cash equivalents	693,791.21	395,086.19	410,480.15
(e) Other Current Assets			
Total	50,422,210.73	43,066,660.02	35,784,493.64
Total Assets	88,675,595.56	86,746,319.40	81,775,993.67
Equity & Liabilities			
A. EQUITY			
(a) Equity Share Capital	15,107,509.60	10,990,867.31	11,286,726.85
(b) Other Equity	38,224,819.57	29,874,775.00	29,499,004.77
(i) Reserves and Surplus			
© Share warrants			
Total Equity	53,332,329.18	40,865,642.31	40,785,731.62
B. LIABILITIES			
Non-current liabilities			
Financial liabilities:			
(a) Borrowings	3,433,134.84	5,535,011.89	8,216,423.49
(ii) Minority Interest			
Deferred tax liabilities (Net)	157,322.23	163,726.92	207,098.06
(iii) Other Long-Term Liabilities	5,700,258.97	10,017,476.83	5,627,036.17
(iv) Provisions	388,639.26	-	-
Current Liabilities			
Financial Liabilities			
(a) Trade Payables	1,659,519.59	3,288,745.36	2,619,135.77
(b) Other financial liabilities			
Borrowings	22,983,471.13	26,093,696.54	23,470,647.04
Other current liabilities	1,014,687.15	775,594.50	846,322.61
Provisions	6,233.21	6,425.05	3,598.91
Current tax liabilities			
Total Liabilities	35,343,266.38	45,880,677.09	40,990,262.05
Total equity and liabilities	88,675,595.56	86,746,319.40	81,775,993.67

Historical Financial Data (In USD)			
Cash Flow at Year ended March 31			
In USD	2026 (Standalone)	2025 (Standalone)	2024 (Standalone)
Statement of Cash Flows			
Net cash flows from operating activities	-7,473,280.44	-3,520,006.45	-2,871,500.81
Net cash flows used in investing activities	-102,828.16	-368,155.57	-2,745,826.76
Net cash flows from (used in) financing activities	5,418,875.89	897,848.66	2,297,738.08
Net change (increase/decrease) in cash and Cash Equivalents	336,478.46	-4,637.72	-151,082.37

The above-mentioned table is the Summary of Financial Data for DSCL as of and for the years ended March 31, 2024, 2025 and 2026 derived from the Standalone Financial Statements.



Further, following are the notable points in respect of the issuer Company:

1. The Company has never faced any insolvency issue since its incorporation on 28 September 1970.
2. The Company has not involved itself in any activity which could adversely affect the financials of the Company.

SIGNIFICANT ACCOUNTING POLICIES

Corporate information

Davangere Sugar Company Limited (the “Company”) is a public limited company incorporated on 28 September 1970 under the Companies Act, 1956, with its registered office at 73/1, Post Box No. 312, Shamanur Road, Davangere – 577 004, Karnataka, India. The Corporate Identity Number of the Company is L10721KA1970PLC001949, and its equity shares are listed on BSE Limited and the National Stock Exchange of India Limited. The Company operates an integrated agro-industrial facility in Karnataka and is engaged principally in the manufacture and sale of sugar, ethanol and power, together with allied by-products.

Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and the other relevant provisions of the Act. They have been prepared on a going-concern and accrual basis under the historical cost convention, except for certain financial instruments that are measured at fair value. The accounting policies have been applied consistently to all periods presented. The financial statements are presented in Indian Rupees, which is the functional and presentation currency of the Company, and all amounts are rounded to the nearest Rupee unless otherwise stated. The US Dollar amounts presented elsewhere in this Offering Circular are unaudited and are given solely for the convenience of readers, as described under “Presentation of Financial Information”.

Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Estimates and the underlying assumptions are reviewed at each reporting date, and revisions are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving significant estimation uncertainty or critical judgement include the useful lives of property, plant and equipment and of intangible assets; the recoverability of deferred tax assets; the measurement of defined benefit obligations; provisions and contingencies; and the fair valuation of financial instruments. Actual results may differ from these estimates.

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet on a current/non-current basis in accordance with Ind AS 1 and the format prescribed by Schedule III (Division II) to the Companies Act, 2013. An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised, or is intended to be sold or consumed, in the Company’s normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting date; or
- (d) it is cash or a cash equivalent, unless restricted from being exchanged or used to settle a

liability for at least twelve months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current, and deferred tax assets and liabilities are classified as non-current. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents; having regard to the seasonal nature of its sugar operations, the Company has determined twelve months as its operating cycle for the purpose of this classification.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the purchase price, non-recoverable taxes and duties and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended, including, for self-constructed assets, directly attributable labour and overheads. Subsequent expenditure is capitalised only when it is probable that future economic benefits will flow to the Company and the cost can be measured reliably, and the carrying amount of any replaced component is derecognised; all other repairs and maintenance are recognised in profit or loss as incurred. Capital work-in-progress, comprising projects under commissioning, is carried at cost, including attributable interest and incidental expenses, and is not depreciated until the asset is ready for its intended use. Depreciation is provided on the written-down value method over the useful lives of the assets prescribed in Schedule II to the Companies Act, 2013, retaining a residual value of 5%, having regard to their nature, estimated usage and operating conditions; it is charged pro rata from the date an asset is put to use and up to the date of disposal. Gains or losses arising on derecognition are recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, comprising the purchase price and any costs directly attributable to bringing the asset to its intended use, net of recoverable taxes, and are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised on a systematic basis over their estimated useful lives, which are reviewed at each reporting date, with the effect of any change accounted for prospectively as a change in accounting estimate. Gains or losses arising on derecognition are recognised in profit or loss.

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired; goodwill and intangible assets with an indefinite useful life, if any, are tested for impairment at least annually. Where such an indication exists, or where annual testing is required, the Company estimates the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, determined for the individual asset or,

where the asset does not generate largely independent cash inflows, for the cash-generating unit to which it belongs. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount and the impairment loss is recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount, and the reversal is limited so that the carrying amount does not exceed the amount that would have been determined, net of depreciation, had no impairment loss been recognised.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease — that is, whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company adopted Ind AS 116 using the modified retrospective approach.

As a lessee, the Company applies a single recognition and measurement model to all leases, other than short-term leases and leases of low-value assets, recognising a right-of-use asset and a corresponding lease liability. The right-of-use asset is initially measured at cost — comprising the initial amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, and initial direct costs — and is subsequently measured at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability; it is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The lease liability is initially measured at the present value of the lease payments not yet paid, discounted at the Company's incremental borrowing rate where the interest rate implicit in the lease is not readily determinable, and is subsequently increased by the accretion of interest, reduced by lease payments made, and remeasured on a change in the lease term, the lease payments or the assessment of a purchase option. Payments for short-term and low-value leases are recognised as an expense on a straight-line basis.

As a lessor, leases are classified at inception as finance or operating leases according to whether substantially all the risks and rewards incidental to ownership are transferred. Amounts due under finance leases are recognised as receivables at the amount of the Company's net investment in the lease, with finance income allocated so as to reflect a constant periodic rate of return. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Inventories

Inventories — comprising raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares, consumables, packing materials and goods in transit — are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition; in the case of finished goods and work-in-progress, cost also includes direct materials and labour, other direct costs and an appropriate allocation of fixed and variable production overheads based on the normal operating capacity of the Company's facilities, but excludes borrowing costs. 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. Inventories are written down to net realisable value on an item-by-item basis, and adequate provision is made for obsolete, slow-moving and defective items.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company applies the five-step model under Ind AS 115, namely: identifying the contract with the customer; identifying the separate performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognising revenue as (or when) each performance obligation is satisfied. Revenue is measured at the transaction price, net of returns, trade discounts and the taxes collected on behalf of the government. Revenue from the sale of sugar, ethanol, power and by-products is recognised at the point in time at which control transfers to the customer, which generally coincides with delivery. Interest income is recognised on a time-proportion basis using the effective interest rate, and dividend income is recognised when the Company's right to receive payment is established.

Finance costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset — being an asset that necessarily takes a substantial period of time to get ready for its intended use — are capitalised as part of the cost of that asset, using the rate on borrowings incurred specifically for the asset or, in the absence of specific borrowings, the weighted average rate applicable to the Company's general borrowings. Income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying asset is deducted from the borrowing costs eligible for capitalisation. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income taxes

Income tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or in equity. Current tax is measured at the amount expected to be paid to, or recovered from, the tax authorities using the tax rates and laws that are enacted or substantively enacted at the reporting date; current tax assets and liabilities are offset where there is a legally enforceable right of set-off and an intention to settle on a net basis. Deferred tax is recognised, using the balance-sheet approach, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each reporting date.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which the related service is rendered. Contributions to the provident fund, which is a defined contribution scheme, are recognised as an expense when employees render the related service, the Company having no obligation beyond its contributions. Gratuity is a defined benefit plan; the obligation is determined by an actuarial valuation carried out at each reporting date using the projected unit credit method. The current service cost and net interest on the net defined benefit liability are recognised in profit or loss, while remeasurements — comprising actuarial gains and losses

and the return on plan assets, excluding amounts included in net interest — are recognised in other comprehensive income in the period in which they arise and are not reclassified to profit or loss in subsequent periods.

Provisions and contingencies

A provision is recognised when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date and, where the effect of the time value of money is material, are discounted to their present value. A contingent liability is disclosed where there is a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control, or a present obligation that is not recognised because an outflow is not probable or its amount cannot be reliably estimated. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Financial instruments

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

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. They are subsequently measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, according to the Company's business model for managing the assets and the contractual cash flow characteristics of the asset. Loss allowances for expected credit losses are recognised in accordance with Ind AS 109, measured at an amount equal to lifetime expected credit losses for trade receivables. A financial asset is derecognised when the contractual rights to its cash flows expire or are transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are recognised initially at fair value, net of directly attributable transaction costs in the case of borrowings and payables, and are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under it is discharged, cancelled or expires; where an existing financial liability is replaced by another from the same lender on substantially different terms, or is substantially modified, the exchange or modification is accounted for as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date. 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. Assets and liabilities measured or disclosed at fair value are categorised within a three-level hierarchy, according to the lowest level input that is significant to the measurement as a whole: Level 1 comprises quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2 comprises

inputs, other than quoted prices, that are observable either directly or indirectly; and Level 3 comprises unobservable inputs.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share for the effects of all dilutive potential equity shares, including those arising on the assumed conversion of the Bonds.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified its Managing Director as the chief operating decision maker, being the person responsible for allocating resources to, and assessing the performance of, the operating segments. The Company's reportable segments are sugar, co-generation (power) and distillery (ethanol), and the related disclosures are set out in the notes to the financial statements.

Statement of cash flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows from operating, investing and financing activities are presented separately.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Bank balances that are earmarked, or that are held as margin money or as security against borrowings, guarantees or other commitments, are presented separately from cash and cash equivalents.

Recent accounting pronouncements

The Ministry of Corporate Affairs notifies new standards and amendments to existing standards under the Companies (Indian Accounting Standards) Rules from time to time. The Company has assessed the amendments to Ind AS that became effective for the period and applicable to it, and these have not had a material effect on its financial statements; as at the reporting date, no standards or amendments have been notified but not yet made effective that are expected to have a material impact on the Company.

RISK FACTORS

Investing in the Bonds involves substantial risks. You should consider carefully all the information in this Offering Circular and in particular, you should evaluate the specific risk factors set forth in the “Risk Factors” section in this Offering Circular before deciding on whether to invest in the Bonds.

The risks described below together with the other information contained in this Offering Circular should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the country, the industry in which the Company operates, the Company, the Bonds, or the Shares. Additional risks, not presently known to the Company or that it currently deems immaterial may also impair the Company’s business operations. The Company’s business, financial condition or results of operations could be materially adversely affected by any of these risks.

Prospective investor should pay particular attention to the fact that the Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all the information contained in this Offering Circular (including the financial statements included in this Offering Circular).

This Offering Circular also contains forward looking statements that involve risk and uncertainties. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular. See “Forward Looking Statements”.

Unless otherwise stated in the relevant risk factors set forth below, the Company is not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a better understanding, you should read this section in conjunction with the chapters titled —The Company’s Business”, “Industry” and — “Management Discussion and Analysis of Financial Condition and Results of Operations” of this Offering Circular as well as other financial information contained herein.

An investment in securities involves a high degree of risk. You should carefully consider all the information in this Offering Circular, including the risks and uncertainties described below, before making an investment in Securities. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of this offer including the merits and risks involved. Any potential investor in, and subscriber of, the Shares should also pay particular attention to the fact that the Company is governed in India by a legal and regulatory environment in which some material aspects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties the Company currently faces. Additional risks and uncertainties not known to the Company or that it currently deems immaterial may also have an adverse effect on its business. If any of the following risks, or any other risks that are not currently known or are now deemed immaterial, actually occur, the Company’s business, results of operations and financial condition could suffer, the price of its Shares could decline, and you may lose all or part of your investment. Additionally, the Company’s business operations could also be affected by additional factors that are not presently known to it or that it currently considers as immaterial to its operations.

The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively.*
- *Some events may have material impact qualitatively instead of quantitatively;*
- *Some events may not be material at present but may have material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from its restated financial statements prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. Unless otherwise stated, the Company is not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this section, refer to the chapter titled “Definitions and Abbreviation”. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

RISKS RELATED TO THE COMPANY AND ITS BUSINESS

1. The business is subject to seasonal variations that could result in fluctuations in results of operations.

The business is seasonal in nature and as a result, the operating results may fluctuate. Since the business is influenced by the availability of basic raw material, i.e. sugarcane, the production schedules are operational only according to such availability. For example, during the crushing season the majority of sugar production takes place and during the non-crushing season, it does not therefore sugar production is highly affected. Further, other seasonal factors such as irrigation, seed quality, area of sugarcane production and amount of rainfall also play a role in determining the quantity and quality of sugarcane produce. Consequently, the results of one reporting period may not be necessarily comparable with the preceding, succeeding or corresponding reporting periods. The revenues recorded during planting and harvesting seasons are typically lower or even in losses as compared to revenues recorded during the crushing season. During periods of lower sugar production, the Company continues to incur substantial operating expenses in connection with day-to-day operations, employees’ salaries, miscellaneous maintenance cost and among other things, product promotion expenses which are not reduced significantly during such periods, while the revenues remain reduced. The company has experienced, and expects to continue to experience, significant variability in total revenue, operating cash flows, operating expenses and net revenues on a seasonal basis and any adverse changes may affect business, results of operations, cash flows and financial condition.

2.

The business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect business and results of operations. The Company does not own land for growing sugarcane and relies entirely on purchasing sugarcane from independent farmers both within and outside the designated area. Since the deregulation of the sugar industry, farmers in the villages surrounding the manufacturing facility are no longer obligated to sell their sugarcane to the Company, making it essential to maintain positive relationships with them to ensure they choose to sell their produce to the Company. Additionally, the Company aims to

foster relationships with farmers in other, more distant villages to secure a sufficient supply of sugarcane during the crushing season. Farmers within the designated area are free to grow other crops instead of sugarcane, which could lead to a shortage of raw material for the Company if they choose to do so. Furthermore, if the Company faces a significant increase in demand or needs to replace the current suppliers, there is no guarantee that it will be able to meet this demand or find suitable replacements in a timely manner or at reasonable costs. Sugar production is also vulnerable to adverse weather conditions, crop diseases, and pest infestations, which can impact sugarcane yields and sucrose content. The quantity and quality of sugarcane depend on factors such as the variety of sugarcane, disease presence, weather conditions (like rainfall and temperature), and seasonal variations. Extreme weather events, such as floods or droughts, can disrupt the supply and pricing of sugarcane. There is no assurance that weather patterns, crop diseases, or the choice of sugarcane varieties will not negatively impact the sugar recovery rates. Any decrease in sugar recovery could have a significant adverse effect on the business and its financial performance.

3. *The Company has experienced insufficient capacity utilization of the manufacturing unit in the past and may experience the same in the future as well, which could have an adverse impact on business, results of operations and financial condition.*

The Company has experienced instances of insufficient capacity utilization of its manufacturing unit in the past. The details of the capacity utilization of the manufacturing unit in the preceding three years have been provided below:

	Sugar	
Financial Year	Installed Capacity	Percentage of utilization (%)
2022-2023	4,750 TCD	70.00
2023-2024		66.97
2024-2025		46.78
2025-2026		53.89

	Power	
Financial Year	Installed Capacity	Percentage of utilization (%)
2022-2023	24.45MW per day	74.50
2023-2024		50.52
2024-2025		53.26
2025-2026		58.91

	Ethanol	
Financial Year	Installed Capacity	Percentage of utilization (%)
2022-2023	65 KLPD	99.96
2023-2024		77.78
2024-2025		80.07
2025-2026		89.29

The Company cannot assure that it will not experience insufficient capacity utilization in the future or that such instances would not adversely affect business, results of operations and financial condition.

4. *The improper handling, processing or storage of raw materials or products, or spoilage of*

and damage to such raw materials and products, or any real or perceived contamination in our products, could subject the Company to regulatory and legal action, damage its reputation and have an adverse effect on business, results of operations and financial condition.

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

If the Company experiences a product recall or is a party to a product liability case, it may incur considerable expense in litigation. It cannot be assured that the Company will not experience product recalls or product liability losses in the future. Further, the Company does not have any product liability insurance cover and getting such an insurance afresh will require additional cost. Any product recall, product liability claim or adverse regulatory action may adversely affect the reputation and brand image, as well as entail significant costs in excess of available insurance coverage, which could adversely affect the reputation, business, results of operations and financial condition.

5. *The Company has no operating history outside India and limited experience of international acquisitions, commodity trading and multi-jurisdictional operations.*

The proposed strategy would extend the Company's operations into international sugar and ethanol origination, refining, storage and trading across multiple jurisdictions. The Company has not previously operated outside India and has limited experience of cross-border acquisitions, commodity trading (which is working-capital-intensive and exposes participants to price, basis, counterparty and operational risk), and the legal, tax, ESG, labour and integration requirements of the relevant jurisdictions. Execution of the strategy will depend on building substance, controls and experienced personnel in the UK Subsidiary, and any failure to do so could adversely affect the Company's results of operations and financial condition.

6. *The Company depends on a few customers of its products, for a significant portion of its revenue, and any decrease in revenues or sales from any one of its key customers may adversely affect its business and the results of operations.*

For the year ending March 31, 2026, sales from its top 10 customers accounted for 47.33% of total operating sales. In comparison, during Fiscal Year 2025, accounted for 23.76% and during Fiscal Year 2024 sales from the top 10 customers represented 28.93% of the Company's revenue from operations, respectively. Its business operations are highly dependent on its customers and the loss of any of its customers from any industry which the Company caters to may adversely affect its sales and consequently on its business and results of operations.

While the Company typically has long-term relationships with its customers, the Company has not entered into long term agreements with its customers and the success of its business is significantly dependent on it maintaining good relationships with its customers and suppliers. The actual sales by the Company may differ from the estimates of its management due to seasonal nature of business. The loss of one or more of these significant or key customers or a reduction in the amount of business the Company obtains from them could have an adverse effect on business, results of operations, financial condition and cash flows. The Company cannot assure that it will be able to maintain historic levels of business and/or negotiate and execute long-term contracts on terms that are commercially viable with its significant customers or that it will be able to significantly reduce customer concentration in the future.

Further, neither does the Company have any exclusive agents, dealers, distributors nor has it entered into any agreements with any of the market intermediaries for selling or marketing its products. If there occurs any change in the market conditions, requirements of its customers, or if the Company fail to identify and understand evolving industry trends, preferences or fail to meet its customers' demands, it might have a direct impact on its revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect its business, revenues, cash flows and operations.

7. *The Company is involved in certain legal and other proceedings. The Company cannot assure that it will be successful in any of these legal actions. Any adverse outcome in such proceedings may affect business, results of operations and financial condition.*

The Company is involved in several legal proceedings that, if determined against the Company, could have an adverse effect on its business, results of operations and financial condition. There are outstanding legal proceedings involving the Company. These proceedings are pending at different levels of adjudication before various judicial authorities, from which further liability may arise. The amounts involved in these proceedings have been summarized to the extent ascertainable and quantifiable. Decisions which are adverse to its interests in any of the aforesaid material outstanding legal proceedings or any other proceedings involving the Company may have an adverse effect on its business, results of operations and financial condition. If the tribunals or any government or statutory authorities rule against the Company, the Company may face monetary and/or reputational losses and if required, may have to make provisions in its financial statements, which could increase its expenses and its liabilities.

A summary of outstanding legal proceedings involving its Company as on the date of this Offering Circular is set forth in the table below:

Name	Proceedings involving criminal/Civil liability	Tax proceeding	Proceedings before regulatory authorities involving violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (INR In Lakhs)
By our Company	8#*	Nil	Nil	Nil	Nil	Nil	25.35
Against its Company	Nil	4	Nil	Nil	4*	Nil	381.89

- Included seven 7 cases under section 138 of Negotiable Act, 1881 and one 1 case under Motor Vehicles Act, 1988. As regards the motor vehicle claim, its Company has secured insurance policy to cover own damage and third-party liabilities under the Motor Vehicles Act, 1988, hence there is no such liability.
- To the extent quantifiable out of INR 381.89 Lacs an amount of INR 175.00 lacs is paid as advance

8. The Company's business is working capital intensive. If the Company is unable to generate sufficient cash flows to allow it to make required payments on its debt or fund working capital requirements, there may be an adverse effect on its results of operations.

The Company's business is working capital intensive including fund requirement for payment of sugarcane purchased during the crushing seasons. Hence, a major portion of its working capital is utilised towards debtors and inventory. For the year March 31, 2026, its debtors accounted for 6.94% of the total net worth and for the year March 31, 2025, its debtors accounted for 8.21% of the total net worth. In comparison, for the fiscal years ended 2024, debtors represented 5.42% of the total net worth, respectively. Similarly, its inventories for the year ended March 31 2026, stood at 41.69% of the total net worth, March 31 2025, stood at 41.31% of the total net worth, while for the fiscal years ended 2024, inventories represented 35.86% respectively. The results of operations of business are dependent on its ability to effectively manage its inventory (raw material and finished goods) and trade receivables. To effectively manage its inventory, the Company must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If the Company's

management incorrectly forecasts customer demand, it could result in either product shortages or an accumulation of excess inventory. Further, if the Company fails to sell the inventory that it manufactures or purchases, it may be required to write down the value of such inventory, pay suppliers without corresponding cash inflows from sales, or seek additional vendor financing, any of which could adversely affect its income, cash flows, and financial condition. To effectively manage its trade receivables, the Company must be able to accurately evaluate the credit worthiness of its customers and ensure that suitable terms and conditions are given to them in order to ensure its continued relationship with them. However, if the Company management fails to accurately evaluate the credit worthiness of its customers, it may lead to bad debts, delays in recoveries and/or write-offs which could lead to a liquidity crunch, thereby adversely affecting its business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance costs which will adversely impact its profitability. Its inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect its financial condition and result of its operations. In the event that the Company is not able to recover dues from trade receivables or are unable to utilise or sell its inventory, the Company may not be able to maintain its sales level which could adversely affecting its financial health. If this situation persists, the Company may not be able to pay its lenders/creditors and may be forced to go for Corporate Debt Restructuring (CDR) which may result in adversely affecting its operations and future prospects.

9. *The Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on its business, prospects, financial condition, cash flows and results of operations.*

The Company has reported net cash outflows from operating activities in Fiscal 2025 and Fiscal 2026, deteriorating materially in Fiscal 2026, despite reporting a profit after tax, and its ability to service, repay or refinance the Bonds will depend on its capacity to generate or otherwise access sufficient liquidity.

The Company reported a small net cash inflow from operating activities in Fiscal 2024 and net cash outflows in Fiscal 2025 and Fiscal 2026, notwithstanding that it reported a profit after tax in each such year. The Company's summary cash flows for the periods indicated were as follows:

Particulars in USD	March 31, 2026	March 31, 2025	March 31, 2024
Net Cash Flow from Operating Activities	-7,473,280.44	-3,520,006.45	-2,871,500.81
Net Cash Flow from Investing Activities	-102,828.16	-368,155.57	-2,745,826.76
Net Cash from Financing Activities	5,418,875.89	897,848.66	2,297,738.08
Net change (increase/ decrease) in cash and Cash Equivalents	336,478.46	-4,637.72	-151,082.37

The Company's operating cash flow was a net outflow of approximately USD 2.87 million in Fiscal 2024 and a net outflow of approximately USD 3.52 million in Fiscal 2025, before turning materially negative in Fiscal 2026 with a net outflow of approximately USD 7.47 million, reflecting a deteriorating operating cash flow profile over the period. These outflows arose

principally because the Company's positive operating profit before working-capital changes was more than absorbed by increases in working capital — in particular the build-up of inventories (including raw materials, finished sugar held pending sale under the regulated stock-release mechanism, and the new traded-goods inventory) and increases in trade receivables and in loans and advances. The divergence between the Company's reported accounting profits and its operating cash flows reflects the working-capital-intensive and seasonal nature of the Company's business, and means that reported profitability is not, by itself, an indicator of the Company's cash-generating capacity.

Because the Company's operations have not been self-funding during the Track Record Period, the Company has relied on external sources of financing — bank borrowings, unsecured loans from directors and related parties and, in FY2026, an issue of equity shares — to fund the shortfall between its operating cash requirements and its operating cash generation. There can be no assurance that the working-capital build-up will reverse, that the Company will return to or sustain positive operating cash flow, or that external financing will continue to be available to the Company on acceptable terms, or at all. A continuation or worsening of negative operating cash flows, combined with any constraint on the Company's access to financing (including any failure to renew or roll over its working-capital facilities), could materially and adversely affect the Company's liquidity, financial condition and results of operations.

The Company's ability to pay interest on, and to repay or refinance, its indebtedness, and to meet its obligations under the Bonds — including the redemption of the Bonds at their aggregate principal amount of USD 100 million at maturity (to the extent the Bonds are not converted into Equity Shares) — will depend principally on its ability to generate operating cash flows and to access adequate alternative sources of liquidity at the relevant time. Given the Company's recent and increasing operating cash outflows in Fiscal 2025 and Fiscal 2026, there is a risk that the Company may not generate sufficient cash from operations, or have sufficient access to other sources of liquidity, to service its indebtedness or to redeem the Bonds at maturity. Any such shortfall could result in an event of default under the Bonds or the Company's other financing arrangements, and Bondholders could lose all or part of their investment. For a further discussion of the Company's cash flows, working capital and liquidity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

10. *There have been instances of delayed filing of statutory forms with the Registrar of Companies, and the Company is unable to locate certain of its older regulatory and secretarial records, which could expose the Company to penalties and other consequences.*

In the past, there have been certain instances of delay by the Company in filing statutory forms with the Registrar of Companies (the "RoC") within the timelines prescribed under the Companies Act, 1956 and the Companies Act, 2013. In each such case, the relevant form was subsequently filed together with payment of the additional fee specified by the RoC. As at the date of this Offering Circular, the Company has not received any show-cause notice in respect of these delayed filings and, save as disclosed in this Offering Circular, no penalty or fine has been imposed on the Company by any regulatory authority in respect of the same. There can, however, be no assurance that the relevant authorities will not, in the future, take a different view, issue notices, or impose penalties, fines or other sanctions in respect of these past delays. In addition, the Company has been unable to locate certain of the regulatory filings made with the RoC and/or its secretarial records relating to the period prior to 2006, including certain of the forms filed in connection with the incorporation of the Company. While the Company believes that it was duly incorporated and has otherwise complied in all material respects with applicable corporate filing requirements, the absence of these historical records may make it more difficult for the Company to demonstrate past compliance, to respond to any regulatory enquiry, or to satisfy diligence or evidentiary requirements, and the Company may be required to expend time and resources to reconstruct or otherwise address these records.

Any failure by the Company to make statutory filings on a timely and accurate basis in the future, the imposition of penalties, fines or other sanctions in respect of past or future delayed or erroneous filings, or any inability to produce historical corporate records, could result in regulatory action against the Company or its directors and officers, additional costs and management attention, and could have an adverse effect on the Company's reputation, results of operations and financial condition.

11. ***Bagasse, which is derived from sugarcane, and other biomass-based fuels are the basic raw materials for its co-generation business. Any constraint in the availability or fluctuations in the price of sugarcane may affect the current or future capacity utilisation of the co-generation plant.***

Bagasse and other biomass-based products such as rice husk, cane trash, mustard stalk/husk woodchips, are raw materials for the co-generation business. Availability of the primary fuel, Bagasse, is dependent on the supply of sugarcane. Further, these raw materials are also used in some industries such as paper and paperboard. The availability of Bagasse and other biomass based raw materials for co-generation is subject to changes in the consumption patterns and other market forces in such other industries. Additionally, other industries may offer higher prices which may divert the supply of externally sourced raw material, which may in turn adversely affect the availability or pricing of these raw materials could impact its co-generation business and its profitability. Any constraint in the availability of sugarcane may affect the availability of Bagasse and consequently, the business of its co-generation plant.

12. ***The Company's entire business operations are based out of a single manufacturing unit at Karnataka. Further, its manufacturing unit, warehouses, godowns and all its facilities are currently located in one geographical area. The loss of, or shutdown of, its operations at this manufacturing unit or any disruption in the operation of its warehouses will adversely affect business, financial condition and results of operations.***

The Company's manufacturing unit and all other facilities are based out of a single premise located in Karnataka. Accordingly, the Company relies exclusively on its facilities at this manufacturing unit to earn revenues, pay its operating expenses and service its debt obligations. Any significant interruption or loss or shutdown of operations at its manufacturing unit at Karnataka would adversely affect its business. Its business activities may be subject to unexpected interruptions, including natural or man-made disasters. Its facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, of the Company supply or processes, performance below expected levels of output or efficiency, obsolescence, disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities.

Furthermore, any significant interruption to its operations, directly or indirectly, as a result of any industrial accidents, or other natural disasters could materially and severely affect business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation, terrorist attacks, etc. affect its related infrastructure, or if the Government of India temporarily takes over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity could substantially increase its manufacturing costs. Any disruption of its existing supply of infrastructure services such as water or if the Company fails to obtain additional supplies as required or an increase in the cost of supplies may result in additional costs to the Company. In such situations, its production capacity may be materially and adversely impacted. In the event its facilities are forced to shut down for a significant period of time, its earnings, financial condition and results of operation would be materially and adversely affected.

13. *Inability to set/control the cost of sugarcane or the selling price of sugar may impact its profitability.*

The profitability of the Company depends significantly on the cost of sugarcane and the selling price of sugar. The Company is neither able to set the cost of sugarcane nor the selling price for its sugar. The price that the Company pays for sugarcane is determined by the Government of India and/or the State Government of Karnataka, where its manufacturing unit is located and the Company may be adversely affected by rising sugarcane prices, particularly in the event of a decrease in the price of sugar. The Company purchases all of the sugarcane that it uses in its production of sugar from independent sugarcane farmers. The Government of India and/or the State Government of Karnataka annually declares the sugarcane procurement price. The procurement price is a minimum price the Company must pay to sugarcane farmers for sugarcane. The determination of the procurement price is not related to the prevailing market price of sugar and is only loosely related to the quality of sugarcane. Rising procurement price, particularly if sugar prices remain stable or decrease during the same period, may adversely affect its results of operations and financial condition.

The Company operates in the sugar industry where the market price for its products is cyclical, while the price at which the Company procures its raw materials is regulated. These pricing conditions cause its margins to fluctuate and may affect its financial condition, cash flows and results of operation. The sugar industry has historically been cyclical and sensitive to changes in supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, which is followed by periods of excess production that result in oversupply, causing declines in sugar prices and industry profit margins. Fluctuations in demand and supply and as a result, the price of its products, occur for various reasons, including:

- Changes in the availability and price of its primary raw material, sugarcane;
- Variances in the production capacities of its competitors; and
- The availability of substitutes for the sugar products that the Company produces.

Stronger demand may result in higher prices for sugar. Profitable sugar manufacturers may make prompt payments to farmers who may in turn switch to cultivating sugarcane rather than other crops which have become relatively less profitable. An increase in sugarcane cultivation may lead to an increase in sugar production and a subsequent reduction in sugar prices, which may materially and adversely affect the Company's results of operation and its financial condition.

14. *The Company has not entered into any long-term contracts with any of its customers for sale of sugar and it typically operates on the basis of orders. Inability to maintain regular order flow would adversely impact its revenues and profitability.*

The Company has had long standing business relationships with various sugar customers and has been supplying its product to such customers for several years. The Company has not entered into any contracts with these customers and caters to them on an order-by-order basis. As a result, customers can terminate their relationships with the Company without any notice and without consequence, which could materially and adversely impact its business. Consequently, its revenue may be subject to variability because of fluctuations in demand for its manufactured sugar product. The Company's customers have no obligation to place orders with it and may either cancel, reduce or delay orders. The orders placed by its customers are dependent on factors such as customer satisfaction with the quality of sugar that the Company provides. Although the Company places a strong emphasis on quality and timely delivery of its

product, in the absence of contracts, any sudden change in the buying pattern of buyers could adversely affect the business and the profitability of the Company.

- 15. *The Company is susceptible to product liability claims that may not be covered by insurance and may subject it to substantial expenditure thereby adversely affecting its reputation and if the claim is successful, could require the Company to pay substantial amounts.***

The Company faces the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. The Company may be subject to claims resulting from its manufacturing defects or negligence in storage, packaging or handling which may lead to the deterioration of its products. Even unsuccessful product liability claims would likely require us to incur substantial expenses on litigation, divert management's time, adversely affect its goodwill and impair the marketability of its products.

The Company is liable for the quality of the products it manufactures, for the duration of their shelf life. Disputes over non-conformity of the products with prescribed quality standards or specifications including storage specifications are generally referred to independent testing laboratories. If any independent laboratory confirms that the products do not conform to the prescribed or agreed standards and specifications, the Company may be required to bear the expenses of replacing and testing such products, which could adversely affect its business, results of operations, cash flows and financial condition. Any proved defect in its products could also result in withdrawal of its license for manufacturing, storing and selling the products. Further, its business is dependent on the trust customers have in the quality of its products. Any negative publicity regarding the Company, brand, or products or mishaps resulting from the use of its products, or any other unforeseen events could affect its reputation and its results from operations. Further, the Company does not have any insurance coverage for product liability and if the Company is to take the same, it may result in additional expenses. From time to time, the sugar industry has experienced difficulty in obtaining desired product liability insurance coverage. If any product liability claim is not covered by insurance, it could adversely affect the Company's business, financial condition, results of operations and cash flows.

- 16. *While the Company takes adequate care and follows all relevant safety measures, there is a risk of fire and other accidents at its manufacturing unit. Any accidents are likely to result in loss of property and/or disruption in the manufacturing processes which may have a material adverse effect on the Company's results of operations, cash flows and financial condition.***

Due to the inflammable nature of raw materials and finished products manufactured by the Company, it might be exposed to fires or other industrial accidents. While the Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to its and third-party property or cause environmental damage. If any industrial accident, loss of human life or environmental damage occurs, the Company could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting its reputation, any such accidents, may result in a loss of property of the Company and/or disruption in its manufacturing operations entirely, which may have a material adverse effect on its results of operations and financial condition. In addition to the loss, as a result of such fire or industrial accident, any shutdown of any of the manufacturing unit may result in the Company being unable to meet with its commitments, which will have an adverse effect on business, results of operation and financial condition.

Further, any fire or industrial accident, any shutdown of its manufacturing unit or any environmental damages will increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of its operations. The Company cannot assure that despite its best efforts it will not face similar situations at its manufacturing unit which may result in significant loss to it and/or a disruption of its manufacturing operations. The loss incurred by the Company, though adequately insured, may or may not be recoverable through the insurance maintained. Such loss and/or disruption of its manufacturing operations may have a material adverse effect on its operations, cash flows and financial condition.

- 17. *Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of the Company's profits, thereby affecting its operation and financial condition. The Company requires significant amount of working capital for a continuing growth. Further, its inability to meet its working capital requirements may adversely affect its results of operations.***

Its financial performance and position are influenced by the creditworthiness of its customers. Under its business model, the Company supplies products directly to customers without requiring advance payments or security deposits for orders placed. As a result, delays in customer payments may require it to make additional working capital investments. The Company cannot guarantee that payments from all or any of its customers will be received on time, or at all. If a customer defaults on a payment for an order on which the Company has invested substantial amount, or if an order is delayed, canceled, or not completed, it could have a material adverse impact on its financial results and overall financial health.

For the years ended March 31, 2026, 2025 and 2024, the Company's trade receivables were INR 3,500.95 lakhs, INR 2,882.31 lakhs and INR 1,843.00 lakhs, respectively. The Company cannot guarantee the timely receipt of all customer payments. Financial difficulties affecting its customers, weaker business performance or a broader economic downturn could impair its customers' ability to meet their payment obligations and, in turn, could require additional working-capital investment and adversely affect the Company's cash flows, results of operations and financial condition.

- 18. *The Company requires various regulatory approvals and licenses for the purpose of its business. Its inability to obtain such regulatory approvals and licenses for the purpose of its business in a timely manner or at all, or to comply with the terms and conditions of existing regulatory approvals and licenses may have a material adverse effect on the continuity of its business and may impede effective operations in the future.***

The Company's business operations require it to obtain and renew, from time to time, certain approvals, licenses, registrations and permits under central, state and local government rules in India, generally for carrying out its business and for its manufacturing facilities. A majority of these approvals are granted for a limited duration. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and its ability to make corresponding adjustments, may adversely affect its business, results of operations and financial conditions. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on its business, financial condition, cash flows and results of operations.

The approvals required by the Company are subject to numerous conditions and the Company cannot assure that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory

action. If there is any failure by the Company to comply with the applicable regulations or if the regulations governing its business are amended, the Company may incur increased costs, be subject to penalties, have its approvals and permits revoked or suffer a disruption in its operations, any of which could adversely affect its business. In case the Company fails to comply with these requirements, or a regulator alleges that the Company has not complied with these requirements, the Company may be subject to penalties and compounding proceedings.

19. *The Company may not be able to protect its intellectual property.*

The Company's current name and logo is not owned or registered as a trade name or trademark under the provisions of the Trademarks Act, 1999 and therefore may be subject to counterfeiting or imitation which would adversely impact its reputation and lead to loss of customer confidence, reduced sales and higher administrative costs. Further, the Company does not enjoy the statutory protection according to a registered trademark. There can be no assurance that the Company will be able to register the trademark and the logo or that, third parties will not infringe its intellectual property, causing damage to its business prospects, reputation and goodwill. If any of its unregistered trademarks or proprietary rights are registered by a third party, the Company may not be able to make use of such trademark or proprietary rights in connection with its business and consequently, the Company may be unable to capitalize on the brand recognition associated with it. The Company can neither assure that it will be successful in such a challenge nor guarantee that eventually its name and logo will be registered in its name under the provisions of the Trademarks Act, 1999. As a result, the Company may not be able to prevent acts of counterfeiting or imitation of its name and logo and a passing off action may not provide sufficient protection until such time that registration is granted. The Company may be unable to prevent third parties for infringing or wrongly using its trademarks, logo, patents thereby causing damage to its business prospects, reputation and goodwill.

20. *The Company's inability to receive or renew the necessary licenses, approvals and registrations in a timely manner or at all may lead to interruption of its operations.*

The Company requires certain statutory and regulatory approvals, licenses, registrations and permissions to operate its manufacturing unit, some of which have been granted for a fixed period of time and need to be renewed from time to time. The Company cannot assure that in the near future there will not be any legal actions taken against it for the same.

Further, its licenses and approvals are subject to several conditions, and the Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of the Company's operations and may adversely affect its business.

21. *The Company does not own the premises in which its registered office and corporate office are located and the same are on lease arrangement. Any termination of such lease and/or non-renewal thereof and attachment by property owner could adversely affect its operations.*

As on the date, the Company's Registered Office has been taken on lease basis from Ganesh Shivashankarappa Shamanur, one of its Promoter and Director ("**Lessor**"). Before formal lease agreements, the Company was established and had been using the property as its Registered Office solely on the basis of a no-objection letter and mutual consent given by Ganesh Shivashankarappa Shamanur. Thereafter, to formalize this arrangement, appropriate lease

agreement was executed on June 24, 2025 for the Registered Office. Therefore, unless the lease agreement is renewed by the Company, upon termination of the lease, the Company is required to return these premises to the Lessor. Therefore, there can be no assurance that the term of the agreement will be renewed by the Company on commercially acceptable terms and in the event the Lessor terminates or does not renew the agreement, the Company is required to vacate the said premises where operational activities are carried out.

Additionally, its Corporate Office is currently occupied without a formal lease agreement or other documented agreement with the joint owners of the property Mr. S S Bakkesh, Mr. Ganesh Shivashankarappa Shamanur and Mr. S S Mallikarjun. Consequently, the Company does not have any enforceable rights to occupy and continue using these premises. While there has been no conflict of interest in the past, the Company cannot assure that there would not be any conflict of the interest in the future, in case the owners of the said property require the said property for its own use, the Company will have to vacate the said premises and find out new premises. This situation could disrupt its business operations, adversely affect employee productivity, and result in additional costs relating to relocation, securing new premises, or legal disputes.

- 22. *The Company is dependent on third party transportation providers for delivery of raw materials from its suppliers and delivery of its products to customers. The Company has not entered into any formal contracts with its transport providers and any failure on part of such service providers to meet their obligations may adversely affect business, financial condition and results of operation.***

To ensure smooth functioning of its manufacturing operations, the Company needs to maintain continuous supply and transportation of the raw materials required from the supplier to its manufacturing unit or warehouses and transportation of its products from its unit or warehouses to its customers, which may be subject to various uncertainties and risks. The Company is significantly dependent on third party transportation providers for the delivery of raw materials and delivery of its products to customers. Uncertainties and risks such as transportation strikes or delay in supply of raw materials and products is likely to have an adverse effect on its supplies and deliveries to and from its customers and suppliers. Additionally, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. A failure to maintain a continuous supply of raw materials or to deliver its products to its customers in a timely, efficient and reliable manner may adversely affect its business, results of operations and financial condition.

Further, the Company has not entered into any long-term agreements with its transporters for its manufacturing units and the costs of transportation are generally based on mutual terms and the prevailing market price. In the absence of such agreements, the Company cannot assure that the transport agencies would fulfill their obligations or would not commit a breach of the understanding. In the event that the finished goods or raw materials suffer damage or are lost during transit, the Company may not be able to prosecute the agencies due to lack of formal agreements. Further, the transport agencies are not contractually bound to deal with the Company exclusively so it may face the risk of its competitors offering better terms or prices, which may cause them to cater to its competitors alongside the Company or on a priority basis, which might adversely affect its business, results of operations and financial condition.

- 23. *The Company faces significant competition in its business from Indian sugar manufacturers, which may adversely affect its profitability.***

The sugar industry is highly competitive. Domestically, the Company competes with numerous small to medium size producers. Despite increased consolidation, the Indian sugar industry

remains highly fragmented. Its major competitors in India are sugar mills based in the southern Indian state of Karnataka and nearby states. Further, excess sugar stocks may be dumped by competitors from other states into the northern India region markets, leading to excess supply and price drop. The Company also faces substantial competition from potential competitors who may seek to manufacture the same or similar products in the particular area or competitors who are already manufacturing, distributing and selling products which the Company deals in. Additionally, the Company competes with existing sugar manufacturing unit on the basis of portfolio of its by-product offerings, product traits, including quality consistency. Some of its competitors may be large multinational companies that have significantly greater resources and access than those available to it. If the Company is unable to compete effectively, including in terms of pricing or providing quality products, its market share may decline, which could have a material adverse effect on its results of operations and cash flows.

24. *The Company's Promoters, Directors and Key Managerial Personnel have interests in the Company other than reimbursement of expenses incurred or normal remuneration or benefits.*

The Promoters, Directors and Key Managerial Personnel of the Company may be deemed to be interested in the Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in its Company. They may also be interested to the extent of any transaction entered into by the Company with any other company or firm in which they are directors or partners.

There can be no assurance that the Promoters, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of the Company. The Promoters and members of the Promoter Group will continue to exercise significant control over the Company, including being able to control the composition of its Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and its other shareholders may be unable to affect the outcome of such voting. The Directors and its Key Management Personnel may take or block actions with respect to the Company's business, which may conflict with the best interests of the Company or that of minority shareholders.

25. *As the securities of the Company are listed on a stock exchange in India, the Company and its Promoters are subject to certain obligations and reporting requirements under SEBI Insider Trading Regulations, SEBI Takeover Regulations and SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements in the future may render the Company/its Promoters liable to prosecution and/or penalties.*

The Company and its Promoters are subject to certain obligations and reporting requirements under SEBI Insider Trading Regulations, SEBI Takeover Regulations and SEBI ICDR Regulations such as submission of interest or holding by the directors and officers of the Company, etc. Though the Company and its Promoters endeavor to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render the Company/its Promoters to prosecution and/or penalties. There have been few instances in the past three preceding financials years when the Company was found in non-compliance with certain corporate governance norms provided under Regulation 23(9) and Regulation 13(3) of the SEBI Listing Regulations. As the Company had not paid the fine within due time, consequently the demat accounts of all its Promoters' and entities as mentioned in the Shareholding pattern by the Company had been frozen for the aforesaid non-compliances. Further, in one of the cases due to late payment of the fine levied by BSE, the demat accounts of some of its Promoters had been frozen, however the post the payment of

finances, all the frozen demat accounts of Promoters of the Company have been unfrozen which were frozen by the Depositories. Accordingly, as on date, the Company is in compliance with SEBI Listing Regulations. Any non-compliance with the applicable laws, rules and regulations in the future may subject it to regulatory action, including penalties, suspension of trading of Equity Shares or even compulsory delisting of its Equity Shares, which may not only materially and adversely affect its business, prospects and reputation but also the shareholder.

26. *The Company has certain contingent liabilities, and its financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.*

Its contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to its Audited Financial Information for the financial years 2026, 2025 & 2024 are as follows: amount in USD

Particulars in USD	As of 31-03-2026	As of 31-03-2025	As of 31-03-2024
i) Contingent liabilities:			
a) The Company has given corporate guarantee on Harvesting and Transportation loan against the loan to farmer contractors	2,641,190.10	3,621,393.79	4,558,623.29
b) GST/Customs/Service Tax/ Income Tax demands against which the Company has filed appeals	403,457.63	542,087.60	487,160.87

Furthermore, there can be no assurance that the Company will not incur similar or increased levels of contingent liabilities in the future.

27. *The Company has, in the past, entered into related party transactions and it may continue to do so in the future.*

As of March 31, 2026, the Company has entered into several related party transactions with its Promoters, individuals and entities forming a part of its promoter group relating to its operations. In addition, the Company has in the past also entered into transactions with other related parties.

While the Company believes that all its related party transactions have been conducted on an arm's length basis, it cannot assure that it may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on its business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, its business and growth prospects may decline if the it cannot benefit from its relationships with them in the future.

28. *The agreements executed by the Company with lenders for financial arrangements contain restrictive covenants for certain activities and if the Company is unable to get their approval, it might restrict its scope of activities and impede its growth plans.*

The Company has entered into agreements for its borrowings with certain lenders. These borrowings include secured fund based and non-fund-based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of its business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans availed from Promoters and third parties, undertake guarantee obligations on behalf of any other borrowed by the Company, which require the Company to obtain prior approval of the lenders for any of the above activities. The Company cannot assure that its lenders will provide it with these approvals in the future. Further, some of the financing arrangements include covenants which mandates the Company to maintain total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. This might have an adverse effect on its cash flows, business, results of operations and financial condition.

29. *The Company has availed certain unsecured loans from Promoters, which are recallable in nature.*

As on June 2nd, 2026 the Company has outstanding unsecured loans aggregating to INR 3,886.35 lacs, which have been extended by one of its Promoters, Ganesh Shivashankarappa Shamanur and from Abhijit Ganesh Shamanur INR 125.35 Lacs, which may be recalled at any time. The Company cannot assure that its Promoter will not demand repayment of unsecured loans extended to it. In the event its Promoter seeks a repayment of the unsecured loans, the Company would need to find alternative sources of financing which may not be available on commercially reasonable terms, or at all. If the Company is unable to arrange for any such financing arrangements, it may not have adequate working capital to carry out the operations or complete its ongoing operations. Therefore, any such demand may adversely affect its business, financial condition and results of operations.

30. *The Company's success largely depends upon the knowledge and experience of its Promoters, Directors and its Key Managerial Personnel. Loss of any of its directors and key managerial personnel or its ability to attract and retain them could adversely affect its business, operations and financial condition.*

The growth and success of the Company's future significantly depend upon the experience and continued services and the management skills of its Promoters, Key Managerial Personnel and the guidance of its Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. The Company believes that the expertise, experience and continued efforts of its Key Managerial Personnel and their inputs are valuable to for the operations of the Company. Its future success and growth depend largely on its ability to attract, motivate and retain the continued service of its highly skilled management personnel. The Company has never faced with a challenge of high rate of attrition of its Key Management Personnel in the past. The Company cannot assure that it will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those Key Managerial Personnel who leave. In the event the Company is unable to motivate and retain its key managerial personnel and thereby loses the services of its highly skilled Key Managerial Personnel, it may adversely affect the operations, financial condition and profitability of the Company and thereby hamper and adversely affect its ability to expand its business.

31. *The Company is subject to foreign exchange control regulations which can pose a risk of currency fluctuations.*

The Company is involved in various business transactions with international clients and has to conduct the same in accordance with the rules and regulations prescribed under FEMA. Due to non-receipt of such payments in a timely manner, the Company may fail to adhere to the prescribed timelines and may be required to pay a penalty to the appropriate authority or department to regularize the payment. Its international operations (export sales) make it susceptible to the risk of currency fluctuations, which may directly affect its operating results. In case the Company is unable to adhere to the timelines prescribed under the applicable laws or is unable to mitigate the risk of currency fluctuation, it may adversely affect its business, results of operations, financial conditions and cash flows.

32. *Bondholders will have no rights as shareholders until they acquire Equity Shares upon conversion of the Bonds.*

Unless and until the Bondholders acquire Equity Shares upon conversion of the Bonds, the Bondholders will have no rights with respect to Equity Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to Equity Shares. Bondholders who acquire Equity Shares upon the exercise of a Conversion Right will be entitled to exercise the rights of Shareholders only in respect of actions for which the applicable record date occurs after the Conversion Date.

33. *Rights to receive payment on the Bonds are subordinated to the Company's secured indebtedness and structurally subordinated to the indebtedness and liabilities of the Company's subsidiary.*

The Bonds will be effectively subordinated to any of the Company's secured obligations with respect to the assets that secure such obligations. The terms of the Bonds do not prevent the Company from incurring additional debt.

RISK RELATING TO INDIA

1. *Any slowdown in economic growth in India, or adverse global economic or geopolitical developments, could materially and adversely affect the Company's business, financial condition and results of operations.*

The Company's business and financial performance are significantly influenced by macroeconomic conditions in India. Over the past decade, the structure of the Indian economy has evolved, with increased integration into global trade flows, greater reliance on external capital and heightened sensitivity to global economic and financial developments. As a result, any slowdown in the growth of the Indian economy could materially and adversely affect demand for the Company's products and services, its operating performance and its financial condition.

India's economic growth may be adversely affected by a variety of factors, including increases in interest rates, fluctuations in currency exchange rates, inflationary pressures, volatility in global commodity prices, changes in electricity and energy costs, adverse conditions in key sectors such as housing, infrastructure or tourism, or shifts in fiscal and monetary policy. Any deterioration in domestic economic conditions could reduce consumer spending and business investment, increase input and financing costs and negatively affect the Company's margins and profitability.

In addition, economic conditions outside India may have a significant impact on the Indian economy. Slowdowns in major global economies, including the United States, Europe, China or other emerging market countries, as well as global financial instability, geopolitical tensions,

armed conflicts or trade disruptions, may adversely affect capital flows, investor sentiment, export demand and overall economic activity in India. Government policies in India may also change in response to domestic or international economic developments, which could affect the regulatory and operating environment in which the Company operates.

The Indian financial markets are closely linked to global financial markets and are influenced by worldwide economic, political and market conditions. Any loss of investor confidence in global or emerging market financial systems could lead to increased volatility in Indian equity and debt markets, reduced liquidity and higher risk premiums. Such volatility could adversely affect the Company's access to capital, cost of financing and market valuation.

Any sustained slowdown in the Indian economy, heightened global economic uncertainty or adverse geopolitical developments could materially and adversely affect the Company's business operations, financial condition, cash flows and results of operations, and could negatively impact the trading price of the Equity Shares and the value of the Bonds.

2. *A slowdown in domestic economic growth in India could adversely affect the Company's business, financial condition and results of operations.*

The Company's operations, revenues and profitability are significantly dependent on domestic economic conditions in India. The Indian economy has undergone structural changes over the past decade, including increased reliance on domestic consumption, credit availability and sectoral growth across housing, infrastructure, tourism, manufacturing and services. Any slowdown in India's economic growth could reduce consumer spending, weaken business confidence and adversely affect demand for the Company's products and services.

India's economic performance may be negatively impacted by domestic factors such as a general rise in interest rates, tightening of credit conditions, inflationary pressures, volatility in commodity prices, increases in electricity and energy costs, or adverse developments in key sectors including housing, tourism, infrastructure and manufacturing. Higher interest rates or reduced access to financing may constrain consumer and business spending, increase the Company's financing costs and adversely affect working capital cycles.

In addition, changes in fiscal, monetary or regulatory policies adopted by the Government of India or the Reserve Bank of India in response to domestic economic conditions may affect the operating environment in which the Company operates. Such policy changes could influence taxation, borrowing costs, liquidity conditions, consumer sentiment and overall economic activity, thereby impacting the Company's margins and growth prospects.

A sustained domestic economic slowdown could also lead to increased price sensitivity among customers, intensify competitive pressures and limit the Company's ability to pass on higher input or operating costs. Reduced economic activity may adversely affect inventory turnover, receivables collection and overall cash flow generation.

Any prolonged or significant slowdown in India's domestic economy could materially and adversely affect the Company's business operations, financial condition, cash flows and results of operations, and could negatively impact the trading price of the Equity Shares and the value of the Bonds.

3. *The Indian securities markets are more volatile than certain other securities markets, which may adversely affect the market price and liquidity of the Company's Equity Shares and the value of the Bonds.*

The Indian securities markets have historically exhibited higher levels of volatility than the securities markets of certain countries that are members of the Organization for Economic Co-operation and Development. The Indian stock exchanges have experienced, both recently and in the past, significant fluctuations in the prices and trading volumes of listed securities, which may not be directly related to the operating performance or financial condition of the relevant issuers.

Such volatility may be caused by a variety of factors, including changes in domestic or global economic conditions, fluctuations in interest rates or foreign exchange rates, changes in government or regulatory policies, geopolitical developments, shifts in investor sentiment and speculative trading activity. As a result, the market price of the Company's Equity Shares and the Bonds may be subject to significant fluctuations over short periods of time.

In addition, the Indian stock exchanges have, from time to time, experienced operational and systemic issues, including temporary exchange closures, broker defaults, settlement delays and industrial actions by market intermediaries. If such problems were to recur or persist, they could adversely affect the orderly functioning of the securities markets and negatively impact the market price and liquidity of securities of Indian companies, including this, Company.

The governing bodies of the Indian stock exchanges and regulatory authorities have also, from time to time, imposed restrictions on trading in certain securities, including price bands, trading halts, margin requirements and other regulatory measures. Such restrictions may limit investors' ability to buy or sell securities at desired prices or volumes and could contribute to increased volatility or reduced liquidity. Furthermore, disputes or disagreements between listed companies, stock exchanges and regulatory authorities have occurred in the past and, in certain cases, have negatively affected market sentiment.

Any suspension of trading, closure of, or disruption to operations on the National Stock Exchange of India Limited or any other Indian securities exchange could materially and adversely affect the market price, trading volume and liquidity of the Company's Equity Shares and the Bonds. Reduced liquidity or increased volatility may also limit investors' ability to realise the value of their investments at favourable prices.

Any of the foregoing factors could materially and adversely affect investor confidence, the market valuation of the Company's securities and the ability of investors to trade the Equity Shares and the Bonds.

4. *Financial instability or adverse economic developments in other countries, particularly in emerging markets, could disrupt Indian financial markets, adversely affect the Company's business and cause a decline in the trading price of the Equity Shares and the value of the Bonds.*

The Company's business and the Indian financial markets are significantly influenced by global economic, financial and market conditions. Increased integration of the Indian economy with global trade and capital markets has heightened its exposure to external economic developments. As a result, financial instability, economic downturns or market disruptions in other countries, particularly in emerging market economies, may have a material adverse impact on the Indian economy and capital markets.

Adverse developments in major global economies, including the United States of America, Europe or China, such as economic slowdowns, banking or financial sector stress, sovereign debt concerns, monetary policy tightening, geopolitical tensions or armed conflicts, may negatively affect global investor sentiment, capital flows and risk appetite. Such developments

could lead to capital outflows from India, increased volatility in Indian equity and debt markets, currency fluctuations and higher risk premiums.

Investor behavior in global financial markets is often influenced by developments in other jurisdictions, even where the underlying economic conditions differ. Consequently, negative events or uncertainty in one market may trigger broader market reactions, resulting in declines in asset prices and liquidity across multiple markets, including India. A loss of confidence in global or emerging market financial systems may exacerbate volatility in Indian financial markets and reduce access to capital.

Increased volatility or disruptions in Indian capital markets could adversely affect the market price and liquidity of the Company's Equity Shares and the Bonds, regardless of the Company's operating performance or financial condition. Such market conditions may also increase the Company's cost of capital, restrict its ability to raise financing and adversely affect its growth prospects.

Any sustained global financial instability or adverse international economic developments could materially and adversely affect the Company's business operations, financial condition, cash flows and results of operations, and could negatively impact investor confidence and the trading price of the Equity Shares and the Bonds.

5. *Terrorist attacks, civil disturbances and regional conflicts in South Asia and European countries may have a material adverse effect on the Company's business and on the market for securities in India.*

The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks in India could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a materially adverse effect on the Indian economy, the Company's business and future financial performance and the trading price of the Shares. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have a materially adverse effect on the Company's business, future financial performance and the price of the Shares.

India has also witnessed civil disturbances in the past and it is possible that future civil unrest as well as other adverse social, economic, and political events in India could have a negative impact on the Company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Company's business and the price of its Shares.

Events of this nature in the future, as well as social and civil unrest, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the FCCBs, Shares, other securities and on the business of the Company.

6. *Natural disasters, extreme weather events and other force majeure events could have a material adverse effect on the Indian economy and on the Company's business, financial condition and results of operations.*

India has experienced, and may continue to experience, significant natural disasters and extreme weather events, including earthquakes, tsunamis, floods, cyclones, droughts and prolonged periods of abnormal rainfall. The frequency, severity and geographic concentration

of such events are inherently unpredictable and may increase due to climate change. The impact of such natural disasters on the Indian economy and infrastructure depends on their magnitude, duration and the effectiveness of disaster response and recovery efforts.

Natural disasters may disrupt economic activity by damaging physical infrastructure, interrupting supply chains, reducing availability of utilities such as power, water and telecommunications, and adversely affecting transportation and logistics networks. Prolonged droughts or periods of below-normal rainfall may adversely affect agricultural output, consumer spending and overall economic growth, while floods or other severe weather events may damage industrial facilities, warehouses and distribution networks. Any sustained disruption to economic activity could adversely affect demand for the Company's products, increase operating costs and negatively impact the Company's financial condition and results of operations.

The Company's business operations may also be directly affected by natural disasters or severe weather events. Such events may result in damage to leased or owned facilities, inventory losses, interruptions to manufacturing or distribution activities, reduced employee availability or productivity, and delays in procurement or delivery of key components and finished goods. In extreme cases, the Company may be required to temporarily suspend operations, evacuate personnel or incur significant expenditure to repair or replace damaged assets. While the Company may carry insurance coverage for certain risks, there can be no assurance that such insurance will be adequate, fully effective or sufficient to cover all losses or business interruptions arising from such events.

In addition, natural disasters may exacerbate or coincide with other adverse social, economic or political developments, including civil unrest, public health emergencies or disruptions to public services. Such compounded events could further increase uncertainty and volatility in

Indian financial markets heighten the perception among investors that investments in Indian companies involve a higher degree of risk.

Any occurrence of natural disasters, extreme weather events or other force majeure events could materially and adversely affect the Company's business operations, financial condition, cash flows and results of operations, and could negatively impact investor confidence, the market price and liquidity of the Equity Shares and the value of the Bonds.

7. *An outbreak of an infectious disease, epidemic, pandemic or other serious public health emergency could have a material adverse effect on the Company's business, financial condition and results of operations.*

The outbreak of an infectious disease, epidemic or pandemic in Asia or elsewhere, or the emergence of any other serious public health emergency, could have a material adverse effect on global and regional economies, financial markets and business activity, and could materially and adversely affect the Company's business, financial condition and results of operations. Public health emergencies may lead to widespread disruptions to economic activity, including restrictions on movement of people and goods, suspension of manufacturing and commercial operations, supply chain interruptions, reduced consumer demand and increased operational costs.

The COVID-19 pandemic that emerged in 2019 had a significant adverse impact on global and regional economies, including in India, resulting in government-imposed lockdowns, travel restrictions, labour shortages, reduced consumer spending, volatility in financial markets and disruptions to domestic and international supply chains. Although economic activity has largely

recovered since that period, the pandemic demonstrated the potential severity, duration and unpredictability of public health crises and their far-reaching impact on businesses across multiple sectors.

Future outbreaks of infectious diseases affecting humans or animals, including new or resurgent strains, could lead governments and regulatory authorities to impose measures such as quarantines, travel bans, border closures, workplace shutdowns, social distancing mandates or restrictions on commercial activity. Such measures could disrupt the Company's operations, reduce workforce availability, delay procurement or delivery of components and finished products, impair distribution and logistics capabilities and adversely affect demand for the Company's products.

Public health emergencies may also contribute to broader macroeconomic instability, including reduced consumer confidence, increased unemployment, supply-side inflation, currency volatility and tighter credit conditions. These effects could increase the Company's operating costs, constrain access to financing, reduce liquidity and negatively affect profitability and cash flows. In addition, heightened uncertainty and volatility in capital markets during public health crises may adversely affect investor sentiment and the market price and liquidity of the Equity Shares and the value of the Bonds.

The Company may also incur additional costs in implementing health and safety measures, compliance with government directives, employee welfare initiatives, insurance premiums or business continuity arrangements in response to public health emergencies. While the Company may take reasonable steps to mitigate the impact of such events, there can be no assurance that such measures will be sufficient to prevent or fully offset the adverse effects.

There can be no assurance that future outbreaks of infectious diseases or other serious public health emergencies will not occur, or that their impact will be limited in scope or duration. Any such event could materially and adversely affect the Company's business operations, financial condition, cash flows and results of operations, and could negatively impact the trading price of the Equity Shares and the value of the Bonds.

8. *Any downgrade of India's sovereign credit rating or outlook by international rating agencies could materially and adversely affect the Company's business, financial condition and results of operations.*

Any downgrade of the sovereign credit rating of India, or a negative revision to the outlook on India's domestic or international debt by international credit rating agencies, could materially and adversely affect the Indian economy, financial markets and the operating environment in which the Company conducts its business. Sovereign credit ratings influence investor confidence, capital flows, currency stability, interest rates and the availability and cost of credit for Indian corporates, including the Company.

A downgrade or adverse outlook revision could lead to increased borrowing costs for Indian issuers in both domestic and international capital markets, reduced access to debt and equity financing, heightened volatility in financial markets and a depreciation of the Indian Rupee. Such developments could adversely affect the Company's ability to raise additional financing, refinance existing indebtedness or access capital markets on commercially acceptable terms or at all.

In addition, a deterioration in India's sovereign credit profile may result in more restrictive lending conditions imposed by banks, financial institutions and institutional investors, including tighter covenants, higher collateral requirements or reduced tenors. International

investors may also reduce exposure to Indian assets following a downgrade, which could negatively affect liquidity and valuations in the Indian capital markets.

Any increase in interest rates, reduction in credit availability or adverse change in financing terms resulting from a sovereign credit rating downgrade could increase the Company's cost of capital, constrain its liquidity and limit its ability to fund working capital requirements, capital expenditures, expansion initiatives or strategic investments. Such conditions could materially and adversely affect the Company's financial performance, cash flows and growth prospects.

Furthermore, heightened macroeconomic uncertainty following a downgrade could adversely affect consumer and business confidence, demand for the Company's products and services and overall economic activity in India. There can be no assurance that India's sovereign credit rating will not be downgraded or that the Company will be able to mitigate the adverse effects of any such downgrade.

Any downgrade of India's sovereign credit rating or negative outlook revision could therefore materially and adversely affect the Company's business operations, financial condition, results of operations and prospects, and could negatively impact the trading price of the Equity Shares and the value of the Bonds.

9. *Fluctuations in currency exchange rates, particularly between the Indian Rupee and foreign currencies, may adversely affect the value of the Equity Shares, the Bonds and returns to investors.*

The exchange rate between the Indian Rupee and foreign currencies, including the U.S. Dollar, the British Pound, the Euro, the Hong Kong Dollar, the Japanese Yen and other currencies, has fluctuated significantly in recent years and may continue to fluctuate substantially in the future. Currency exchange rate movements are influenced by numerous factors, including macroeconomic conditions, interest rate differentials, inflation, capital flows, fiscal and monetary policy, geopolitical developments and global market volatility, many of which are beyond the Company's control.

Fluctuations in exchange rates may materially and adversely affect the value of an investment in the Equity Shares or the Bonds for investors whose reference currency is not the Indian Rupee. In particular, any depreciation of the Indian Rupee against foreign currencies may adversely affect:

- the foreign currency equivalent of the Indian Rupee trading price of the Equity Shares listed in India.
- the foreign currency value of proceeds received upon the sale of Equity Shares in India; and
- the foreign currency equivalent of any cash dividends, if any, declared and paid in Indian Rupees on the Equity Shares.

In addition, investors may be exposed to currency conversion risks when converting Indian Rupee proceeds into foreign currency. The ability to convert Indian Rupees into foreign currency, the timing of such conversion and the exchange rate available at the time of conversion may be subject to volatility, market conditions and regulatory requirements. Any delay in conversion or adverse movement in exchange rates during such period could reduce the effective returns received by investors in foreign currency terms.

Currency fluctuations may also adversely affect the Company's market valuation, particularly for investors and analysts who assess the Company's financial performance, assets, liabilities and results of operations in foreign currency terms. A sustained depreciation of the Indian

Rupee could result in lower foreign currency valuations of the Company's equity and securities, even if the Company's performance in Indian Rupee terms remains stable.

Furthermore, volatility in exchange rates may contribute to increased uncertainty in the Indian capital markets, adversely affecting investor sentiment, liquidity and pricing of Indian securities. Such volatility could negatively impact the trading price of the Equity Shares and the value of the Bonds.

There can be no assurance that exchange rates between the Indian Rupee and foreign currencies will remain stable or move in a manner favorable to investors. Any significant or prolonged adverse movement in exchange rates could materially and adversely affect the value of the Equity Shares and the Bonds and the returns realized by investors.

10. *There may be less publicly available information about Indian companies, including the Company, than is available for companies operating in more developed securities markets.*

The Indian securities markets are subject to a regulatory, disclosure and monitoring framework that differs in certain material aspects from those applicable in securities markets in more developed economies, including the United States and certain European jurisdictions. Although the Securities and Exchange Board of India ("SEBI") is responsible for regulating the Indian securities markets and has issued regulations and guidelines governing disclosure requirements, insider trading and other matters, the scope, frequency and depth of public disclosures required of Indian listed companies may be more limited than those applicable to public companies in more developed markets.

Under applicable Indian listing regulations, listed companies are required to disclose certain information to the relevant stock exchanges, which is then made available to the public. However, there may be less publicly available information on an ongoing basis regarding the business, financial condition, results of operations, cash flows and prospects of Indian companies, including the Company, than is typically available for companies listed in more developed securities markets. In particular, disclosure practices in India may involve longer reporting intervals, fewer interim disclosures and less detailed public reporting than those required in jurisdictions with more extensive continuous disclosure regimes.

As a result, investors may have access to less timely, less detailed or less comprehensive information regarding the Company and its competitors than would be available for comparable companies subject to reporting requirements in more developed markets. This reduced availability of information may make it more difficult for investors to evaluate the Company's financial performance, business strategy, operating trends and risk profile, and to make informed investment decisions.

In addition, the Company does not maintain monthly financial accounts on a basis consistent with its quarterly reporting on a non-consolidated basis. As a result, the Company may be unable to identify, measure or publicly report changes in its financial condition or results of operations as frequently or as promptly as companies subject to more stringent periodic reporting requirements. This may result in delays in the disclosure of material developments, which could adversely affect investor confidence and market perceptions of the Company.

Differences in accounting practices, disclosure standards, regulatory oversight and enforcement mechanisms between India and more developed markets may also contribute to increased uncertainty for investors. Any perceived lack of transparency or delays in the availability of information could adversely affect the liquidity, market price and volatility of the Equity Shares

and the value of the Bonds.

Accordingly, the comparatively lower level of publicly available information in the Indian securities markets could materially and adversely affect investors' ability to evaluate the Company, increase investment risk and negatively impact the trading price of the Equity Shares and the value of the Bonds.

11. *Shareholders' rights under Indian law may be more limited than under the laws of other jurisdictions, which may restrict investors' ability to protect their interests.*

The Company is incorporated under the laws of India, and its corporate affairs are governed by the Companies Act, 2013, its Articles of Association, the regulations and resolutions of its Board of Directors, and other applicable Indian laws and regulations. The legal principles governing corporate governance, shareholder rights, directors' fiduciary duties and liabilities, and the validity of corporate actions under Indian law differ in certain material aspects from those applicable in other jurisdictions, including the United States and certain European countries.

As a result, the rights available to shareholders under Indian law may be more limited than those available to shareholders of companies incorporated in jurisdictions with more developed corporate and securities law frameworks. In particular, shareholders may face greater procedural hurdles in exercising or enforcing rights relating to corporate governance matters, including challenges to board decisions, enforcement of fiduciary duties, approval of significant corporate transactions, or remedies for perceived misconduct by directors or controlling shareholders.

Indian law may provide fewer statutory remedies or narrower causes of action for shareholders seeking to assert claims against the Company, its directors or its management than those available under the laws of certain other jurisdictions. In addition, derivative actions, class actions and other collective shareholder remedies may be subject to stricter procedural requirements, longer timelines or greater judicial discretion in India, which may limit their effectiveness as a means of redress.

The enforcement of shareholder rights in India may also be affected by practical considerations, including the complexity of legal proceedings, the time required to resolve disputes through the Indian judicial system and potential delays in obtaining final judgments. These factors may discourage shareholders from pursuing claims or may reduce the likelihood of timely or effective relief.

Accordingly, investors may experience greater difficulty in asserting or enforcing their rights as shareholders of the Company than they would as shareholders of a company incorporated in another jurisdiction. These limitations could adversely affect investor confidence, reduce the perceived attractiveness of the Equity Shares and negatively impact the trading price of the Equity Shares and the value of the Bonds.

12. *Investors may have difficulty enforcing foreign judgments against the Company or its management, which could limit their ability to obtain effective legal remedies.*

The Company is a limited liability company incorporated under the laws of India. Substantially all of the Company's directors and executive officers are residents of India, and a substantial portion of the Company's assets, as well as the assets of such directors and executive officers, are located within India. As a result, it may be difficult for investors, Bondholders or the Agents to effect service of process upon the Company or such persons outside India, or to enforce

judgments obtained against the Company or such persons in courts outside India.

India has reciprocal arrangements for the recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions. The United States and India do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. Consequently, a judgment obtained in a court outside India may not be directly enforceable in India.

In the case of judgments from jurisdictions notified as “reciprocating territories” under Indian law, enforcement may be sought either by initiating execution proceedings under Section 44A of the Code of Civil Procedure, 1908 (the “Civil Code”), or by instituting a suit upon the foreign judgment. However, in the case of judgments from non-reciprocating territories, such as the United States, a foreign judgment may be enforced in India only by filing a fresh civil suit based on the judgment, subject to the conditions set out in Section 13 of the Civil Code, and not by way of direct execution proceedings.

Such a suit must be filed in India within three years from the date of the foreign judgment and will be adjudicated in the same manner as any other civil suit seeking to enforce a civil liability. The enforcement process may therefore be time-consuming, costly and uncertain. Indian courts generally have broad discretion to examine the merits of the foreign judgment, including whether the judgment is conclusive, was rendered by a court of competent jurisdiction, was obtained in accordance with principles of natural justice and is not contrary to Indian public policy.

In addition, Indian courts may not award damages on the same basis as foreign courts, particularly where the quantum of damages is considered excessive or inconsistent with Indian legal principles or judicial practice. As a result, even if a foreign judgment is recognized, the relief ultimately granted by an Indian court may be materially different from, or less favorable than, that awarded by the foreign court.

Further, any enforcement of a foreign judgment or repatriation of amounts recovered pursuant to such judgment may require prior approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations framed thereunder. Any judgment denominated in a foreign currency would be converted into Indian Rupees at the exchange rate prevailing on the date of the judgment, rather than the date of actual payment, which could result in additional currency-related losses.

The Indian judicial system is also subject to procedural complexities and, in many cases, significant delays in the resolution of civil disputes. There can be no assurance that any suit brought in an Indian court to enforce a foreign judgment will be resolved in a timely manner, or at all. These factors may materially limit the ability of investors to enforce their rights against the Company or its management and could adversely affect the value of the Bonds and the Equity Shares.

13. *The Company’s business and activities are regulated by the Competition Act, 2002.*

The Parliament has enacted the Competition Act, 2002 (the “Act”) for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India. Under the Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement, inter alia, which directly or indirectly determines purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the market is presumed to have

an appreciable adverse effect on competition. It is unclear as to how the Act and the Competition Commission of India will affect industries in India.

14. *Investors may be restricted in their ability to exercise pre-emptive rights under Indian law, which could result in dilution of their ownership interests.*

Under the Companies Act, 2013, as amended, a public company incorporated in India is generally required to offer its existing equity shareholders pre-emptive rights to subscribe for and pay a proportionate number of equity shares in order to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such pre-emptive rights are waived by the adoption of a special resolution approved by shareholders holding at least three-fourths of the shares voted on the resolution.

However, investors resident outside India may be subject to restrictions under the laws of their home jurisdictions that prevent them from exercising such pre-emptive rights unless the Company files an offering document, registration statement or similar disclosure with the relevant regulatory authority in that jurisdiction. If applicable securities laws or regulations in an investor's jurisdiction require such filings, and the Company elects not to make such filings, such investors may be unable to exercise their pre-emptive rights, notwithstanding the availability of such rights under Indian law.

The Company may, in its discretion, decide not to file registration statements or offering documents in certain jurisdictions in connection with the exercise of pre-emptive rights, due to cost, timing, regulatory complexity or other considerations. In such circumstances, the new securities that would otherwise have been offered to such investors may instead be issued to a custodian or other nominee for the benefit of such investors, who may subsequently sell such securities on their behalf. The proceeds, if any, received from such sale, net of applicable transaction costs, commissions, taxes and expenses cannot be predicted and may be materially less than the value that such investors might have realized had they been able to exercise their pre-emptive rights directly.

To the extent that investors are unable to exercise pre-emptive rights granted under Indian law, their proportional ownership interests in the Company may be diluted. Such dilution could adversely affect investors' voting power, economic interest and ability to influence corporate decisions, and may negatively impact the market price of the Equity Shares and the value of the Bonds.

15. *Companies operating in India are subject to a complex and evolving tax regime, and changes in tax laws or their interpretation could increase the Company's tax liabilities and adversely affect its financial results.*

Companies operating in India, including the Company, are subject to a wide range of taxes, duties, levies and surcharges imposed by the Government of India and various state and local authorities. These include, among others, corporate income tax, goods and services tax ("GST"), customs duties, withholding taxes, stamp duties and other direct and indirect taxes, as well as sector-specific cesses and surcharges that may be introduced on a temporary or permanent basis.

The Indian tax framework is subject to frequent legislative amendments, regulatory changes, administrative interpretations and judicial decisions, which may be applied prospectively or, in certain cases, retrospectively. Any adverse change in applicable tax rates, the scope of taxable income, the availability of exemptions, deductions or incentives, or the interpretation or enforcement of tax laws by tax authorities could increase the Company's effective tax rate and

materially adversely affect its profitability, cash flows and financial condition.

In particular, the Government of India or state governments may, in the future, increase corporate income tax rates, introduce new taxes or cesses, withdraw existing tax incentives or exemptions, or amend the GST framework or customs duty structure in a manner that increases the overall tax burden on businesses operating in India. Such changes could increase the Company's operating costs, reduce net earnings and negatively affect its competitive position relative to other market participants.

The Company may also be subject to audits, assessments or disputes with tax authorities in respect of its tax filings or positions taken in prior periods. Any adverse outcome in such proceedings, including the imposition of additional tax liabilities, interest or penalties, could result in significant financial outflows and adversely affect the Company's business, financial condition and results of operations.

There can be no assurance that future changes in Indian tax laws, fiscal policy or their interpretation will not have a material adverse effect on the Company. Increased tax liabilities or reduced tax efficiency could negatively impact the Company's ability to generate cash flows, service its obligations under the Bonds and other indebtedness, and may adversely affect the trading price of the Equity Shares and the value of the Bonds.

16. *Inflation in India may adversely affect the Company's business, operating costs, financial condition and results of operations.*

Inflation rates in India have been volatile in recent years and may continue to fluctuate in the future. India has experienced periods of elevated inflation in the past, and there can be no assurance that inflationary pressures will not increase again. Inflationary conditions may arise from a variety of factors, including supply-chain disruptions, increases in commodity prices, energy costs, wage inflation, fiscal policies, global economic developments or monetary tightening.

Sustained or increasing inflation in India could materially increase the Company's operating costs, including employee compensation, logistics expenses, raw material costs, utilities, marketing expenses and other costs relevant to its business operations. Inflationary pressures may also lead to higher interest rates, which could increase the cost of existing and future borrowings and adversely affect the Company's financing costs, liquidity and profitability.

High or unpredictable inflation may make it more difficult for the Company to accurately forecast, manage or control its operating expenses and capital expenditure requirements. In addition, competitive market conditions may limit the Company's ability to pass increased costs on to customers through higher prices, whether in whole or in part. If the Company is unable to offset rising costs through pricing adjustments, cost reductions or operational efficiencies, its margins, cash flows and financial performance may be adversely affected.

Inflationary pressures may also negatively impact consumer spending and purchasing power, which could reduce demand for the Company's products and services. A decline in customer demand, combined with rising input and financing costs, could have a material adverse effect on the Company's business operations, results of operations and financial condition.

The Government of India and the Reserve Bank of India have, from time to time, implemented fiscal and monetary measures to manage inflation, including adjustments to interest rates, liquidity conditions and fiscal spending. There can be no assurance that such measures will be effective in controlling inflation, that they will remain in effect, or that they will not have

unintended adverse consequences for economic growth or business activity.

Any sustained increase in inflation or volatility in inflation levels in India could materially and adversely affect the Company's business, results of operations, cash flows and financial condition, and could negatively impact the trading price of the Equity Shares and the value of the Bonds.

RISK RELATING TO THE BONDS AND THE SHARES

- 1. The deployment of the Net Proceeds outside India constitutes overseas investment and the incurrence of external commercial borrowing under Indian exchange-control law, the permissibility of which is not assured; if the proceeds cannot be lawfully deployed as described, the rationale for and benefits expected from the issue of the Bonds may not be realised.***

The Bonds constitute external commercial borrowing ("ECB") for the purposes of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder. The Company's proposed application of the Net Proceeds — being their deployment outside India into overseas subsidiary— is therefore subject concurrently to two distinct exchange-control regimes: (i) the ECB framework, now governed by the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 as substantially amended by the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 (the "ECB Regulations"), which came into force on 16 February 2026 and which consolidated and replaced the ECB provisions previously contained in the 2019 master direction; and (ii) the overseas-investment regime, comprising the Foreign Exchange Management (Overseas Investment) Rules, 2022, the Foreign Exchange Management (Overseas Investment) Regulations, 2022 and the related Directions (together, the "OI Regime"). Each regime imposes independent conditions, and the proposed deployment must satisfy both.

Under the ECB Regulations, the permitted application of ECB proceeds is governed by a codified list of prohibited end-uses. While that framework has been liberalised — including to permit, in defined circumstances, the use of ECB proceeds for the strategic acquisition of control of a target entity — the Company can give no assurance that the deployment of the Net Proceeds in the manner described will fall within the permitted end-uses. The end-use of ECB proceeds is monitored by the Company's Authorised Dealer Category-I bank and reported to the Reserve Bank of India ("RBI"), and the Company remains subject to the reporting obligations under the ECB Regulations, including through Form ECB-1 and Form ECB-2. Where the Bonds, or the recipient entities, are connected with related parties of the Company, the relevant terms must additionally be established on an arm's length basis with supporting transfer-pricing documentation.

Independently, deployment of the Net Proceeds as overseas investment under the OI Regime is subject to its own conditions, including: that the Company's aggregate financial commitment (comprising equity, debt and guarantees) across all overseas entities does not exceed 400% of its net worth as per its last audited balance sheet under the Automatic Route, with any excess requiring prior RBI approval; the prohibition on structures resulting in more than two layers of subsidiaries; the conditions applicable to round-tripping of funds; pricing requirements on a fair-value basis; sectoral restrictions; and reporting obligations, including the filing of Form FC and the Annual Performance Report. Satisfaction of the OI Regime conditions does not cure any non-compliance under the ECB Regulations, and vice versa.

Implementation of the proposed deployment is further contingent on the Company obtaining and maintaining all requisite approvals and no-objections, including from the RBI and the

Company's Authorised Dealer Category-I bank, together with the requisite board and shareholder authorisations. The Company can give no assurance that these conditions will be satisfied, that required approvals or no-objections will be obtained on a timely basis or at all, or that the regulatory framework — which has been subject to significant and continuing reform — will not be further amended in a manner adverse to the proposed deployment.

If the Net Proceeds cannot be deployed outside India in the manner described, whether because such deployment is impermissible under the ECB Regulations or the OI Regime, because required approvals are not obtained, or because the recipient structure cannot be implemented as contemplated, the Company may be required to retain the Net Proceeds in India or in permitted holding instruments pending an alternative application, may be unable to identify or implement a commercially equivalent alternative deployment, and may incur cost, delay or regulatory liability (including compounding proceedings and penalties for any contravention). Any of the foregoing could materially and adversely affect the rationale for, and the benefits expected from, the issue of the Bonds, and should be read together with the risk factors relating to the Company's use of proceeds, operating cash flows and its ability to redeem the Bonds at maturity.

2. *Movements in the Indian Rupee against the US dollar and other currencies may materially affect the Company and its ability to service the Bonds.*

The Bonds are denominated in US dollars while the Company's functional currency is the Indian Rupee, and the proposed overseas deployment would create further exposure to the pound sterling, the US dollar and the Brazilian real. The Rupee depreciated materially against the US dollar in the period under review. A depreciation of the Rupee increases the Rupee cost of servicing and repaying the Bonds and of any cash settlement on conversion, and may reduce the Rupee value of returns from the overseas deployment. The Company may not be able to hedge these exposures fully or cost-effectively.

3. *The Bonds are expected to be held by a single investor and listed without admission to trading, and no liquid market for the Bonds is expected to develop.*

The Bonds are being placed with a single investor and application will be made for listing on the AFRINEX Securities List without admission to trading on the exchange. There is no public market for the Bonds, and none is expected to develop. Accordingly, Bondholders may be unable to sell their Bonds at all, or at prices that would provide a return comparable to similar instruments, and the listing should not be taken as an indication that a liquid trading market exists or will develop.

4. *The Bonds are highly complex and may not be a suitable investment for all investors.*

The Bonds are highly complex equity-linked securities and each potential investor in the Bonds must determine the suitability of such an investment in light of its own circumstances. In particular, each potential investor should:

- a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement.
- b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio.

- c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the relevant financial markets; and
- e) have experience in buying complex securities, including convertible bonds, and securities issued by issuers operating in high-risk sectors and geographies.

5. *An active market for the Bonds may not develop, which may cause the price of the Bonds to fall.*

The Bonds being issued pursuant to this Offering Circular may or may not be listed on any stock exchange. Therefore, there may be no active market for the Bonds. No assurance can be given that an active trading market for the Bonds will develop or that Bondholders will be able to sell their Bonds at prices acceptable to them, if at all. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the Bonds.

6. *Bondholders will bear the risk of fluctuation in the price of the Shares.*

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares, and it is impossible to predict whether the price of the Shares will rise or fall. Trading prices of the Shares will be influenced by, among other things, the Company's financial position, the results of operations and political, economic, financial and other factors. Any decline in the price of the Shares may have an adverse effect on the market price of the Bonds.

In addition, the market value of the Bonds or the Shares may fluctuate due to the volatility of the Indian securities market, which may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have experienced problems which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Bonds and the Shares. These problems have included broker defaults and settlement delays. In addition, the governing bodies of the various Indian stock exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time-to-time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

7. *There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of the Company's Equity Shares.*

Application will be made for the listing of the Equity Shares issuable upon conversion of the Bonds to each of the NSE and BSE. However, there could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining such approval would restrict prospective investors' ability to trade in the Equity Shares.

The Indian securities markets are more volatile than the securities markets in certain other countries, which are members of the Organisation for Economic Co-operation and Development ("OECD"). The Indian Stock Exchanges, in the past, have experienced

substantial fluctuations in the prices of listed securities. The Indian stock exchanges have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers.

A closure of, or trading stoppage on, the NSE Emerge could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Bonds and the Equity Shares will trade in the future. In addition, the governing bodies of the Indian Stock Exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

Furthermore, from time-to-time disputes have occurred between listed companies, and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. There is a lower level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in certain other countries that are OECD members. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets.

Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets.

8. ***Any repayment, prepayment or redemption of the Bonds for cash prior to their scheduled maturity may be restricted under the external commercial borrowing framework and, where permitted, may require the prior approval of the Reserve Bank of India, which may not be obtained.***

The Bonds constitute external commercial borrowing ("ECB") for the purposes of the Foreign Exchange Management Act, 1999 ("FEMA") and the regulations made thereunder. The ECB framework was substantially revised by the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 (the "ECB Regulations"), which came into force on 16 February 2026 and which consolidated and replaced the ECB provisions previously contained in the 2018 regulations and the 2019 master direction. Under the ECB Regulations, an ECB must be maintained for a minimum average maturity period ("MAMP"), which is now standardised at three years for borrowings of the nature of the Bonds. The scheduled maturity of the Bonds of five years satisfies the MAMP; accordingly, the restrictions described below are relevant principally to any repayment, prepayment or redemption of the Bonds for cash occurring before completion of the MAMP.

The ECB Regulations provide that any prepayment or repayment for cash prior to completion of the MAMP is permissible under the automatic route only in specified circumstances — including conversion of the ECB into equity or other non-debt instruments in accordance with the foreign-investment rules, repayment from the proceeds of a fresh issuance of non-debt instruments, a waiver of the debt by the lender, and certain corporate actions such as a merger, demerger, amalgamation, arrangement, acquisition of control, resolution or liquidation. Outside these specified circumstances, prepayment or repayment before the MAMP requires the prior approval of the Reserve Bank of India ("RBI") under the approval route. The ECB Regulations further provide that call and put options in respect of an ECB may not be exercised before completion of the MAMP.

Consequently, the conversion of the Bonds into Shares in accordance with their terms and conditions, being a conversion into equity instruments, is not a cash repayment and is not

expected to be constrained by the MAMP requirement. However, any redemption of the Bonds for cash prior to completion of the MAMP — including an early redemption arising from an adverse change in the tax treatment of the Bonds, a redemption arising in connection with an adjustment to the conversion price otherwise than in accordance with the terms and conditions of the Bonds, or any repayment resulting from an acceleration of the Bonds upon the occurrence of an event of default or otherwise — may not fall within the circumstances permitted under the automatic route, in which case it would require the prior approval of the RBI, and to the extent effected through the exercise of a call or put option could not be undertaken before the MAMP at all. The Company can give no assurance that any such approval would be obtained in a timely manner or at all, or that any such early redemption could be effected when required.

Any inability to repay, prepay or redeem the Bonds for cash when otherwise required or contemplated under their terms and conditions, whether by reason of the MAMP restriction or the absence of requisite RBI approval, could constrain the Company's ability to meet its obligations to Bondholders prior to scheduled maturity and could have a material adverse effect on the Bondholders' ability to realise the expected return on the Bonds.

9. *The Company may not be in a position to redeem the Bonds in certain circumstances beyond its control.*

Upon the occurrence of an event triggering an adjustment of the conversion price, the conversion price shall be adjusted as provided in the “Terms and Conditions of the Bonds”. It is unclear as to whether the above regulations will affect the adjustment of the conversion price upon the occurrence of an event triggering such an adjustment.

10. *Fluctuations in the exchange rate between the Rupee and the U.S. dollar may have a material adverse effect on the value of the Bonds or the Shares independent of the Company's operating results.*

Investors are required to pay for any Bonds they purchase in U.S. dollars. The market value of the Bonds is subject to currency fluctuation and convertibility risk since the Shares are quoted in Indian rupees on the Indian Stock Exchanges on which they are listed. Bondholders who seek to sell in India any Shares issued upon conversion of the Bonds and to convert the Rupee proceeds of such sale into foreign currency for remittance in foreign currency from India, will require the approval of the RBI for each such transaction (unless such Shares are sold on a stock exchange in India on which the Shares are listed). A delay in obtaining such approval might adversely affect the rate of exchange available for such conversion.

The exchange rate between the Rupee and the US dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Shares and returns from the Shares, independent of the Company's operating results. For historical movements, see “Exchange Rates”.

11. *Future issues or sales of the Shares may significantly affect the trading price of the Bonds or the Shares.*

The future issue of Shares by the Company or the disposal of Shares by any of the major shareholders or the perception that such issues or sales may occur, could significantly affect the trading price of the Bonds or Shares. If, for example, the Company completes one or more significant acquisitions through the issuance of Shares, holders of Shares could suffer dilution of their interests. There is no restriction on the Company's ability to issue Shares or the Company's shareholders' ability to dispose of their Shares, and there can be no assurance that

the Company will not issue Shares or that any shareholder will not dispose of, charge, or pledge, its Shares in the future.

12. *Conditions in the Indian securities market may affect the price or liquidity of the Company's Shares and Bonds.*

Securities markets in India are smaller and more volatile than securities markets in more developed economies. The Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian Stock Exchanges have from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations in the Indian securities markets could have a material adverse effect on the price of the Company's Shares and Bonds.

13. *Settlement of trades of the Company's Shares on the Indian Stock Exchanges may be subject to delays.*

Settlement of transfers of the Shares listed on the Indian Stock Exchanges may be subject to delays and an investor who converts the Bonds into Shares may not be able to settle trades on these stock exchanges in a timely manner.

14. *Financial instability in other countries, particularly emerging market countries, could disrupt the Indian share market and affect the price of the Company's Shares and the Bonds.*

Although economic conditions are different in each country, investors' reactions to developments in one country may have an adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates which could adversely affect the Indian financial sector in particular. Any financial disruption could have an adverse effect on the Company's business, future financial performance, shareholders' equity and the price of the Company's Shares and the Bonds.

15. *Bondholders will bear the risk of fluctuation in the price of the Shares if there is a delay between the conversion of Bonds into Shares and the approval for listing and trading of Shares on the Indian Stock Exchanges.*

There will be a time gap from the date on which a Bondholder notifies the Conversion Agent of his intention to convert the Bonds into Shares and the date of allotment of the Shares to the Bondholder, and a further time gap from the date of allotment of the Shares to the Bondholder and the date on which the Indian Stock Exchanges grant their final approval for the Shares to be listed and traded. Within these time gaps, the price of the Shares may fluctuate, and this may have an adverse effect on the price that the Bondholder anticipates to receive for the transfer of Shares received upon conversion of the Bonds.

16. *The price of the Company's Shares is also market driven and subject to fluctuation, which may make future prices of the Shares difficult to predict.*

Some of the factors that could affect the share price of the Company are:

- a) speculation in the press or investment community about, or actual changes in, the business, strategic position, market share, organizational structure, operations, financial condition,

financial reporting and results, value or liquidity of the investments, exposure to market volatility, prospects, business combination or investment transactions, or executive team of the Company;

- b) the announcement of new projects, comparative services or acquisitions by the Company or its competitors;
- c) quarterly increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by the Company, and variations between actual and estimated financial results.

General or industry-specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to the Company's performance also may affect the price of the Company's Shares. In particular, the stock market recently has experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to those companies' operating performance.

17. *The Bonds are subject to restrictions on resale and transfers.*

The Bonds have not been registered under the Securities Act or any US state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Bonds may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the safe harbour provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resale and transfers, refer "Plan of Distribution" of this Offering Circular.

18. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Bonds and the Shares and there may be higher taxes applicable in future.*

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. The sale of shares is subject to securities transaction tax ("STT") in India. STT will be levied on and collected by a domestic stock exchange on which the Bonds or the Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, will be subject to long-term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Interest payments on the Bonds, until the conversion option is exercised, shall be subject to deduction of tax at source at the rate as per the prevailing rate from time to time. Due to changes in regulatory policy the rate of taxation may be enhanced in future.

19. *Conversion of the Bonds may oblige a Bondholder to make a mandatory open offer under the SEBI Takeover Regulations and may give rise to other change-of-control consequences.*

The Bonds are convertible into Equity Shares and are not subject to any contractual cap on the number of Equity Shares that may be issued upon conversion. Depending on the Conversion Price and the number of Bonds converted, the resulting shareholding of a Bondholder, taken together with any Equity Shares or voting rights it already holds or acquires and with the holdings of persons acting in concert with it, may reach or exceed the thresholds prescribed under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "Takeover Regulations"). An acquisition of shares or voting rights at or above the prescribed threshold (currently 25 per cent of the voting rights of the Company), or an acquisition of control, would oblige the relevant Bondholder to make a mandatory open offer to the other shareholders of the Company in accordance with, and subject

to the conditions, pricing and timelines prescribed by, the Takeover Regulations, and may give rise to other change-of-control consequences under applicable law and under the Conditions. Compliance with the Takeover Regulations, including the making and financing of any such open offer, is the responsibility of the relevant Bondholder. The requirement to make an open offer, any consequent regulatory approvals, and any restriction on the exercise of voting rights pending compliance, may delay, restrict or increase the cost of acquiring or holding Equity Shares upon conversion, and may adversely affect the value or attractiveness of the Bonds and the Equity Shares.

20. *There are limitations on the ability of Bondholders to exercise their Conversion Rights.*

The Bonds are convertible into Shares at the option of the Bondholders pursuant to the Terms and Conditions. Bondholders will be able to exercise their right to convert the Bonds into Shares (the “**Conversion Right**”) only within the conversion period specified in the Terms and Conditions and will not be able to exercise their Conversion Right during any closed period specified in the Terms and Conditions.

21. *Bondholders may face uncertainties in their ability to convert Bonds into Shares, and any such conversion may be subject to delay.*

India’s restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and, in certain scenarios, require the Government of India’s approval for foreign ownership. Investors who convert Bonds into Shares will be subject to Indian regulatory restrictions on foreign ownership upon such conversion. It is possible that the conversion process may be subject to delays.

22. *The ability to sell Shares to a resident of India is subject to certain pricing restrictions.*

A person resident outside India (including a Non-Resident Indian) is generally permitted to transfer by way of sale the shares held by him to any other person resident in India without the prior approval of the RBI. However, the price at which the transfer takes place must comply with the pricing guidelines prescribed by the RBI. The pricing guidelines stipulate that where the shares of an Indian company are traded on a stock exchange; the sale of shares shall be at a price determined on the basis of the ICDR Regulations and in other cases it shall not be less than the fair value of the shares determined by a SEBI registered merchant banker or a chartered accountant as per any internationally accepted pricing methodology on arm’s length basis. Investors who convert Bonds into Shares will be subject to the above pricing restrictions on a sale of such Shares to residents of India.

23. *The Bonds are subject to modification by a majority of Bondholders without the consent of all Bondholders.*

The terms and conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

24. *The Company’s financial information is prepared in accordance with Indian Accounting Standards (Ind AS), which differ in certain respects from IFRS and U.S. GAAP, with which investors may be more familiar.*

The Company’s Financial Statements included in this Offering Circular are prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting

Standards) Rules, 2015, as amended, consistently applied during the periods stated. No attempt has been made to present this financial information in accordance with any other body of accounting principles, and no reconciliation of the Company's financial information to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, or to generally accepted accounting principles in the United States ("U.S. GAAP"), has been undertaken.

Ind AS is largely converged with IFRS; however, it is not identical to IFRS and incorporates certain carve-outs from, and carve-ins to, IFRS, as well as differences in transition provisions and in the options available under particular standards. Accordingly, the Company's financial information prepared under Ind AS may differ, in certain respects, from financial information prepared under IFRS or U.S. GAAP, and such differences may be material. Prospective investors who are unfamiliar with Ind AS should consult their own professional advisers for an understanding of these differences and of their potential impact on the financial information presented in this Offering Circular. The Company has made no attempt to quantify the effect of any such differences, and is not required to do so under Ind AS, and prospective investors should rely on their own examination of the Company, the terms of the offering and the financial information contained in this Offering Circular in making an investment decision.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, after deduction of the original issue discount, fees and issue-related expenses, are estimated at approximately US\$79,802,325 (the “Net Proceeds”). The Company proposes to deploy 100% of the Net Proceeds outside India, and accordingly 0% of the Net Proceeds is proposed to be deployed in India. The proposed deployment is to be effected by way of Overseas Direct Investment (“ODI”) into Aurevant Global Ltd, a wholly-owned subsidiary of the Company incorporated in the United Kingdom (the “UK Subsidiary”), which (directly or through one or more permitted step-down subsidiaries) would carry on the overseas sugar acquisition, refining, trading and development activities described below. The following table sets out the sources of, and the derivation of, the Net Proceeds:

Particulars	Amount (US\$)
Aggregate principal (face) amount of the Bonds	100,000,000
Issue price / subscription amount received (85% of face value)	85,000,000
Less: issue-related fees and expenses (success fee US\$5,000,000 + other expenses US\$197,675)	5,197,675
Net Proceeds available for deployment	79,802,325

Note: The Bonds are issued at a price of US\$85,000,000, being 85% of their aggregate principal (face) amount of US\$100,000,000. The original issue discount of US\$15,000,000 (15% of the face value) represents part of the all-in cost of the bond, where applicable, on redemption, and is not an application of the cash proceeds of the issue. The Net Proceeds are derived from the US\$85,000,000 issue price less total issue-related fees and expenses of US\$5,197,675, comprising a success fee of US\$5,000,000 (being 5.0% of the face value of the Bonds) and other issue-related expenses (including legal, listing, registrar, paying and conversion agent and other professional fees) of US\$197,675.

Transaction and Proposed Deployment Structure



Simplified structure for discussion purposes. Final deployment subject to ODI, exchange, listing, lender and corporate approvals.

Source: The Offering / Use of Proceeds. Indicative; subject to incorporation, approvals and RBI/FEMA/ODI compliance.

Requirement of funds and objects of the issue

The object of the issue is to support the Company's overseas business expansion in the global sugar and ethanol value chain. The Company intends to apply the Net Proceeds towards the acquisition, refining, trading and development of sugar and related products outside India, in each case undertaken through the UK Subsidiary and its permitted step-down subsidiaries, and in each case only to the extent permitted by, and in compliance with, applicable Indian and foreign law (see "Regulatory framework and conditionality" below).

Initial deployment by the Company

The Company proposes to deploy the Net Proceeds as set out below. The entirety of the Net Proceeds is proposed to be invested outside India:

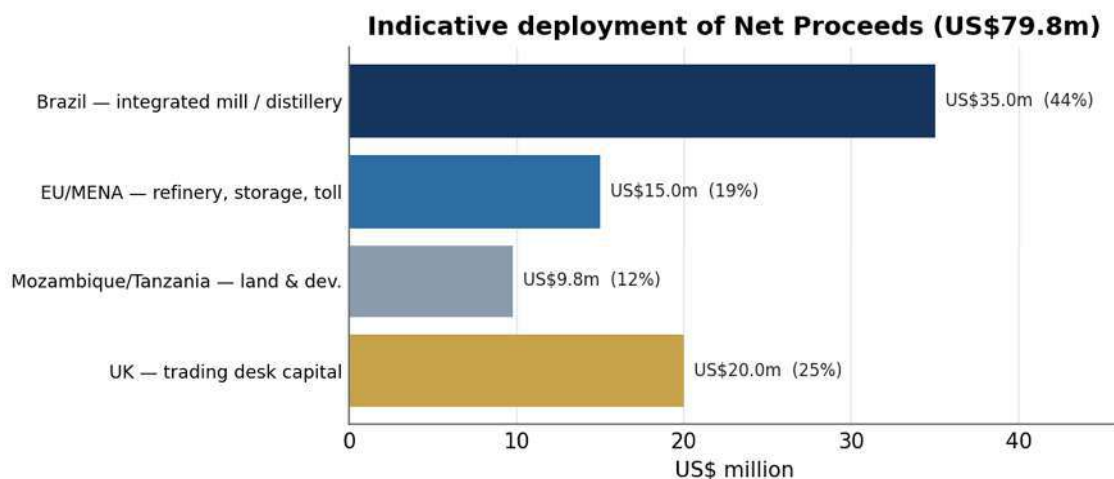
Application	Amount (US\$M)	% of Net Proceeds	Jurisdiction
Investment in the wholly-owned UK subsidiary by way of Overseas Direct Investment (ODI), for onward deployment into the acquisition, refining, trading and development of sugar and related products outside India	79.8	100.0%	Outside India (United Kingdom)
Total initial deployment	79.8	100.0%	Outside India

Indicative downstream deployment by the UK Subsidiary

The UK Subsidiary is proposed to deploy the funds as set out in the following table. This allocation is indicative only and is subject to change as due diligence, negotiations, pricing, acquisition opportunities, valuation, regulatory requirements, investment structuring and strategic priorities evolve:

Proposed application by the UK Subsidiary (indicative)	Amount (US\$M)	% of Net Proceeds	Proposed jurisdiction
Acquisition of integrated sugar mill / ethanol distillery	35.0	43.9%	Brazil
Refinery / port-storage capex and toll-processing	15.0	18.8%	EU / MENA
Land lease / project development	9.8	12.2%	Mozambique / Tanzania
Trading desk development capital	20.0	25.1%	UK subsidiary
Total indicative downstream deployment	79.8	100.0%	0% to India

Percentages are expressed as a proportion of the Net Proceeds and may not sum precisely due to rounding. The allocations above are non-binding and may be re-prioritized by management.



Commercial rationale

Sugar is a structurally export-concentrated and import-fragmented market: a small number of origins (notably Brazil, Thailand and India) supply the majority of internationally traded sugar, while import demand is dispersed across a long tail of structurally deficit markets in Asia, the Middle East and Africa. Indian output is, by contrast, monsoon-dependent and policy-sensitive, with cane periodically diverted between sugar and ethanol according to domestic blending mandates and export policy. The proposed strategy is intended to diversify the Company's origin base and smooth seasonality by building complementary positions across origination, transformation and distribution in the international market. This does not eliminate commodity-price, weather, policy, currency or counterparty risk; it redistributes such risk across a wider and more complex portfolio.

UK Subsidiary as the international platform. The Company proposes to hold and operate the international strategy through a wholly-owned UK subsidiary acting as the holding, operating, structuring and treasury entity. London hosts the global benchmark sugar contracts (the ICE No. 11 raw and No. 5 white), supporting price discovery and hedging; English law governs the standard-form physical-trade contracts and arbitration used across the soft-commodities market; a UK holding entity is a widely accepted, jurisdiction-neutral acquirer and counterparty for sellers and lenders across Brazil, the EU, MENA and Africa; and London offers deep trade-finance relationships and a concentrated pool of trading, risk and treasury talent. The platform must meet UK corporate, tax and substance requirements (genuine personnel and decision-making), carries fixed overhead before it generates revenue, and exposes the Company to INR/GBP/USD/BRL translation risk; repatriation of cash to the Company will remain subject to exchange-control and tax considerations.

Brazil — integrated mill / ethanol distillery (indicatively US\$35.0 million). Brazil is the world's largest sugar producer and exporter and a leading ethanol producer. The proposed acquisition of an integrated cane mill with attached distillery is intended to capture sugar/ethanol production flexibility (shifting cane between sugar and ethanol through the price cycle), a competitive position on the global cane cost curve, established export logistics (for example via the Port of Santos), and policy-linked decarbonisation revenue (CBIOs under RenovaBio, which is itself policy-dependent and price-volatile). Key risks include drought and

heat affecting cane yields, ethanol economics linked to fuel policy and oil prices, BRL/USD volatility, and integration, environmental, labour and title diligence; no target has been identified or valued and the figure is indicative.

EU / MENA — refinery, port-storage capex and toll-processing (indicatively US\$15.0 million). This deployment targets refining and storage capacity near major import and consumption hubs. The economic logic is the capture of the raw-to-white refining spread (the “white premium”), toll-processing of third-party raws for a fee (which lowers working-capital intensity but is subject to a break-even spread), and bulk port-storage to support trading optionality and just-in-time delivery. The MENA refining cluster is over-built relative to demand, which can compress white premiums and toll margins; returns are highly sensitive to the raw/white spread and energy costs, and large fixed capex carries utilisation risk. The scope may comprise capex into capacity or contractual toll/storage arrangements rather than ownership; nothing has been committed.

Mozambique / Tanzania — land lease and project development (indicatively US\$9.8 million). Southern and East Africa offer competitive cane agronomy and preferential market access (including the EU’s Everything But Arms regime and regional arrangements). The proposed early-stage spend would fund land lease and project development (feasibility, agronomy, permitting and outgrower structuring), typically on a nucleus-estate-plus-outgrower model, and may attract development-finance participation. The risks here are material and include land-tenure and community-rights risk, labour and human-rights exposure requiring rigorous ESG safeguards, and country, currency, political, infrastructure and long-gestation execution risk, as well as uncertainty over the future value of preferential access. This is the smallest and most optional allocation; spend is expected to be staged against milestones, and any move to construction would require separate financing and approvals.

UK trading desk — development capital (indicatively US\$20.0 million). The trading desk is intended to capture the merchandising margin across global raw sugar, white sugar and ethanol flows — sourcing at origin, transforming through refining and storage, and placing product into deficit destinations — and to improve the Company’s supply-chain visibility and hedging against the London benchmarks. Commodity trading is working-capital-intensive and requires substantial, often secured, trade finance; it carries price, basis, counterparty, logistics and operational risk; and results can be volatile. The capital is to establish and develop the desk and is not a guarantee of trading profit; success depends on disciplined risk limits, robust controls and experienced personnel.

The four proposed deployments are intended to be complementary — origination (Brazil and Africa), transformation (EU/MENA refining and storage), and distribution and risk management (the UK desk) — under a single UK holding and governance platform. The strategy is nonetheless capital-intensive, multi-jurisdictional and execution-intensive, and exposes the Company to the commodity-price, weather, policy, foreign-exchange, country, ESG, integration, trading and counterparty risks described under “Risk Factors”. Investors should treat every element of the proposed deployment as indicative and conditional; there are no committed transactions and no assurance of completion or of any return.

The matters described in this section are proposed and indicative only. No assurance is given that any proposed transaction will be undertaken or completed, that it will be undertaken or completed on the terms or within the timeframe contemplated, or that any anticipated benefit, synergy, margin or return will be realised. The proposed structure and deployment remain

subject in all respects to applicable Indian and foreign laws, RBI / FEMA / ODI compliance, board and shareholder approvals, regulatory filings, investment limits, pricing guidelines, end-use restrictions, due diligence, negotiation, definitive documentation and the receipt of all required regulatory and other approvals.

Regulatory framework and conditionality

The Bonds constitute External Commercial Borrowings and a Foreign Currency Convertible Bond. The deployment of the Net Proceeds for overseas investment will be undertaken only to the extent permitted by, and in compliance with, applicable Indian law, including the Foreign Exchange Management Act, 1999 and the rules, regulations and directions made thereunder, in particular the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended, including by the First Amendment Regulations, 2026), together with the Foreign Exchange Management (Overseas Investment) Rules, 2022, the Foreign Exchange Management (Overseas Investment) Regulations, 2022 and the RBI Directions – Overseas Investment, 2022 (together, the "Overseas Investment Regime").

Accordingly, the deployment of the Net Proceeds for overseas investment is subject to, among other things: (i) the end-use restrictions applicable to External Commercial Borrowings (including the prohibition on use for restricted or negative-list activities and on transactions in securities other than permitted strategic corporate actions, such as the acquisition of control of a bona fide business); (ii) the financial-commitment limits, pricing guidelines, the prohibition on round-tripping, the limit on the layering of subsidiaries, and the reporting requirements under the Overseas Investment Regime; (iii) all applicable approvals and no-objections, including, as applicable, those of the Reserve Bank of India and the Company's Authorised Dealer Category-I bank, and the prior approval of the Company's Board of Directors and shareholders; and (iv) all required filings, including Form ECB-1 and Form ECB-2 (and the obtaining of a Loan Registration Number) and Form FC.

To the extent that any portion of the proposed overseas deployment is not permitted under, or cannot be implemented in compliance with, applicable Indian or foreign law, or the requisite approvals are not obtained, the Company will not deploy the Net Proceeds in that manner, and may apply them for such other purposes as are permitted under applicable law, or retain them in permitted instruments, pending utilisation. The Company will not, directly or indirectly, use the proceeds of the issue for the benefit of any country, territory, person or entity currently subject to any applicable international sanctions, or in any manner that would result in a violation of applicable international sanctions by any person participating in the issue.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Davangere Sugar Company Limited (the “Company” or the “Issuer”) should be read together with the Company’s audited standalone financial statements for the financial years ended 31 March 2026 (“Fiscal 2026”), 31 March 2025 (“Fiscal 2025”) and 31 March 2024 (“Fiscal 2024”), including the significant accounting policies and the notes thereto, included elsewhere in this Offering Circular, and with the sections entitled “Risk Factors”, “Business” and “Use of Proceeds”.

Basis of Preparation

You should read the following discussion of our financial condition and results of operations together with our Financial Statements included in this Offering Circular. You should also read the chapter titled “Risk Factors” beginning on page 46 of this Offering Circular, which discusses several factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and is based on our Financial Statements, which have been prepared in accordance with IND AS and the Companies Act. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year (“Fiscal Year”) are to the twelve-month period ended March 31 of that year.

The following discussion and analysis of our financial condition and results of operations for the Financial Year ended March 31, 2026, Financial Year ended March 31, 2025, and Financial Year ended March 31, 2024 is based on, and should be read in conjunction with, our Financial Statements, including the schedules, notes and significant accounting policies thereto, included in the chapter titled “Summary Historical Financial Information And Other Data” beginning on page 36 of this Offering Circular.

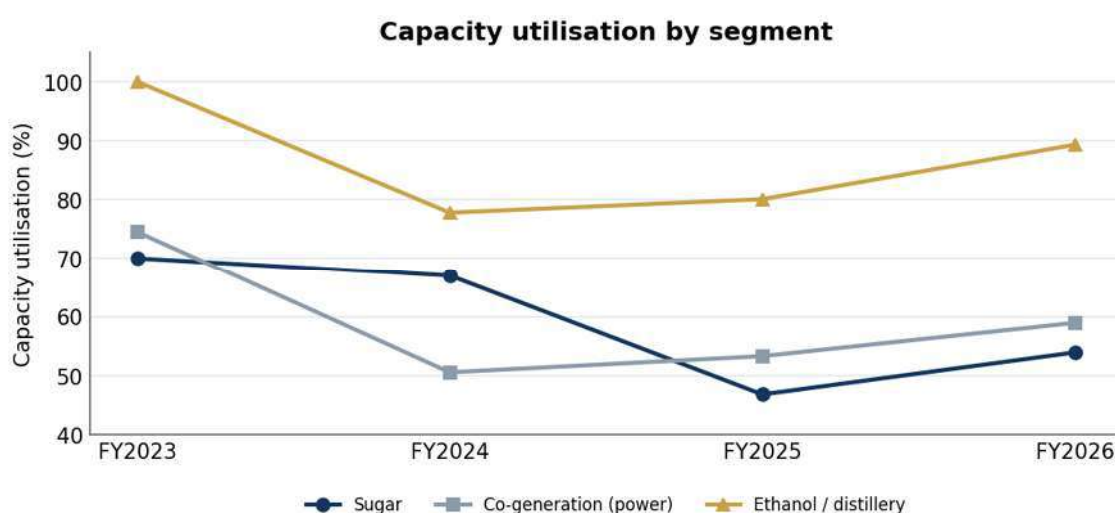
In this section, unless the context otherwise requires, any reference to “we”, “us” or “our” refers to Davangere Sugar Company Limited, our Company. Unless otherwise indicated, financial information included herein are based on our “Summary Historical Financial Information And Other Data” for the Financial Year ended March 31, 2026, Financial Year ended March 31, 2025, and Financial Year ended March 31, 2024. included in this Offering Circular beginning on page 36 of this Offering Circular.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be “Forward Looking Statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Note: For the conversion of INR to USD, we have considered the following exchange rates for the conversion: For the financial year ended March 31, 2026, 1 USD = 94.6543 INR; for the financial year ended March 31, 2025, 1 USD = 85.6024 INR; and for the financial year ended March 31, 2024, 1 USD = 83.3585 INR.

BUSINESS OVERVIEW

The Company is an integrated agro-industrial producer of sugar, ethanol and power, operating a fully integrated manufacturing complex at Kukkuwada Village, Davangere, Karnataka. Sugarcane is the Company's primary raw material, from which it produces refined sugar and, through forward integration, ethanol (through a 65 KLPD distillery), power (through a 24.45 MW bagasse-fired co-generation plant) and by-products including molasses and press-mud. The Company's installed cane-crushing capacity is 4,750 tonnes crushed per day, and its equity shares are listed on BSE Limited and the National Stock Exchange of India Limited. The Company's revenue is derived principally from the sale of sugar, ethanol and power, together with by-products and other operating income; its results are accordingly a function of cane availability and price, the domestic sugar-price cycle, administered ethanol-procurement prices under the national ethanol-blending programme, and power tariffs.



Source: Company data (capacity utilisation, FY2023–FY2026)

Significant Factors Affecting The Company's Results Of Operations

The Company's results of operations have been, and are expected to continue to be, affected by the following principal factors, which are specific to the integrated sugar, ethanol and power business in which it operates.

Availability and cost of sugarcane. Cane is the Company's single largest cost. Cane availability depends on the acreage under cultivation in the Company's command area, on monsoon and irrigation conditions, and on competition from neighbouring mills, while cane cost is largely determined by the State Advised Price and the statutory Fair and Remunerative Price. Cost of materials consumed represented the largest component of the Company's expenses in each year under review.

Sugar recovery and capacity utilisation. The volume and margin of sugar produced depend on the quantum of cane crushed against installed capacity (4,750 tonnes crushed per day) and on the sugar recovery rate achieved.

The sugar-price cycle and regulatory pricing. Domestic sugar realisations are influenced by the minimum-selling-price regime, monthly release and stock-holding controls, buffer-stock and export policy, and the broader cyclicity of domestic and international sugar prices.

Ethanol-blending policy and procurement prices. Ethanol revenues depend on the Government of India's Ethanol Blended Petrol programme, the administered ethanol-procurement prices fixed for each supply year, feedstock allocation (B-heavy molasses, syrup and juice, and grain), and offtake under tenders floated by the oil-marketing companies.

Power tariffs and offtake. Co-generation revenues depend on the applicable feed-in tariff and power-purchase arrangements, and on the surplus power available for export after captive consumption.

Seasonality. The Company's sugar operations are inherently seasonal: cane crushing is concentrated in the crushing season (broadly November to April/May in Karnataka), resulting in a build-up of finished-goods and work-in-progress inventory during and at the end of the season and a corresponding seasonal financing requirement. This seasonality is a primary driver of the Company's working-capital movements and operating cash flows.

Finance costs and interest rates. The Company funds its working-capital requirement substantially through cash-credit and other bank borrowings; movements in interest rates and in the level of borrowings directly affect finance costs.

Currency movements and the proposed Bonds. The Company's revenues are substantially rupee-denominated, while the Bonds are US-dollar-denominated. Movements in the INR/US\$ exchange rate will therefore affect the rupee cost of servicing, redeeming or hedging the Bonds, and the convenience-translated US-dollar figures in this section.

Government policy, taxation and other external factors. Changes in central or state government policy on cane pricing, sugar, ethanol or power, in taxation, and in environmental and labour regulation, as well as general economic and weather conditions, may materially affect the Company's results.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are set out in full in the notes to the financial statements included in this Offering Circular. The policies most relevant to an understanding of the results discussed below are those relating to revenue recognition, inventory valuation, property, plant and equipment and depreciation, borrowing costs, government grants and subsidies (including ethanol-related subsidies), income taxes (including deferred tax and minimum-alternate-tax credit), and the translation of foreign-currency items. The preparation of financial statements under Ind AS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses; the areas of greatest estimation uncertainty are the useful lives of property, plant and equipment, the recoverability of deferred-tax assets, provisions and contingencies, and the valuation of financial instruments. There have been no changes in significant accounting policies across the periods under review that materially affect comparability.

Results Of Operations

The following table sets out the Company's standalone statement of profit and loss for each of

Fiscal 2026, Fiscal 2025 and Fiscal 2024, with each line item expressed as a percentage of total income. Measured in US dollars the Company's revenue appears broadly flat across the period; in rupee terms it was flat between Fiscal 2024 and Fiscal 2025 and grew by approximately 11% in Fiscal 2026. Reported profitability declined progressively over the three years. The principal drivers are discussed below.

Particulars	FY2026		FY2025		FY2024	
	USD	% TI	USD	% TI	USD	% TI
Revenue						
Revenue from operations	25,225,797.95	99.04	25,114,399.17	99.18	25,975,809.50	97.11
Other income	245,723.76	0.96	206,849.19	0.82	772,179.08	2.89
Total Revenue	25,471,521.71	100.00	25,321,248.36	100.00	26,747,988.58	100.00
Expenses						
Cost of materials consumed / operating expenses	12,915,345.91	50.71	15,594,343.34	61.59	12,900,134.66	48.23
Power and fuel	1,697,413.21	6.66	1,175,461.75	4.64	2,269,124.71	8.48
Purchase of traded goods	3,053,987.94	11.99	0.00	0.00	0.00	0.00
Changes in inventories of finished goods, stock-in-trade and WIP	(666,024.30)	(2.61)	(1,684,106.58)	(6.65)	1,528,977.39	5.72
Employee benefits expense	841,791.17	3.30	976,362.82	3.86	1,015,301.46	3.80
Finance cost	2,852,034.74	11.20	3,293,544.27	13.01	3,041,400.74	11.37
Depreciation and amortisation expense	1,341,986.15	5.27	1,483,491.18	5.86	1,434,754.39	5.36
Other expenses	2,274,009.14	8.93	2,979,969.62	11.77	2,824,532.05	10.56
Total Expenses	24,310,543.97	95.44	23,819,066.40	94.06	25,014,225.40	93.52
Profit before tax	1,160,977.74	4.56	1,502,181.96	5.93	1,733,763.18	6.48
Current tax	253,019.50	0.99	262,461.23	1.04	302,888.43	1.13
Deferred tax	9,252.71	0.04	(37,942.47)	(0.15)	(37,149.13)	(0.14)
Profit / (loss) for the year	898,705.52	3.53	1,277,663.20	5.05	1,468,023.88	5.49
Other Comprehensive Income						
Items that will not be reclassified to profit or loss	(116,282.97)		(12,382.83)		—	
Total Comprehensive Income for the year	782,422.55		1,265,280.37		1,468,023.88	

Revenue from operations

In US-dollar terms, revenue from operations was USD 25.23 million in Fiscal 2026, broadly unchanged from USD 25.11 million in Fiscal 2025 and USD 25.98 million in Fiscal 2024. That stability is, however, an effect of currency translation: in rupee terms -- the currency in which the business operates -- revenue from operations grew by approximately 11% in Fiscal 2026, from INR 214.99 crore in Fiscal 2025 to INR 238.77 crore in Fiscal 2026, having been broadly flat between Fiscal 2024 (INR 216.53 crore) and Fiscal 2025. Revenue from operations comprises the sale of sugar, ethanol and power, the sale of by-products (including press-mud), and, from Fiscal 2026, the resale of traded goods. The movement reflects sales volumes and realised prices across the Company's product streams, together with a change in sales mix -- most notably a shift away from ethanol and towards by-products and the new, lower-margin traded-goods activity introduced in Fiscal 2026 (discussed under 'Purchase of traded goods' below).

Other income

Other income was USD 0.25 million in Fiscal 2026 (Fiscal 2025: USD 0.21 million; Fiscal

2024: USD 0.77 million). Other income consists principally of the subsidy receivable from the Government of Karnataka on ethanol-sales turnover, interest income on loans to farmers and on bank deposits, rental income and insurance claims. The sharp decline from Fiscal 2024 to Fiscal 2025 was driven mainly by a reduction in the Karnataka ethanol subsidy recognised (from approximately USD 0.67 million to USD 0.15 million); the partial recovery in Fiscal 2026 reflects a higher subsidy accrual (approximately USD 0.19 million) and higher interest income. Because a significant portion of other income is government-subsidy-dependent, its recognition basis and recoverability are relevant to the quality of the Company's earnings.

Cost of materials consumed

On a convenience-translated basis, cost of materials consumed was USD 12.92 million in Fiscal 2026, against USD 15.59 million in Fiscal 2025 and USD 12.90 million in Fiscal 2024. The reported US-dollar decline in Fiscal 2026 is materially affected by rupee depreciation: in the underlying rupee financial statements, sugarcane purchased and consumed (inclusive of cane purchase tax and procurement charges) increased from INR 5,778.25 lakhs in Fiscal 2025 to INR 6,202.42 lakhs in Fiscal 2026 — an underlying increase, notwithstanding the lower US-dollar figure — partly offset by a reduction in the consumption of processing materials. The Fiscal 2025 increase over Fiscal 2024 was driven by higher consumption of processing materials. Cost of materials consumed remains the Company's single largest cost and the principal determinant of gross margin; for that reason this line is discussed primarily on the rupee basis, to avoid the distortion introduced by currency translation.

Purchase of traded goods

The Company recorded purchases of traded goods of USD 3.05 million in Fiscal 2026 (Fiscal 2025: nil; Fiscal 2024: nil), comprising the trading of maize and sugarcane seeds. This activity was introduced in Fiscal 2026 and represents a deliberate extension of the Company's existing engagement with the farming community in its cane command area; it is complementary to, and not a departure from, the Company's core integrated sugar, ethanol and power business.

The strategic rationale is threefold. First, the trading of sugarcane seed supports cane development in the Company's catchment: supplying improved and certified seed varieties to growers is intended to raise cane yields and sugar recovery, expand the area under cane and deepen grower relationships, thereby helping to secure the availability and quality of the Company's principal raw material in a competitive procurement environment, alongside the seed- and fertiliser-financing and grower-lending the Company already undertakes. Second, the trading of maize is intended to build the Company's grain procurement, aggregation and supply-chain capability in support of grain-based ethanol feedstock for its distillery, which is configured to use grain in addition to molasses and cane syrup — consistent with the Company's strategy of diversifying its ethanol feedstock under the national ethanol-blending programme. Third, the activity makes counter-seasonal use of the Company's procurement and logistics infrastructure outside the peak crushing season.

By its nature, trading in agricultural commodities is a low-margin, pass-through activity, carrying thin gross margins relative to the Company's manufacturing operations and undertaken primarily for its strategic and relationship value rather than as a standalone profit

centre. Because the activity grosses up both revenue and cost of materials with limited incremental margin, it diluted the Company's blended margins in Fiscal 2026 and is a principal reason for the year-on-year reduction in profitability. Excluding the traded-goods activity, the Company's underlying sugar, ethanol and power margins are more directly comparable with Fiscal 2025 and Fiscal 2024. The Company expects to continue this activity at volumes appropriate to its cane-development and feedstock objectives, and intends to disclose the traded-goods contribution separately so that the performance of its core operations can be assessed on a like-for-like basis. To the extent the activity continues or expands, it will continue to affect the comparability of the Company's revenue, cost structure and margins between periods.

Power and fuel

Power and fuel expense (principally steam coal purchased and consumed) was USD 1.70 million in Fiscal 2026, an increase of 44.4% from USD 1.18 million in Fiscal 2025, which had in turn fallen from USD 2.27 million in Fiscal 2024. The increase in Fiscal 2026 was a further contributor to the reduction in profitability in that year. The volatility in this line is a function of the Company's operating mode rather than of any structural change in its cost base: during the crushing season, steam and power requirements are met substantially from the Company's bagasse-fired 24.45 MW co-generation plant — its lowest-cost and renewable source of steam and power, with surplus power exported — while purchased steam coal is used principally to supplement the boiler when bagasse is insufficient and to generate steam for operations carried on outside the crushing season, notably continued running of the distillery.

Accordingly, the year-on-year movement reflects three principal drivers: the length and intensity of the crushing season and the volume of cane crushed (which determine bagasse availability and therefore the extent to which coal must be purchased); the extent of off-season distillery operation (which increases coal-fired steam requirements); and movements in the landed price of steam coal. The Company manages this cost by maximising bagasse-based co-generation, optimising the scheduling of off-season operations and managing coal procurement. The expense is expected to move with the level of off-season distillery operation — itself influenced by the national ethanol-blending programme — and with cane availability and coal prices, and may therefore continue to vary between periods; period-on-period comparability of this line should be read together with the corresponding levels of cane crushed, power exported and distillery throughput.

Changes in inventories of finished goods and work-in-progress

The "changes in inventories" line is an accounting adjustment recording the difference between opening and closing stock of finished goods, work-in-progress and stock-in-trade. It is recognised as a credit (a negative figure, reducing total expenses) when such inventory increases over the year, and as a charge when it decreases; it is therefore a matching adjustment that aligns the period's recognised cost with the goods actually sold, rather than an independent cash cost. The line was a charge of approximately USD 1.53 million in Fiscal 2024, a credit of approximately USD 1.68 million in Fiscal 2025, and a credit of approximately USD 0.67 million in Fiscal 2026. Because the line swings between charge and credit across the period, movements are presented as absolute amounts; percentage changes across a change of sign are

not meaningful.

The movement is driven principally by the seasonality of the sugar business: sugar is produced during the crushing season (broadly November to April/May) and sold through the year, so finished-sugar inventory typically builds during and at the end of the season and draws down off-season, with the timing of production relative to sales — together with the regulated minimum-selling-price and monthly stock-release mechanism applicable to sugar — determining whether the line is a credit or a charge in a given year. This line should be read together with the inventories balance on the balance sheet and the inventory movement in the cash-flow statement, which can move in different directions: the increase in total inventories in Fiscal 2026 (to USD 22.23 million from USD 16.88 million) was driven substantially by raw materials, stores and the new traded-goods (maize) inventory rather than by finished sugar.

Employee benefits expense

Employee benefits expense was USD 0.84 million in Fiscal 2026 (Fiscal 2025: USD 0.98 million; Fiscal 2024: USD 1.02 million), comprising salaries, wages and allowances, contributions to provident and other funds, and staff welfare. The line has trended modestly downwards across the period; on a rupee basis the movement is smaller than the US-dollar figures suggest, given currency translation.

Finance costs

Finance costs were USD 2.85 million in Fiscal 2026, a decrease of 13.4% from USD 3.29 million in Fiscal 2025, which had in turn risen 8.3% from USD 3.04 million in Fiscal 2024; on the convenience-translated basis these movements are also affected by currency translation. Finance costs comprise interest on borrowings together with bank charges and other borrowing costs, and move broadly with the level, mix and cost of the Company's borrowings. The Company funds its operations through working-capital facilities (principally cash-credit limits from its consortium banks, drawn seasonally to fund cane procurement), secured term loans (including GECL and ethanol-plant term loans), and unsecured loans from directors and related parties; finance costs therefore reflect both the seasonal peak in working-capital utilisation and the scheduled amortisation of term debt, and are sensitive to the interest-rate environment to the extent the facilities are floating-rate.

The reduction in Fiscal 2026 is consistent with the net repayment of borrowings during the year — long-term borrowings reduced and short-term borrowings declined — together with a lower charge for other borrowing costs, and reflects the lower average level of debt following the equity issuance completed in Fiscal 2026. The increase in Fiscal 2025 over Fiscal 2024 reflects the higher average level of borrowing in that year, including higher short-term and unsecured borrowing.

Finance costs remain substantial relative to the Company's operating profit, and the relationship between operating earnings and finance costs is central to the Company's credit profile and to its capacity to service the Bonds. Investors should note in particular that the finance costs discussed above relate solely to the Company's existing rupee bank facilities and do not include the 2% coupon on the Bonds, the accretion of the 15% original issue discount over the life of the Bonds, or the cost of hedging the Bonds' foreign-currency exposure. The

issue of the Bonds will therefore materially increase the Company's finance costs and all-in cost of funding, and investors should assess repayment capacity on a basis that incorporates the full cost of the Bonds.

Depreciation and amortisation

Depreciation and amortisation were USD 1.34 million in Fiscal 2026 (Fiscal 2025: USD 1.48 million; Fiscal 2024: USD 1.43 million). The reported US-dollar decline in Fiscal 2026 is attributable to currency translation; in the underlying rupee financial statements depreciation was broadly flat to marginally higher (INR 1,269.90 lakhs in Fiscal 2025 to INR 1,270.25 lakhs in Fiscal 2026), reflecting regular depreciation on the existing asset base. Capital expenditure in the period was modest.

Other expenses

Other expenses were USD 2.27 million in Fiscal 2026 (Fiscal 2025: USD 2.98 million; Fiscal 2024: USD 2.82 million), comprising principally freight and forwarding, repairs and maintenance (in particular of plant and machinery), insurance, rent, vehicle maintenance, and packing and storage. The reduction in Fiscal 2026 was driven mainly by lower repairs and maintenance and lower miscellaneous expenses, partly offset by higher insurance.

Profit before tax, tax expense and profit after tax

Profit before tax was USD 1.16 million in Fiscal 2026, a decrease of 22.7% from USD 1.50 million in Fiscal 2025, which had itself decreased 13.4% from USD 1.73 million in Fiscal 2024. Tax expense was USD 0.26 million in Fiscal 2026 (Fiscal 2025: USD 0.22 million; Fiscal 2024: USD 0.27 million). Profit after tax was USD 0.90 million in Fiscal 2026, compared with USD 1.28 million in Fiscal 2025 and USD 1.47 million in Fiscal 2024. The progressive decline in profitability over the three years -- with the net profit margin falling from approximately 5.5% in Fiscal 2024 to 5.0% in Fiscal 2025 and 3.5% in Fiscal 2026 (on total income) -- was driven primarily, in Fiscal 2026, by the introduction of the lower-margin traded-goods activity and the increase in power and fuel costs, and, in Fiscal 2025, by the marginal decline in revenue and the increase in cost of materials consumed. The trend in reported profitability -- set against a top line that grew by approximately 11% in rupee terms in Fiscal 2026 (broadly flat in US-dollar terms) -- is a key consideration for investors and is discussed further under 'Key Financial Ratios' and 'Liquidity and Capital Resources'.

Financial Position

The following table summarises the principal components of the Company's standalone balance sheet as at 31 March 2026, 2025 and 2024, on a convenience-translated basis.

Particulars	FY2026	FY2025	FY2024
Property, plant & equipment and intangible assets	35,584,048.76	40,817,982.76	43,059,988.70
Inventories	22,233,772.97	16,883,812.09	14,623,226.04
Trade receivables	3,698,668.25	3,354,201.31	2,210,853.54
Short-term loans and advances	23,795,978.31	22,433,560.42	18,539,933.91
Long-term borrowings (secured + unsecured)	9,133,393.81	15,552,488.71	13,843,459.66
Short-term borrowings and other current liabilities	23,998,158.28	26,869,291.04	24,316,979.66

Particulars	FY2026	FY2025	FY2024
Trade payables	1,659,519.59	3,288,745.36	2,619,135.77
Long-term provisions	388,639.26	–	–
Short-term provisions	163,555.44	170,151.97	210,697.97

Property, plant and equipment

Property, plant and equipment and intangible assets were USD 35.59 million at 31 March 2026 (Fiscal 2025: USD 40.82 million; Fiscal 2024: USD 43.04 million), equivalent to net carrying amounts of approximately INR 337 crore, INR 349.4 crore and INR 358.9 crore respectively. In rupee terms the net block declined modestly across the period -- by roughly 3% a year -- reflecting regular depreciation charged against a modest, substantially maintenance-level capital expenditure with no major additions; the steeper decline expressed in US dollars also reflects the depreciation of the rupee against the US dollar over the period. The net carrying amount at 31 March 2026 includes capital work-in-progress of approximately INR 20.89 crore in respect of the Company's grain-based distillery unit, which remained under implementation and had not been commissioned or capitalised as an operating asset at the year-end. This grain-based distillery unit is being financed separately through consortium bank term loans and promoter contribution, and not from the proceeds of the Bonds, and does not form part of the use of proceeds of the issue.

Inventories

Inventories increased to USD 22.23 million at 31 March 2026 from USD 16.88 million at 31 March 2025 (Fiscal 2024: USD 14.62 million), an increase of USD 5.35 million. The build is consistent with the seasonality of the sugar business and is the single largest driver of the Company's negative operating cash flow in Fiscal 2026. Inventory comprises finished sugar and by-products, raw materials and stores, and traded goods, and is valued in accordance with the Company's accounting policies with provision for slow-moving or obsolete items where required; a substantial part of the Fiscal 2026 increase comprised raw materials (including maize for ethanol production and coal), stores and the new traded-goods inventory.

Trade receivables and short-term loans and advances

Trade receivables were USD 3.70 million at 31 March 2026 (Fiscal 2025: USD 3.35 million; Fiscal 2024: USD 2.21 million), and short-term loans and advances were USD 23.80 million (Fiscal 2025: USD 22.43 million; Fiscal 2024: USD 18.54 million). Trade receivables arise principally from the sale of sugar, power, ethanol and by-products, and reflect the differing payment cycles of the Company's customer base, including amounts due from the state power utility for power exported, from oil-marketing companies for ethanol, and government dues including the Karnataka ethanol subsidy receivable. Short-term loans and advances comprise advances to cane growers (consistent with the Company's grower-financing activity), advance excise duty and other recoverable taxes, security and other deposits, and advances recoverable in cash or in kind. The level of these balances absorbed cash during the period and is a principal contributor to the Company's negative operating cash flow; their recoverability is therefore directly relevant to liquidity and to the Company's ability to service the Bonds.

Borrowings

The Company's borrowings comprise secured long-term bank loans, unsecured long-term loans from its directors and related parties, and short-term bank borrowings (principally cash-credit facilities drawn seasonally to fund cane procurement). The following table sets out the composition of borrowings; the long-term total reconciles to the balance-sheet summary above.

Particulars	FY2026	FY2025	FY2024
Secured long-term bank borrowings (consortium)	3,433,134.84	5,535,011.89	8,216,423.00
Unsecured long-term loans (directors / promoters)	5,700,258.96	10,017,476.83	5,627,036.00
Total long-term borrowings	9,133,393.80	15,552,488.72	13,843,459.00
Short-term bank borrowings	22,983,471.13	26,093,696.54	23,470,647.04

Total long-term borrowings decreased to USD 9.13 million at 31 March 2026 from USD 15.55 million at 31 March 2025, reflecting both the scheduled repayment of secured term loans (secured long-term bank borrowings reduced to USD 3.43 million from USD 5.54 million) and the conversion of unsecured promoter loans into equity on the rights issue completed in September 2025 (unsecured long-term loans reduced to USD 5.70 million from USD 10.02 million, of which approximately USD 4.93 million was converted into equity). Short-term bank borrowings reduced to approximately USD 22.98 million from USD 26.09 million. The Company's bank borrowings are secured against its assets; the Bonds are unsecured and will accordingly rank behind the Company's secured indebtedness in right of payment.

Trade payables, provisions and net worth

Trade payables were USD 1.66 million at 31 March 2026 (Fiscal 2025: USD 3.29 million; Fiscal 2024: USD 2.62 million), the reduction in Fiscal 2026 reflecting lower amounts outstanding to suppliers, including cane and input dues, at the year-end. The Company's net worth increased to approximately USD 53.33 million at 31 March 2026 from approximately USD 40.87 million at 31 March 2025 (and approximately USD 40.77 million, equivalent to INR 339.98 crore, at 31 March 2024), principally on the issue of equity during Fiscal 2026 (share capital of approximately USD 5.17 million and securities premium and capital reserve of approximately USD 10.07 million, including the conversion of approximately USD 4.93 million of unsecured promoter loans), together with the profit for the year of approximately USD 0.90 million; the closing US-dollar balance also reflects translation of the underlying rupee balances at the period-end rate. The increase therefore arises substantially from fresh equity rather than from retained earnings.

Liquidity and Capital Resources

The Company's principal liquidity requirements are the funding of its seasonal working-capital cycle (in particular cane procurement and the resulting build of sugar inventory), the servicing and scheduled repayment of its bank borrowings, and capital expenditure. These have been met principally through cash generated from financing activities — bank borrowings, unsecured loans from directors and related parties and, in Fiscal 2026, an issue of equity — together with the management of working capital through the year.

Particulars	FY2026	FY2025	FY2024
Net cash from / (used in) operating activities	(7,473,280.44)	(3,520,006.45)	(2,871,500.81)
Net cash from / (used in) investing activities	(102,828.16)	(368,155.57)	(2,745,826.76)
Net cash from / (used in) financing activities	5,418,875.89	897,848.66	2,297,738.08
Net increase / (decrease) in cash and cash equivalents	336,478.46	(4,637.72)	(151,082.37)

Net cash from operating activities is presented on the indirect method, being operating profit before working-capital changes adjusted for movements in working capital and taxation; investing and financing cash flows and the net movement in cash are as stated in the audited financial statements. So presented, operating, investing and financing activities reconcile to the net movement in cash in each year.

Operating activities

The Company's operating cash flow was approximately breakeven in Fiscal 2024 and Fiscal 2025 -- a net outflow of approximately USD 2.87 million in Fiscal 2024 and a net outflow of approximately USD 3.52 million in Fiscal 2025 -- before turning materially negative in Fiscal 2026, with a net outflow of approximately USD 7.47 million. Operating profit before working-capital changes was positive in each year (Fiscal 2026: approximately USD 2.49 million; Fiscal 2025: USD 2.99 million; Fiscal 2024: USD 3.17 million); the movement in operating cash flow is therefore driven principally by changes in working capital. The Fiscal 2026 outflow reflects a substantial build in inventories -- principally raw materials, stores and the new traded-goods (maize) inventory, together with finished sugar held pending sale under the regulated stock-release mechanism -- and an increase in receivables, loans and advances. The Company's operations are working-capital-intensive and seasonal; it considers this build to be substantially seasonal and expects it to unwind as inventory is sold and receivables are collected in the ordinary course. It funded the excess of its working-capital requirement over operating cash generation through external financing, principally the equity issued in Fiscal 2026.

Investing activities

Net cash used in investing activities was USD 0.10 million in Fiscal 2026, USD 0.37 million in Fiscal 2025 and USD 2.75 million in Fiscal 2024, comprising principally the purchase of property, plant and equipment. Capital expenditure has reduced significantly since Fiscal 2024, following completion of the Company's principal capacity-related investment in earlier periods, with expenditure in Fiscal 2025 and Fiscal 2026 being substantially of a maintenance nature.

Financing activities

Net cash generated from financing activities was USD 5.42 million in Fiscal 2026, USD 0.90 million in Fiscal 2025 and USD 2.30 million in Fiscal 2024. The inflow in Fiscal 2026 arose principally from the issue of equity during the year, partly offset by net repayments of short-term and long-term borrowings and of unsecured loans. In Fiscal 2025 and Fiscal 2024, financing inflows arose principally from short-term borrowings and from unsecured loans from directors and related parties.

Capital resources, the Bonds and foreign-exchange hedging

Following the issue of the Bonds, the Company's capital structure will change with the addition of US-dollar-denominated convertible debt to its existing rupee-denominated bank facilities. As the Bonds are denominated in US dollars while the Company's revenues and existing borrowings are substantially rupee-denominated, the Company will be subject to a currency mismatch on the Bonds, and the regulatory framework applicable to external commercial borrowings requires the Company to hedge that exposure as prescribed. The Company will hedge its exposure on the principal and coupon of the Bonds accordingly; the cost of such hedging will form part of finance costs. The Company intends to meet the redemption of the Bonds at maturity, or alternatively to satisfy its obligations through conversion into equity, from a combination of its cash flows, the returns expected from deployment of the issue proceeds, and its access to financing.

Key Financial Ratios

The following table sets out selected financial ratios for the periods under review. EBITDA is defined as profit before tax plus finance costs plus depreciation and amortisation; interest cover is EBIT (profit before tax plus finance costs) divided by finance costs; margins are stated on total income; and total borrowings comprise long-term borrowings (secured and unsecured) plus short-term bank borrowings. All ratios are stated before the effect of the Bonds.

Particulars	FY2026	FY2025	FY2024
EBITDA (PBT + finance cost + D&A)	5,354,998.63	6,279,217.41	6,209,918.31
EBITDA margin (% of total income)	21.0%	24.8%	23.2%
EBIT (PBT + finance cost)	4,013,012.48	4,795,726.23	4,775,163.92
Interest cover (EBIT / finance cost)	1.41x	1.46x	1.57x
Profit after tax	898,705.52	1,277,663.20	1,468,023.88
Net profit margin (% of total income)	3.53%	5.05%	5.49%
Total borrowings (LT + ST bank)	32,114,419	41,642,489	37,313,459
Net worth	53,330,000	40,870,000	40,785,727
Gearing (total borrowings / net worth)	0.60x	1.02x	0.92x

The Company's EBITDA margin was approximately 23.2% in Fiscal 2024, 24.8% in Fiscal 2025 and 21.0% in Fiscal 2026, and its net profit margin (on total income) was 5.5%, 5.0% and 3.5% respectively, the decline in Fiscal 2026 reflecting the lower-margin traded-goods activity and higher power and fuel costs. Interest cover on an EBIT basis was approximately 1.6 times in Fiscal 2024, 1.5 times in Fiscal 2025 and 1.4 times in Fiscal 2026; finance costs remained significant relative to operating earnings throughout. The relationship between the Company's operating earnings and its finance costs is central to its ability to service the Bonds and will be adversely affected by the additional cost of the Bonds following their issue, which is not reflected in the ratios above.

In addition to the measures set out above, and consistent with the Company's management

reporting, the following ratios are presented for Fiscal 2026, Fiscal 2025 and Fiscal 2024, respectively: return on capital employed of 6.26%, 13.24% and 8.42%; return on equity of 1.73%, 11.51% and 4.25%; current ratio of 1.96, 1.43 and 1.33 times; and inventory turnover of 1.35, 1.49 and 2.03 times.

For the purposes of these ratios: return on capital employed is EBIT divided by capital employed (shareholders' equity plus long-term borrowings plus other long-term liabilities); return on equity is profit after tax divided by average share capital; the debt-equity ratio is total debt divided by net worth; the current ratio is current assets divided by current liabilities; and inventory turnover is revenue from operations divided by average inventories.

Quantitative and Qualitative Disclosures About Market Risk

Interest-rate risk

The Company is exposed to interest-rate risk on its floating-rate bank borrowings; an increase in interest rates increases its finance costs, and any increase in the level of its borrowings increases this exposure. The Company manages this risk by managing the level and mix of its borrowings.

Foreign-exchange risk

The Company's revenues are substantially rupee-denominated. The Bonds are denominated in US dollars, which exposes the Company to foreign-exchange risk on the servicing, hedging and repayment of the Bonds; the Company's hedging arrangements are described under "Capital resources, the Bonds and foreign-exchange hedging". The Company also has limited foreign-currency operating exposure in the ordinary course of business.

Commodity-price and policy risk

The Company is exposed to movements in the price of its principal raw material, sugarcane (largely administered through the State Advised Price and the Fair and Remunerative Price); in domestic and international sugar prices (themselves subject to the minimum-selling-price and stock-release regime); in administered ethanol procurement prices; and in coal prices. It is also exposed to changes in government policy affecting the sugar, ethanol and power sectors. These factors directly affect the Company's margins; the principal mitigant is its integrated, multi-product model spanning sugar, ethanol, power and by-products, together with its cane-development activities.

Credit risk and liquidity risk

The Company is exposed to credit risk on amounts owed by its customers and on its loans and advances, which it manages through its customer relationships and the monitoring of recoverability. It is exposed to liquidity risk arising from its working-capital cycle and its reliance on the renewal of its working-capital facilities and on external financing.

Other Matters

Unusual or infrequent events or transactions

Save as disclosed in this Offering Circular, there have been no unusual or infrequent events or

transactions affecting the Company's results during the periods under review, other than the commencement of the traded-goods activity in Fiscal 2026 and the equity issuance completed in Fiscal 2026, each of which is discussed above.

Known trends and uncertainties

Apart from the matters disclosed under "Risk Factors" and in this section — in particular the declining trend in profitability, the negative operating cash flow in Fiscal 2026, the seasonal and growing working-capital requirement, and the Company's dependence on external financing — there are, to the Company's knowledge, no other known trends or uncertainties expected to have a material adverse effect on the Company's revenue or income from continuing operations.

Seasonality of business

The Company's sugar operations are seasonal, with cane crushing concentrated in the crushing season. This seasonality drives the Company's inventory build and its working-capital and cash-flow patterns.

Defaults, material frauds and related-party transactions

There have been no defaults by the Company in the repayment of its borrowings or statutory dues during the periods under review, and no material frauds against the Company have been reported by the statutory auditors during the three financial years ended 31 March 2026. The Company enters into transactions with related parties, including entities controlled by its promoters and executive directors, and has unsecured loans from its directors; these are conducted on an arm's-length basis and are disclosed in the related-party transactions note to the financial statements.

Contingent liabilities, litigation and customer concentration

The Company is subject to certain tax and other proceedings, including customs and goods-and-services-tax matters, as described under "Outstanding Litigation and Material Developments", with related exposures reflected in the contingent-liabilities note to the financial statements. Claims against the Company not acknowledged as debts, principally income-tax, customs and goods-and-services-tax matters, amounted to approximately INR 3.82 crore at 31 March 2026. The Company has also extended corporate guarantees of approximately INR 25 crore to banks in support of loans to its harvesting-and-transportation contractors, together with bank guarantees of approximately INR 16 crore in favour of ethanol-feedstock suppliers and the oil-marketing companies; these off-balance-sheet exposures are relevant to an assessment of the Company's credit profile. The Company's customer-concentration data and the competitive conditions in its markets are set out under "Business" and "Industry" in this Offering Circular.

INDUSTRY

The information in this section has been derived from publicly available sources, including industry and trade-association publications, government and regulatory releases, and reports of multilateral institutions. This information has not been independently verified by the Company, the Lead Manager or any of their respective affiliates or advisers, and no representation or warranty, express or implied, is made as to its accuracy, completeness or underlying assumptions. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that its accuracy and completeness are not guaranteed and its reliability cannot be assured; such information may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect, and may have been prepared as at dates that no longer reflect prevailing conditions. Accordingly, investors should not place undue reliance on the information in this section. Unless otherwise stated, references to a “sugar season” are to the period from October to September, and references to an “Ethanol Supply Year” or “ESY” are to the period from November to October.

The Global Economy

The global economy has continued to expand at a modest pace. The International Monetary Fund projects global growth in the region of 3% in 2025 and 2026 — below the pre-pandemic average — as the lagged effects of earlier monetary tightening, subdued productivity growth and ageing populations weigh on activity in the major advanced economies, while growth has remained more resilient across emerging and developing Asia. Inflation has continued to recede towards central-bank targets in most economies, allowing a gradual easing of monetary policy. The balance of risks remains tilted to the downside, principally from heightened geopolitical tension, the risk of renewed commodity-price volatility, and an intensification of trade and tariff measures among major economies, any of which could tighten global financial conditions and weigh on capital flows to emerging markets.

Source: International Monetary Fund, World Economic Outlook.

The Indian Economy

According to provisional estimates of the Ministry of Statistics and Programme Implementation, India’s real gross domestic product grew by approximately 7.7% in the financial year ended 31 March 2026 (on a rebased 2022-23 base year). The Reserve Bank of India held its policy repo rate at 5.25% at its June 2026 meeting, and consumer price inflation was approximately 3.9% in May 2026. In August 2025, S&P Global Ratings raised India’s long-term sovereign credit rating to ‘BBB’ with a stable outlook; Moody’s and Fitch rate India ‘Baa3’ and ‘BBB–’ respectively, each with a stable outlook. The Indian Rupee depreciated against the US dollar over the period, reaching a record low of approximately INR 96.8 per US\$ in May 2026 before recovering to approximately INR 94.5 per US\$ by mid-June 2026.

India has remained the fastest-growing major economy in the world. Real gross domestic product grew by approximately 6.5% in the fiscal year ended 31 March 2025 and accelerated in the first half of the fiscal year ending 31 March 2026, expanding by 7.8% in the first quarter and 8.2% in the second, supported by resilient services activity, a recovery in manufacturing and firm domestic consumption. The Reserve Bank of India has projected growth of approximately 6.8% for the fiscal year ending 31 March 2026. India is currently the world’s fourth-largest economy and is widely expected to become the third-largest by around 2030. In

August 2025, S&P Global Ratings raised India's sovereign credit rating to 'BBB' from 'BBB-', its first upgrade of India in eighteen years, citing the country's strengthening fundamentals.

Consumer-price inflation has remained within the Reserve Bank's tolerance band of 2% to 6%, and the Reserve Bank has begun to ease monetary policy, reducing the policy repo rate to 5.25%. The Government has maintained its emphasis on public capital expenditure alongside fiscal consolidation, targeting a fiscal deficit of approximately 4.4% of GDP for the fiscal year ending 31 March 2026. The principal near-term risks to the outlook arise from the external environment, including global trade and tariff developments and associated pressure on the rupee and on portfolio capital flows.

Sources: Reserve Bank of India; Ministry of Statistics and Programme Implementation; International Monetary Fund; World Bank; S&P Global Ratings.

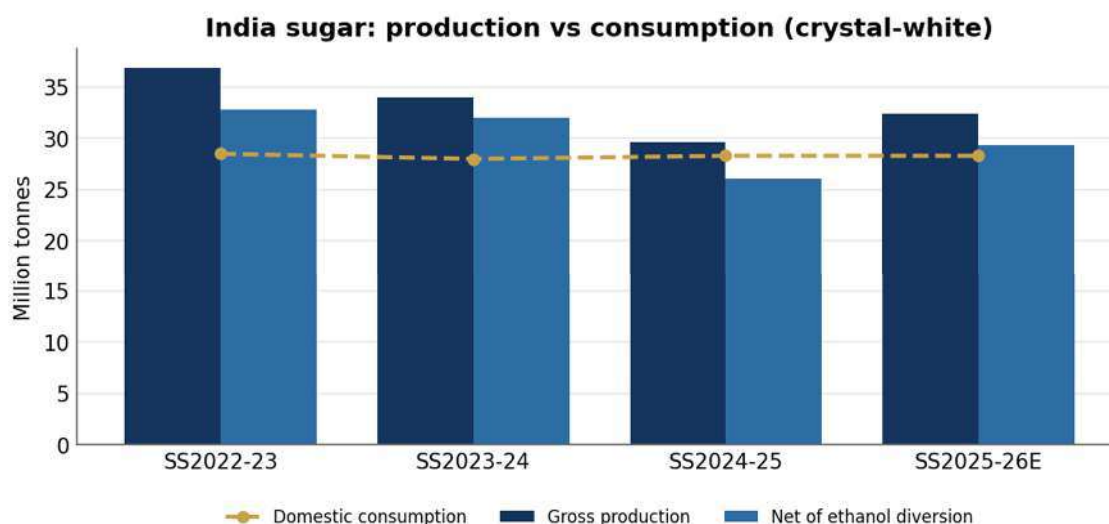
The Indian Sugar Industry

India is the world's largest producer and consumer of sugar and one of its largest exporters. The sector is among the country's most important agro-industrial activities, supporting the livelihoods of an estimated five crore (50 million) sugarcane farmers and their dependents and directly employing around five lakh (500,000) workers in sugar mills, in addition to substantial indirect employment in cane harvesting, transport and ancillary activities. Sugarcane is cultivated across a wide area, with Uttar Pradesh, Maharashtra and Karnataka the leading producing States and Uttar Pradesh alone accounting for a substantial share of national cane production. Over the past decade the industry has progressively evolved from a cyclical, sugar-only business into an integrated sugar, ethanol and power complex, in which the ability to divert sugarcane and its intermediates between sugar and ethanol has become central both to mills' profitability and to the management of the national sugar balance.

Sources: Ministry of Consumer Affairs, Food & Public Distribution; ISMA.

Production, consumption and the sugar balance

India is the world's largest consumer of sugar and, together with Brazil, one of the two largest producers. Based on industry estimates, gross sugar production (before diversion of cane to ethanol) was approximately 29.6 million tonnes in sugar season 2024-25 and is estimated at approximately 32.4 million tonnes in sugar season 2025-26, with net production after ethanol diversion of approximately 26.1 and 29.3 million tonnes respectively, against domestic consumption of approximately 28 million tonnes. Sugar exports were effectively restricted in sugar season 2023-24; the Government permitted exports of approximately 1.0 million tonnes in sugar season 2024-25 and allocated an export quota of 1.5 million tonnes for sugar season 2025-26.



Source: ISMA advance estimates (crystal-white basis); sugar season 2025-26 estimated. Accessed June 2026.

In the 2024-25 sugar season, net sugar production is estimated at approximately 26.2 million tonnes, after the diversion of around 3.5 million tonnes of sucrose to ethanol, against domestic consumption of approximately 28 million tonnes; a substantial opening stock, together with exports of around 1 million tonnes permitted by the Government, left the domestic market broadly balanced. For the 2025-26 sugar season, the Indian Sugar and Bio-energy Manufacturers Association (ISMA) has projected a significant recovery in output — gross production of approximately 34.9 million tonnes, an increase of about 18% — reflecting higher cane acreage, a more favourable monsoon and improved recovery, particularly in Maharashtra and Karnataka. On these estimates the industry has indicated scope for ethanol diversion of around 4.5 to 5 million tonnes of sucrose and sugar exports of around 2 million tonnes while maintaining adequate closing stocks.

Particulars (million tonnes)	2024-25	2025-26E
Gross sugar production (before diversion)	29.5	34.9
Less: sucrose diverted to ethanol	3.5	4.5 – 5.0
Net sugar production	26.2	c. 30
Domestic consumption	28.0	c. 28.4
Exports (permitted / indicated)	1.0	c. 2.0

2024-25: industry estimates for the season ended September 2025. 2025-26: ISMA first preliminary estimate and industry indications; diversion and export volumes are subject to Government approval. Source: ISMA.

Industry dynamics and profitability

The profitability of Indian sugar mills is shaped by the interaction of a largely administered cane cost, a regulated domestic sugar price, and the alternative value of diverting cane and its intermediates to ethanol. Cane availability and cost depend on acreage, monsoon and irrigation conditions, sugar-recovery rates and inter-mill competition for cane, while the realisable sugar price is influenced by the minimum-selling-price and monthly stock-release framework, by export and buffer-stock policy, and by the underlying sugar-price cycle.

Because cane is priced administratively and is payable to farmers irrespective of the sugar realisation, and because the minimum selling price of sugar has not kept pace with successive increases in the cane price, mills' sugar-segment margins have come under pressure. The diversion of sucrose to ethanol — which carries assured, administered offtake prices — has

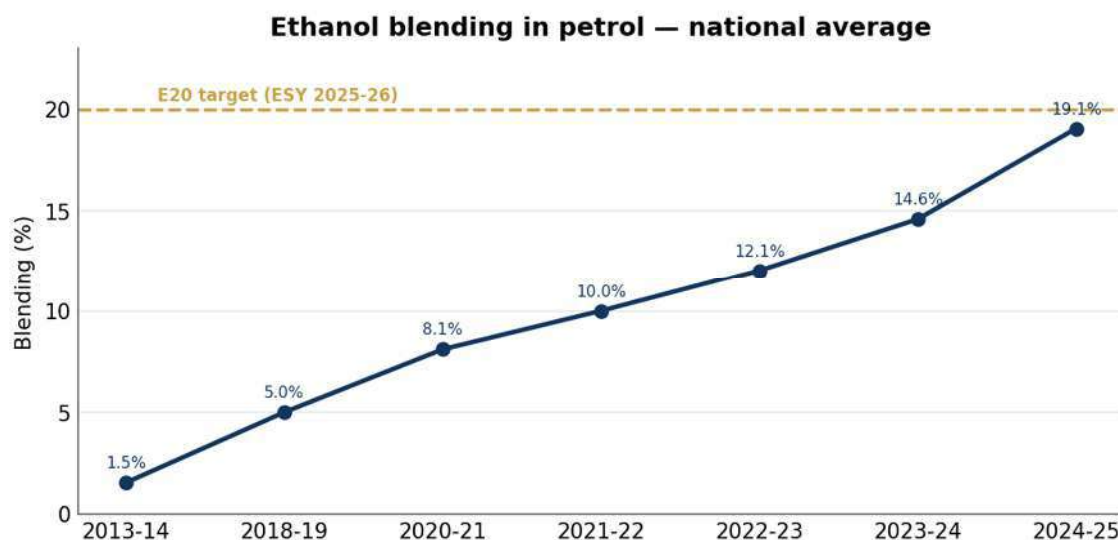
accordingly become the principal means by which mills manage surplus sugar, support cash flows and reduce the volatility inherent in the sugar cycle.

Karnataka, in which the Company's facility is located, is among the top three sugar-producing States and benefits from generally favourable conditions for cane cultivation, including the availability of cane, water and power. Southern Karnataka and Tamil Nadu additionally operate a special (off-season) crushing period from around June to September, which extends the operating window for mills in the region.

Source: ISMA.

Ethanol and the Ethanol Blended Petrol Programme

Under the Ethanol Blended Petrol Programme, the national average ethanol blending rate rose from approximately 1.5% in 2013-14 to approximately 19% on a rolling basis by mid-2025, approaching the Government's 20% (E20) target, which has been advanced to ethanol supply year 2025-26. Ethanol procurement prices are administered and vary by feedstock (C-heavy molasses, B-heavy molasses and sugarcane juice/syrup). The programme has materially increased the diversion of sugar and cane to ethanol, supporting domestic sugar balances and providing distillery-led revenue diversification for integrated producers such as the Company.



Source: MoPNG / PIB; ESY2024-25 average 19.05% to 31 July 2025 (rolling ~20%). Accessed June 2026.

Ethanol has become the single most important structural driver of the Indian sugar sector. Under the Ethanol Blended Petrol (EBP) Programme, implemented by the Ministry of Petroleum and Natural Gas within the framework of the National Policy on Biofuels 2018 (as amended in 2022), the oil-marketing companies blend ethanol with petrol in order to reduce crude-oil imports, conserve foreign exchange, lower vehicular and greenhouse-gas emissions and raise farm incomes. The programme has progressed substantially faster than originally envisaged: average blending rose from around 1.5% in 2013-14 to 10% by mid-2022 and, after the 20% target was advanced from 2030 to the Ethanol Supply Year 2025-26, India achieved 20% blending (E20) during 2025 — approximately five years ahead of the original timeline. With effect from April 2026, petrol sold across the country is required to be of E20 grade.

Ethanol blending under the EBP Programme	Average blending
2013-14	c. 1.5%
ESY 2021-22 (10% achieved June 2022)	10.0%

Ethanol blending under the EBP Programme	Average blending
ESY 2022-23	12.1%
ESY 2023-24	14.6%
ESY 2024-25	c. 18%
2025 (E20 target achieved)	20.0%

Source: Ministry of Petroleum & Natural Gas; Press Information Bureau.

To support this expansion the Government has implemented an administered pricing mechanism for ethanol, widened the permissible feedstocks — encompassing C-heavy and B-heavy molasses, sugarcane juice, sugar and sugar syrup, and grain-based feedstocks including maize, surplus rice and damaged food grains — reduced the rate of goods-and-services tax on ethanol supplied under the programme to 5%, and provided interest-subvention support for new and expanded distillery capacity. National ethanol-production capacity has expanded from under 200 crore litres in 2014 to of the order of 2,000 crore litres, comfortably in excess of the requirement of the E20 mandate. Grain feedstocks, and maize in particular, have assumed growing importance, to the extent that India became a net importer of maize in 2024-25. Since 2014 the programme is estimated to have saved foreign exchange of more than ₹1.4 lakh crore and to have channelled cumulative payments of the order of ₹1.96 lakh crore to distillers and ₹1.18 lakh crore to farmers.

Sources: Ministry of Petroleum & Natural Gas; Press Information Bureau.

Ethanol procurement prices are revised by the Government for each Ethanol Supply Year. The ex-mill prices of ethanol produced from sugarcane routes are administered by the Government and are differentiated by feedstock — highest for ethanol produced from sugarcane juice, sugar and syrup, followed by B-heavy molasses and then C-heavy molasses — while the prices of grain-based ethanol (from maize, damaged food grains and rice released by the Food Corporation of India) are determined by the oil-marketing companies, in each case supplemented from time to time by feedstock-specific incentives. The administered ex-mill prices of cane-based ethanol applicable for the current supply year are set out below.

Administered ex-mill ethanol price — cane-based feedstocks	₹ per litre
Sugarcane juice / sugar / sugar syrup	65.61
B-heavy molasses	60.73
C-heavy molasses	57.97

ESY 2024-25 administered prices, exclusive of goods-and-services tax and transportation, which are payable separately. The sugarcane-juice and B-heavy molasses prices have been unchanged since ESY 2022-23; the C-heavy molasses price was raised from ₹56.58 to ₹57.97 per litre for ESY 2024-25. Prices of grain-based ethanol (maize, damaged food grains and FCI rice) are fixed separately by the oil-marketing companies and revised for each supply year. Source: Cabinet Committee on Economic Affairs; Ministry of Petroleum & Natural Gas.

The assured, administered nature of cane-based ethanol offtake provides mills with a contracted and relatively stable revenue stream that is materially less volatile than open-market sugar sales. The administered prices for ethanol from sugarcane juice and B-heavy molasses have, however, remained unchanged for three supply years while the Fair and Remunerative Price of sugarcane has risen by approximately 16.5% (from ₹305 per quintal in the 2022-23 season to ₹355 per quintal in 2025-26), compressing distillery margins on these routes and prompting industry calls for a formula-based revision of cane-based ethanol prices linked to the FRP. The Government has further indicated that it is examining options beyond 20% blending, including higher blends and the wider introduction of flex-fuel vehicles, which — together with continued growth in petrol demand — would support further growth in ethanol requirements over the medium term.

Source: Ministry of Petroleum & Natural Gas.

Co-generation and Power

Bagasse-based co-generation provides renewable, largely must-run power and an additional revenue stream for integrated sugar producers. Installed bagasse-based co-generation capacity in India was approximately 9,800 MW as at 31 May 2026, supported by must-run treatment and renewable purchase obligations.

Integrated sugar mills typically operate bagasse-fired co-generation plants that meet their own steam and power requirements during the crushing season and export surplus power to the State grid. Co-generation enables mills to monetise bagasse — a renewable by-product of cane crushing — as a source of steam and power, improving overall plant economics and environmental performance. Revenues from power depend on the applicable feed-in tariff and on power-purchase arrangements with the State distribution utilities, and on the volume of surplus power available for export after captive consumption.

By-products

The integrated model generates several saleable by-products that improve resource utilisation and margins, including molasses (the principal feedstock for molasses-based ethanol), press-mud (used for bio-compost and, increasingly, as feedstock for compressed bio-gas), and — in grain-based distilleries — distillers' dried grains with solubles (DDGS) sold as animal feed, together with the recovery of carbon dioxide. The monetisation of by-products is an increasingly important contributor to the economics of integrated producers.

Industry Outlook

The medium-term outlook for integrated sugar producers is underpinned by the structural growth of ethanol demand following the achievement of E20 and the Government's stated interest in higher blends, which provides mills with an assured, administered and growing offtake for diverted sucrose and for grain-based ethanol, and reduces their dependence on the cyclical open-market sugar price. At the same time, the sector remains exposed to the administered increase in the cane price, to a minimum selling price of sugar that has not been revised since 2019 — which together compress sugar-segment margins — to the monsoon and its effect on cane availability and recovery, and to Government decisions on export quotas and on the quantum of permitted ethanol diversion in each season. The integrated, multi-product model spanning sugar, ethanol, power and by-products is the principal means by which producers mitigate this cyclicity and stabilise their earnings through the sugar cycle.

REGULATION

The following is a summary of the principal laws, regulations and government policies that govern the Indian sugar and ethanol sector and that are material to the Company's business. It is intended as a general overview only, is not exhaustive and does not purport to be a complete description of all applicable laws and regulations, nor to constitute legal advice; it should be read together with the section entitled "Industry". Unless otherwise stated, references to a "sugar season" are to the period from October to September, and references to an "Ethanol Supply Year" or "ESY" are to the period from November to October.

Legislative framework

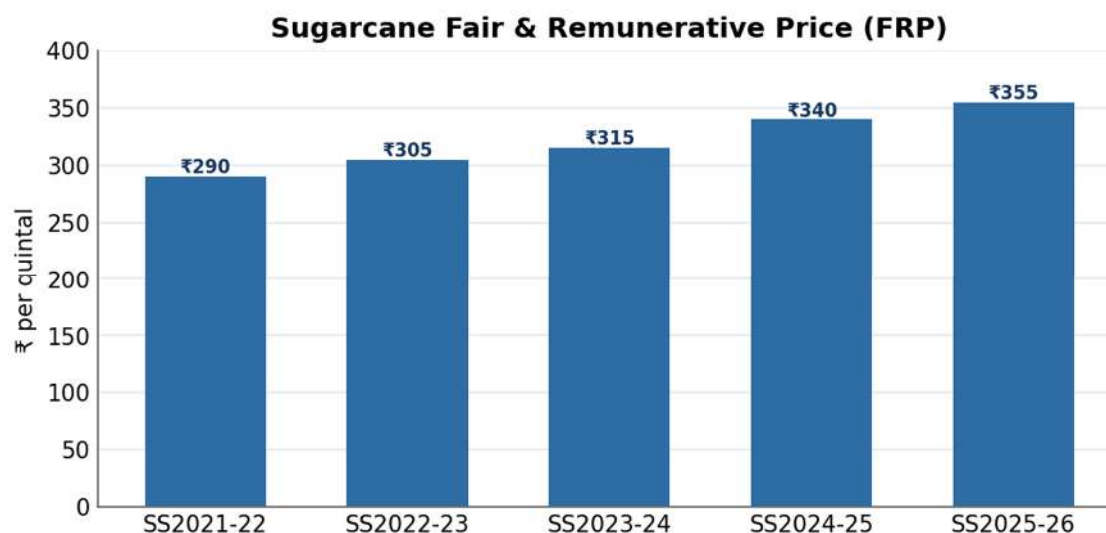
Sugarcane and sugar are “essential commodities” under the Essential Commodities Act 1955, which empowers the central government to regulate their production, supply, distribution, price and trade. The sector is administered principally through three control orders made under that Act — the Sugarcane (Control) Order 1966, the Sugar (Control) Order 1966 and the Sugar Price (Control) Order 2018 — supplemented by periodic notifications of the Department of Food and Public Distribution and, in respect of foreign trade, of the Directorate General of Foreign Trade. The principal matters dealt with under each instrument are summarised below.

Instrument	Principal powers and matters regulated
Essential Commodities Act 1955	Designates sugarcane and sugar as essential commodities and empowers the central government (sections 3 and 5) to regulate their production, supply, distribution, price and trade.
Sugarcane (Control) Order 1966	Fixation of the cane price payable to farmers (the Fair and Remunerative Price); regulation of cane supply, reservation of cane areas and the establishment of mills; provisions to secure payment of cane dues.
Sugar (Control) Order 1966	Regulation of the production, sale, packing, storage and movement of sugar; powers of inspection, entry, search and seizure; and the release of sugar for sale.
Sugar Price (Control) Order 2018	Determination of the minimum selling price of sugar and operation of the monthly stock-release (quota) mechanism for domestic sales.

Source: Department of Food & Public Distribution.

Cane pricing

Sugarcane is procured at the Fair and Remunerative Price (FRP) declared by the Central Government, supplemented in certain states by a State Advised Price. The FRP for sugar season 2025-26 was set at INR 355 per quintal at a basic recovery rate of 10.25%. The mill-gate Minimum Selling Price for sugar has remained at INR 31 per kilogram since February 2019.



Source: CCEA / PIB releases. FRP at 10.25% recovery (SS2021-22 at 10.0%). Accessed June 2026.

Fair and Remunerative Price. The Fair and Remunerative Price (FRP) is the minimum price that mills are legally required to pay farmers for sugarcane. It is fixed by the central

government, on the recommendation of the Commission for Agricultural Costs and Prices and in consultation with the States, under the Sugarcane (Control) Order 1966, the FRP having replaced the earlier Statutory Minimum Price with effect from the 2009-10 season. The FRP is linked to a basic recovery rate, with a premium payable for higher recoveries and a reduction for lower recoveries, subject to a floor. For the 2025-26 sugar season the FRP has been fixed at ₹355 per quintal at a basic recovery rate of 10.25% — an increase of 4.41% over the ₹340 per quintal applicable in 2024-25 — with a premium or reduction of ₹3.46 per quintal for each 0.1% by which recovery exceeds or falls below 10.25%, and a floor of ₹329.05 per quintal for mills with recovery below 9.5%.

Sugar season	FRP (₹ per quintal)
2013-14	210
2014-15	220
2015-16	230
2016-17	230
2017-18	255
2018-19	275
2019-20	275
2020-21	285
2021-22	290
2022-23	305
2023-24	315
2024-25	340
2025-26	355

Cost of production (A2+FL) for 2025-26 estimated at ₹173 per quintal. The basic recovery rate to which the FRP is linked has been revised upward over the period (to 10.25%), so earlier figures are not strictly comparable. Source: Cabinet Committee on Economic Affairs; CACP.

State Advised Price. Certain States — notably Uttar Pradesh, Punjab, Haryana and Uttarakhand — additionally announce a State Advised Price (SAP) that is generally higher than the FRP. In Uttar Pradesh and Uttarakhand the SAP is payable by the sugar mills, increasing their cane cost, whereas in Punjab and Haryana the State Government bears part of the differential between the SAP and the FRP through direct payment or subsidy. Karnataka, in which the Company operates, is not among the States that announce a State Advised Price; cane in the Company's command area is procured with reference to the FRP, which is comparatively favourable for cane cost relative to the SAP-bearing northern States.

Sugar pricing and domestic sales

Minimum selling price. A minimum selling price (MSP) for sugar was introduced under the Sugar Price (Control) Order with effect from June 2018, so that mills recover at least the minimum cost of production and are thereby able to meet their cane-price obligations to farmers; the MSP is set by reference to the FRP and the conversion cost of efficient mills. The MSP has remained at ₹31 per kilogram since it was last revised in February 2019, notwithstanding subsequent increases in the FRP, and the industry has been seeking an upward revision, of the order of ₹39 to ₹42 per kilogram, to reflect higher cane and conversion costs.

Minimum Selling Price of sugar	₹ per kg
With effect from 7 June 2018 (on introduction)	29.00
With effect from 14 February 2019 (current)	31.00

The MSP of sugar has remained unchanged since February 2019. Source: Ministry of Consumer Affairs, Food & Public Distribution.

Stock-release mechanism. Domestic sugar sales are regulated through a monthly stock-release (quota) system, under which the Government fixes the quantity of sugar that each mill may sell in the open market in a given month, thereby moderating supply to the domestic market and supporting price stability.

Sugar trade policy

Exports. Sugar exports are controlled by the Government in the interest of domestic availability and price stability. Sugar was placed under the “restricted” category with effect from June 2022, so that exports require specific Government authorisation — latterly through mill-wise quotas — rather than being freely permitted, and that restriction was extended until further orders. Indian sugar exports rose from negligible levels in the middle of the last decade to a record of approximately 110 lakh tonnes in the 2021-22 season, before being capped at about 63 lakh tonnes in 2022-23 and curtailed sharply thereafter as domestic production tightened. Exports were effectively suspended in 2023-24; a quota of around 10 lakh tonnes was permitted for 2024-25; and for 2025-26 an initial allocation of approximately 16 lakh tonnes was permitted before the Government, in May 2026, prohibited further sugar exports until the end of September 2026 in response to a second consecutive season of domestic production below consumption. Exports to the European Union and the United States under tariff-rate-quota arrangements, shipments under the Advance Authorisation Scheme and consignments already in the export pipeline are exempt from the prohibition.

Sugar season	Quantity exported (lakh tonnes)
2013-14	Nil
2014-15	Nil
2015-16	Nil
2016-17	0.47
2017-18	6.2
2018-19	38
2019-20	60
2020-21	70
2021-22	110
2022-23	63
2023-24	Negligible
2024-25	c. 10
2025-26	c. 6.5 – 8

On a sugar-season (October–September) basis. Figures to 2022-23 per DGCIS; 2023-24 onwards are permitted or estimated shipments, the 2025-26 export window having been closed by the prohibition notified in May 2026. Sources: DGCIS; DGFT; industry estimates.

Imports. Sugar attracts a basic customs duty of 100%, raised from 50% with effect from February 2018, which — together with the domestic minimum selling price — effectively insulates the domestic market from imports, so that sugar imports are negligible save for a limited duty-concession quota under India’s WTO commitments.

Relevance to the Company. For an integrated producer, the export regime is a double-edged influence: a periodic export window provides an additional outlet for surplus sugar and supports realisations when the domestic market is long, but the channel is discretionary and can be withdrawn at short notice, as the May 2026 prohibition illustrates. The structural policy emphasis has, in any event, shifted from exports towards the diversion of surplus sucrose into ethanol, which the Government now treats as its primary instrument for managing the sugar balance.

Ethanol Blended Petrol Programme and biofuels policy

Ethanol is the principal instrument of the Government's policy for managing surplus sugar and for reducing the country's dependence on imported crude oil. Under the Ethanol Blended Petrol (EBP) Programme, implemented by the Ministry of Petroleum and Natural Gas within the framework of the National Policy on Biofuels 2018 (as amended in 2022), the public-sector oil-marketing companies blend ethanol with petrol. The 20% blending (E20) target was advanced from 2030 to the Ethanol Supply Year 2025-26 and was achieved during 2025, and with effect from April 2026 petrol sold across the country is required to be of E20 grade. Feedstock allocation for each supply year is overseen by the National Biofuel Coordination Committee.

Ethanol blending under the EBP Programme	Average blending
2013-14	c. 1.5%
ESY 2021-22 (10% achieved June 2022)	10.0%
ESY 2022-23	12.1%
ESY 2023-24	14.6%
ESY 2024-25	c. 18%
2025 (E20 target achieved)	20.0%

Source: Ministry of Petroleum & Natural Gas; Press Information Bureau.

Feedstocks. The National Policy on Biofuels permits ethanol to be produced from a wide range of feedstocks, comprising cane-based feedstocks (C-heavy and B-heavy molasses, sugarcane juice, sugar and sugar syrup), grain-based feedstocks (maize, surplus rice released by the Food Corporation of India and damaged food grains) and, prospectively, second-generation and cellulosic feedstocks. The breadth of permitted feedstocks allows distilleries to switch between cane and grain according to availability and relative economics; grain feedstocks, and maize in particular, have assumed growing importance, to the extent that India became a net importer of maize in 2024-25.

Ethanol pricing. The ex-mill prices of ethanol produced from the cane-based routes are administered by the Government and revised for each Ethanol Supply Year, while the prices of grain-based ethanol are fixed by the oil-marketing companies. The administered cane-based prices for the current supply year are set out below. The sugarcane-juice and B-heavy molasses prices have been unchanged since ESY 2022-23, while the FRP has risen by approximately 16.5% over the same period, compressing distillery margins on these routes and prompting industry calls for a formula-based revision linked to the FRP.

Administered ex-mill ethanol price — cane-based feedstocks	₹ per litre
Sugarcane juice / sugar / sugar syrup	65.61
B-heavy molasses	60.73
C-heavy molasses	57.97

ESY 2024-25 administered prices, exclusive of goods-and-services tax and transportation, which are payable separately. The C-heavy molasses price was raised from ₹56.58 to ₹57.97 per litre for ESY 2024-25; grain-based ethanol prices are fixed separately by the oil-marketing companies. Source: Cabinet Committee on Economic Affairs; Ministry of Petroleum & Natural Gas.

Supporting measures. The programme is supported by a series of fiscal and regulatory measures: a concessional rate of goods-and-services tax of 5% on ethanol supplied for blending; amendment of the Industries (Development and Regulation) Act to permit the free inter-State and intra-State movement of ethanol; interest-subvention schemes for the creation and expansion of distillery capacity, under which the Government bears interest at 6% per annum, or 50% of the rate charged by banks if lower, for five years including a one-year

moratorium; long-term offtake arrangements and the regular floating of expressions of interest by the oil-marketing companies; and a published roadmap for ethanol blending. The Government has indicated that it is examining options beyond 20% blending, including higher blends and the wider introduction of flex-fuel vehicles.

Sources: Ministry of Consumer Affairs, Food & Public Distribution; Ministry of Petroleum & Natural Gas; Cabinet Committee on Economic Affairs; CACP; Press Information Bureau.

PERFORMANCE MANAGEMENT:

The performance management system in Davangere Sugar Company Limited is compared through financial performance on quarterly basis. Davangere Sugar Company Limited is integrated by a team of experienced people who believe in providing prompt and effective services to customers, which is beyond compare. The Company firmly believes in providing superior service through clear, concise two-way communication. The goal is to build relationships through its flexibility to meet its customer's changing needs. To develop the competency aspect of the Company's employees, various training programs have been incorporated to strengthen the development culture.

FINANCIAL PARAMETERS

Details of significant changes in key financial ratios along with detailed explanations are as under:

Particulars	31 March 2026	31 March 2025
Debtor Turnover Ratio	7.49x	7.46x
Inventory Turnover Ratio	1.35x	1.61x
Debt Service Coverage Ratio	0.16x	0.53x
Debt Equity Ratio	0.60x	1.42x
Operating Profit Margin	15.35%	18.94%
Net Profit Margin	3.56%	5.04%
EBITDA Margin	21.02	24.80
Current Ratio	1.96	1.43
ROCE	6.26%	13.24%

CAUTIONARY STATEMENT

The statement forming part of this Offering Circular may contain certain forward-looking remarks with the meaning of applicable Securities Law and Regulations. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime and other statutes.

BUSINESS

Some of the information in this section, including information with respect to the Company's plans and strategies, contains forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Bonds, investors should read this entire Offering Circular. An investment in the Bonds involves a degree of risk. For a discussion of certain risks in connection with an investment in the Bonds, investors should refer to "Risk Factors" on page 46 for a discussion of the risks and uncertainties related to those statements.

Davangere Sugar Company Limited is a public limited company which was incorporated as 'Davangere Sugar Company Limited' on September 28, 1970 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Mysore, Bangalore, and consequently a certificate of commencement of business dated December 31, 1970 was issued to it by Registrar of Companies, Mysore, Bangalore. The shares of the Company got listed on BSE with effect from March 19, 2021 and on NSE with effect from January 25, 2024.

Registered Office

The Company's registered office is located at 73/1, Post Box no. 312, Shamanur Road, Davangere, Karnataka, India, 577004.

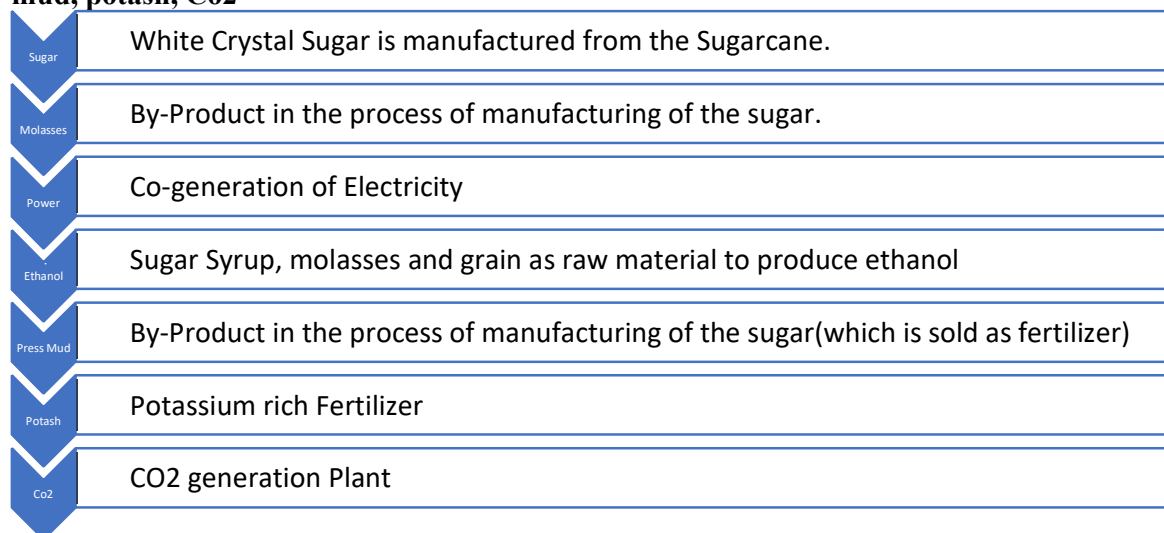
Company Products

As part of its long-term growth strategy, Davangere Sugar Company Limited has developed an integrated business model across sugar, ethanol, power generation and allied by-products. The Company has expanded its operations from a standalone sugar manufacturing unit into a diversified agro-industrial enterprise, with an installed sugarcane crushing capacity of 4,750 TCD, a 24.45 MW co-generation power plant, and a 65 KLPD ethanol manufacturing unit. Any expansion of the Company's distillery capacity is being undertaken separately and is financed through consortium bank term loans and promoter contribution, and not from the proceeds of the Bonds. The Company's operations are supported by efficient utilization of sugarcane and its by-products, enabling it to generate multiple revenue streams from sugar, ethanol, molasses, power, press-mud, DDGS and CO₂ processing. The integrated nature of the business allows the Company to optimize raw material usage, improve operational efficiency and support India's ethanol blending and green energy objectives.

The Company's product categories are broadly classified as follows:

- a) Sugar and allied sugar products;
- b) Ethanol and distillery-based products;
- c) Co-generation power;
- d) By-products including molasses, press-mud, DDGS and CO₂;

1. **Manufacturing and marketing of Sugar, Molasses (B- Heavy), Power, Ethanol, Press mud, potash, Co2**



Manufacturing Unit: Kukkuwada Village, Davangere Taluk & District, Karnataka State – 577525. The company operates on 166 acres in Kukkuwada Village, 18 km from Davangere City, adjacent to the State Highway. Its infrastructure includes a sugar plant with a capacity of 4,750 TCD, expanded from 3,500 TCD in 2012, and covering approximately 283,874 sq. ft. This plant features six large storage godowns with a total storage capacity of 600,000 quintals of sugar, a separate building for spares and raw materials, and a well-equipped effluent treatment plant. Additional facilities include a canteen, staff quarters, a rest house for farmers, and an SBM ATM center. The co-generation plant has a capacity of 24 MW, producing up to 22 MW off-season and 12.5 MW during the season, with a building area of 123,018 sq. ft. The ethanol plant covers about 520,045 sq. ft. (13 acres). Water needs for the co-gen plant are met by three large tanks with total holding capacity 420,000 kiloliters, sufficient for about five months of operation. The water is sourced from Shagale Halla. The factory is surrounded by 30,000 acres of irrigated land, with 9640 acres currently under sugarcane cultivation.

Plant Configuration Sugar Unit and Co-Gen:			
i	Co-Generation Unit		
	Installed Capacity	4.5 MW per 1000 TCD	6.7 MW per TCD
	Type of Boiler	Mostly Bagasse based	Multi-fuel.
	Type of Turbo Generator	Partly Extraction type partly extraction cum condensing type	Complete condensing type. This gives higher flexibility in operating with higher efficiency during season and as well as

			in off-season.
	Automation	90% of operation	+95%
	Co-gen efficiency	+10% of energy generated is internal consumption of the co-gen unit	Less than 9% of total generation is internal consumption
ii	Sugar Unit		
	Capacity	+ 5000 TCD	4750 TCD. This was a 1250TCD plant of 1974 vintage with severe space constraint. Now the overall layout has been planned (over last decade) to create space to expand the sugar unit capacity to 7000 TCD.
	Product	Plantation white sugar and Refined sugar of EEC-2 Grade.	Plantation white Sugar with bolder crystal size to cater to premium sugar market requirement. Refined Sugar of EEC Grade -1 (EEC Grade I specification)
	Automation	Unreliable figures as Sugar market (requirement) in India is different from the rest of the world and World Automation leaders are not successful in INDIA, so far.	Automation in Processing plant is best-in-class, resulting producing sugar that compares with sugar produced from highest recovery zone of India. New developed logic for Automation of other Processing area like Pan Boiling to suit products for Indian as well as International market.
	Net Efficiency (sugar + co-gen): power exportability	Between 55 and 85 KWH per MT cane crushed	+ 95 units per MT cane crushed. .

Up-gradation of technology:

In the year 2006-07, as a measure of up gradation of technology in sugar manufacturing, company adopted syrup clarifier technology imported from TATE & LYLE, LONDON, to produce carbonized refined sugar, with a capital investment of Rs.1,500 Lakhs.

Company is in a position to produce Refined Sugar of below 5 ICUMSA (normally refined sugar has a colour range of 20- 40 ICUMSA). This quality is at **the whiter end of the ICUMSA colour scale**. (Lower ICUMSA value indicates whiter or less dark sugar. Thus a 50 ICUMSA sugar is whiter than 60 ICUMSA sugar and so on.). Looking to the opportunities company will take up the production of refined sugar.

This has been possible as the Company has incorporated the complete system of Special Clarification, viz.

- Syrup Clarification
- Filtrate Clarification
- Melt Clarification

- Clarified Melt Filtration
- Three Stage Scum de-sweetening System

Many sugar refineries operate only some of these systems. The Company believes that its plant configuration positions it to produce refined sugar to international quality specifications.

Company has improved its sugar manufacturing process by implementation of re-engineering the existing process and semi-atomizing a few of the key manufacturing processes.

Company has adopted the Falling Film Evaporator (FFE) in sugar manufacturing in the year 2015 with an investment cost of Rs.4,000 Lakhs, along with expansion of Boiler house capacity from 3,500 TCD to 4,750 TCD with modernization and adoption of new technology.

• **Insurance**

Sr. No	Insurance Company	Policy No.	Type of Policy	Validity	Premium Paid	Sum Insured	Property Details
1.	National Insurance Company Limited	6103001125 10000371 - IAR	(i) Standard Fire & Special Perils Cover (ii) Fire Spontaneous Combustion (iii) FLOP - Gross Profit (iv) Machinery Breakdown/Boiler/Electronic Equipment Cover	24/03/2027	3,186,542/-	5,885,000,000.00 1,480,000,000.00 150,000,000.00 2,110,000,000.00	MATERIAL DAMAGE SUGAR FACTORY AND MATERIAL DAMAGE COGEN Spontaneous Combustion-Coal, molasses and Bagasse FLOP- 6 months Indemnity Period Plant and machinery Sugar & Co-gen Unit

2.	National Insurance Company Limited	6103001 1261000 0021 - IAR	(i) FLOP - Gross Profit (ii) Fire - Spontaneous Combustion (iii) Standard Fire & Special Perils Cover (iv) Machinery Breakdown/Boiler/Electronic Equipment Cover	30/04/2027	1,348,820/-	100,000,000.00 780,000,000.00 2,382,500,000.00 1,200,000,000.00	FLOP- months Indemnity Period Spontaneous Combustion- Coal, Molases and Bagasse Material Damage Distillery Unit Plant and machinery Including Ele & Ele equipment, Distillery unit	6

● **Employees**

As on 31th May 2026, Company employs 383 employees in the following departments –

S. No.	Department	No. of Permanent Employees	Seasonal Employees	Total
1.	Management, HR & Compliance	18	2	20
2.	Accounts & Finance	13	2	15
3.	Cane Department – Development	31	11	42
4.	Admin – IT & Time Office	16	6	22
5.	Engineering	11	9	20
6.	Mechanical	34	13	47
7.	Mill House	19	10	29
8.	Electrical	18	7	25
9.	Workshop	10	4	14
10.	Boiling House	15	6	21
11.	Civil	6	2	8
12.	Warehouse	8	3	11
13.	Manufacturing Process	51	19	70
14.	Instrumentation	12	4	16
15.	Laboratory	4	1	5
16.	Logistics	3	1	4
17.	WTP	10	4	14
	TOTAL	<u>279</u>	<u>104</u>	<u>383</u>

- **Intellectual Property**

As on the date of this Offering Circular, the Company has no registered trademarks.

- **The Company's Subsidiaries**

As on the date of this Offering Circular, the Company has one wholly owned subsidiary i.e. Aurevant Global Ltd, however Aurevant Global Ltd has not commenced any business yet.

1. AUREVANT Global Ltd

Aurevant Global Ltd was incorporated under the Companies Act 2006 as a private company, that the company is limited by shares, and the situation of its registered office is in England and Wales, having Company Number 17262000 issued on 4th June 2026. The registered office of Aurevant Global Ltd is 3 First Floor More London Place London United Kingdom SE1 2RE.

Directors

The Directors of Aurevant Global Ltd are as follows:

<u>Name</u>	<u>Designation</u>
Mr. Ganesh Shivashankarappa Shamanur	Director
Mr. Abhijith Ganesh Shamanur	Director

Shareholding Pattern

<u>Name</u>	<u>Number of shares</u>	<u>% of total holding</u>
Davangere Sugar Company Limited	1000*	100.00%

* 1000 Shares of face value(par Value) of GBP 1 each

Since Aurevant Global Ltd is newly incorporated, therefore financial statement of Aurevant Global Ltd is not available.

KEY INDUSTRY REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws and regulations applicable to the Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Labour Laws

The four new Labour Codes—enacted between 2019 and 2020 and positioned for phased implementation—represent one of the most ambitious and comprehensive overhauls of India’s labour regulatory framework since Independence. By consolidating 29 central labour laws into four cohesive legislations—the Code on Wages, Industrial Relations Code, Code on Social Security, and Occupational Safety, Health and Working Conditions (OSH) Code—the government aims to create a streamlined, transparent, and contemporary labour regime. Their overarching objectives include simplification of compliance, universalisation of protections, and harmonisation of labour standards with emerging forms of employment, including gig, platform, and fixed-term work.

The Code on Wages, 2019

This Code establishes the first unified framework governing wages across organised and unorganised sectors. It introduces universal minimum wages applicable to all employees, irrespective of industry or wage ceiling, and provides for the fixation of a national floor wage to promote parity across states. A significant reform is the standardised definition of “wages”, comprising basic pay, dearness allowance, and retaining allowance, while excluding specified allowances such as HRA and conveyance. This redefinition increases the basic component of salaries, expanding the base for Provident Fund (PF), gratuity, and bonus calculations—thereby raising employer liabilities and potentially reducing employees’ take-home pay.

The Industrial Relations Code, 2020

The Industrial Relations Code seeks to enhance labour-market flexibility while retaining essential accountability safeguards. Establishments with up to 300 workers may now undertake layoffs, retrenchments, or closures without prior government approval, compared to the earlier 100-worker threshold. While expected to improve the business environment, this may also lead to concerns about potential erosion of job security and collective bargaining power. The Code broadens the definition of “strike”, lengthens notice requirements, and mandates statutory recognition of trade unions in establishments with multiple unions—measures intended to formalise industrial dispute resolution, though they may render lawful work stoppages more procedurally complex.

The Code on Social Security, 2020

The Code on Social Security is among the most socially progressive of the four. It extends statutory benefits—including provident fund, insurance, maternity, and gratuity—to gig workers, platform workers, and unorganised-sector employees. It enables portability of benefits across jobs and sectors through a unified registration system and extends gratuity eligibility to fixed-term employees completing one year of service. Successful implementation, however, will depend heavily on state-specific digital infrastructures, timely rulemaking, and coordinated

enforcement. The Code also permits the creation of dedicated welfare funds for gig and unorganised workers, supported through a mix of employer contributions, platform levies, and government grants.

The Occupational Safety, Health and Working Conditions (OSH) Code, 2020

The OSH Code consolidates over a dozen fragmented legislations relating to workplace safety and welfare. It establishes an integrated framework governing health, safety, working hours, and employment conditions across factories, mines, ports, and other establishments. Notable provisions include permitting 12-hour daily shifts within a 48-hour weekly limit, enhanced overtime compensation, and allowing women to work night shifts, subject to adequate safety measures. It also introduces annual health check-ups for employees in prescribed age categories and mandates digitised registration and inspection systems to strengthen compliance transparency.

Practical and Systemic Implications

For employers, operationalising the Codes will require significant recalibration of payroll structures, CTC design, HR policies, and employment documentation, including revised contracts, standing orders, and compliance calendars. The expanded base for social-security contributions will affect cost structures, while enhanced safety and welfare obligations may necessitate infrastructure upgrades and more robust compliance monitoring. For employees, the reforms promise greater transparency and formalisation through mandatory appointment letters, wage slips, and expanded social-security coverage, though the reduced job-security thresholds for smaller establishments may result in a more fluid employment landscape.

At a macroeconomic level, the Labour Codes are positioned as a cornerstone of India's efforts to align regulatory standards with global benchmarks and improve the ease of doing business, particularly for manufacturing and digital platforms. However, their ultimate success will hinge on effective implementation at the state level through consistent rulemaking, tech-enabled inspections, capacity-building among enforcement authorities, and broad-based awareness among employers and workers.

The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986

The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986, ("**Child Labour Act**") as last amended in 2016 was enacted to prohibit the engagement of children below the age of fourteen years in certain specified occupations and processes and to regulate their conditions of work in certain other employments. No child shall be required or permitted to work in any establishment in excess of such number of hours, as may be prescribed for such establishment or class of establishments. Every child employed in an establishment shall be allowed in each week, a holiday of one whole day, which day shall be specified by the occupier in a notice permanently exhibited in a conspicuous place in the establishment and the occupier shall not alter the day so specified more than once in three month.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**SHWW Act**") provides for the protection of women at workplace and prevention of sexual harassment at workplace. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behavior namely, physical contact and advances or a demand or request for sexual favors

or making sexually colored remarks, showing pornography or any other unwelcome physical, verbal, or non-verbal conduct of sexual nature.

The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e., a written complaint to be made within a period of three months from the date of incident. If the establishment has less than ten employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee constituted under section 6 of the SHWW Act.

Anti-Trust Laws

The Competition Act, 2002

The Competition Act, 2002, as last amended in 2009 (“**Competition Act**”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Act prohibits anti-competitive agreements, abuse of dominant position and regulates combinations (mergers and acquisitions) with a view to ensure that there is no adverse effect on competition in the relevant market in India.

Under the Competition Act, the Competition Commission has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations, provided the penalty is not more than ten per cent of the average turnover of the last three years.

Intellectual Property Laws

India has certain laws relating to intellectual property rights such as patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trademarks Act, 1999, and design protection under the Designs Act, 2000.

The Trademarks Act, 1999

The Act provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

The Copyright Act, 1957

This Act governs the copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Act acts as prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

The Designs Act, 2000

This Act protects any visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration, or composition of pattern or color, or combination of pattern and color in three-dimensional form containing aesthetic value. It

provides an exclusive right to apply a design to any article in any class in which the design is registered.

The Patents Act, 1970

This Act governs the patent regime in India and recognizes process patents as well as product patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application. The Act also provides for grant of compulsory license on patents after expiry of three years of its grant in certain circumstances such as reasonable requirements of the public, non-availability of patented invention to public at affordable price or failure to work the patented invention.

Tax Laws

Income Tax Act, 1961/ Income Tax Act, 2025

The Income Tax Act, 1961/ Income Tax Act, 2025 (“**Income Tax Act**”) consolidates all the provisions in relation to income tax and is applicable to every domestic / foreign company whose income is taxable under the Income Tax Act depending upon its “residential status” and “kind of income” earned by the company. Further, every company is required to file a return for the income earned in the previous year with the authorities under the Income Tax Act by 31st October of the assessment year. The Income Tax Act inter alia provides for tax deduction at source, fringe benefit tax, advance tax and minimum alternative tax and the like which is required to be complied with by every company.

Goods and Services Tax Act, 2017

The Goods and Services Tax Act, 2017 enacted on 12th April 2017 is an act to make a provision for levy and collection of tax on inter-State supply of goods or services or both by the Central Government and for matters connected therewith or incidental thereto. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

The Customs Act, 1962

The Customs Act, 1962, as amended from time to time (Customs Act”) regulates import of goods into and export of goods from India. Further, the Customs Act regulates the levy and collection of customs duty on goods in accordance with the Customs Tariff Act, 1975. Under the Customs Act, the Central Board of Customs and Excise (CBEC) is empowered to appoint, by notification, ports or airports as customs ports or airports.

The Customs duty is payable as a percentage of value which is known as assessable value or customs value. The value may be either value or tariff value as defined in the Customs Act. According to the Customs Act, the value of the imported goods and export goods shall be the transaction value of such goods i.e., the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of import or export from India for delivery at the time and place of export where the buyer and seller of the goods are not related and price is the sole consideration for the sale. Any company requiring import or export any goods is required to get itself registered under the Custom Act and obtain Importer Exporter Code number.

Shops and establishments Registrations:

In states where its warehouses and/or stores are located, registration under the respective shops and establishment acts of those states, wherever enacted or in force, is required. The terms of registration, renewal procedure and requirement for such registrations may differ under the respective state legislations.

No objection certificates from fire department:

The Company are required to obtain a no objection certificate (“NOC”) from the relevant fire department, as applicable in the concerned jurisdictions of the Company stores, to continue operations of its stores.

Miscellaneous Laws

Environment Protection Act, 1986

The aim/purpose of bringing the Act into force is to provide for the protection and improvement of environment and for matters connected there with. The Act was passed on 23rd May 1986 & came into force on 19th November 1986. To take appropriate steps for the protection and improvement of human environment that was laid down in United Nations Conference on the Human Environment held at Stockholm in June 1972, in which India also participated. The Act empowers the Central Government to take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment in coordination with the State Governments.

The Foreign Trade (Development and Regulation) Act, 1992

In India, the main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992 (FTA). The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government:- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorized to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorized to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import (EXIM) Policy. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a company without an Importer-Exporter Code number unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce.

General Laws

In addition to the above-mentioned laws and policies, the provisions of the Indian Contract Act, 1872, the Specific Relief Act, 1963, the Consumer Protection Act, 1986, the Companies Act 1956 or the Companies Act, 2013 (as may be applicable/amended/modified from time to time), etc., is applicable to the business and activities of the Company.

Policies Applicable

The Foreign Direct Investment

Foreign investment in companies is governed by the provisions of the Foreign Exchange Management Act, 1999 read with the applicable regulations. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry (MoCI) has issued the Consolidated FDI Policy the (FDI Circular) which consolidates the policy framework on Foreign Direct Investment (FDI), with effect from October 15, 2020. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DPIIT till October 15, 2020. At present 100% (One Hundred Per Cent) FDI is permitted through the automatic route in the sector in which the Company operates.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

GENERAL

Foreign investment in Indian securities is regulated through the Foreign Exchange Management Act, 1999 (FEMA), as amended, and the rules, regulations, and directions issued thereunder (“FEMA”), along with various policy pronouncements on foreign direct investment (“FDI”) made by the Government of India through press notes, press releases, and notifications. The Department for Promotion of Industry and Internal Trade (“DPIIT”) issued the Consolidated FDI Policy through a notification dated 28 October 2020 bearing DPIIT File Number 5(2)/2020-FDI (“FDI Policy”), which, with effect from 15 October 2020, consolidated and superseded all previous press notes, press releases, and clarifications on FDI that were in force as on 14 October 2020. The FDI Policy is amended and updated from time to time and will remain valid until the DPIIT issues an updated circular.

The FDI Policy provides a transparent, predictable, and easily comprehensible framework for FDI, which is regularly updated to capture any regulatory changes that may have occurred in the interim. These updates are typically reflected in the Consolidated FDI Policy Circular, which may be updated on an annual basis. The policy pronouncements made by the DPIIT through these Circulars, Press Notes, and Press Releases are notified by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India, as amendments to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under FEMA. These notifications take effect from the date of issue of the Press Notes/Press Releases, unless otherwise specified, and in the event of any conflict, the relevant notification under the FEMA Non-Debt Instruments Rules, 2019 will prevail. Further, the payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by the Reserve Bank of India (RBI), with amendments such as the one made by the RBI through a notification dated 15 June 2020. The FEMA framework, including all rules, regulations, notifications, and press releases, thus governs foreign investment in India.

At present, 100% FDI is permitted through the automatic route in the sector in which the Company operates, subject to the regulatory framework of FEMA, the FEMA Non-Debt Rules, and the FDI Policy, which is periodically reviewed and amended by the government to maintain transparency and ensure alignment with evolving economic conditions.

FOREIGN INVESTMENT

Foreign investment refers to any investment made by a person resident outside India on a repatriable basis in equity instruments of an Indian company or to the capital of a limited liability partnership. An Indian company may issue equity instruments to a person resident outside India subject to entry routes, sectoral caps and attendant conditionalities prescribed in the FEMA Non-Debt Rules. FCCBs and depository receipts having underlying instruments being in the nature of debt shall not be included in the sectoral cap. However, any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned under the sectoral cap. Foreign investment in India can be either through the automatic route where no prior approval of any regulatory authority is required or through the Government approval route. FEMA Non-Debt Rules prescribe sectoral caps for the sectors or activities as a limit indicated against each sector. The total foreign investment shall not exceed the sectoral or statutory cap. In sectors or activities not listed under the FEMA Non-Debt Rules or not prohibited under the Schedule thereto, foreign investment is permitted up to 100 per cent. under automatic route, subject to applicable laws or regulations, security and other conditionalities. These conditions, inter alia, include certain minimum pricing requirements,

compliance with the SEBI Takeover Regulations and ownership restrictions based on the nature of the non-resident investor. Under the FEMA Non-Debt Rules, foreign investment up to 100 per cent. is permitted in “Other Financial Services”, which refers to financial services activities regulated by financial sector regulators, including the NHB, as notified by the Government of India, subject to conditions including minimum capitalization norms, specified by the concerned regulator (in the Company’s case, the NHB and the RBI), if any. The FDI Policy and the FEMA Non-Debt Rules prescribe the method of calculation of total foreign investment (i.e., direct foreign investment and indirect foreign investment) in an Indian company. In relation to indirect foreign investment, FEMA Non-Debt Rules prescribe that indirect foreign investment refers to downstream investment received by an Indian entity from: (A) another Indian entity which has received foreign investment and (i) the Indian entity is not owned and not controlled by resident Indian citizens, or (ii) is owned or controlled by persons resident outside India; or (B) an investment vehicle whose sponsor or manager or investment manager (i) is not owned and not controlled by resident Indian citizens or (ii) is owned or controlled by persons resident outside India.

Equity instruments are required to be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration. Where such equity instruments are not issued within 60 days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/FCNR (B) accounts, as the case may be within 15 days from the date of completion of 60 days. An Indian company issuing equity instruments to a person resident outside India and where such issue is reckoned as foreign direct investment, is required to report such issue in Form FC-GPR, not later than 30 days from the date of issue of equity instruments. The RBI has introduced an online application, Foreign Investment Reporting and Management System (“FIRMS”) to subsume all the existing reports. FIRMS provides for the Single Master Form (“SMF”). With the implementation of SMF, the reporting of FDI, which was a two-step procedure viz., ARF and FC-GPR is merged into a single revised FC-GPR. With effect from 1 September 2018, certain forms including FC-GPR and FC-TRS were being made available for filing in SMF.

PN2 inserted a clarification in the Consolidated FDI Policy dated October 15, 2020, issued by the DPIIT, pursuant to which an Indian company engaged in a sector or activity prohibited for foreign direct investment (“FDI”) was permitted to issue bonus shares to its pre-existing non-resident shareholders as long as the shareholding pattern of the pre-existing non-resident shareholders remained unchanged. This clarification was to take effect from the date of issuance of the applicable FEMA notification, which has happened in the form of a new sub-rule (2) being inserted in Rule 7 of the NDI Rules.

However, the new sub-rule (2) goes a step further and clarifies the retrospective applicability of the change introduced by PN2. It expressly provides that any bonus shares issued to such pre-existing non-resident shareholders prior to the commencement of the sub-rule shall also be deemed to have been issued in accordance with the provisions of the NDI Rules, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 or the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as applicable.

On 20 January 2025, the Reserve Bank of India (RBI) issued an updated Master Direction on Foreign Investment in India (Master Direction). These updates provide much needed clarity on multiple long-standing issues under India’s foreign investment regime, particularly in relation to the structuring of downstream investments by foreign owned or controlled companies (FOCC). In addition, the updates outline compliances for acquisitions through rights issues and filing requirements for downstream investments. The updates also incorporate the amendments made to the Foreign Exchange Management (Non-Debt Instrument Rules), 2019 (NDI Rules)

in August 2024 which facilitated cross border mergers and acquisitions (M&A) by permitting secondary share swap arrangements.

On 16 January 2025, the Reserve Bank of India (RBI) announced amendments in the below mentioned regulations through a press release. Under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, foreign investors are now allowed to conduct transactions using repatriable rupee accounts or foreign currency accounts, replacing the earlier requirement to route such transactions through NRE, NRO, FCNR(B), or escrow accounts.

Under the Foreign Exchange Management (Deposit) Regulations, 2016, amendments now allow a Person Resident Outside India (PROI) to open a Special Non-Resident Rupee (SNRR) account not only with domestic branches of Authorized Dealer (AD) banks but also with their overseas branches. The earlier cap of seven years on maintaining SNRR accounts has been removed, and these accounts can now be used for all permissible current and capital account transactions, including transactions between PROIs.

INVESTMENT BY FOREIGN PORTFOLIO INVESTORS

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50 per cent. or common control) must be below 10 per cent. of the post-issue equity share capital of the Company. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI, including its investor group, shall be below 10 per cent. of the total paid-up equity share capital of a company and the total holdings of all FPIs put together, including any other direct and shall indirect foreign investments in a company, not exceed 24 per cent. of the paid-up equity share capital of a company on a fully diluted basis. In case the total holding of an FPI, including its investor group, increases (i) beyond 10 per cent. of the total paid-up equity capital of a company, on a fully diluted basis; or (ii) 10 per cent. or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by the company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by the SEBI and the RBI in this regard and the Company and the investor will be required to comply with applicable reporting requirements. The aggregate limit of 24 per cent. may be increased up to the sectoral cap by way of a resolution passed by the board of directors followed by a special resolution passed by the shareholders of the Company. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual investment limit for an FPI in the Company is not exceeding 10 per cent. of the total paid-up equity share capital of the Company.

INVESTMENT BY NON-RESIDENT INDIANS

An NRI may purchase or sell equity instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India. The total holding by any individual NRI or Overseas Citizen of India is restricted to (i) 5 per cent. of the total paid-up equity capital on a fully diluted basis; or (ii) 5 per cent. of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and Overseas Citizens of India put together is restricted to 10 per cent. of the total paid-up equity capital on a fully diluted basis or 10 per cent. of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10 per cent. may be raised to 24 per cent. if a special resolution to that effect is passed by the general body of the Indian company. Investments made by NRIs on non-repatriation basis in accordance with the FEMA Non-Debt Rules will be treated as domestic investments at par with the investments made by residents.

TRANSFER OF EQUITY INSTRUMENTS OF AN INDIAN COMPANY BY A PERSON RESIDENT OUTSIDE INDIA

A person resident outside India holding equity instruments of an Indian company or units in accordance with the FEMA Non-Debt Rules may transfer such equity instrument or units in compliance with the applicable conditions prescribed under the FEMA Non-Debt Rules. A person resident outside India (not being a non-resident Indian or an overseas citizen of India or an erstwhile overseas corporate body) may transfer by way of sale or gift the equity instruments of an Indian company or units held by him to any person resident outside India. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer is in adherence with pricing guidelines and documentation as specified by RBI, if such transfer attract the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. Form FCTRS is required to be filed for transfer of equity instruments in accordance with the FEMA Non-Debt Rules, between: (a) a person resident outside India holding equity instruments in an Indian company on a repatriable basis and a person resident outside India holding equity instruments on a non-repatriable basis; and (b) a person resident outside India holding equity instruments in an Indian company on a repatriable basis and a person resident in India. The onus of reporting is on the resident transferor/transferee or the person resident outside India holding equity instruments on a non-repatriable basis, as the case may be. Transfer of equity instruments on a recognised stock exchange by a person resident outside India are required to be reported by such person in Form FC-TRS. The form FC-TRS is required to be filed within 60 days of transfer of equity instruments or receipt/remittance of funds whichever is earlier.

LAWS IN RELATION TO FCCBs

The current laws governing the issuance of Foreign Currency Convertible Bonds (FCCBs) are embodied in the Ministry of Finance, Government of India, through the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions. These provisions, amended periodically by the Ministry of Finance, are supplemented by RBI notifications granting certain relaxations. Companies' ineligible to raise funds from the Indian capital market, including those restrained from accessing the securities market by the Securities and Exchange Board of India (SEBI) vide A.P. (DIR Series) Circular No. 11, are barred from issuing FCCBs. Further, FCCBs must be issued without any warrants attached, as stipulated under FED Master Direction No. 5/2018-19. Eligible Indian companies may issue FCCBs to persons resident outside India through the automatic route or with RBI approval, in accordance with the ECB Master Directions, as outlined in Master Circular No. 09/2011-12.

AUTOMATIC ROUTE

This offering is under the automatic route and does not require the approval of the Government of India or the RBI. However, under applicable current regulations of the RBI, prior approval of the RBI will be required for earlier redemption or repayment. Conversion of the FCCBs into Shares does not require RBI approval. The Company is required to make periodic filings with the RBI with respect to the Bonds.

In terms of the extant policy on foreign investment in India, foreign direct investment in the Company is permitted under the automatic route and non-resident investors are permitted to hold up to 100 per cent of the equity capital of the Company. The Shares issued on conversion of the Bonds are to be listed on the principal Indian stock exchange on which the Shares of the Company are now listed. The Company has applied for an “in principle” approval from the BSE and NSE for the listing of the Shares to be issued on conversion of the Bonds on such stock exchange. This Offering Circular will be filed with each Indian stock exchange on which the Company’s Shares are listed for information purposes only.

APPROVAL ROUTE

All ECB falling outside the automatic route limits are considered by the RBI under the approval route, wherein prospective borrowers are to send their requests to RBI through the Authorized Dealer banks (“AD Bank”).

PRICING GUIDELINES FOR FCCBs

The Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism), notified in 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions, enables Indian companies to raise capital from global markets through FCCBs, GDRs, and ADRs, and has been amended multiple times. In alignment with SEBI’s domestic capital issue guidelines, the Government, vide Press Note No. 15/4/2004-NRI dated 31 August 2005, initially required listed companies issuing ADR/GDR/FCCBs to price the issue at not less than the higher of (i) the average of weekly high and low closing prices during the six months preceding the relevant date, or (ii) the average of weekly high and low closing prices during the two weeks preceding the relevant date. The “relevant date” in this context referred to the date thirty days prior to the general body meeting convened under Section 81(IA) of the Companies Act, 1956, to consider the proposed issue. Following industry representations citing difficulties during bearish markets, the pricing norm was amended to require only the two-week average, with the Relevant Date now being the date on which the company’s board or duly authorized committee decides to open the issue. Further, as per the Government’s Press Note dated 27 November 2008, companies that had issued FCCBs prior to that date were provided a one-time six-month window to revise their conversion price in line with the new pricing norms, subject to compliance with FDI limits, obtaining board and shareholder approval, executing a fresh agreement with FCCB holders, and securing approval from the Reserve Bank of India. The pricing of FCCBs should not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the Indian stock exchanges during the two weeks preceding the relevant date. The “relevant date” is the date of the meeting in which the board of directors of the Company or committee of the directors duly authorized by the board decides to open the proposed Issue.

FILING AND REGULATORY REQUIREMENTS IN RELATION TO ISSUANCE OF BONDS

An ECB borrower is required to obtain an LRN (which has been obtained – 202606207) from the RBI before an issuance of Bonds is affected. To obtain this, ECB borrowers are required to submit a completed Form ECB which also contains terms and conditions of the ECB to the AD Category I Bank of the ECB borrower. The AD Category I Bank is then required to forward the completed Form ECB to the RBI. An ECB borrower is required to submit an ECB-2 Return on a monthly basis through its AD Category I Bank to the RBI.

PROCEDURE IN RELATION TO ANY CHANGE TO THE TERMS AND CONDITIONS OF THE ECB

Subject to certain conditions, the AD Category I Bank can approve any requests from the borrowers for changes in respect of ECB, except for FCCBs or foreign currency exchangeable bonds. Any redemption of the Bonds prior to satisfaction of the minimum average maturity period prescribed under the ECB Guidelines will require the prior approval of the RBI.

REGULATORY REQUIREMENTS IN RELATION TO ISSUANCE OF FOREIGN CURRENCY DENOMINATED ECB

Pursuant to the ECB Guidelines, any entity which can accept foreign direct investment, can issue, among others, FCCBs, foreign currency denominated floating /fixed rate notes /bonds / debentures (other than fully and compulsorily convertible instruments) with a three-year minimum average maturity period (“MAMP”).

The Bonds can be subscribed or purchased by any recognised lender as detailed above. Foreign branches/subsidiaries of Indian banks are permitted as recognised lenders only for FCY ECB (except FCCBs and foreign currency exchangeable bonds). Foreign branches/subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers /underwriters /market- makers/traders for Rupee denominated bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks is not allowed.

The entities raising ECB are required to follow the guidelines for hedging issued, if any, by the concerned sectoral or prudential regulator in respect of foreign currency exposure. The ECB borrower will be required to cover principal as well as coupon through financial hedges. The financial hedge for all exposure on account of ECB should start from the time of each such exposure (i.e., the day liability is created in the books of the borrower). A minimum tenor of one year of financial hedge would be required with periodic rollover duly ensuring that the exposure on account of ECB is not unhedged at any point during the currency of ECB. Natural hedge, in lieu of financial hedge, will be considered only to the extent of offsetting projected cash flows/revenues in matching currency, net of all other projected outflows. For this purpose, an ECB may be considered naturally hedged if the offsetting exposure has maturity/cash flow within the same accounting year. Any other arrangements/structures, where revenues are indexed to foreign currency will not be considered as a natural hedge.

Change of currency of ECB from one freely convertible foreign currency to any other freely convertible foreign currency as well as to INR is freely permitted.

MANAGEMENT

The following is a summary of certain information concerning the Company's management, certain provisions of the Companies Act, 2013. This summary is qualified in its entirety by reference to the Companies Act, 2013 and Indian law.

Board of Directors

The composition of the Board of Directors is governed by the provisions of the Companies Act, SEBI Listing Regulations and the Listing Agreements.

Pursuant to the Companies Act, not less than two-thirds of the total numbers of Directors shall be persons whose period of office is subject to retirement by rotation and one third of such Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The Directors to retire are those who have been the longest in the office since their last appointment. A retiring director is eligible for re-election. The Company's Directors are not required to hold any shares of the Company by way of qualification shares.

The Board of Directors may appoint any person as an additional Director, but such Director shall hold office only up to the date of the next annual general meeting unless appointed by the shareholders in accordance with the provisions of the Companies Act.

Presently, the Board of Directors of the Company comprises 6 (Six) Directors with 1 (One) executive Directors and 1 (One) Non-Executive and three Independent Directors. The following table sets forth information on the Company's Directors, their residential address and directorships in other companies:

S. No.	Name and address	Designation	Category	Date of Birth	Other Directorships
1	Mr. Shamanur Shivashan karappa Ganesh Address: 2634/1, Shamanur Road, MCC B Block Davangere, Karnataka, India - 577004 Business (DIN: 00451383) Nationality: Indian	Managing Director	Executive Director	September 13, 1961	<u>Indian Companies</u> ● Sham anur Starch Private Limited; ● Mafat lal Plywood Industries Private Limited ● Trile gacy Ventures Private Limited

					<u>Limited Liability Partnerships:</u> Nil
2	Mr. Abhijith Ganesh Shama nur Address: 2634/1, 2nd Cross 10th Main, MCC B Block, Davangere –577004, Karnataka, India Business (DIN: 03451918) Nationality: Indian	Executive Director	Executive Director	April 29, 1988	<i>Indian Companies:</i> • Trilegacy Ventures Private Limited • Alpha CNC Tech Private Limited <i>Limited Liability Partnerships:</i> Sunseeker Hospitality LLP
3	Ms. Swathi Shamanur Address: 2634/1, 2nd Cross 10th Main, MCC B Block, Southern Extension, Davangere –Karnataka, 577004, India Business (DIN: 10596097) Nationality: Indian	Non-Executive Director	Non-Executive Director	July 09, 1993	<i>Indian Companies:</i> Nil <i>Limited Liability Partnerships:</i> Nil
4	Ms. Hima Bindu Sagala Address: 8-3-222/A/4-A/A Swapnika Peral, Flat No G-1, C-Block 56, Yousufguda Metro Pillar no 1487 Hyderabad	Independent Director	Independent Director	March 26, 1983	<i>Indian Companies:</i> • In con Engineer

	Telangana – 500038 Professional (DIN: 09520601) Nationality: Indian				s Ltd; • TGV SRAAC Limited; and • N SPIRA Management Services Private • Silverline investment and Finance Private Limited (amalgamated) <i>Limited Liability Partnerships:</i> Nil
5	Ms. Vinita Dilip Modak B-201, Bavdhan 54 Apartment, Maratha Mandir Lane, Bh. Riddhi Siddhi Apartment, Bavdhan,VTC, Pune City– 411021, Pune Maharashtra Service DIN: 10763274) Nationality: Indian	Independent Director	Independent Director	June 10, 1983	<i>Indian Companies:</i> Nil <i>Limited Liability Partnerships :</i> Nil
6	Ms. Achal Kapoor House no. 126, New Gandhi Nagar, Ghaziabad,	Independent Director	Independent Director	November 06, 1987	<i>Indian Companies:</i> • Five Vision

	Uttar Pradesh-201001				Promoters Private Limited • RKB Towel Manufacturing Company Limited • Goyal Aluminiums Limited • EMS Limited • Ispatika International Limited • DSM Fresh Foods Limited • Unicum India Private Limited • Kairos of t AI Solution Limited Limited Liability Partnerships: Nil

Brief Profile of Directors

Mr. Ganesh Shivashankarappa Shamanur, aged 65 years is the Managing Director of Davangere Sugar Company Ltd and a distinguished entrepreneur with extensive experience in the sugar, power and agro-processing sectors. He began his business career at a young age through M/s. Laxmi Flour Mills and successfully expanded its market presence across Karnataka while also earning recognition in agricultural exports. Under his leadership, Davangere Sugar Company Ltd commissioned one of India's notable co-generation power plants and significantly expanded its sugarcane cultivation network through progressive farmer-centric initiatives and professional management practices.

Mr. Abhijith Ganesh Shamanur, aged 38 Years is an Industrial Engineer from Northeastern University and holds a master's degree in technology Entrepreneurship from University College London. He has been actively associated with the family business since 2012 and currently serves as the Executive Director of M/s. Davangere Sugar Company Ltd and Executive Partner of Lakshmi Floor Mills. He plays a key role in the company's sugar, power and ethanol businesses, and has been instrumental in technology upgradation, expansion initiatives and agricultural development programs, including the introduction of high-yield sugarcane varieties benefiting farmers across the region.

Ms. Swathi Shamanur, aged, 31 Years is Masters of Science in Business and Information systems from New Jersey Institute of Technology, USA. She has rich experience in hotel Industry and She is currently managing the 4 star category hotel Southern Star owned by the family since 4 years. She is successful in managing the affairs of the Hotel with highest occupancy rate. During the course of time she has gained rich experience in hotel Industry.

Ms. Achal Kapoor, aged, 37 Years is a Qualified Associate member of the Institute of Company Secretaries of India (ICSI), a Post Graduate Diploma in Business Management in Finance from Symbiosis Centre for Distance Learning, a Law Graduate from Bhagwati College of Law, CCS University (Meerut). He has more than 10 years of experience as on Legal Manager Level in the field of Corporate Laws, Securities Law, SEBI Compliances, Financial Management, Accounts and Taxation etc. in a Listed Companies, Public and Private Companies. He adjudged as Best Participant Male in orientation Programme conducted by Institute of Company Secretaries of India (ICSI). He worked in Delhi Stock Exchange, Registrar of Companies or any other legal authorities etc.

Ms. Hima Bindu Sagala, aged, 42 Years, is Fellow Chartered Accountant (F.C.A) Mrs. Hima Bindu Sagala has Extensive experience in handling Corporate Audits - Statutory, Internal and Tax Audits, Software and Defense industries, Bank Audits - Statutory, Firms and Small / Medium Enterprises and Extensive Exposure to Book Keeping, Audit Finalization, working with Statutory Auditors, Income Tax Authorities and handling Investor Relationship Management.

Ms. Vinita Dilip Modak, aged, 42 years, is a company secretary, and cost and management accountant Ms. Vinita Dilip Modak has worked as business consultant to various business houses mainly from sugar industry, manufacturing, forging, textile etc. Currently working as an ERP Business Analyst mainly for costing and project management. As Costing ERP solutions assist organization to provide MHR calculations, project budgets, monitoring of budgets and cost throughout the project life cycle, product costing, process costing, enterprise resource Management, identifying cost saving opportunities and provide financial information and analysis for decision making and strategic planning. Legal, Secretarial and Corporate governance, corporate restructuring, financial management and due diligence Corporate advisory services and SCRA and regulations made thereunder Depositories Act.

Relationship between the Directors

Except as disclosed below none of the Company's Directors are related to each other –

1. Mr. Ganesh Shivashankarappa Shamanur is the father of Mr. Abhijith Ganesh Shamanur and father-in-law of Mrs. Swathi Shamanur.
2. Mr. Abhijith Ganesh Shamanur is the son of Mr. Ganesh Shivashankarappa Shamanur and husband of Mrs. Swathi Shamanur.
3. Mrs. Swathi Shamanur is the wife of Mr. Abhijith Ganesh Shamanur and daughter-in-law of Mr. Ganesh Shivashankarappa Shamanur.
4. Mr. Achal Kapoor is an Independent Director and is not related to any other director of the Company.
5. Mrs. Hima Bindu Sagala is an Independent Director and is not related to any other director of the Company.
6. Mrs. Vinita Dilip Modak is an Independent Director and is not related to any other director of the Company.

Borrowing powers of the Board of Directors

As per the special resolution passed by the Members of the Company through the Extraordinary General Meeting concluded on April 24, 2026, the Board has been given powers to borrow a sum not exceeding INR 1500 Crores other than the outstanding temporary loan borrowed from the Company's bankers in the ordinary course of business.

Interest of the Directors

All of the directors may be deemed to be interested to the extent of remuneration and/or fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them.

All the directors may also be regarded as interested in the equity shares held by, or subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or Registrars.

Directors' Compensation

The following table sets out details of remuneration paid to the directors for the financial year 2025-26:

Full Name	Designation	Remuneration (Rs. /Lacs)
Shamanur Shivashankarappa Ganesh	Managing Director	INR 36.00 lacs
Abhijith Ganesh Shamanur	Executive Director	INR 21.00 lacs
Swathi Shamanur	Non- Executive Director	No remuneration paid
Hima Bindu Sagala	Independent Director	No remuneration paid

* Commission expenses

The following table sets out details of sitting fee paid to the independent directors for the financial year 2025-26:

Name	Designation	Rs./Mn
Vinita Dilip Modak	Independent Director	NR 150,000/-
Hima Bindu Sagala	Independent Director	NR 200,176/-
Achal Kapoor	Independent Director	NR 90,000/-

Directors' Shareholding

The following table sets out the shareholdings of the Directors in the Company as of June 02, 2026:

Name of the Director	Designation	No. of Shares held	Percentage
Shamanur Shivashankarappa Ganesh	Managing Director	357,418,674	24.99
Abhijith Ganesh Shamanur	Executive Director	69,147,240	4.84
Swathi Shamanur	Non- Executive Director	Nil	Nil
Vinita Dilip Modak	Independent Director	Nil	Nil
Achal Kapoor	Independent Director	Nil	Nil
Hima Bindu Sagala	Independent Director	Nil	Nil

Besides the above, no other Director holds any Shares in the Company.

Loan and guarantees to Directors and Management

As at the date of this Offering Circular, there are no loans or guarantees which have been provided or are outstanding to either the Directors or the management of the Company.

ESOP Scheme

As at the date of this Offering Circular, the Company has no ESOP Scheme.

CORPORATE GOVERNANCE

The Company has complied with the corporate governance code in accordance with the listing agreements with the Stock Exchange, particularly in respect to appointment of independent directors on the Board and constitution of the Audit Committee, the Nomination & Remuneration Committee and the Stakeholders' Relationship Committee. The Company's corporate governance policies recognize the accountability of its Board of Directors and the importance of transparency to all of its constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

The Board functions through various committees, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. The constitution and main functions of the various committees are given below:

1. Audit Committee

The Audit Committee of the Company is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. The Audit Committee is constituted in line to monitor and provide effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity, and quality of Financial Reporting. During the financial year 2024-2025, six (6) meetings were held on May 24, 2024, July 15, 2024, September 06, 2024, November 09, 2024, January 18, 2025 and March 28, 2025. Further, during the financial year 2025-2026, Six (6) meetings were held on May 14, 2025, August 14, 2025, September 08, 2025, November 13, 2025, February 10, 2026 and March 10, 2026.

The constituted Audit Committee comprises following members:

Name of Director	Category	Designation
Mrs. Hima Bindu Sagala	Independent Director	Chairman
Mr. Abhijith Ganesh Shamanur	Executive Director	Member
Mr. Achal Kapoor	Independent Director	Member

The scope of Audit Committee shall include but shall not be restricted to the following:

1. Oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 134 of the Companies Act, 2013.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer Document/ Red Herring Prospectus/Notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the peer review's independence and performance and effectiveness of the audit process.
8. Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of intern

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in compliance with the provisions of Section 178, Schedule V and all other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Power) Rules, 2014 and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year 2024-2025, two (2) nomination and remuneration committee meetings were held on April 19, 2024 and September

6, 2024. Further, during the financial year 2025-2026, Six (6) nomination and remuneration committee meetings were held on May 14, 2025, June 16, 2025, July 16, 2025, August 14, 2025, September 05, 2025, September 08, 2025.

The constituted Nomination and Remuneration Committee comprises following members:

Name of the Director	Category	Designation
Mrs. Hima Bindu Sagala	Independent Director	Chairman
Mrs. Swathi Shamanur	Non- Executive Director	Member
Mr. Achal Kapoor	Independent Director	Member

● **Role of Nomination and Remuneration committee**

The role of the Nomination and Remuneration Committee includes, but not restricted to, the following:

- Formulation of the criteria for determining qualification, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devising a policy on diversity of the Board of Directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria, laid down, and recommend to the Board of Directors their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

3. Stakeholder Relationship Committee

The Company has constituted Stakeholders Relationship Committee in compliance with the provisions of the Section 178(5) and all other applicable provisions of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The constituted Stakeholders Relationship Committee comprises the following Stakeholders Relationship Committee of Directors in compliance with provisions of the Companies Act, 2013 to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc. During the financial year ended 2024-2025, two (2) meeting of Stakeholders Relationship Committee was held on March 5, 2024 and November 9, 2024. During the financial year ended 2025-2026, 1 (One) meetings of Stakeholders Relationship Committee was held on November 10, 2025.

The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve the grievance of the security holders of the Company.

The Stakeholders Relationship Committee consists of three independent, additional and non-

executive directors namely Mrs. Hima Bindu Sagala, Mrs. Swathi Shamanur and Mrs. Vinita Dilip Modak. Ms. Hima Bindu Sagala is the Chairperson of the Committee.

The Company Secretary of the Company acts as Secretary to the Committee.

4. Corporate Social Responsibility Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013 and rules made there under. During the financial year 2024-2025, one (1) meeting of corporate social responsibility committee was held on November 09, 2024. Further, during the financial year 2025-2026, one (1) meeting of corporate social responsibility committee was held on November 10, 2025. The terms of reference of the CSR Committee, inter alia include the following:

- (a) Recommend the amount of expenditure to be incurred on the activities;
- (b) Monitor implementation and adherence to the CSR Policy of the Company from time to time;
- (c) Prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/ activities proposed to be undertaken by the Company; and
- (d) Such other activities as the Board of Directors may determine from time to time

The constituted Corporate Social Responsibility Committee comprises following members:

Name of the Director	Category	Designation
Mr. Achal Kapoor	Independent Director	Chairperson
Mrs. Swathi Shamanur	Non-Executive Director	Member
Mrs. Vinita Dilip Modak	Independent Director	Member

BRIEF PROFILE OF COMPANY'S KEY MANAGEMENT

S. No	Name & Designation	Date of Birth	Age	Qualification	Years with the Company	Experience in years	Present Remuneration per annum
1	Shamanur Shivashankarappa Ganesh Managing Director	September 13, 1961	65	Graduate	26	40	INR 3,600,000/-
2	Abhijith Ganesh Shamanur Executive Director	April 29, 1988	38	Qualified Industrial Engineer – Northeastern University and Masters from University College of London	14	14	INR 2,100,000/-
3	Vishwanath Patil Company Secretary	March 13, 1978	48	Company Secretary	01	14	INR 2,000,000/-
4	Parameshwarappa Onkarappa CFO	July 20, 1960	65	Chartered Accountant	13	37	INR 1,320,000/-

Brief Profile of Key Management Personnel

Mr. Ganesh Shivashankarappa Shamanur

Mr. S.S. Ganesh is the Managing Director of Davangere Sugar Company Ltd and a distinguished entrepreneur with extensive experience in the sugar, power and agro-processing

sectors. He began his business career at a young age through M/s. Laxmi Flour Mills and successfully expanded its market presence across Karnataka while also earning recognition in agricultural exports. Under his leadership, Davangere Sugar Company Ltd commissioned one of India's notable co-generation power plants and significantly expanded its sugarcane cultivation network through progressive farmer-centric initiatives and professional management practices.

Abhijith Ganesh Shamanur

Mr. Abhijith G. Shamanur is an Industrial Engineer from Northeastern University and holds a master's degree in technology Entrepreneurship from University College London. He has been actively associated with the family business since 2012 and currently serves as the Executive Director of Davangere Sugar Company Ltd and Executive Partner of Lakshmi Floor Mills. He plays a key role in the company's sugar, power and ethanol businesses, and has been instrumental in technology upgradation, expansion initiatives and agricultural development programs, including the introduction of high-yield sugarcane varieties benefiting farmers across the region.

Parameshwarappa Onkarappa

Mr. Parameshwarappa Onkarappa is a Chartered Accountant having more than 37 (thirty-seven) years of experience. Having good experience in financial administration, handling all fund-raising activity with bank and financial institutions and he has experience of handling income tax/ GST appeal and tribunal matters and having fair knowledge of compliance to company law matters/NSE/BSE and SEBI matters. Handled listing of companies with BSE/NSE, Rights issue.

Vishwanath Patil

Mr. Vishwanath Patil is the Company Secretary and Compliance Professional with over 14 years of expertise in corporate secretarial practices, corporate governance, legal advisory, and finance. He has worked with leading organizations including Brickwork Ratings India Pvt. Ltd., Nitstone Finserv Pvt. Ltd., and BDI India Pvt. Ltd., where he managed statutory compliance, SEBI/RBI reporting, legal documentation, and corporate governance.

Relationship between Key Managerial Personal and Directors

None of the Key Managerial Personnel are related to the Directors or to each other.

Interests of Key Managerial Personnel

The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and to the extent of the Equity Shares held by them or their dependents in the Company, if any.

Other than as disclosed in this Offering Circular, there are no outstanding transactions other than in the ordinary course of business undertaken by the Company, in which the key managerial personnel are interested.

Bonus or profit-sharing plan for Key Management Personnel

Currently, the Company does not have any performance linked bonus policy and a profit-sharing scheme for its employees.

Code of Conduct

The Company has laid down a Code of Conduct and Ethics for Directors and Key Management (“Code”) applicable to all its Board members, and the Key management-

In the preceding two financial years, the Company has not entered into any transaction of an unusual nature with members of the Board of Directors or any of its key management employees, except as disclosed in this Offering Circular

Shareholding of Key Management Personnel

As on date, except the directors of the Company, none of the Key management personnel is holding shares in the Company.

As of the date of this Offering Circular, the issued, subscribed and paid-up share capital of the Issuer consisted of 1,429,990,798 Shares of INR 1/- par value.

The holding under control of the promoter and Promoter group is 41.63% of the total share capital and the remaining 58.37% is held by the public.

The following table sets forth information regarding the principal shareholders holding Shares of the Issuer as per the shareholders register as of May 31, 2026. **Vishwanath Patil** is an associate member of “The Institute of Company Secretaries of India”. He has been responsible for ensuring corporate compliance with statutory and regulatory requirements, as well as managing board proceedings and maintaining essential corporate records.

Name of the Shareholder	No. of Shares held	Percentage of Shareholding
Ganesh Shivashankarappa Shamanur	357,418,674	24.99
Rekha Ganesh	62,822,501	4.39
Abhijith Ganesh Shamanur	69,147,240	4.84
Anchal Ganesh Shamanur	15,000,000	1.05
Akhil G Shamanur	10,000,000	0.70
Mafatlal Plywood Industries Private Limited	80,000,000	5.59
Indian Cane Power Limited	934,790	0.07
Total (a)	595,323,205	41.63

Public Shareholding (b)	834,667,593	58.37
TOTAL (a) + (b)	1,429,990,798	100.00

RELATED PARTY TRANSACTIONS

From time to time the Company enters into transaction with affiliates or related parties, and with its associate company. The Company's policy is that such transactions are made on an arm's length basis and are on no less favorable terms than if such transactions were carried out with unaffiliated third parties. Full details of related party transactions for the year ended March 31, 2026 are set out in the Company's audited financial statements included elsewhere in this Offering Circular. As at March 31, 2026 the Company had no subsidiary; its wholly-owned subsidiary, Aurevant Global Ltd, was incorporated on June 4, 2026, after the date of those audited financial statements, and is accordingly not reflected therein. Save for the proposed Overseas Direct Investment of the Net Proceeds into Aurevant Global Ltd described under "Use of Proceeds", the related parties referred to in this section are promoter and promoter-group affiliated entities and do not include the Company's subsidiary.

The term "promoter" is defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 as:

- (i) the person or persons who are in control of the issuer; or
- (ii) the person or persons who are instrumental in the formulation of a plan or program pursuant to which specified securities are offered to public;
- (iii) the person or persons named in the offer document as promoters.

Provided that a director or officer of the issuer or a person, if acting as such merely in his professional capacity, shall not be deemed as a promoter:

Provided further that a financial institution, scheduled bank, foreign institutional investor, and mutual fund shall not be deemed to be a promoter merely by virtue of the fact that ten per cent. or more of the equity share capital of the issuer is held by such person.

Provided further that such financial institution, scheduled bank, and foreign institutional investor shall be treated as promoter for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them.

The statement of related party details for the year ended Mar 31, 2026 is furnished

Related Party Transactions occurred As On 31.03.2026

Sl No .	Particulars	Names	PAN No.	Din No.
1	Promoter	Ganesh Shivashankarappa Shamanur	ACBPG6170G	451383
2	Wife	Rekha Ganesh	AGDPG8986E	2764230
3	Father	NA	NA	NA
4	Mother	NA	NA	NA
5	Son	Abhijith G Shamanur	BLRPS8975H	3451918
6	Son's Wife	Swathi Shamanur	DRFPS7673A	10596097
7	Daughter	NA	NA	NA
8	Daughter's Husband	NA	NA	NA

9	Brother	NA	NA	NA
10	Sister	NA	NA	NA
11	HUF of Promoter/Director	NA	NA	NA
12	Proprietorship Firm of Promoter/Director	As per statement attached below	As per statement attached below	As per statement attached below
13	Partnership Firm in which Promoter/Director is a partner or Relative of Promoter/Directors are Partner.	As per statement attached below	As per statement attached below	As per statement attached below
14	Other Companies in which Promoter/Director/Relative of Promoter or Directors are Promoter/Director/Having Shares more than 2%.	NA	NA	NA

Statement of Related Party Traction as on 31.03.2026

Sl No.	Name of the Contracting Party	PAN	Nature of Relationship	Nature of Transactions	01.04.2025 Opening Amount	Amount Debited	Amount Credited	31.03.2026 Closing Amount	
1	M/S Kalleshwar Traders	AABFK6451G	MD is a partner in the firm	Purchase & Sale of goods & Services	-	6,81,830	6,81,830	Nil	
2	Shamanur Kallppa & Sons	AAFFS2646M	MD is a partner in the firm	Purchase & Sale of goods & Services	-	19,04,298	19,04,298	Nil	
3	Shivashankar Associates	AAFFS2647L	MD is a partner in the firm	Purchase & Sale of goods & Services	-	2,08,650	2,08,650	Nil	
4	Shamanur Transport	BLRPS8975H	ED is the proprietor	Purchase & Sale of goods & Services	3,45,68,866	14,45,98,731	13,98,88,834	3,92,78,763	Dr
5	GMM Enterprises	AANFG2827L	MD and ED are partners in the firm	Purchase & Sale of goods & Services	6,16,923	-	1,56,610	7,73,533	Cr
6	M/s Lakshmi Flour Mill	AAAFL5350N	MD is a partner in the firm	Purchase & Sale of goods & Services	4,90,978	2,45,900	9,82,367	12,27,445	Cr
7	S S Trading Company	ABRFS4709C	MD is a partner in the firm	Purchase & Sale of goods & Services	4,72,30,265	16,91,64,621	17,50,82,883	4,13,12,003	Dr

8	Rekha Ganesh	AGDPG8986E	Wife of Sri.S.S.Ganesh	Purchase & Sale of goods & Services	3,32,640	46,200	5,45,160	8,31,600	Cr
9	Shivashankar Filling Station	ACBPG6170G	MD is a partner in the firm	Purchase & Sale of goods & Services	10,29,595	1,04,90,606	1,00,91,652	6,30,641	CR
1. M/S Kalleshwar Traders are the dealers in Sugar and pulses. Company is purchasing sugar and pulses for the purpose of preparing food in the canteen of the company for providing food to employees. The purchases are made at arm's length price. MD is a partner.									
Shamanur Kallppa & Sons Traders are the dealers in Sugar, pulses and grocery. Company is purchasing sugar and pulses for the purpose of preparing food in the canteen of the company for providing food to employees. The purchases are made at arm's length price. MD is a partner.									
Shivashankar Associates are the dealers in Sugar, pulses and grocery. Company is purchasing sugar and pulses for the purpose of preparing food in the canteen of the company for providing food to employees. The purchases are made at arm's length price. MD is a partner.									
Shamanur Transport is providing transportation services to the company for transferring goods. And it is also supplying Maize to the company which is used for production of Ethanol. Mr. Abhijit G Shamanur, ED of the company is the proprietor. The transactions are carried out at market price and at Arm's length price									
GMM Enterprises is crushing unit manufacturing stone jelly and M-sand. The company purchases jelly and M-sand for its use. MD and ED are partners. Purchases are made at Arm's length price									
M/s Lakshmi Flour Mill is a manufacture of wheat products and company is purchasing Atta, Maida for preparing food at canteen for employees and purchases are made at Arm's length price, MD is the partner in the firm									
S S Trading Company Is the dealer in Maize and company is purchasing maize for manufacturing of Ethanol. Purchases are made at Arm's length price, MD is the partner in the firm									
Rekha Ganesh, she is owning Godown and company has taken same on rental basis for storage of maize. The company is paying rent at Arm's length price. She is spouse of MD									
Shivashankar Filling Station is a dealer in diesel and petrol and company is purchasing diesel and petrol for its vehicles and these vehicles are used for company business purpose. The purchases are made at arm's length price. MD is proprietor for the firm.									

Statement of Related Party Traction As On 31.03.2026

Sl No.	Name of the Contracting Party	PAN	Nature of Relationship	Nature of Transactions	01.04.2025 Opening Amount	Amount Debited	Amount Credited	31.03.2026 Closing Amount	
1	M/S Kalleshwar Traders	AABFK6451G	MD is a partner in the firm	Purchase & Sale of goods & Services	-	681,830	681,830	Nil	
2	Shamanur Kallppa & Sons	AAFFS2646M	MD is a partner in the firm	Purchase & Sale of goods & Services	-	1,904,298	1,904,298	Nil	
3	Shivashankar Associates	AAFFS2647L	MD is a partner in the firm	Purchase & Sale of goods & Services	-	208,650	208,650	Nil	
4	Shamanur Transport	BLRPS8975H	ED is Interested and Control over	Purchase & Sale of goods & Services	34,568,866	144,598,731	139,888,834	39,278,763	Dr

5	GMM Enterprises	AANFG2827L	MD and ED are partners in the firm	Purchase & Sale of goods & Services	616,923	-	156,610	773,533	Cr
6	M/s Lakshmi Flour Mill	AAAFL5350N	MD is a partner in the firm	Purchase & Sale of goods & Services	490,978	245,900	982,367	1,227,445	Cr
7	S S Trading Company	ABRFS4709C	MD is a partner in the firm	Purchase & Sale of goods & Services	47,230,265	169,164,621	175,082,883	41,312,003	Dr
8	Rekha Ganesh	AGDPG8986E	Wife of Sri.S.S.Ganesh	Purchase & Sale of goods & Services	332,640	46,200	545,160	831,600	Cr
9	Shivashankar Filling Station	ACBPG6170G	MD is a partner in the firm	Purchase & Sale of goods & Services	1,029,595	10,490,606	10,091,652	630,641	CR

LIST OF PENDING LITIGATION

Save as described below, the Company is not involved in any material legal proceedings, and in the opinion of the Company no proceedings are threatened, which may have or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Company's business, financial position, profitability or results of operations. A summary of legal proceedings involving the Company is set forth below.

The present litigations are not material from the tax liability involved in the cases in one case before supreme court tax liability involved is INR 201.64 lacs and company has paid INR 175.00 lacs against this liability to prevent future consequences of interest and liability.

In another case which is pending before the CESTAT relating to customs matter the liability is INR 122.30 lacs and GST liability is only INR 57.95 Lacs. All the matters are before the appellant authorities. If all the cases decided against the company the liability occurring to the company is INR 206.25 lacs. The liability on Tac litigations seems to be not significant compared to the size of the company and income earned by the company if all the cases are decided against company it will not materially impact the financial position of the company

A. **LITIGATION INVOLVING THE COMPANY**

As on the date of Offering Circular, the following are the outstanding litigation, pending against the Company whose outcome could affect the operation or finances of the Company or have a material adverse effect on the position of the Company.

I. **Litigation involving the Company**

1. **Criminal Proceedings**

The Company has 7 cases are cheque bounce complaints against harvesting/transportation contractors for dishonored cheques. The details of which are as follows:

<u>Sl No.</u>	<u>CI No.</u>	<u>Case Type / Number / Year</u>	<u>Petitioner</u>	<u>Respondent</u>	<u>Court</u>	<u>Filing Date</u>	<u>State of Case</u>	<u>Company Remarks</u>
1	KADG030028582023	C.C./1704/2023	M/S. Davanagere Sugar Com .Ltd. R/ by Managing Director.S.S.Ganesh S/o Shamanur Shivashankarappa	Somappa S/o Lalappa Kalikeri	District Court Complex-Davanagere	19/04/2023	court proceedings are in process	The Company had given advances to the harvesting and transportation contractors but these contractors could not able to repay the advance given to them. There was a shortfall in the quantity of the sugarcane which they harvested and transported to the company and hence excess advance remained with them which Company asked to repay but they delayed the repayment. The Company asked these contractors to issue cheques in favour of Company for the amount due, they issued cheque

<u>Sl No.</u>	<u>CI No.</u>	<u>Case Type / Number / Year</u>	<u>Petitioner</u>	<u>Respondent</u>	<u>Court</u>	<u>Filing Date</u>	<u>State of Case</u>	<u>Company Remarks</u>
								but the cheque was not honoured hence Company filed compliant under section 200 of the CPC before the District Civil Judge Court. The amount recoverable is Rs. 4,24,207/- The Case is pending for further hearings. The financial implication is company is going to lose 4,24,207/- if the money is not recovered.
2	KADG030227102022	C.C./6458/2022	M/S. Davanagere Sugar Company Limited	Kotra Naik S/o Late Durga Naik	District Court Complex-Davanagere	20-10-2022	Court proceedings are in process	The Company had given advances to harvesting and transportation contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 6,30,080/-.
3	KADG030217752022	P.C.R./595/2022	M/S. Davanagere Sugar Company Limited	Hanuma Naik S/o Lalya Naik	District Court Complex-Davanagere	25-08-2022	Court proceedings are in process	The Company had given advances to harvesting and transportation contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 3,18,108/-.
4	KADG030217752022	P.C.R./593/2022	M/S. Davanagere Sugar Company Limited	Ananda Naik	District Court Complex-	25-08-2022	Court proceedings are in	The Company had given advances to harvesting and transportation

<u>Sl No.</u>	<u>CI No.</u>	<u>Case Type / Number / Year</u>	<u>Petitioner</u>	<u>Respondent</u>	<u>Court</u>	<u>Filing Date</u>	<u>State of Case</u>	<u>Company Remarks</u>
					Davanagere		process	contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 4,08,000/-. Complaint copy enclosed.
5	KADG030023672024	C.C./1473/2024	M/S. Davanagere Sugar Company Limited	Devendra Naik V S/o V. Peekya Naik	District Court Complex-Davanagere	16-03-2024	Court proceedings are in process	The Company had given advances to harvesting and transportation contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 4,39,060/-.
6	KADG030063252024	C.C./4137/2024	M/S. Davanagere Sugar Company Limited	Rama Naik S/o Durgya Naik	District Court Complex-Davanagere	26-07-2024	Court proceedings are in process	The Company had given advances to harvesting and transportation contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 57,244/-.

<u>Sl No.</u>	<u>CI No.</u>	<u>Case Type / Number / Year</u>	<u>Petitioner</u>	<u>Respondent</u>	<u>Court</u>	<u>Filing Date</u>	<u>State of Case</u>	<u>Company Remarks</u>
7	KADG030063272024	C.C./4138/2024	M/S. Davanagere Sugar Company Limited	Maresh Nayak L.S.	District Court Complex-Davanagere	26-07-2024	Court proceedings are in process	The Company had given advances to harvesting and transportation contractors but they could not repay. There was a shortfall in sugarcane harvested and transported; excess advance remained. The Company asked these contractors to issue cheques; they issued cheques but the cheques were not honoured; hence Company filed complaint under Section 200 CPC before the District Civil Judge Court. Amount recoverable: Rs. 2,58,326/-.

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material civil proceedings

The Company has 1 case (Sl. No. 1 — M.V.C./407/2024) is a motor accident compensation claim The details of which are as follows.

<u>Sl No.</u>	<u>CI No.</u>	<u>Case Type / Number / Year</u>	<u>Petitioner</u>	<u>Respondent</u>	<u>Court</u>	<u>Filing Date</u>	<u>State of Case</u>	<u>Company Remarks</u>
1	KADG020039192024	M.V.C./407/2024	Sumangalamma	The Managing Director, National Insurance Co. Ltd., Davanagere; Naveen Kumar BR; The Managing Director, Davanagere Sugars Co. Ltd.	District Court Complex-Davanagere	29-07-2024	Court proceedings are in process	The Company vehicle canter was met accident with two wheeler rider, Smt. Sumangalamma and her son. There were minor injuries for the two wheeler rider. The injured Sumangalamma filed a case claiming compensation from the National Insurance Company for a third party insurance compensation making our company as a party to the case. The case is pending; no financial implication involved since the insurance company pays the damages.

4. Tax Proceedings

- **Direct Tax:**

- (a) ***In the matter of M/s Davangere Sugar Company Limited v. Commissioner of Customs, Excise & Service Tax, Mangalore & Ors.***

The Company has preferred a statutory civil appeal under Section 130E(b) of the Customs Act, 1962 before the Hon'ble Supreme Court of India, challenging the Final Order dated 20.06.2014 passed by the CESTAT, Bangalore in a common batch of appeals filed by various importers raising an identical classification dispute. Customs Duty liability Rs. 201.64 Lakhs and company has paid Rs. 175.00 Lakhs as advance. Before the Supreme Court- Hearing taken up once. But adjourned on the request of the Department Advocate. But, still not taken up for hearing. Further, it may take six months.

- (b) ***In the matter of M/s Davangere Sugar Company Limited v. Assistant Commissioner of Commercial Taxes (Audit-5), DGSTO, Davangere***

The Company has preferred a statutory appeal under Section 107 of the KGST/CGST Acts, 2017 against the Order-in-Original dated 27.02.2025 passed by the Assistant Commissioner of Commercial Taxes (Audit-5), DGSTO, Davangere. Proceedings before the appellate authority are yet to commence. The impugned Order arises out of a Show Cause Notice in Form GST DRC-01 (Reference No. ZD291124156996U) dated 28.11.2024 issued under Section 73(1) of the Acts pursuant to audit assignment No. JCCT(ADM)/DGSTO/DVG/ADJ/73/2824/2024-25 dated 21.11.2024. The Company filed its reply in Form GST DRC-06 on 13.01.2025 and was afforded a personal hearing on 20.02.2025.

GST Input Credit was disallowed and GST levied on Corporate Guarantee extended by the company in favor of farmer contractors. The Tax liability is INR 57.95 Lacs, The case is pending before the JCIT(Appeals) Davangere. One hearing is completed, we may get the relief up to Rs.48.00 Lakhs as per our argument with JCIT and agreed to allow. The Balance tax of about Rs.9.95 lakhs may be the balance liability.

- (c) ***In the matter of M/s Davangere Sugar Company Limited v. The Joint Commissioner of Central Tax, Bengaluru Northwest Commissionerate:*** The Company is engaged in the manufacture of sugar and molasses and avails CENVAT credit on inputs, input services and capital goods. During the manufacturing process, bagasse a non-excisable residue is generated

and used captively for generation of electricity in the Company's co-generation plant. A portion of the electricity so generated is consumed within the factory, while the surplus is wheeled to the power distribution company for a consideration. Case is decided in favor of the company. The entire demand is quashed. Order copy is enclosed.

- (d) Income tax litigation between company and Deputy commissioner of Income tax regarding Stock difference of Rs.20,688,995/- at the time of survey on 26.07.2016. **Case decided in company favour. The order copy enclosed. Further the Income tax department has filed petition before ITAT challenging the dismissal order. As per the CIT (appeal) order liability is nil. The case is pending before ITAT on account of filing appeal by the department which is going to be quashed,**
- (e) customs duty demand on import INR 122.30 Lacs on Imported coal regarding classification of coal which is disputed by the company. The company has filed an appeal before the CESTAT Bangalore – proceedings are pending. It may take some more time for hearing of the case. It may take further one year to decide the case.

- **Indirect Tax:**

- **GST Claims: The Company has following GST Claims:**

Short Tax Liability						
FY	GSTIN	Excess/(Shortfall) in Liability				
		IGST(INR)	CGST(INR)	SGST(INR)	Total (INR)	Actual Tax Liability
2022-23	29AAACD7302D1Z2	--	163,022	163,022	326,044	Nil
Reply to the notice is given to the GST Department. We are paying tax under RCM on certain expenses and the credit is taken next month. In fact, we have not utilised any excess credit GST 3B. The difference is due to previous month RCM paid is taken credit next month and hence the difference. There is no any liability on account of this notice. The matter will be sorted out with the department after giving explanatory statement. no liability, notice given wrong						
2022-23	29AAACD7302D1Z2	23,506,470	46,062,150	46,062,150	115,630,770	Not ascertained only notice is issued and assessment proceedings under process
The notice is issued by GST audit Department. The liability shown of Rs.11.56 crs is not correct. Notice is given without verification of the valid documents. The proceedings are pending with the Department and will be sorted out by producing all the relevant documents. This is related with the FY 2022-23 audit. The mainly difference is due to difference between GSTR 2A and GSTR 2B, where all the invoice are uploaded by our suppliers. But, Department has issued notice without proper verification. The matter will be sorted out shortly. The ultimate liability will be in few lacs after completion of assessment proceedings with tax department						
2020-21	29AAACD7302D1Z2	2,275,981	3,199,635	3,199,635	5,795,579	5,795,579
The liability of Rs.57.95 Lakhs was wrongly levied on corporate guarantee and Appeal is filed before the JCCT-GST and proceedings are pending. One hearing was attended and explained. There is mistake in the order to the extent of Rs.48.00 Lakhs on account of wrongly taxing the value of Corporate Guarantee, which is not taxable under the GST act. The final liability may be to the extent of Rs.8 Lakhs.						
2020-21	29AAACD7302D1Z2	57,682,123	8,206,765	8,206,765	74,095,653	Notice refers to above decided case of with a liability of INR 57.95 lacs
The Audit GST Notice is related to the FY 2020-21. It is first notice issued under Sec.65 of the GST of Act in form ADT-01. All the relevant documents were produced before the Audit Authorities and the final order was passed with a liability of Rs.57.95 lakhs and tax was levied on the Corporate Guarantee and the same is before the JCCT-Appeal and one hearing is completed and final liability may be Rs.8.00 Lakhs.						

2020-21	29AAACD7302D1Z2	7,420,484	2,644,156	2,644,156	12,708,796	Notice refers to above decided case of with a liability of INR 57.95 lacs
The Audit GST Notice is related to the FY 2020-21. It is first notice issued under Sec.65 of the GST of Act in form ADT-01. All the relevant documents were produced before the Audit Authorities and the final order was passed with a liability of Rs.57.95 lakhs and tax was levied on the Corporate Guarantee and the same is before the JCCT-Appeal and one hearing is completed and final liability may be Rs.8.00 Lakhs. GST order copy furnished.						
2019-20	29AAACD7302D1Z2	6,119,121	13,772,324	13,772,324	33,663,769	Nil
The notice is related to the GST audit for the FY 2019-20. The proceedings were attended and the final liability was Rs.21,88,125 including interest and penalty. The liability was discharged by reversing GST credit and penalty and interest is paid by cash. Presently there is no GST liability for the FY 2019-20.						
2018-19	29AAACD7302D1Z2	910,258	23,009,521	23,008,561	46,928,340	Nil
The matter is related to the GST Audit for the FY 2018-19. The proceedings completed and final order was passed with a liability of Rs.44,01,686/- including interest and penalty. The Company has cleared the dues by reversing the GST credit in the GST portal and complied and interest and penalty paid by cash. Hence, there is no tax liability for the FY 2018-19.						
Total		97,914,437	97,057,573	97,057,573	289,148,951	5,795,579
The present actual liability is INR 5,795,579. The liability shown above in table are relating to proposed tax in the notices before verification of the records. The cases are decided and ultimate t the notes and the final liability is already paid.						

II. Litigation Filed by the Company

1. Criminal Proceedings

Nil

2. Material Civil Proceedings

Civil cases 8

B. LITIGATIONS INVOLVING THE COMPANY'S DIRECTORS (except for Promoters)

I. Litigation filed against the Company's Directors

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material civil proceedings

Nil

II. Litigation filed by the Company's Directors

1. Criminal proceedings

Nil

2. Material civil proceedings

Nil

C. INVOLVING THE PROMOTER

I. Litigation filed against the Company's Promoters

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material civil proceedings

Nil

4. Tax Proceedings

• Direct Tax

As per website of Income Tax Department for outstanding tax demand, following defaults in the payment of Income Tax by the Promoter and are still outstanding:

Assessment Year	Section Code	Demand Identification Number	Date on which demand is raised	No. of Defaults	Outstanding Demand (in Million)	Interest (Accrued in Million)
2017-18	143(3)	Nil	08/07/2025	Nil	Nil	Nil

The outstanding demand is Nil and order is passed in favour of the company. Quashing the orders of the assessing officer. The order copy is furnished with demand notice showing nil tax is furnished

**The outstanding demand against Nil as pending on TDS (TRACES) is attributed to the pending outstanding demand incurred against his proprietorship in his name.*

***[.] has made endeavours to pay the said outstanding demand as mentioned above, however, due to a technical error on the website, the same is yet to be paid.*

II. Litigation filed by the Company's Promoters

1. Criminal proceedings

Nil

2. Material civil proceedings

Nil

D. *PROCEEDINGS UNDER THE COMPANIES ACT*

Nil

E. *MATERIAL FRAUDS COMMITTED AGAINST THE COMPANY IN THE LAST THREE YEARS*

Nil

FINANCIAL INDEBTEDNESS

The following summary of the material terms of certain financing arrangements to which the Issuer, and certain of the Issuer's other subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Set forth below is a brief summary of the aggregate borrowings of the Company as of 31st March 2026: USD rate 95.17 on 02.06.2026

DDCC TERM LOAN ETHONAL A/C NO - 200002632394 MCD- 22171	
Loan Details	Loan 1
Lender	Davangere District Central Co-operative Bank Ltd. Davangere
Loan Date	31.03.2021
Duration	Term Loan 20 quarterly installment
Financed Amount (In USD)	1477356.30
Last Repayment Date	30.03.2027
Outstanding Balance (as of 02.06.2026) (in USD)	295471.27

SBI TERM LOAN ETHONAL A/C NO - 040401428557 MCD – 22178	
Loan Details	Loan 2
Lender	State Bank of India Davangere
Loan Date	31.08.2021
Duration	Term Loan 108 Monthly installment
Financed Amount (In USD)	2626878.22
Last Repayment Date	30.08.2031
Outstanding Balance (as of 02.06.2026) (in USD)	1641108.05

CANARA BANK TERM LOAN ETHONAL A/C NO - 173000106289 MCD - 22177	
Loan Details	Loan 3
Lender	Canara Bank Davangere
Loan Date	17.03.2021
Duration	Term Loan 108 Monthly installment
Financed Amount (In USD)	2574340.65
Last Repayment Date	16.03.2030
Outstanding Balance (as of 02.06.2026) (in USD)	1754993.50

INDIAN BANK TERM LOAN ETHONAL A/C NO - 7060638511 MCD - 22176	
Loan Details	Loan 4
Lender	Indian Bank Davangere
Loan Date	13.05.2021
Duration	Term Loan 108 Monthly installment
Financed Amount (In USD)	1050751.29
Last Repayment Date	12.05.2030

Outstanding Balance (as of 02.06.2026) (in USD)	670027.50

SBI WORKING CAPITAL TL A/C NO - 39520818787 MCD - 22157	
Loan Details	Loan 5
Lender	State Bank of India Davangere
Loan Date	23.07.2020
Duration	Working Capital Demand Term Loan 28 quarterly installment
Financed Amount (In USD)	1576126.93
Last Repayment Date	22.07.2027
Outstanding Balance (as of 02.06.2026) (in USD)	281270.02

SBI GECL TL A/C NO - 40630265054 MCD – 22183	
Loan Details	Loan 6
Lender	State Bank of India Davangere
Loan Date	07.12.2021
Duration	Guaranteed Emergency Credit Line-2.0 24 MCLR 48 Monthly installment
Financed Amount (In USD)	450772.30
Last Repayment Date	06.12.2027
Outstanding Balance (as of 02.06.2026) (in USD)	164343.57

CANARA BANK GECL A/C NO - 170003175054 MCD – 22185	
Loan Details	Loan 7
Lender	Canara Bank Davangere
Loan Date	31.12.2021
Duration	Guaranteed Emergency Credit Line 2.0 Extension 12 MCLR 60 Monthly installment
Financed Amount (In USD)	465482.82
Last Repayment Date	30.12.2026
Outstanding Balance (as of 02.06.2026) (in USD)	184253.56

INDIAN BANK GECL A/C NO - 7139393866 MCD – 22184	
Loan Details	Loan 8
Lender	Indian Bank Davangere
Loan Date	21.12.2021
Duration	Guaranteed Emergency Credit Line 2.0 Extension 12 MCLR 60 Monthly installment
Financed Amount (In USD)	128191.66
Last Repayment Date	20.12.2026
Outstanding Balance (as of 02.06.2026) (in USD)	49960.64

DDCC BANK 3 KEY PLEDGE LOAN A/C NO -2000040954026 MCD - 22212	
Loan Details	Loan 9
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	14.10.2025
Duration	Stock Short term Loan, one year renewal
Financed Amount (In USD)	2101502.57
Last Repayment Date	13.10.2025
Outstanding Balance (as of 02.06.2026) (in USD)	2101502.57

DDCC BANK SEED & FERTILIZER LOAN A/C NO -200004121671 MCD – 22214	
Loan Details	Loan 10-a
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	14.11.2026
Duration	Seeds and Fertilizer loan one year renewal
Financed Amount (In USD)	`
Last Repayment Date	13.11.2027
Outstanding Balance (as of 02.06.2026) (in USD)	1576126.93

DDCC BANK SEED & FERTILIZER LOAN A/C NO -200004261029 MCD – 22216	
Loan Details	Loan 10-b
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	26.03.2026
Duration	Seeds and Fertilizer loan one year renewal
Financed Amount (In USD)	2101502.57
Last Repayment Date	25.03.2027
Outstanding Balance (as of 02.06.2026) (in USD)	2101502.57

DDCC BANK AGRI BUSINESS (H & T) LOAN A/C NO -200004104677 MCD – 22213	
Loan Details	Loan 11
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	27.10.2025
Duration	Agri Business Loan
Financed Amount (In USD)	2101502.57
Last Repayment Date	26.10.2026
Outstanding Balance (as of 02.06.2026) (in USD)	2101502.57

DDCC BANK CC LOAN A/C NO - 200004155384 MCD – 55071	
Loan Details	Loan 12-a
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	24.12.2025
Duration	Cash Credit Loan
Financed Amount (In USD)	840601.03

Last Repayment Date	23.12.2026
Outstanding Balance (as of 02.06.2026) (in USD)	840601.03

DDCC BANK CC LOAN A/C NO - 200004291178 MCD – 55072	
Loan Details	Loan 12-b
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	17.04.2026
Duration	Cash Credit Loan
Financed Amount (In USD)	735525.90
Last Repayment Date	16.04.2026
Outstanding Balance (as of 02.06.2026) (in USD)	735525.90

SBI - DVG CC LOAN A/C NO - 54042101623 (Rs. 30.00 CRORE) MCD – 55046	
SBI - KKD CC LOAN A/C NO - 54036676168 (Rs. 8.00 CRORE) MCD – 55045	
Loan Details	Loan 13
Lender	State Bank of India Davangere & Kukkuwada
Loan Date	07.03.2024
Duration	Cash Credit Loan
Financed Amount (In USD)	3152253.86 (INR 30.00 Crore)
Last Repayment Date	14.05.2026
Loan Date	15.05.2025 – Additional
Last Repayment Date	14.05.2026
Financed Amount (In USD)	840601.02 (INR 08.00 Crore)
Outstanding Balance (as of 02.06.2026) (in USD)	3092578.51
Outstanding Balance (as of 02.06.2026) (in USD)	590029.01

CANARA BANK CC LOAN A/C NO - 0508261005218 MCD -55048	
Loan Details	Loan 14
Lender	Canara Bank Davangere
Loan Date	16.08.2024
Duration	Cash Credit Loan
Financed Amount (In USD)	2626878.218
Last Repayment Date	04.06.2026
Outstanding Balance (as of 02.06.2026) (in USD)	2605684.29

CANARA BANK CC LOAN A/C NO -125003715128 (DISTILLERY UNIT) MCD 55065	
Loan Details	Loan 15
Lender	Canara Bank Davangere
Loan Date	15.05.2025
Duration	Cash Credit Loan
Financed Amount (In USD)	840601.02

Last Repayment Date	14.05.2026
Outstanding Balance (as of 02.06.2026) (in USD)	805961.68

INDIAN BANK CC LOAN A/C NO -422394392 MCD – 55047	
Loan Details	Loan 16
Lender	Indian Bank Davangere
Loan Date	28.01.2025
Duration	Cash Credit Loan
Financed Amount (In USD)	630450.7723
Last Repayment Date	27.01.2026
Outstanding Balance (as of 02.06.2026) (in USD)	298311.15

SVC BANK CC LOAN A/C NO -300002000003062 MCD – 55068	
Loan Details	Loan 17
Lender	SVC Co-operative Bank Ltd, Dharwad
Loan Date	02.04.2026
Duration	Cash Credit Loan
Financed Amount (In USD)	1786277.188
Last Repayment Date	01.04.2027
Outstanding Balance (as of 02.06.2026) (in USD)	1773455.96

DDCC BANK TL ETHONAL MILL EXP A/C NO -200003751376 MCD - 22199	
Loan Details	Loan 18
Lender	Davangere District Central Co-operative Bank Ltd.
Loan Date	15.11.2024
Duration	Additional Term Loan for Ethanol Plant Expansion- 72 Monthly installment
Financed Amount (In USD)	210150.2574
Last Repayment Date	14.11.2030
Outstanding Balance (as of 02.06.2026) (in USD)	169539.87

DHUC BANK GOODS LOAN A/C NO -10271100000402 MCD – 22155	
Loan Details	Loan 19
Lender	Davangere Harihar urban co-operative Bank Davangere
Loan Date	06.10.2025
Duration	Stock Pledge-Loan one year repayment
Financed Amount (In USD)	525375.6436
Last Repayment Date	05.10.2026
Outstanding Balance (as of 02.06.2026) (in USD)	525375.64

DDCC BANK WCTL ETHONAL A/C NO - 200004323951 MCD – 22230	
Loan Details	Loan 20

Lender	Davangere District Central Co-operative Bank Ltd. Davangere
Loan Date	13.05.2026
Duration	Working Capital Working Capital Demand Term Loan 72 Monthly installment
Financed Amount (In USD)	2626878.218
Last Repayment Date	12.05.2032
Outstanding Balance (as of 02.06.2026) (in USD)	2574476.07

Details of all Unsecured Loans

Loan Details	Loan 1
Lender	S.S. Ganesh
Loan Date	1 st February, 2017
Duration	Not specified
Financed Amount (In USD)	4,083,587.26
Last Repayment Date	Not specified
Outstanding Balance (as of 02.06.2026) (in USD)	USD 4,083,587.26

Loan Details	Loan 2
Lender	Abhijith Ganesh Shamanur
Loan Date	31st March, 2025
Duration	Not specified
Financed Amount (In USD)	131,711.7
Last Repayment Date	Not specified
Outstanding Balance (as of 02.06.2026) (in USD)	USD 131,711.70

Loan Details	Loan 3
Lender	OXYZO Financial Services Pvt Ltd, Gurugram, Haryana
Loan Date	08.04.2026
Duration	6 Months

Financed Amount (In USD)	714,510.88
Last Repayment Date	07.10.2026
Outstanding Balance (as of 02.06.2026) (in USD)	678,545.60

Loan Details	Loan 4
Lender	Mizuho Capasave Finance Pvt Ltd
Loan Date	05.03.2026
Duration	6 Months
Financed Amount (In USD)	788,063.46
Last Repayment Date	04.09.2026
Outstanding Balance (as of 02.06.2026) (in USD)	796,095.22

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (subject to completion and amendment) will apply to the Bonds and will be endorsed on each definitive Bond certificate:

The following Conditions as defined herein shall, inter alia, govern the issue of the Bonds, the conversion into Shares as well as the transfer of the Bonds. The application for the listing of the Bonds has been made pursuant to the special resolution passed by the Shareholders of the Company through Postal Ballot dated April 24, 2026. The issue of US\$ 100 Million, @ 2% coupon, 1,000 Unsecured Foreign Currency Convertible Bonds due July 9, 2031 with 15% discount on principal amount (the "Bonds", which expression shall, except where otherwise indicated or where the context otherwise requires, include any further Bonds issued in accordance with Condition 14 and standalone and forming a single series therewith) of Davangere Sugar Company Limited (the "Company") was authorized pursuant to a resolution of the Board of Directors of the Company passed on March 30, 2026 and pursuant to a special resolution of the Shareholders of the Company passed through Postal Ballot dated April 24, 2026. The Bonds are constituted by an RTA Agreement dated July 01, 2026 (the "Agreement") between the Company and SBM Fund Services Ltd (the "Registrar" which term includes any successor Registrar under the Deed) and are in registered form. The statements set out in these terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Deed. The holders of the Bonds as shown in the Register as defined herein (the "Bondholders" and (in relation to a Bond), the "holder") are entitled to the benefit of, bound by and are deemed to have notice of, all the provisions applicable to them of the paying and conversion Agency Agreement dated July 01, 2026 (the "Agency Agreement") between the Company, SBM Fund Services Ltd as Principal Paying and Conversion Agent (the "Principal Paying and Conversion Agent"), Integrated Registry Management Services Private Limited (the "Registrar/ Transfer Agent") and the other paying, conversion and transfer agents appointed under it (each a "Paying Agent", "Conversion Agent", "Transfer Agent" (references to which shall include the Registrar) and together with the Registrar and the Principal Paying and Conversion Agent, the "Agents"), relating to the Bonds. References to the "Principal Paying and Conversion Agent", "Registrar", "Transfer Agent", and "Conversion Agent" in these Conditions are references to the principal paying and conversion agent, registrar, transfer agent, conversion agent and agents for the time being for the Bonds. Copies of the Agency Agreement are available for inspection by Bondholders or prospective Bondholders during usual business hours, on any weekday (except Saturdays, Sunday, and public holidays) at the specified offices of the Agents.

1 Form, register and transfer of Bonds

- 1.1 The Bondholder shall submit the redemption request form to the depository participant for exercising the option for conversion, repurchase or redemption of securities.
- 1.2 The depository participant shall ensure that Bondholder has submitted a separate redemption request form for each ISIN / security of same class.
- 1.3 The depository participant shall ensure that –
 - a. The status of securities account is "Active"
 - b. The redemption request form submitted by the Bondholder is duly filled and signed:
 - i. In case of corporate account, the authorised person has signed the document, and the instruction has been received on Bondholder's letterhead; or

- ii. In case of individual account, the Bondholder or in case of joint account, all the Bondholders have signed the redemption request form; or
 - iii. In case of minor account, the guardian has signed the redemption request from.
 - c. Take reasonable steps to ensure that all the information filled in the form is true and correct
 - d. In case of redemption at the option of Bondholder, the Bondholder has sufficient free holdings in his account and that the concerned securities are free from any encumbrance, before executing the instructions.
- 1.4 The Depository Participant shall inform Transfer Agent about instructions received from the Bondholder via e-mail.
- 1.5 Registrar/Transfer Agent shall intimate Issuer over e-mail regarding the instructions received from the depository participant and seek Issuer's confirmation for processing the request.
- 1.6 The Issuer shall confirm and communicate to Registrar/Transfer Agent over e-mail whether the request submitted is valid and correct and shall provide such valid documents as required by Transfer Agent, for processing the request.
- 1.7 Registrar/Transfer Agent upon receiving confirmation from the Issuer, shall send below files to ACHL over e-mail for processing of redemption request-
- a. Corporate Action file in the format as prescribed by ACHL
 - b. Corporate Action file in the excel format as prescribed by ACHL
 - c. Redemption / Conversion request form duly signed by authorised signatory of Transfer Agent
 - d. Redemption instruction on the letterhead of the Bondholder as received from Depository Participant
 - e. Reconciliation of securities as on date in the format as prescribed by ACHL from time to time.
 - i. In case of convertible securities, reconciliation to be provided in the below format-
 - Total No. of securities issued
 - Total No. of securities already converted
 - Total No. of securities pending for conversion
 - Total No. of securities to be converted for which present application is made
- 1.8 In case of any discrepancies in any of the files submitted by Registrar/Transfer Agent or any missing files, ACHL shall inform Registrar/Transfer Agent on the same via e-mail.
- 1.9 Registrar/Transfer Agent shall rectify and send updated files as requested by ACHL.
- 1.10 After the required files are duly received and verified, the ACHL shall confirm with depository participant of receipt of instructions from the Bondholder.
- 1.11 Once depository participant confirms the receipt of instructions from the Bondholder,

redemption request shall be processed by ACHL.

- 1.12 After successful process of redemption request, ACHL shall inform the same to Registrar/Transfer Agent over email.
- 1.13 ACHL shall send updated “Transfer Agent Reports” to Registrar/Transfer Agent post completion of redemption request.
- 1.14 Transfer Shall communicate, via email, to the Issuer and depository participant intimating successful processing of redemption instruction post receipt of email from ACHL.
- 1.15 depository participant shall communicate, via email, to the Bondholder intimating successful processing of redemption instruction post receipt of e-mail from Registrar/Transfer Agent.
- 1.16 The securities shall be deemed to be redeemed only after receipt of confirmation e-mail from ACHL to the Registrar/Transfer Agent.

2 Status

The Bonds will constitute direct, unsubordinated, unconditional, and unsecured obligations of the Company and will at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional, and unsecured obligations.

3 Negative Pledge

- 3.1 Restriction: so long as any Bond remains outstanding:
 - 3.1.1 The Company will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt.
- 3.2 The Company will not take any corporate or other action pursuant to Condition 5.3 that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law or subject to approval from the Reserve Bank of India, the Ministry of Finance, Government of India and/or any other governmental/regulatory authority in India (the “Regulatory Price Floor”). The Company also covenants that prior to taking any action which would cause an adjustment to the Conversion Price below the Regulatory Floor Price, the Company shall provide the Registrar/ Transfer Agent , Principal Paying and Conversion Agent with a price adjustment opinion of a legal counsel in India of international repute, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance, India and/or any other governmental/regulatory authority in India (the “Price Adjustment Opinion”).

4 Interest

Interest Rate. The Bonds bear interest on their outstanding principal amount at the rate of 2 per cent per annum, payable annually in arrear in cash. Interest is payable on each Interest Payment Date, being 9 July in each year, the first Interest Payment Date being 9 July 2027 and

the final Interest Payment Date being the Maturity Date (July 9, 2031), in each case in respect of the twelve-month interest period ending on (but excluding) that date.

If the Company fails to pay any instalment of interest in full on its due date, such non-payment shall not of itself constitute an Event of Default under Condition 12; instead, the unpaid amount shall accrue and compound at a default rate equal to the interest rate plus 2 per cent per annum (being 4 per cent per annum on the overdue amount) from (and including) the due date to (but excluding) the date of actual payment, subject always to the all-in-cost ceiling prescribed under the applicable external commercial borrowing framework. All interest accrued and unpaid (including any such default interest) shall be payable on the Maturity Date together with the principal amount of the Bonds, and non-payment of such aggregate amount at the Maturity Date shall be subject to Condition 12 (Events of Default).

5 Conversion

5.1 Conversion Period and Price

- 5.1.1 The holder of each Bond that has not been redeemed, converted or purchased and cancelled shall have the right (the "Conversion Right") to convert such Bond into registered equity shares in the capital of the Company which at the date hereof are Rs. 1 per Share ("Shares"), credited, as fully paid, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after July 9, 2026 (the "Issue Date") to the close of business (at the place where the relevant Bond is deposited for Conversion) on July 9, 2031 (the Maturity Date) (the "Conversion Period"). If such Bond has been called for redemption by the Company prior to the Maturity Date, the Conversion Period for that Bond ends at the close of business (at the place where the Certificate is deposited for conversion of that Bond) on the seventh Business Day prior to the date fixed for redemption. Each Bond may be converted at the Conversion Price (as herein defined) during the Conversion Period at the option of the Bondholder.
- 5.1.2 A Conversion Right may not be exercised in relation to any Bond during the period (a "Closed Period") commencing on (i) 7 days after the date of Book Closer (ii) Maturity Date (iii) the date that the Company notifies the NSE of the record date for determination of shareholders entitled for receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits or (iv) on such date and for such period as determined by Indian law applicable from time to time that the Company is required to close its stock transfer books. The Company will give notice of such Closed Period to the Bondholders, Registrar/ Transfer Agent, Principal Paying and Conversion Agent at least 10 Business Days in writing prior to the beginning of each such period except in the case of (iii) above in which case, the Company shall give notice in writing to the Bondholders, Registrar/ Transfer Agent, Principal Paying and Conversion Agent on the same day it notifies the NSE.
- 5.1.3 A Conversion Right may only be exercised in respect of an Authorised Denomination of Bonds and in integral multiples thereof.
- 5.1.4 The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Bond (translated into Rupees at the rate of INR. (Exchange Price of the date of conversion) to USD1.00 (the "Fixed Exchange Rate") by the Conversion Price in effect on the Conversion Date as calculated by reference to Condition 5.2. Fractions of Shares will not be issued on conversion and no cash adjustment will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of the Bonds being so converted. Shares to be issued

on conversion will be deemed to be registered as of the relevant Conversion Date in the name of the holder of the Bonds completing the Conversion Notice (as defined in Condition 5.4.1) or his nominee as specified by the Bondholder in such Conversion Notice. Neither the Registrar/ Transfer Agent nor Principal Paying and Conversion Agent shall be responsible for calculating, determining or verifying the number of Shares to be issued on conversion of a Bond or the method used in such determination or for verifying the Company's determination of such number of Shares or method of determination and neither the Registrar/ Transfer Agent nor Principal Paying and Conversion Agent shall be responsible or liable to the Bondholders or any other person for any loss arising from any failure to do so or for any erroneous determination by the Company or any delay or failure of the Company in making such determination.

- 5.1.5 "Shares" means (1) shares of the class of share capital of the Company which, at the Issue Date, are designated as equity shares of the Company, together with shares of any class or classes resulting from any sub-division, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Company, and (2) fully-paid shares of any class or classes of the share capital of the Company authorised after the Issue Date which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Company; provided that shares to be issued on conversion of the Bonds means only "Shares" as defined in Condition 5.1.1.

5.2 Conversion Price

- Subject to the provisions of Condition 5.3, the Bonds shall be subject to following conversion prices:

- 5.2.1 The conversion price per equity share shall be INR 3.60, determined with reference to the Relevant Date in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended (the "FCCB Guidelines"), and shall represent the regulatory floor price as so determined. In the case of a listed company whose equity shares are frequently traded, the conversion price shall not be less than the average of the weekly high and low of the closing prices of the related Shares during the two weeks preceding the Relevant Date. The price at which Shares will be issued upon Conversion, as adjusted from time to time (the "Conversion Price"), shall be the price determined in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions ("Initial Conversion Price") but will be subject to adjustment in the manner provided under the Condition 5.3. The Company shall give notice of any adjustment of the Conversion Price to the Registrar, the Exchange and the Agents immediately after the determination thereof and to the Bondholders in accordance with Condition 17. Notwithstanding the provisions of this Condition, the Company covenants that the Conversion Price shall not be reduced below such price as may be prescribed by the applicable laws and regulations for the time being in force.

5.2.2 Exchange rate on conversion

For the purpose of this Condition 5, the exchange rate of US dollars to rupees shall be the Exchange Rate of the date of conversion.

5.3 Procedure for Conversion

- 5.3.1 A Conversion Right may be exercised by a Bondholder delivering at its own expense the

relevant Certificate, if applicable, to the specified office of any of the Conversion Agents between 9:00 am and 3:00 p.m. (local time on any business day in such place) during the Conversion Period, accompanied by a duly completed and signed notice of conversion (a "Conversion Notice") in duplicate and in the form (for the time being) obtainable from the specified office of any of the Agents together with the representation by the Bondholder, in the Conversion Notice, that it is not a U.S. person or located in the United States (within the meaning of Regulation S under the Securities Act of 1933 of the United States, as amended) and any certificates and other documents as may be required under the laws of the Republic of India and the jurisdiction in which the specified office of such Conversion Agent is located. The Conversion Agent may reject any incomplete or incorrect Conversion Notice or any Conversion Notice that is not accompanied by any relevant Certificates in respect thereof.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the relevant Conversion Agent to which the relevant Conversion Notice is delivered is located. A Conversion Notice deposited outside the hours specified above or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent between 9:00 a.m. and 3:00 p.m. local time on the next business day. Bondholders that deposit a Conversion Notice during a Closed Period will not be permitted to convert their Bonds into Shares until the next business day following the last day of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds. The price at which such Bonds will be converted will be the Conversion Price in effect on such Conversion Date.

Upon the exercise of any conversion rights by the Bondholders, the Company shall promptly notify **AFRINEX** and **ACHL** of such conversion. The Company shall, as soon as practicable following the passing of the Board resolution approving the conversion, cause a notice relating to such conversion to be published on **AFRINEX's website** in accordance with AFRINEX's rules and disclosure requirements, and shall take all necessary steps to give effect to such conversion through ACHL.

- 5.3.2 The conversion date in respect of a Bond (the "Conversion Date") shall be the Business Day immediately following the date of receipt of a Conversion Notice and other applicable documents. A Conversion Notice once delivered shall be irrevocable and cannot be withdrawn and the relevant Bond the subject of such Conversion Notice shall be cancelled by the Principal Paying and Conversion Agent on the Conversion Date in accordance with the Agency Agreement.
- 5.3.3 A Bondholder delivering a Conversion Notice must pay any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable by the Company in respect of the allotment and issue of Shares on conversion) and such Bondholder shall pay all, if any, taxes arising by reference to any disposal of a Bond in connection with such conversion. The Company will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares in connection with conversion.
- 5.3.4 Any Bondholder exercising the Conversion Right must provide the relevant Conversion Agent and the Company with the certificate of payment of the relevant tax authorities or certify to the Principal Paying and Conversion Agent in the Conversion Notice that such Bondholder has paid or will pay taxes to the relevant authorities. None of the Registrar/ Transfer Agent nor the Principal Paying and Conversion Agent shall be under any obligation to determine whether a Bondholder or the Company is liable to make any payment (and the amount of any such payment) under Condition 5.4.3 and shall not be liable for any failure by any Bondholder or the Company to make such payment to the relevant tax authorities. None of the Registrar/

Transfer Agent nor the Principal Paying and Conversion Agent shall be concerned with, nor shall any of them be obliged or required to enquire into the sufficiency of any amount paid for this purpose. Furthermore, the Conversion Agent will be relying on the documents provided by the Bondholder in relation to taxation liability and the issuance of Shares on conversion of the Bonds is not a confirmation by the Conversion Agent that any taxation liability has been met and will have no liability whatsoever if the documents were later found to be insufficient.

- 5.3.5 Upon successful exercise by a Bondholder of its Conversion Right pursuant to this Condition 5, the Company will, on or with effect from the relevant Conversion Date, enter the relevant Bondholder or his/their nominee in the register of members of the Company in respect of such number of shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will as soon as practicable, and in any event within 35 Business Days of the Conversion Date, cause the relevant Bonds account of the Bondholder exercising his Conversion Right for Shares or of his/their nominee, to be credited with such number of relevant shares to be issued upon conversion (notwithstanding any retroactive adjustment of the conversion price referred to below prior to the time it takes effect) and shall further cause the name of concerned Bondholder or its nominee to be registered accordingly, in the record of the depositors, maintained by a depository registered under the 1996 Depositories Act with whom the Company has entered into a depository agreement and subject to any applicable limitations then imposed by Indian law and regulations, shall procure the share transfer agent to, as soon as practicable, and in any event within 35 Business Days of the Conversion Date, dispatch or cause to be dispatched to the order of the person named for the purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), in respect of any conversion and such assignments, the documents (if any) as required by law to affect the transfer thereof.

The crediting of the shares to the relevant Bonds account of the converting Bondholder will be deemed to satisfy the Company's obligation to pay the principal and premium (if any) on the Bonds.

Notwithstanding the Conversion Right for each Bondholder in respect of each Bond, if the Company is unable to convert the Bonds into Shares within 35 Business Days after receiving the Conversion Notice, the Company shall have the option to pay to the relevant Bondholder an amount of cash in U.S. dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the "Cash Settlement Option"). In order to exercise the Cash Settlement Option, the Company shall give written notice of the exercise of the Cash Settlement Option (the "Cash Settlement Notice") to the relevant Bondholder (with a copy to the Registrar and the Principal Paying and Conversion Agent) as soon as practicable but no later than the 34th Business Day after receiving the Conversion Notice (the "Cash Settlement Notice Date"). The Cash Settlement Notice must specify the number of Shares in respect of which the Company will make a cash payment in the manner described in this Condition 5.4.5. The Company shall pay the Cash Settlement Amount along with any other amounts payable by it within nine Trading Days directly to the Bondholders following the Cash Settlement Notice Date and shall prompt notify the Registrar and the Principal Paying and Conversion Agent that such payment has been made. If the Company exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be converted on the same Conversion Date, the Company shall make the same proportion of cash and shares available to such converting Bondholders.

"Cash Settlement Amount" means, in respect of the Bonds submitted for conversion by the relevant Bondholder, the US dollar amount equal to the number of Shares that would otherwise

have been required to be issued and delivered to that Bondholder upon exercise of the Conversion Right in respect of such Bonds (and which the Company has elected to settle in cash), multiplied by the Volume Weighted Average Price of the Shares over the five Trading Days ending on (and including) the Trading Day immediately preceding the date of payment of the Cash Settlement Amount, converted into US dollars at the prevailing INR/USD exchange rate on that date. For the avoidance of doubt, the Cash Settlement Amount represents the cash equivalent of the Shares that would otherwise have been delivered on conversion and does not bear interest.

As soon as practicable on or after the relevant Conversion Date, and in any event not later than 35 Business Days following the relevant Conversion Date, the Shares deliverable on conversion of the relevant Bonds shall be allotted by the Company to the Bondholder (or its nominee). The Company shall deliver to the Bondholder a letter certifying such allotment and, pursuant to the provisions of the Agency Agreement, provide confirmation of the allotment of Shares to the Principal Paying and Conversion Agent. With effect from the relevant Conversion Date the Company shall treat the Bondholder (or its nominee) as the holder of relevant number of Shares, which the exercising Bondholder is entitled upon conversion of the relevant Bonds. Immediately after each Conversion Date the Company will ensure that all necessary steps are taken for the due issue of the Shares issuable on conversion of the relevant Bonds. As soon as practicable on or after the relevant Conversion Date and in any event, not later than 35 Business Days after the Conversion Date, the Company will register the Bondholder or its nominee as holder(s) of the relevant number of Shares to be issued on conversion in the Company's share register with effect from the Conversion Date and notify in writing to the Conversion Agent of the said conversion.

If the Conversion Date in relation to any Bond is on or after a date from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions referred to in Condition 5.3 and the relevant Conversion Date falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will use its best endeavors to procure that the provisions of this Condition 5.4.5 shall be applied, with appropriate alterations, to such number of Shares ("Additional Shares") as is equal to the excess number of Shares which would have been required to be issued on conversion of such Bond if the relevant retroactive adjustment had been made as at the said Conversion Date and in such event and in respect of such Additional Shares references in this Condition 5.4.5 to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

5.3.6 Entitlements

The Shares issued upon conversion of the Bonds will in all respects, subject to listing, rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights, the record date for which falls on or after such Conversion Date to the same extent as all other fully paid-up shares of the Company in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

Shares allotted on conversion will be fully paid and will rank *pari passu* in all respects with the fully paid Shares in issue on the Conversion Date (except for any right excluded by mandatory provisions of law), except that the Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares prior to such Conversion Date.

5.4 Purchase by Company of its own Shares

The Articles of Association, subject to the provisions of the Companies Act, contains authority for the Company to exercise such rights as it may from time to time enjoy to purchase its own Shares without the consent of the Bondholders provided that any such purchase shall have been duly authorised by the Shareholders and is subject to compliance with applicable law.

5.5 Mergers

The Company in case proceeds with consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or sale or transfer of all, or substantially all, of the assets of the Company it shall have notified the Bondholders in accordance with the applicable provisions of law (i.e. Companies Act, 2013 and/or SEBI regulations), wherever required, and the Agents of such event in accordance with Condition 17 and the Company and such corporation, entity or person shall have executed the Agency Agreement and the Bonds and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other Bonds and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer. The Registrar/ Transfer Agent, Principal Paying and Conversion Agent can request the Company such opinions, consents, documents, and other matters at the expense of the Company in connection with the foregoing as it may consider appropriate. Immediately after giving effect to any such merger, no Event of Default (as defined herein) shall have occurred or be continuing or would result therefrom. The above provisions of this Condition 5.6 will apply in the same way to any subsequent consolidations, amalgamations, mergers, sales, or transfers.

5.6 De-mergers

In case of proposal for de-mergers or other corporate reorganization involving splitting the Company into two or more separate companies or entities, the Bondholders shall be intimated (except in case of 100% subsidiary of the Company), in accordance with the applicable provisions of law (i.e. Companies Act, 2013 and/or SEBI regulations), wherever required, and the Agents of such event in accordance with Condition 17. In case, no such compliance is required under law, then also an intimation qua same shall be given within a reasonable time period.

5.7 Continuation of business

All endeavor shall be taken by the Company to keep its business/operations as a going concern or shall not cease to carry on its business which the Company is carrying on the date of execution of this Offering Circular.

5.8 Disposal of Business

The Company shall keep the Bondholder intimated in accordance with the applicable provisions of law (i.e. Companies Act, 2013 and/or SEBI regulations), wherever required, in accordance with Condition 17 in case the Company sells or otherwise disposes of all or a substantial part of its assets or operations.

5.9 Reporting

The Company shall provide to the Investor financial reports (yearly and half yearly , on a consolidated basis) not later than 120 (one hundred twenty) days after the end of the financial year and not later than 60 (sixty) days after the end of the half year subject to the condition that disclosure of the same has already been made to the Afrinex Stock Exchange and ACHL in case of delayed disclosures, then the same shall be made available to the investor within 2 (two) days of the Stock Exchange disclosure.

6 Cancellation

All Bonds redeemed or converted or purchased by the Company pursuant to any of the provisions herein will be cancelled forthwith and may not be reissued or resold and will not be deemed to be outstanding for any of the purposes contained herein. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar.

7 Redemption and Repurchase

7.1 Maturity

Unless previously redeemed, converted, or purchased and cancelled in accordance with these Conditions, the Company shall redeem each Bond on July 9, 2031 (the "Maturity Date") at its Final Redemption Amount, being 100 per cent. of the principal amount of such Bond together with any accrued and unpaid Coupon to (but excluding) the Maturity Date. Redemption in cash shall be subject to the Company obtaining any approval of the Reserve Bank of India then required under the ECB Guidelines.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting any redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

In this Condition:

The term "Control" means the right to appoint and/or remove all or the majority of the members of the Board or other governing body of the Company, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

A "Change of Control" occurs when:

- (1) any person or persons (as defined below) acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;
- (2) The Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale, or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity; or

- (3) one or more other persons acting together acquire the legal or beneficial ownership of more than 50% of the Company's Voting Stock.

However, a Change of Control will not be deemed to have occurred solely as a result of the issuance or transfer, with the Company's co-operation, of any preferred shares in the Company's capital.

For the purposes of Condition 12, a "person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, or agency of a state, in each case whether or not being a separate legal entity. A "person" does not include the Board or any other governing board and does not include the Company's Subsidiaries or affiliates.

For the purposes of this Condition 7.4:

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect members of the board of directors, managers, or trustees of any person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have voting power by reason of the happening of any contingency).

"Capital Stock" means, with respect to any person, any and all shares, ownership interests, participation, or other equivalents (however designated), including all common or ordinary stock and all preferred stock, of such person.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

7.2 Repurchase Procedures

Neither Registrar/ Transfer Agent nor Principal Paying and Conversion Agent shall be required to take any steps to ascertain whether a Delisting or a Change of Control or any events which could lead to the occurrence of a Delisting or a Change of Control, have occurred and shall assume no such event has occurred until it has express written notice from the Company of such event and will not be liable to any person for any failure by it to do so.

7.3 Repurchase

The Company may, if permitted under the laws of India, at any time repurchase Bonds. The Company is required to submit to the Registrar for cancellation the Certificates in respect of any Bonds so purchased.

7.4 Redemption Notices

All notices to Bondholders given by or on behalf of the Company pursuant to this Condition will specify the date fixed for redemption, the redemption amount, the Conversion Price as at the date of the relevant notice, the Closing Price of the Shares, and the aggregate principal amount of the Bonds outstanding, in each case, as at the latest practicable date prior to the

publication of the notice, all in accordance with Condition 17. Neither the Registrar/ Transfer Agent nor Principal Paying and Conversion Agent shall be under any duty to ascertain whether the requisite approval relating to any early redemption has been obtained.

7.5 Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of each such notice to be given shall prevail.

7.6 Closed Periods

No notice of redemption given under Condition 7 shall be effective if it specifies a date for redemption which falls during a Closed Period or within 15 Business Days immediately after the expiry of any Closed Period. Upon the expiry of any effective notice of redemption, the Company will be bound to redeem the Bonds to which such notice relates at the date fixed for redemption.

8 Payments; Business Day

- 8.1 Subject to Condition 8.9, payments of principal, premium (if any) will be made to the Bondholder, details (including a Bondholder's registered account and registered address) of which appear on the Register at the close of business on the record date which is 15 calendar days prior to the due date for redemption or payment, on delivery of the Certificate to any Paying Agent.
- 8.2 Each such payment will be made (i) by transfer to the registered account of the Bondholder or (ii) by US dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account (by ordinary uninsured mail and the risk of delivery being that of the Bondholder and at the expense of the Company). Payments will be subject in all cases to any applicable fiscal and other laws and regulations, but without prejudice to the provisions of Condition 9. Payment of principal and premium (if any) will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.
- 8.3 If the amount of principal, premium (if any), which is due on the Bonds on any date is not paid in full, the Registrar will annotate the Register and any Certificates surrendered for payment with a record of the amount of principal, premium (if any) in fact paid and the date of such payment.
- 8.4 When making payments to Bondholders fractions of one cent will be rounded down to the nearest whole cent.
- 8.5 Bondholders will not be entitled to any payment for any delay after the due date in receiving the amount due if, and to the extent that, the due date is not a Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives or is cleared after the due date for payment.
- 8.6 All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments by the Company or its agents.
- 8.7 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that date is not a Business Day, for value the following Business Day)

will be initiated and, where payment is to be made by cheque, the cheque will be mailed, (i) on the Business Day on which the relevant Certificate is surrendered at the specified office of any of the Agents or (ii) on the next Business Day following the due date.

- 8.8 No payments of principal by the Company will be made if the requisite approvals of the Reserve Bank of India have not been obtained or any other applicable Indian laws and restrictions have not been complied with, which approvals the Company will use reasonable endeavors to obtain but the Company will not be in default for not making payment if the requisite approvals have not been obtained.
- 8.9 In these conditions “Business Day” means a day on which the clearing banks in London, India and New York, are open for business and for the purpose of this Condition 8 only, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.
- 8.10 Subject to compliance with applicable Indian laws and regulations, if the amount of principal, premium (if any) or any other amounts due (including the principal amount and any additional amounts payable under these Conditions) that is due on the Bonds on any date is not paid in full, the Registrar will annotate the Register and any Certificates surrendered for payment with a record of the amount of principal, premium (if any) and any other amounts due, any amounts paid and the date of such payment.

9 Taxation

All payments of principal, premium (if any) in respect of the Bonds by the Company shall be made without deduction of, or withholding for or on account of, any present or future taxes, duties, assessments, or charges imposed by the Government of India of whatever nature imposed or levied by or in India or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of Bonds after such deduction or withholding shall equal the amounts which would have been receivable by them had no such deduction or withholding been required (except that no additional amounts shall be payable in respect of any Bond (i) held by a person resident in India for taxation purposes or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Directive 2003/48/EC, as amended from time to time or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with or introduced in order to, conform to, such Directive).

10 Prescription

Claims in respect of principal and other sums payable in respect of the Bonds will become prescribed unless made within five years from the date upon which such payments become due. Neither the Registrar/ Transfer Agent, Principal Paying and Conversion Agent will have any responsibility, obligation, or liability with respect to any Bondholders for any amount so prescribed.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Company will:

- 11.1 issue Shares to Bondholders on the exercise of Conversion Rights in accordance with these Conditions and at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital such number of Shares as would enable the Conversion Rights

and all other rights of subscription and exchange for and conversion into Shares to be satisfied in full;

- 11.2 save with the approval of an Extraordinary Resolution of the Bondholders, not issue or pay up any Bonds, in either case by way of capitalisation of profits or reserves, other than (i) by the issue of fully paid Shares to the Shareholders and other holders of Shares in the capital of the Company which by their terms entitle the holders thereof to receive Shares on a capitalisation of profits or reserves or (ii) by the issue of Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of a cash dividend or (iii) by the issue of fully paid equity share capital (other than Shares) to the holders of equity share capital of the same class and other holders of Shares in the capital of the Company which by their terms entitle the holders thereof to receive equity share capital (other than Shares) on a capitalisation of profits or reserves, unless, in any such case, the same gives rise (or would, but for the fact that the adjustment would be less than 1% of the Conversion Price then in effect, give rise) to an adjustment to the Conversion Price;
- 11.3 if any offer is made to all (or as nearly as may be practicable) the Shareholders other than the offeror and/or any associate of the offeror to acquire all or a majority of the issued equity share capital of the Company, or if any person proposes a scheme with regard to such acquisition, give notice in accordance with Condition 17 of such offer or scheme to the Bondholders, the Registrar/ Transfer Agent, Principal Paying and Conversion Agent at the same time as any notice thereof is sent to its Shareholders (or as soon as practicable thereafter) and such notice to state that details (provided that such details have been provided to the Principal Paying and Conversion Agent by the Company) concerning such offer or scheme may be obtained from the specified offices of the Principal Paying and Conversion Agent and, where such an offer or scheme has been recommended by the Board of Directors of the Company, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavors to procure that a like offer or scheme is extended to the holders of any Shares issued during the period of the offer or shares arising out of the exercise of the Conversion Rights and/or to the holders of the Bonds;
- 11.4 use its best endeavors to ensure that the Shares issued upon conversion of any Bonds will be admitted to trading on the NSE and will be listed, quoted, or dealt in on any other stock exchange or securities market on which the Shares may then be listed, quoted, or dealt in;
- 11.5 for the above purposes, "Extraordinary Resolution" means a resolution passed at a meeting of the holders of the Bonds duly convened and held by a majority consisting of not less than three quarters of the votes cast thereon;
- 11.6 use its best endeavors (a) to obtain and maintain a listing of the Bonds on AFRINEX, Mauritius and (d) if the Company is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Bonds and the Shares issued on the exercise of the Conversion Rights, on an alternate stock exchange where Bonds may be eligible to be listed, as the Company may from time to time (with the prior written consent of the Lead Manager) determine and will forthwith give notice to the Bondholders and the Registrar/ Transfer Agent, Principal Paying and Conversion Agent in accordance with Condition 17 below of the listing or delisting of the Shares or the Bonds (as a class) by any of such stock exchanges;
- 11.7 pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds; and
- 11.8 not reduce the Conversion Price below the par value of the Shares of the Company as a result of any adjustment made unless under applicable law then in effect, Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares.

12 Events of Default

- 12.1 If any of the following events (an “Event of Default”) occurs the Registrar/ Transfer Agent, Principal Paying and Conversion Agent at its discretion may (but shall not be obliged to), and if so requested in writing by the holders of not less than 25 percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being prefunded and/or indemnified and/or provided with security by the Bondholders to its satisfaction), give notice to the Company that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amounts. The Conversion Date shall be the Business Day immediately following the date of receipt of the Conversion Notice from such Bondholder. The Company shall register such Bondholder or his/their nominee in the register of members of the Company and credit the securities account of such Bondholder with such number of Shares to be issued upon conversion in accordance with Condition 5.4. The Company shall promptly notify the Principal Paying and Conversion Agent in writing when it has issued and allotted Shares to such Bondholder in respect of a Conversion Notice. Upon the successful exercise of such Bondholder of its Conversion Right and the delivery of such number of Shares by the Company pursuant to Condition 5 so as to satisfy the Conversion Right, the principal amount due and repayable under the notice provided by the Registrar/ Transfer Agent, Principal Paying and Conversion Agent the Company shall be reduced by the principal amount of Bonds for which the Conversion Right has been exercised. Provided always that the Bondholder shall exercise such Conversion Right only where the Company is able to convert the Bonds in Shares and the Cash Settlement Option described in Condition 5.4.5 shall not apply.
- 12.2 if default is made in the payment of principal, premium (if any), due on the Bonds or any of them on the due date (including Cash Settlement Amounts under Condition 5.4.5 where such amount becomes due and payable in circumstances otherwise than exercise of Conversion Option pursuant to EOD under this Condition 12), whether at maturity or on redemption or otherwise, and such default continues for a period of 10 calendar days;
- 12.3 if the Company fails to perform or observe any of its other obligations under the Bonds, these Conditions or the Agency Agreement or if any event occurs or any action is taken or fails to be taken which is (or, but for the provisions of any applicable law, would be) a breach of any of the covenants contained in Condition 12 and where Registrar/ Transfer Agent, Principal Paying and Conversion Agent may (but is not obliged to do so) in its absolute discretion determine such failure is capable of remedy in any such case such failure continues for the period of 30 days next following the service on the Company of a notice requiring the same to be remedied;
- 12.4 the Company is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of (or of a particular type of) its debts, proposes or makes an agreement for the deferral, rescheduling or other readjustment of all or substantially all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Company, except for the purpose of and followed by a merger (i) in accordance with, and complying with the relevant provisions or (ii) on terms approved by and Extraordinary Resolution of the Bondholders;
- 12.5 if any other present or future indebtedness of the Company for or in respect of money borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated

maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of which one or more of the events mentioned above have occurred equals or exceeds US\$5 million or its equivalent currency against the Indian Rupees as quoted by any independent leading bank of international repute on the day on which amount becomes due and payable or is not paid under any such guarantee or indemnity;

- 12.6 if a distress, attachment, execution, or other legal process is levied, enforced, or sued upon or against any material part of the property, assets, or revenues of the Company, is not discharged or stayed within 30 days; if the Company fails to repay borrowed money (i) prior to its stated maturity by reason of an Event of Default (ii) within any applicable grace period originally provided for (iii) amount payable under any present or future guarantee or indemnity, provided that aggregate principal amount of relevant indebtedness exceeds US\$5 million, and default shall be deemed to have been waived or cured if such default is waived or cured;
- 12.7 if any order is made or an effective resolution passed for winding up or an administration order is made in relation to the Company or any of its subsidiaries (save for the purpose of amalgamation, merger, consolidation, reorganization, or other similar arrangements on terms approved by an Extraordinary Resolution of the Bondholders);
- 12.8 if the Company - ceases or threatens to cease to carry on its business;
- 12.9 if the Shares cease to be listed or admitted to trading on both BSE Limited and the National Stock Exchange of India Limited, or the Bonds cease to be listed on AFRINEX without the prior written consent of the Bondholders; or if a Change of Control (as defined in Condition 7 above) occurs without the prior written consent of the Bondholders;
- 12.10 if an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Company or if a distress, execution, or any similar proceeding is levied or enforced upon or sued out against any of the chattels or property of the Company and in any of the foregoing cases is not discharged within 30 days;
- 12.11 if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed in respect of the whole or any substantial part of the property, assets, or revenues of the Company or and is not discharged within 30 days. Any step is taken by any person with a view to the seizure, expropriation or of all or a material part of the assets of the Company; or
- 12.12 if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

Provided that after payment of Principal Amount to the Bondholders at the time of maturity in accordance with the terms of this Offering Circular, the Events of Default along with other conditions of this document shall cease to apply to the Company except expressly specified herein.

13 Meetings of Bondholders

The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing over 50% in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds, (ii) to reduce or cancel the principal amount of or premium (if any) on

the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Right or shorten the Conversion Period, or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting two or more persons holding or representing not less than one-third, of the principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed and will be conclusive and binding on all future Bondholders. A written resolution shall be signed by or on behalf of the holders of not less than two-thirds of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

14 Further issues of Bonds

The Company may from time to time, without the consent of the Bondholders, create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) and so that such further notes, bonds or debentures shall be standalone and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, subordination (if any), premium, conversion, redemption and otherwise as the Company may determine at the time of their issue.

15 Modifications and Waiver

The Registrar/ Transfer Agent, Principal Paying and Conversion Agent may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Bonds, the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error which is proven to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent 's satisfaction or in the opinion of the Registrar/ Transfer Agent, Principal Paying and Conversion Agent, necessary to comply with mandatory provisions of law or regulation, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Bonds, the Agency Agreement which is in the opinion of the Registrar/ Transfer Agent, Principal Paying and Conversion Agent not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation, or waiver shall be binding on the Bondholders. The Registrar/ Transfer Agent, Principal Paying t and Conversion Agent's agreement may be subject to any condition that the Registrar/ Transfer Agent, Principal Paying and Conversion Agent requires, including but not limited to obtaining, at the sole expense of the Company, an opinion of any investment bank or legal or other expert satisfactory to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent and being prefunded, indemnified and/or provided with security to its satisfaction. If the Registrar/ Transfer Agent, Principal Paying and Conversion Agent instruct the Company, any such modification, waiver or authorisation shall be notified by the Company to the holders of the Bonds as soon as practicable thereafter in accordance with Condition 17, and for so long as the Bonds are listed on AFRINEX, Mauritius and the rules of that exchange so require, to AFRINEX, Mauritius. For the purpose of notification to the holders of the Bonds, the Registrar/ Transfer Agent, Principal Paying and Conversion Agent are entitled to rely on any information, reports and certifications provided by ACHL, as to details of the Bond holdings and the Accountholders (as defined in the Global Certificate).

16 Entitlement of the Registrar/ Transfer Agent, Principal Paying and Conversion Agent

In connection with the exercise of its functions (including but not limited to those in relation to

any proposed modification, authorization or waiver) the Registrar/ Transfer Agent, Principal Paying and Conversion Agent shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Registrar/ Transfer Agent, Principal Paying and Conversion Agent shall not be entitled to require, nor shall any Bondholder be entitled to claim from the Company any indemnification or payment in respect of any tax consequences of any such individual Bondholders. Following delivery of a Conversion Notice, the holder of the Bonds to which such Conversion Notice relates shall no longer be treated as a Bondholder in respect of such Bonds, unless the Company has failed to issue and allot Shares to such Bondholder pursuant to Condition 5.

17 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar and so long as the Bonds are listed on AFRINEX, Mauritius and the rules of AFRINEX, Mauritius so require, any such notice shall be deemed to have been given on the earlier of such publication and the seventh day after being so mailed. The Notices will also be published via website of the AFRINEX Mauritius of such adjustment to the Conversion Price at least ten Business Days in advance of the effective date of such adjustment.

18 Agents

The initial Agents and the Registrar, and their initial specified offices, are listed below. Subject to the terms of the Agency Agreement, the Company may at any time vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that it shall at all times maintain (i) a Principal Paying and Conversion Agent; (ii) a Registrar; (iii) a share transfer agent having a specified office in India; and (iv) for so long as the Bonds are listed on the AFRINEX Securities List and the rules of AFRINEX so require, a paying agent, transfer agent and conversion agent in respect of the Bonds in book-entry form, each having a specified office as those rules require. Notice of any change in any Agent or the Registrar, or in their specified offices, shall promptly be given to the Bondholders in accordance with Condition 17.

Business Day definition (Condition 8.9):

In these conditions "Business Day" means a day on which the clearing banks in Mauritius and India are open for business and for the purpose of this Condition 8 only, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

Subject to the terms of the Agency Agreement, in acting hereunder and in connection with the Bonds, the Agents shall act solely as agents of the Company and will not thereby assume any obligations towards, or relationships of agency or trust for, any of the Bondholders.

19 Governing law

These Conditions, the Agency Agreement, the Deed, and the Bonds are governed by, and shall be construed in accordance with, Laws of Mauritius. The Company has in the Deed irrevocably agreed for the benefit of the Bondholders that the courts of Mauritius are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement or the Bonds and that accordingly any suit, action or proceedings arising there from or in connection therewith (together referred to as "Proceedings") may be brought by the Bondholders in the courts of Mauritius. The Company has in the Deed irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of Mauritius and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed

that a judgment in any Proceedings brought in the courts of Mauritius shall be conclusive and binding upon the Company and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Company in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

20 Third Party Rights

No person shall have any right to enforce any term or condition of the Bonds by virtue of a *stipulation pour autrui* under Article 1121 of the Code Civil Mauricien, or under any other rule of law conferring rights on third parties, except and to the extent (if any) that these Conditions expressly provide for any such right. This Condition does not affect any right or remedy of a Bondholder which exists or is available otherwise than by virtue of any such rule of law.

21 Information Rights

The Bondholder must have access to all information and material, financial or otherwise provided to a member of the Board. The Promoters will ensure that the Bondholder has the right to discuss / consult with the senior management of the Company.

In particular, the Company will provide all Board Members with:

- 21.1.1 Half yearly management accounts and financial information,
- 21.1.2 standalone annual management accounts,
- 21.1.3 standalone audited accounts,
- 21.1.4 annual business plan, annual budget and projected financial statement, and
- 21.1.5 such other operating statistics and other trading and financial information, MIS reports in such form as required by the Board from time to time.

Provided that the bondholder/ its nominee/nominee director (if any on the Board) shall refrain from requesting or seeking any information of the nature of Unpublished Price Sensitive Information as per the Indian laws which is not yet available in public domain and the Company reserves its rights to refuse disclosure of any detail or reason w.r.t. non- disclosure of such information. In such instances, the Company shall be deemed to be in compliance with the Information Rights and similar other conditions of this document and shall in no manner result in breach, on the part of the Company, of conditions contained here in this document.

GLOBAL CERTIFICATES

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same respective meanings in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered holder of the Bonds hereof shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US\$ 100,000 in principal amount of Bonds in respect of which the Global Certificate is issued. The Registrar/ Transfer Agent, Principal Paying and Conversion Agent may allow to attend and speak (but not to vote) at any meeting of Bondholders, any accountholder (or the representative of any such person) entitled to Bonds in respect of which the Global Certificate is issued, on confirmation of entitlement and proof of his identity.

Conversion

Subject to the requirements of ACHL, Mauritius, the Conversion Right attaching to Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of the Conversion Agent of one or more Conversion Notices (which may be by facsimile while the Bonds are represented by the Global Certificate) duly completed by or on behalf of an Accountholder (as defined below) in such system with an entitlement to such Bonds. Deposit of the Global Certificate with the Conversion Agent together with the relevant Conversion Notice shall not be required. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of the Global Certificate.

Registrar's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system the Registrar/ Transfer Agent, Principal Paying and Conversion Agent may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Enforcement

For all purposes, each person who is for the time being shown in the records of ACHL, Mauritius as a holder of a particular principal amount of Bonds in respect of which the Global Certificate is issued, (in which regard any certificate or other document issued by ACHL, Mauritius as to the principal amount of Bonds represented by a Global Certificate standing to the account of any person shall be conclusive and binding for all purposes) shall be recognized as the holder of such principal amount of Bonds.

Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its redemption, conversion or purchase by the Issuer will be affected by reduction in the principal amount of the Bonds in the Register.

Repurchase of the Bonds at the Option of the Bondholders

Payments

Payments of principal, premium (if any) in respect of Bonds represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose

Transfers

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be made in accordance with the Agency Agreement.

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be affected through the records of ACHL, Mauritius and their respective participants in accordance with the rules and procedures of ACHL, Mauritius.

The laws of certain jurisdictions require that certain purchasers of the Bonds take physical delivery of such Bonds in definitive form. Accordingly, the ability of beneficial owners to own, transfer or pledge beneficial interest in the Global Certificate may be limited by such laws.

Conversion through participants in ACHL, Mauritius will be affected in the ordinary way in accordance with their respective rules and operating procedures.

Accountholders

For so long as any of the Bonds are represented by the Global Certificate and thereafter held in register form with ACHL depository through participant each person who is for the time being shown in the records of ACHL as the holder of a particular principal amount of such bonds (each an “Accountholder”) (in which regard any certificate or other document issued by ACHL as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or in the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal, premium (if any) on such Bonds, the right to which shall be vested, as against the Issuer and the Registrar/ Transfer Agent, Principal Paying and Conversion Agent, solely in the holder of the Global Certificate in accordance with and subject to its terms and the terms of the Agency Agreement. Each Accountholder must look solely to the Registrar, or the Issuer as the case may be, for its share of each payment made to the holder of the Global Certificate. The Registrar/ Transfer Agent, Principal Paying and Conversion Agent is entitled to rely on any information, reports and certifications provided by ACHL, Mauritius as to details of the holdings of Bonds and the Accountholders.

Notices

So long as the Bonds are represented by the Global Certificate and thereafter held in register form with ACHL depository through participant, Mauritius, notices required to be given to Bondholders may be given by their being delivered to the relevant registrar or paying or conversion Agent for communication by it to entitled Accountholders in substitution for

notification, as required by the Conditions and so long as the Bonds are listed on the AFRINEX and the rules of the AFRINEX so require, of the AFRINEX. The issuer shall cause to be published Notices via website of the AFRINEX through announcement section under issue disclosure (<https://www.AFRINEXexchange.com/>) of such adjustment to the Conversion Price at least ten Business Days in advance of the effective date of such adjustment.

BOOK-ENTRY, DELIVERY AND FORM

General

The Bonds sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global certificate in registered form without interest coupons attached (the “*Regulation S Global Certificate*”). The Regulation S Global Certificate will be deposited, on the Closing Date, with SBM Fund Services Ltd.

Ownership of interests in the Regulation S Global Certificate (the “*Regulation S Book-Entry Interests*,”) will be limited to persons that have accounts with AFRINEX Clearing House Ltd or persons that may hold interests through such participating investors. Book-Entry Interests will be shown on, and transfers thereof will be affected only through, records maintained in book-entry form by AFRINEX Clearing House Ltd and their participants. The Book-Entry Interests in the Global Certificate will be issued only in denominations of USD 100,000 each or integral multiples of USD 100,000 thereof.

The Book-Entry Interests will not be held in definitive form. Instead, AFRINEX Clearing House Ltd will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Bonds are in global form, holders of Book-Entry Interests will not have the Bonds registered in their names, will not receive physical delivery of the Bonds in certificated form and will not be considered the registered owners or “holders” of Bonds under the RTA Agreement for any purpose.

So long as the Bonds are held in global certificate form, Wave Capital Limited, as applicable, will be considered the sole holders of Global Certificate for all purposes. As such, participants must rely on the procedures of ACHL.

Payments on Global Certificate

Payments of amounts owing in respect of the Global Certificate (including principal, premium, and additional amounts) will be made by the Issuer to the Paying Agent.

Action by Owners of Book-Entry Interests

AFRINEX Clearing House Ltd have advised the Issuer that they will take any action permitted to be taken by a holder of Bonds only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Certificate are credited and only in respect of such portion of the aggregate principal amount of Bonds as to which such participant or participants has or have given such direction. ACHL will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Certificate. Nevertheless, if there is an event of default under the Bonds, AFRINEX Clearing House Limited reserves the right to exchange the Global Certificate for Definitive Registered Bonds in certificated form and to distribute such Definitive Registered Bonds to their respective participants.

Issuance of Definitive Registered Bonds

Owners of Book Entry Interests will receive definitive Bonds in registered form (the “*Definitive Registered Bonds*”):

- if AFRINEX Clearing House Ltd notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;
- if AFRINEX Clearing House Ltd so requests following an Event of Default; or
- if the owner of a Book Entry Interest requests such exchange in writing delivered through either AFRINEX Clearing House Ltd following an Event of Default.

In such an event, the Registrar will issue Definitive Registered Bonds, registered in the name or names and issued in any approved denominations, requested by or on behalf of AFRINEX Clearing House Ltd, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book Entry Interests), and such Definitive Registered Bonds will bear the restrictive legend referred to in “*Notice to Investors*,” unless that legend is not required by the applicable law.

In the case of the issue of Definitive Registered Bonds, the holder of a Definitive Registered Bond may transfer such Definitive Registered Bond by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Bond, a new Definitive Registered Bond will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Bond will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; provided that a Definitive Registered Bond will only be issued in denominations of USD 100,000 each or integral multiples of thereof.

If Definitive Registered Bonds are issued and a holder thereof claims that such Definitive Registered Bonds have been lost, destroyed, or wrongfully taken, or if such Definitive Registered Bonds are mutilated and are surrendered to the Registrar or at the office of the applicable Transfer Agent, the Company will issue and the Principle Paying Agent or an authenticating agent appointed by the Principle Paying Agent will authenticate a replacement Definitive Registered Bond if the Principle Paying Agent’s and the Company’s requirements are met. The Company or the Principle Paying Agent may require a holder requesting replacement of a Definitive Registered Bond to furnish an indemnity bond sufficient in the judgment of both the Principle Paying Agent and the Company, the Principle Paying Agent, the Transfer Agent, the Registrar, and the applicable Paying Agent appointed pursuant to the Agency Agreement from any loss which any of them may suffer if a Definitive Registered Bond is replaced. The Company and/or the Principle Paying Agent may charge for expenses in replacing a Definitive Registered Bond.

Definitive Registered Bonds may be transferred and exchanged for Book-Entry Interests only in accordance with the Conditions and, if required, only after the transferor first delivers to the applicable Transfer Agent a written certification to the effect that such transfer will comply with the transfer restrictions applicable to such Bonds. See “*Notice to Investors*.”

To the extent permitted by law, the Company, the Principle Paying Agent, the Paying Agent, the Transfer Agent, and the Registrar shall be entitled to treat the registered holder of any Global Certificate as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Certificate will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing

title to the Bonds.

The Company will not impose any fees or other charges in respect of the Bonds; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts maintained in ACHL.

Information Concerning AFRINEX Clearing House Limited

All Book-Entry Interests will be subject to the operations and procedures of AFRINEX Clearing House Limited, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

AFRINEX Clearing House Limited hold securities for participating organizations. They also facilitate the settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. AFRINEX Clearing House Limited interface with domestic securities markets. AFRINEX Clearing House Limited participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations.

Because AFRINEX Clearing House Limited can only act on behalf of participants, who in turn act on behalf of participating investors and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the AFRINEX Clearing House Limited systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through AFRINEX Clearing House Limited systems will receive distributions attributable to the Global Certificate only through AFRINEX Clearing House Limited participants.

Global Clearance and Settlement Under the Book-Entry System

The Bonds represented by the Global Certificate is expected to be listed on the Securities List of AFRINEX, Mauritius. Transfers of interests in the Global Certificate between participating Investors in AFRINEX Clearing House Limited will be affected in the ordinary way/Off Market in accordance with their respective system's rules and operating procedures.

Initial Settlement

Initial settlement for the Bonds will be made in USD. Book-Entry Interests owned through AFRINEX Clearing House Limited accounts will follow the settlement procedures. Book-Entry Interests will be credited to the securities custody accounts of holders maintained with AFRINEX Clearing House Limited in accordance with the process.

Secondary Market Trading

The Book-Entry Interests will trade through participants of AFRINEX Clearing House Limited and will settle accordingly. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where the accounts of both the purchaser and the seller are located to ensure that settlement can be made on the desired value

date.

Special Timing Consideration

You should be aware that investors will only be able to make and receive deliveries and other communications involving the Bonds through AFRINEX Clearing House Limited on days when those systems are open for business.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge, or other transfer of any of the Bonds offered hereby.

The Bonds have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Bonds offered hereby are being offered and sold only to persons outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

The Company have not registered and will not register the Bonds under the U.S. Securities Act and, therefore, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is offering and selling the Bonds only to non-U.S. persons purchasing the Bonds outside the United States in accordance with Regulation S.

The Company use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S. Each purchaser of Bonds, by its acceptance thereof, will be deemed to have acknowledged, represented to, and agreed with the Company as follows:

- (1) You understand and acknowledge that the Bonds have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Bonds are being offered for sale in transactions not requiring registration under the U.S. Securities Act or any other securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (5) and (6) below.
- (2) You are a non-U.S. person purchasing the Bonds in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that none of the Issuer, nor any person representing the Issuer, has made any representation to you with respect to the offering or sale of any Bonds, other than the information contained in this Offering Circular, which Offering Circular has been delivered to you and upon which you are relying in making your investment decision with respect to the Bonds. You acknowledge that neither the Issuer nor any person representing the Issuer including the Lead Manager makes any representation or warranty as to the accuracy or completeness of this Offering Circular. You have had access to such financial and other information concerning the Company and the Bonds as you have deemed necessary in connection with your decision to purchase any of the Bonds, including an opportunity to ask questions of, and request information from, the Issuer, and the Initial Purchasers.
- (4) You are purchasing the Bonds for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such

Bonds pursuant to Regulation S or any other exemption from registration available under the U.S. Securities Act.

- (5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Bonds, and each subsequent holder of the Bonds by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Bonds (in the case of Regulation S Global Bonds only, 40 days after the later of the date of the original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Bonds (or any predecessor thereto)) only pursuant to a registration statement that has been declared effective under the U.S. Securities Act,
 - (i) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or
 - (ii) prior to 40 after the later of the commencement of the offering of the Bonds and the latest Closing Date of the issue of the Bonds pursuant to a registration statement which has been declared effective under the U.S. Securities Act, or
 - (iii) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of seller's property or the property of such investor account or accounts be at all times within the seller or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Registrar/ Transfer Agent , Principal Paying and Conversion Agent's rights prior to any such offer, sale or transfer (I) pursuant to clauses (i) and (ii) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and
 - (iv) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. Each purchaser acknowledges that each Bond will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] ONLY (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION

REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE REGISTRAR/ TRANSFER AGENT , PRINCIPAL PAYING AND CONVERSION AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

(II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE REGISTRAR/ TRANSFER AGENT, PRINCIPAL PAYING AND CONVERSION AGENT AND

(III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Bonds, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Bonds as well as to holders of the Bonds.

- (6) You agree that you will give to each person to whom you transfer the Bonds notice of any restrictions on transfer of such Bonds.
- (7) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Bonds within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with rules under the U.S. Securities Act.
- (8) You acknowledge that the Registrar will not be required to accept for registration of transfer any Bonds except upon presentation of evidence satisfactory to the Company and the Registrar/ Transfer Agent, Principal Paying and Conversion Agent that the restrictions set out therein have been complied with.
- (9) You acknowledge that the Issuer, the Lead Manager, and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties, and agreements and agree that if any of the acknowledgements, representations, warranties, and agreements deemed to have been made by your purchase of the Bonds are no longer accurate, you shall promptly notify the Issuer. If you are acquiring any Bonds as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations, and agreements on behalf of each such investor account.
- (10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer that would result in a public offering of the Bonds or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Bonds in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Bonds will be subject to the selling restrictions set out herein.
- (11) Each purchaser that is acquiring Bonds pursuant to Regulation S under the Securities Act represents that it is not acquiring the Bonds with a view to the resale, distribution, or other disposition thereof to a U.S. person or in the United States.

SELLING RESTRICTIONS

No action has been taken in any jurisdiction, including the United States, Canada, Spain, the United Kingdom, the EEA, Austria, Belgium, France, Germany, Italy, Luxembourg, Mauritius, the Netherlands, and Switzerland, by the Issuer or the Initial Purchasers that would permit a public offering of the Bonds or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Bonds in any jurisdiction where action for this purpose is required.

Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of such country or jurisdiction.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. The Offering constitutes a private placement intended solely for institutional and professionally advised investors and is not directed at retail investors.

Persons into whose possession this Offering Circular comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Circular, and the resale of the Bonds. See “Notice to Investors” and “Transfer Restrictions.”

PLAN OF DISTRIBUTION

Pursuant to a subscription agreement dated July 3, 2026 (the “Subscription Agreement”) among the Company, Wave Capital Limited (the “Investor”), Wave Capital Manager Limited (the “Lead Manager”) and Finaax Capital Advisors Private Limited (the “Lead Merchant Banker”), the Investor has agreed, subject to the satisfaction of certain conditions, to subscribe for the entire US\$100,000,000 principal amount of the Bonds at an issue price of 85 per cent. of their principal amount (US\$85,000,000 in aggregate). The Subscription Agreement constitutes the definitive documentation implementing the borrowing registered with the Reserve Bank of India under Loan Registration Number 202606207 (Form ECB 1 filed June 26, 2026; borrowing agreement dated June 24, 2026). The Offering is not underwritten.

The Lead Merchant Banker is Finaax Capital Advisors Private Limited and Lead Manager is Wave Capital Manager Limited.

The Subscription Agreement entitle the Lead Manager to terminate the Subscription Agreement in certain circumstances prior to payment being made to the Company as set out therein. In such circumstances, the issue may be cancelled at any time until the Bonds are issued, and therefore the issuance and listing of the Bonds may not become effective.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

In connection with this offering, the Lead Manager (or its affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds or the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Bonds or derivatives or in the Shares.

The Company estimates that the Company’s portion of the total expenses of this offering are estimated at approximately 5.2% of the aggregate principal amount of the Bonds (including the 5.0% success fee), as set out in Use of Proceeds, and further as per the new amendemnt to FEMA Regulation the ceiling limit on total expenses of the issue is modified as Specific All-in-Cost ceiling limits linked to the relevant benchmark rate along with the prescribed spread for all ECBs.

The Lead Manager expects to deliver the Bonds against payment on or about the date specified in the last paragraph of the cover page of this Offering Circular. Payment for the Bonds will be made by investors through the Lead Manager in U.S. dollars in same day funds on the Closing Date.

The Lead Manager and its affiliates may, from time to time, engage in transactions with and perform services for the Company and/or its associated companies in the ordinary course of their business.

The Company has agreed to indemnify the Lead Manager against certain liabilities or to contribute to payments that the Lead Manager may be required to make because of any of those liabilities.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to the Company's share capital, including brief summaries of certain provisions of the Company's articles of association, the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956 of India (as amended) (the "SCRA") and certain related legislation of India, all as currently in effect.

General

As of March 31, 2026, the authorized share capital of the Company was INR 1,500,000,000 (Indian Rupees One Hundred Fifty Crores) divided into 1,500,000,000 (One Hundred Fifty Crores) Equity Shares of INR 1/- (Indian Rupee One) each fully paid up, and the issued, subscribed and paid-up share capital was INR 1,429,990,798/- (Indian Rupees One Hundred Forty Two Crores Ninety Nine Lakhs Ninety Thousand Seven Hundred Ninety Eight) divided into 1,429,990,798 (One Hundred Forty Two Crores Ninety Nine Lakhs Ninety Thousand Seven Hundred Ninety Eight) Equity Shares of INR 1/- (Indian Rupee One) each. The Shares of the Company are listed on the Bombay Stock Exchange and the National Stock Exchange.

The Company has increased its authorized share capital from existing INR 1,500,000,000 (Indian Rupees One Hundred and Fifty crores only) to INR 2,000,000,000 (Indian Rupees Two Hundred Crores only) divided into 2,000,000,000 equity shares of face value of INR 1/- each vide the resolution passed at the Extraordinary General Body Meeting of the shareholders held on 24th April, 2026

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act 2013, no dividend can be declared or paid by a company for any financial year except out of the profits of the company in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of the Companies Act and remaining undistributed or out of both or out of moneys provided by the Central or State Government for payment of dividend in pursuance of a guarantee given by that government. Under the Company's articles of association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as of the record date for which such dividend is payable. In addition, as permitted by the Company's articles of association, the Board may announce and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date" or to those shareholders keeping their shares in dematerialized form, a list of which is provided by the National Securities Depository Limited (the "NSDL") and the Central Depository Services (India) Limited (the "CSDL"). No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her Shares is outstanding.

Any dividend declared shall be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days of the expiry of the 30-day period (mentioned aforesaid) to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the Company

to the investor education and protection fund established by the Government pursuant to which no claim shall lie against the Company or the investor education and protection fund. Directors of the Company may be held criminally liable for any default of the provisions.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. Such new Shares shall be offered to existing shareholders listed on the members' register on the record date in proportion to the amount paid-up on those Shares at that date. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board may dispose of the Shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The offer is deemed to include the right exercise by the person concerned to renounce the Shares offered to him/her in favour of any other person provided that the person in whose favour such Shares have been renounced is approved by the Board in their absolute discretion.

Under the provisions of the Companies Act, new Shares may be offered to any persons whether or not those persons include existing shareholders if a special resolution to that effect is passed by the shareholders of the issuer in a general meeting, unless not required under the applicable laws.

The Company may, by ordinary resolution, from time to time, alter the Company's memorandum of association to subdivide the Shares for a larger amount than is fixed by the memorandum of association provided that the same proportionate liability shall continue on the Shares so reduced or increased as existed on the original Shares before such subdivision or consolidation, or it may cancel Shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of Shares cancelled.

The Company's issued share capital may, among other things, be increased by the exercise of warrants attached to any of the Company's securities, or individually issued, entitling the holder to subscribe for the Company's shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and financial institutions, requires the approval of a special resolution of shareholders.

The Company can also alter its share capital by way of a reduction of its capital or by undertaking a buyback of its shares under the prescribed SEBI guidelines. The Company's articles of association provide that the Company may in a general meeting, from time to time increase its capital by the creation of new shares and may consolidate or sub-divide its share capital, convert all or any of its fully paid-up Shares into stock and reconvert that stock into fully paid-up Shares or cancel Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital and pay capital on the grounds that it may be called up again or otherwise.

The Company's articles of association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

Preference Shares

Preference share capital is that part of the paid-up capital of the Company which fulfils both of the following requirements, namely:

- (i) that as respects dividends, it carries or will carry a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and
- (ii) that as respects capital, it carries or will carry on a winding-up of the company, a preferential right to be repaid the amount of the capital paid up or deemed to have been paid-up.

The preference shares do not confer any further rights to participate in the Company's profits or assets. Holders of preference shares are not entitled to vote at the Company's general meetings except:

- (A) in relation to resolutions placed before the company that directly affect the rights attached to the holder's preference shares and/or
- (B) where the dividend due on such capital has remained unpaid:
 - (i) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and
 - (ii) in the case of non-cumulative preference shares, either in respect of a period of not less than two years or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

Under the Companies Act, the Company may issue redeemable preference shares, but (i) no such shares shall be redeemed except out of the profits which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the Company's profits or out of the Company's securities premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall be transferred, to a reserve fund to be called the Capital Redemption Reserve Account, out of profits which would otherwise have been available for dividends, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

The Company must hold its annual general meeting each year within 15 months of the previous annual general meeting and in any event not later than six months after the end of each accounting year, unless extended by the Registrar of Companies at the Company's request for any special reason. The Board may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10.0% of the Company's paid-up capital (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders, in the case of an annual general meeting, and from shareholders holding not less than 95.0% of the Company's paid-up capital, in the case of any other general meeting. Currently, the Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in regional area, Delhi. General meetings are generally held at Davangere where the registered office of the Company is situated. The quorum for a general meeting of the Company is Thirty (30) shareholders personally being present.

A company intending to pass a resolution relating to matters such as, but not limited to, amending the objects clause of the Memorandum, issue of shares of differential voting rights as to voting or dividend or otherwise, variation in the rights attached to a class of shares or debentures or other securities, buyback of shares under the Companies Act or giving loans or extending guarantees in excess of limits prescribed under the Companies Act and guidelines issued thereunder, is required to obtain passage of the resolution by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting each shareholder to send his/her assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy, are in the same proportion as the capital paid-up on each share held by such shareholder to the total paid-up capital of the company. Voting is by show of hands unless a poll is ordered by the Chairman of the meeting or demanded by a shareholder or shareholders holding at least 10.0% of the voting rights in respect of the resolution. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act some of the matters that require special resolution are amendment to the articles of association, members voluntary winding up, dissolutions, merger, or consolidation.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association of the Company. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both by show of hands and by poll.

The Companies Act allows for a company to issue shares with differential rights as to dividends, voting or otherwise, subject to certain conditions. In this regard, the laws require that, for a company to issue shares with differential voting rights: (i) the company must have had distributable profits (in accordance with the requirements of the Companies Act) for the three

financial years preceding the year in which it was decided to issue such shares; (ii) the Company must not have defaulted in filing annual accounts and annual returns for the three financial years immediately preceding the financial year of the year in which it was decided to issue such shares; (iii) the Articles of Association must allow for the issuance of such shares with differential voting rights; and (iv) such other conditions set forth in the Rule 4 (Equity Shares with Differential Voting Rights) of The Companies (Share Capital and Debentures) Rules, 2014 are referred.

Registered holders of the Shares withdrawn from the depository arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with applicable Indian law.

Convertible Securities/Warrants

The Company may from time-to-time issue debt instruments that are partly or fully convertible into Shares and/or warrants to purchase Shares.

Annual Reports and Financial Results

The Annual Report must be laid before the annual general meeting. This report includes certain financial information, a corporate governance section and management's discussion and analysis. It is sent to the Company's shareholders and also made available for inspection at the Company's registered office during normal working hours for 21 days prior to the annual general meeting.

Under the Companies Act, the Company must file its Annual Report with the Registrar of Companies within 30 days from the date of the relevant annual general meeting.

The Company files certain information online, including its Annual Report, quarterly financial statements, report on corporate governance and the shareholding pattern statement, statement of action taken against the company by any regulatory agency and such other statements/information/report as may be specified by SEBI from time to time in accordance with the requirements of the SEBI LODR Regulations.

Transfer of Shares

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the SCRA, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company became freely transferable, subject only to the provisions of Section 59 of the Companies Act. Since the Company is a public company, the provisions of Section 59 will apply to the Company. Furthermore, in accordance with the provisions of Section 59 of the Companies Act, the Company's Board may refuse to register a transfer of shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the company, if they have sufficient cause to do so. If the Company's Board refuses to register a transfer of Shares, the shareholder wishing to transfer his, her or its shares may file an appeal with the National Company Law Tribunal, and the National Company Law Tribunal can direct the company to register such transfer.

Pursuant to Section 59(4), if a transfer of shares contravenes any of the provisions of the Securities and Exchange Board of India Act, 1992 or any other law for the time being in force, the Tribunal may, on an application made by the depository, company, depository participant,

the holder of the securities or the Securities and Exchange Board, direct any company or a depository to set right the contravention and rectify its register or records concerned.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the NSDL and the CSDL.

The SEBI requires that for trading and settlement purposes, the Company's Shares be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the listing agreement, in the event the Company has not affected the transfer of Shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

Acquisition of the Company's Own Shares

The Company is prohibited from acquiring its own shares unless the consequent reduction of capital is affected by an approval of at least 75.0% of its shareholder's voting on the matter in accordance with the Companies Act and is also sanctioned by the High Court of Judicature at Bengaluru (that is, the city where the Company's registered office is situated). Moreover, subject to certain conditions, a company is prohibited from giving whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company.

However, pursuant to certain amendments to the Companies Act, a company is empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions, including:

- (i) the buyback should be authorised by the Company's Articles of Association;
- (ii) a special resolution should have been passed in a general meeting authorizing the buyback;
- (iii) the buyback is for less than 25.0% of the total paid-up capital and free reserves provided that the buyback of equity shares in any financial year shall not exceed 25.0% of the total paid-up equity share capital in that year;
- (iv) the debt (including all amounts of unsecured and secured debt) the Company owes is not more than twice the capital and free reserves after such buyback; and
- (v) the buyback is in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulation, 2018.

The condition mentioned in (ii) above would not be applicable if the buyback is for less than 10.0% of the total paid-up equity capital and free reserves of the company and provided that

such buyback has been authorised by the board of directors of the company. Further, a company buying back its securities is not permitted to buyback any securities for a period of one year from the buyback or to issue new securities for six months from the buyback date. The aforesaid restriction relating to the one-year period does not apply to a buyback authorised by a special resolution of the shareholders in general meeting. Every buyback has to be completed within a period of one year from the date of passing of the special resolution or resolution of the Board of directors as the case may be.

A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buyback.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

The buyback of securities can be from existing security holders on a proportionate basis or from the open market or from odd lots, that is to say, where a lot of securities of a public company, whose shares are listed on a recognized stock exchange, is smaller than such marketable lot, as may be specified by the stock exchange or by purchasing securities issued to the employees of the company pursuant to a scheme of stock option or sweat equity.

Disclosure of Ownership Interest

Section 89 of the Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to the company details of the holder of record and the holder of record to declare details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for penalty. Any charge, promissory note or other collateral agreement created, executed, or entered into with respect to any share by the registered owner thereof, or any hypothecation by the registered owner of any share pursuant to which a declaration is required to be made under Section 89 shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure to comply with Section 89 will, inter alia, not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Government regulates ownership of Indian companies by foreigners. Foreign investment in Indian securities is generally regulated by the Foreign Exchange Management Act 1999 and the rules framed thereunder. The Foreign Exchange Management Act when read together with a series of regulations issued thereunder by the RBI, permits transactions involving the inflow or outflow of foreign exchange and empowers the RBI to prohibit or regulate such transactions.

The Foreign Exchange Management Act has eased restrictions on current account transactions. However, the RBI continues to exercise control over capital account transactions (i.e., those that alter the assets or liabilities, including contingent liabilities, of persons). The RBI has issued regulations under the Foreign Exchange Management Act to regulate various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies.

The RBI has issued the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 to regulate the issue of Indian securities to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

The Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in the FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Restrictions on Conversion of Indian Rupees

There are restrictions on the conversion of Indian rupees into U.S. dollars. Before February 29, 1992, the RBI determined the official value of the Indian rupee in relation to a weighted basket of currencies of India's major trading partners. In the February 1992 budget, a new dual exchange rate mechanism was introduced by allowing conversion of 60.0% of the foreign exchange received on trade or current account at a market-determined rate and the remaining 40.0% at the official rate. All importers were, however, required to buy foreign exchange at the market rate except for certain priority imports. In March 1993, the exchange rate was unified and allowed to float. In February 1994 and again in August 1994, the RBI announced relaxations of the payment restrictions previously applicable to certain transactions. Since August 1994, the Government has substantially complied with its obligations owed to the International Monetary Fund, under which India is committed to refrain from using exchange restrictions on current international transactions as an instrument to manage the balance of payments. Effective July 1995, the process of current account convertibility was advanced by relaxing restrictions on foreign exchange for various purposes, such as foreign travel and medical treatment. The Government has also relaxed restrictions on capital account transactions by resident Indians since 2004 and introduced Liberalized Remittance Scheme (LRS). Under this scheme, Resident Individuals (including minors) to remit funds outside India up to USD 250,000 or its equivalent in any freely convertible foreign currency per fiscal year (April-March) for any permissible capital or current account transaction or a combination of both.

This offering is being made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India. Each purchaser of Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of,

such persons, unless the Company may determine otherwise in compliance with applicable law.

AUTOMATIC ROUTE

This offering is under the automatic route and does not require the approval of the Government of India or the RBI. However, under applicable current regulations of the RBI, prior approval of the RBI will be required for earlier redemption or repayment. Conversion of the FCCBs into Shares does not require RBI approval. The Company is required to make periodic filings with the RBI with respect to the Bonds.

In terms of the extant policy on foreign investment in India, foreign direct investment in the Company is permitted under the automatic route and non-resident investors are permitted to hold up to 100 per cent of the equity capital of the Company. The Shares issued on conversion of the Bonds are to be listed on the principal Indian stock exchange on which the Shares of the Company are now listed. The Company has applied for an “in principle” approval from the NSE for the listing of the Shares to be issued on conversion of the Bonds on such stock exchange. This Offering Circular will be filed with each Indian stock exchange on which the Company’s Shares are listed for information purposes only.

ELIGIBILITY

The Company confirms that it is eligible to raise funds from the Indian capital market by issuance of the Bonds and have not been restrained from accessing the securities market by SEBI.

PRICING

The price of shares of a listed Indian company issued to non-residents under the FDI scheme on an automatic basis cannot be less than the price calculated in accordance with the guidelines issued by the SEBI. Where the Indian company is not listed on any recognized stock exchange in India, the minimum issue price of the shares would be based on a fair valuation of the shares produced by a chartered accountant or SEBI Registered Category-I Merchant Banker. Every Indian company issuing shares or convertible debentures in accordance with the applicable regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser. The above description applies only to a fresh issue of shares or convertible debentures by an Indian company. The pricing of the offering of Foreign Currency Convertible Bond issues has to be in accordance with the FDI circular dated October 15, 2020.

GOVERNMENT OF INDIA APPROVALS

This offering is being made entirely outside India. This Offering Circular may not be distributed, directly or indirectly, in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident of India except domestic mutual funds in accordance with the applicable rules, regulations and guidelines issued by the RBI and the SEBI.

FCCBs mean a bond issued by an Indian company expressed in foreign currency, and the principal in respect of which is payable in foreign currency. Further, the bonds are required to be issued in accordance with the scheme viz., “Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993” read with 2005 amendment rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions, and subscribed by a non-resident in foreign currency and convertible into ordinary shares of the issuing company in any manner, either in whole, or in part. The policy for ECB is also applicable to FCCBs. The issue of FCCBs is also required to adhere to the provisions of Notification FEMA No. 120/RB-2004 dated July 7, 2004, as amended from time to time.

Issue of Foreign Currency Convertible Bonds

The Department for Promoter of Industry and Internal Trade (DPIIT), under the Indian Ministry of Industry and Commerce, through the Depository Receipt Scheme, has allowed Indian companies to issue FCCBs.

This scheme has been amended from time to time by the MOF and certain relaxations in the guidelines have also been notified by the RBI. The relevant regulations, including the bond regulations, provide that an Indian company may issue FCCBs to persons resident outside India subject to the approval of the RBI in certain cases. Any Indian company issuing such bonds is required to comply with certain reporting requirements prescribed by the RBI.

FCCBs refers to foreign currency denominated instruments which are issued in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions, as amended from time to time. Issuance of FCCBs shall also conform to other applicable regulations. Further, FCCBs should be without any warrants attached. Consolidated FDI Policy (Effective from October 15, 2020, issued by Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry Government of India states as under:

Issue of FCCBs and Depository Receipts (DRs)

- a) FCCBs/DRs may be issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, Depository Receipt Scheme 2014 respectively, the rules and regulations issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA), and the ECB Master Directions, as per the guidelines issued by the Government of India there under from time to time.
- b) Depository Receipts are foreign currency denominated instruments issued by a foreign Depository in a permissible jurisdiction against a pool of permissible securities issued or transferred to that foreign depository and deposited with a domestic custodian.

- c) In terms of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 as amended from time to time, a person will be eligible to issue or transfer eligible securities to a foreign depository, for the purpose of converting the securities so purchased into depository receipts in terms of Depository Receipts Scheme, 2014 and guidelines issued by the Government of India thereunder from time to time.
- d) A person can issue Depository Receipts, if it is eligible to issue eligible instruments to person resident outside India under relevant Schedules under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time. The term eligible instruments include:
- Any security or unit in which a person resident outside India is allowed to invest under these rules shall be eligible instruments for issue of Depository Receipts in terms of Depository Receipts Scheme, 2014 (DR Scheme, 2014);
 - A person shall be eligible to issue or transfer eligible instruments to a foreign depository for the purpose of issuance of depository receipts in accordance with the DR Scheme, 2014 and guidelines issued by the Central Government in this regard;
 - A domestic custodian may purchase eligible instruments on behalf of a person resident outside India, for the purpose of converting the instruments so purchased into depository receipts in terms of DR Scheme, 2014;
 - The aggregate of eligible instruments which may be issued or transferred to foreign depositories, along with eligible instruments already held by persons resident outside India, shall not exceed the limit on foreign holding of such eligible instruments under the Act, rules or regulations framed thereunder.
 - The eligible instruments shall not be issued or transferred to a foreign depository for the purpose of issuing depository receipts at a price less than the price applicable to a corresponding mode of issue or transfer of such instruments to domestic investors under the applicable laws;
 - The aggregate of eligible securities which may be issued or transferred to foreign depositories, along with eligible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such eligible securities under the relevant regulations framed under FEMA, 1999;
 - The pricing of eligible securities to be issued or transferred to a foreign depository for the purpose of issuing depository receipts should not be at a price less than the price applicable to a corresponding mode of issue or transfer of such securities to domestic investors under the relevant regulations framed under FEMA, 1999;
 - The issue of depository receipts as per DR Scheme 2014 shall be reported to the Reserve Bank by the domestic custodian as per the reporting guidelines for Depository Scheme 2014.

REGULATORY FILINGS

The Company is required to make the following filings in connection with issuance of the Bonds and at the time of the conversion of Bonds into Shares:

- (i) Filing with the RBI (through a recognized dealer in foreign exchange) Form ECB;
- (ii) Filing of information with the RBI subsequent to the issuance of the Bonds, which would include total amount of the Bonds issued, names of the investor's resident outside India and number of the Bonds issued to each of them, and the amount repatriated to India through normal banking channels in accordance with provision of law
- (iii) Filing of return of allotment with the Registrar of Companies at its office in Bengaluru, India at the time of the conversion of Bonds into Shares;

- (iv) Monthly filing with the RBI (through a recognized dealer in foreign exchange) in the prescribed Form No. ECB-2; and
- (v) Filing of this Offering Circular with the Indian Stock Exchange, the SEBI, the RBI, and the Registrar of Companies.

Eligibility

The Company confirms that as required by the MOF notification dated March 26, 2019, the Company is eligible to raise funds from the Indian capital market and have not been restrained from accessing the securities market by SEBI.

This Offering Circular will be filed with the RBI, the SEBI, the NSE, and the Registrar of Companies, Bengaluru for information purposes only.

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in India, and it is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as look through entities or holders of the Bonds by reason of employment) may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning, and disposing of Bonds. This tax section is based on Indian Income Tax law as in effect on the date of this Offering Circular as well as on administrative interpretations thereof and is subject to any change in such law or interpretations that may take effect after such date, including changes with retroactive effect. References in this section to holders include the beneficial owners of the Bonds, where applicable.

The following is a summary of the principal Indian tax consequences for non-resident investors of the Bonds who acquire the Bonds pursuant to this Offering Circular. The summary details the tax consequences for the non-resident investors only in relation to the Bonds and the Shares to be issued upon conversion of the Bonds. The summary only addresses the tax consequences for non-resident investors who hold the Bonds or the Shares to be issued on conversion of Bonds as capital assets and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the investor continues to remain a non-resident when the income by way of dividends and capital gains is earned. The summary is based on the Indian tax laws in force as at the date of this Offering Circular and is subject to change. This summary is not intended to constitute a complete analysis of all the tax consequences for a non-resident investor under Indian tax law in relation to the acquisition, ownership and disposal of the Bonds or Shares to be issued upon conversion of the Bonds. Potential investors should therefore consult their own tax advisers on the tax consequences of such acquisition, ownership, and disposal of the Bonds or the Shares under Indian law including, specifically, the tax treaty between India and their country of residence and the law of the jurisdiction of their residence.

CERTAIN INDIAN TAX CONSIDERATIONS

The following discussion describes the material Indian income tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of the Bonds and the Shares to be issued upon conversion of the Bonds. The Income Tax Act, 1961/The Income Tax Act, 2025 (the “IT Act”) is the law relating to taxation of income in India. The IT Act provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing, or arising in India or deemed to have been received, accrued, or arisen in India.

This summary is not intended to constitute a complete analysis of the Indian tax consequences to any particular individual holding a status of non-resident as per the Indian Income Tax Act. Individual tax consequences of an investment in the Offering may vary for non-residents in various circumstances. Further, the following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retroactive basis.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF BONDS AND THE UNDERLYING SHARES IN YOUR PARTICULAR SITUATION AND THE JURISDICTION OF YOUR RESIDENCE AND ANY TAX TREATY BETWEEN INDIA AND YOUR COUNTRY OF RESIDENCE.

The information provided below has been prepared in accordance with the following Indian Income tax legislation in force at the date of this Offering Circular:

Taxation of the Bonds/Notes

The offering is in accordance with Section 115AC of the IT Act, 1961 / 209 (1) of the IT Act 2025 and non-resident Investors of the Bonds will therefore have the benefit of tax concessions available under the Section 115AC of the IT 1961/ 209 (1) of the IT Act 2025. Act are subject to the fulfillment of certain conditions of that section. Such tax concessions include taxation at a reduced income tax rate of 10 per cent, (which will then subject to the applicable rate of surcharge on income tax and education cess on income tax and surcharge having regard to fact that the person is a corporate or non-corporate assessee) on the amount of interest on bonds or long-term capital gain arising on transfer of Bonds.

Under Section 47(via) of the IT Act 1961 / 70(1)(g) of the IT Act 2025, the transfer of Bonds outside India by a non-resident holder to another non-resident shall not give rise to any capital gains tax in India.

Taxation of Shares Issued upon Conversion of Bonds/Notes

Under Section 47(x) of the IT Act 1961/ 70(1)(z) of the IT Act 2025 any transfer by way of conversion of bonds into Shares will not give rise to any capital gains liable to income tax in India. However, the issue of Shares by the Company upon conversion of Bonds will be chargeable to stamp duty as described below under “Stamp Duty”.

Taxation of Dividends on the Shares

Section 10(34) of Income Tax Act 1961 / 11(i) of Income Tax Act 2025, states that any income by way of dividends referred to in section 115-O shall not be included in computing the total income of a previous year of any person. Further, this shall not apply to any income by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA. Also, nothing contained in this section shall apply to any income by way of dividend received on or after the 1st day of April 2020 other than the dividend on which tax under section 115-O and section 115BBDA, wherever applicable, has been paid.

Consequently, Section 115 BBDA which provides for taxability of dividend in excess of Rs. 1 million has no relevance as the entire amount of dividend shall be taxable in the hands of the shareholder.

TDS shall be deducted at the rate of 10% from dividend distributed to the resident individual shareholder if amount of dividend to such shareholder in aggregate in that year is more than Rs.

0.005 million

Issue of Right Shares

Distribution to non-residents of additional shares or rights to subscribe for Shares (for the purposes of this section, "Rights") made with respect to shares are not subject to Indian tax unless those rights are transferred.

Benefits available to Non-Resident Indians

Non-Resident Indians have an option to be governed by the special provisions of Chapter XIIA of the IT Act, according to which:

1. Under provisions of section 115F of the IT Act 1961 / 215 of the IT Act 2025, long term capital gains arising to a non- resident Indian, from the transfer of a foreign exchange asset (the asset so transferred being hereafter in this section referred to as the original asset), and the non-resident Indian within a period of six months after the date of such transfer, invested the whole or any part of the net consideration in any specified asset, or in any savings certificates referred to in clause (4B) of section 10 (such specified asset, or such savings certificates being hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section. If the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45 or if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be charged under section 45. Further, as per sub section 2, if the new asset is transferred or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall

be deemed to be income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted (otherwise than by transfer) into money.

2. Under Section 115G of the IT Act 1961 / 216 of the IT Act 2025, it shall not be necessary for the non-resident Indians to furnish their return of income, under section 139(1) of the IT Act, if their source of income is only investment income or income by way of long-term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII-B has been deducted from such income.
3. Under Section 115H of the IT Act 1961 / 217 of the IT Act 2025, the benefit conferred on a non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII-A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115C(f)(ii)(iii)(iv) or (v) of the IT Act, until the transfer or conversion (otherwise than by transfer) into money of such assets.
4. Under Section 115-I of the IT Act 1961 / 218 of the IT Act 2025, a non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not to be governed by the special provisions of chapter XII-A, then he will be entitled to tax benefit available to resident individuals.

For the purpose of computing capital gains tax on the sale of the Shares under the Section 115AC of IT Act, the cost of acquisition of the shares will be treated as the cost of acquisition of bond before conversion of bonds into shares.

Neither the Section 115AC of IT Act 1961 / **209.** (1) of the IT Act 2025, nor the FCCB Scheme deals with capital losses arising on a transfer of Shares in India. In general terms, losses arising from a transfer of a capital asset in India can only be set off against capital gains. A long-term capital loss can be set off only against a long-term capital gain (if not exempt) and short-term capital loss can be set off against any capital gain. To the extent that the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight assessment years immediately succeeding the assessment year for which the loss was first determined by the assessing authority and may be set off against the capital gains assessable for such subsequent assessment years. In order to set off capital losses as above, the non-resident investor would be required to file appropriate and timely tax return in India and may undergo the usual assessment procedures.

Tax Credit

A non-resident investor would be entitled to tax credit with respect to any withholding tax paid by the Company or any other person for its account in accordance with the laws of the applicable jurisdiction.

Tax Treaties

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of such non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

Stamp Duty

Under the laws of India, the transfer of shares in physical form would be subject to stamp duty at the rate of 0.015 per cent. Of the market value of the shares, and such stamp duty customarily is borne by the transferee, that is, the purchaser. In order to register a transfer of Shares in physical form, it is necessary to present a stamped deed of transfer. However, since the Company's Shares are compulsorily deliverable in dematerialized form (except for trades of up to 500 Shares, which may be delivered in physical form) there would be no stamp duty payable in India on transfer of the Shares in dematerialized form. There is no stamp duty liability on the sale or transfer of Bonds.

Education Cess

In all the above cases, the amount of income tax and surcharge as stated would be increased by an education cess of 4 per cent.

Taxation on buyback of Shares

If Shares held by a non-resident investor are purchased by the Company, the non-resident investor will be liable to pay income tax in respect of the capital gains arising on such buyback under the provisions of Indian tax laws and capital gains tax arising there from shall be withheld at source before repatriation of sale proceeds from India.

INDEPENDENT AUDITORS

The Standalone financial statements of the Issuer as of the March 31, 2026, as of March 31, 2025, and as of March 31, 2024 included in this Offering Circular have been audited by DGMS & Co. are registered with the Institute of Chartered Accountants of India under number (FRN 0112187W) and has its registered office address at F-04, Eternity Mall, Teen Hath Naka, L B S Road, Thane (West) – 400 604, Maharashtra–India.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The enforcement by investors of civil liabilities under the securities laws of jurisdictions outside India, including the ability to effect service of process and to enforce judgments of foreign courts may be affected adversely by the fact that the Company is incorporated as a public limited company under the laws of India and a majority of the Company's executive officers, Directors and all of the experts named in this Offering Circular, are residents of India. A substantial part of the Company's assets and the assets of all of its executive officers, Directors and all of the experts named in this Offering Circular, are also located in India. As a result, it may be difficult to effect service of process outside India upon the Company and these persons or to enforce foreign judgments obtained against the Company and these persons, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Indian Code of Civil Procedure, 1908, and subsequent amendments thereto (the "Civil Code"). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes or other charges of like nature or in respect of fines or other penalties and does not include arbitration awards, even if such awards are enforceable as a decree or judgment. Certain territories which inter alia include, The United Kingdom, Luxembourg, and Hong- Kong have been declared by the Government to be reciprocating territories within the meaning of Section 44A of the Civil Code. The United States and Luxemburg have not been declared by the Government to be a reciprocating territory for the purposes of Section 44A.

In the case of reciprocating territories, a judgment of a court outside India may be enforced either by initiating execution proceedings pursuant to Section 44A of the Civil Code or by a suit upon it. However, in the case of a non-reciprocating territory such as the United States and Luxemburg, a judgment of a court outside India may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution. Section 13, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment is conclusive as to any matter directly adjudicated upon except:

- Where the judgment has not been pronounced by a court of competent jurisdiction;
- Where the judgment has not been given on the merits of the case;
- Where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;
- Where the proceedings in which the judgment was obtained were opposed to natural justice;
- Where the judgment has been obtained by fraud; or
- Where the judgment sustains a claim founded on a breach of any law in force in India.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the number of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

LISTING AND GENERAL INFORMATION

Listing

Application will be made for the Bonds to be admitted to the AFRINEX Securities List of the AFRINEX, in accordance with the rules of that exchange.

For so long as the Bonds are admitted to listing on the AFRINEX Securities List of the AFRINEX and the rules of that exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Paying Agent and Company's registered office during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the most recent audited Standalone financial statements of the Issuer; and
- Agency Agreement
- A copy of the Offering Circular

The Issuer shall ensure that notices in respect of the Bonds are duly published in a manner which complies with the rules and regulations of the AFRINEX and the rules of the AFRINEX so require notices will also be published on the website of the AFRINEX (<https://www.AFRINEXexchange.com>). Any such notice shall be in English and shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

The Company has appointed SBM Fund Services Ltd, as the Company's paying agent; its address is Level 3, Lot 15A3, Hyvec Business Park, Wall Street, Ebene Cybercity- 72201, Republic of Mauritius.

The issue of the Bonds was authorised by a special resolution of the Shareholders of the Company passed on April 24, 2026. The terms of the offering were approved by resolutions of the Company's Board of Directors passed on March 30, 2026.

Except as disclosed in this Offering Circular , the Company have not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that are material and may have or have had during the 12 months preceding the date of this Offering Circular , a significant effect on the Company's financial condition nor so far as the Company is aware is any such litigation or arbitration pending or threatened.

As of the date of this Offering Circular, the most recent audited standalone financial statements available for the Issuer were as of the Twelve months ended March 31, 2026. Except as disclosed in this Offering Circular, there has been no significant or material adverse change in the Company's financial condition or prospects since March 31, 2026.

The Registrar/ Transfer Agent, Principal Paying and Conversion Agent will be acting in its capacity of Registrar/ Transfer Agent, Principal Paying and Conversion Agent for the holders of the Bonds and will provide such services to the holders of the Bonds as described in the Agency Agreement.

Settlement Information

The Bonds have been accepted for settlement through the facilities of ACHL. Certain trading information with respect to the Bonds is set forth below.

ISIN:

MU0000000388

General Information

The Company was incorporated under the Companies Act, 1956, in the year 1970 as a Joint Sector Company in India and is registered with the Registrar of Companies at Bangalore, Karnataka. The Company's corporate identity number is L10721KA1970PLC001949. The Company's registered office is situated at 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India.

- a) The Company's principal objects being:
- To Manufacture and to sell, or export of sugar (White Crystal Sugar, Khand sari Sugar or gur) or molasses of any kind or form including the by-products like Bagasse or press mud or other any other form of by- products from Sugarcane or sugar beets or from use of any other agricultural produces or for use in own consumption in further manufacturing of any products which are for sale or export.
 - To establish cogeneration power plant on any basis with own investments or arrangement in joint venture with any person, company, corporation, or otherwise and to generate, transmit, distribute, supply, sell and export electric Power generated from any kind of bio-mass like bagasse, brickettes or maize cobs, groundnut shell, rice husk, coffee husk or any other form of bio-mass or by use of coal as fuels and to produce hydroelectricity by use of water force, Wind energy, Thermal energy, Solar energy, Atomic energy or any other form of energy by use of coal, water, wind or any other natural resources and to set up any Electricity generating works, Power stations, Power Distribution, Reservoirs, water works, dams tanks, canals, Hydroelectricity works or other Electrical works and or any other conveniences in connection there with, with the object of generation of Power/electricity for in-house consumption and to sell or distribute power/electricity to any State Electricity Board/State Government / Central Electricity Board/Central Government/ Union Territories/ IEX and further to generally trade in power / electricity by selling electricity to private industrial establishments, industrial parks, satellite cities or other private organizations in general or to the units or organizations from where the demand for electricity supply arises. (Inserted vide special resolution passed at the Annual General Meeting held on 31-08-2000.
 - To purchase or take on hire basis and to operate aero planes, Helicopters, or private jet services or air ambulances for medical help to hire out on charter basis to any individuals, institutions, organizations or any other third parties including directors of the company and to provide all other ancillary services and for these purposes to import, purchase, or to take on lease, take in exchange or to own with all types of airplanes, helicopters, air ambulances and other flying machines with all necessary and convenient equipment's and to employ the same in the conveyance of passengers, goods and merchandise of every description. (Inserted vide special resolution passed at the extraordinary general meeting held on 02-02-2011.
 - To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in all kind of Ethanol (or known by any other chemical names), alcohol, spirits and liquor (from Molasses of any kind, grains including maize, rice, broken rice or any other cereals or agricultural or non- agricultural or any other feedstocks) including any by-products like DDGS,

Potash or any other form of by-products, whether for human consumption or use in any manner or for industrial use or to sell to Oil Marketing Companies for use as fuel or otherwise including rectified spirit, citric acid, vinegar, acetic acid, ethyl acetate, acetaldehyde, carbonic acid, sanitizer, or any other chemicals or chemical formulations, disinfectants, yeast sludge, gas, dry ice and to acquire, erect, construct, establish operate and maintain distilleries and other works. (Inserted vide special resolution passed at the extraordinary general meeting held on 30-09-2020.

- To plant, cultivate sugar cane or sugar beet or any other agricultural produces on own land or leased land or to purchase and sell sugar-cane, sugar-beet and other agricultural products like maize, rice, broken rice or rice in any form and other agricultural products and other cereals, crops or trees whatsoever and to purchase, manufacture, produce, refine, import, export, sell and generally to deal in sugar, sugar candy, jaggery, confectionery, molasses of all kinds or forms, syrups.
- To lease or rent land or building for setting up of CO2 Plant for generation of dry Ice from the by-product generated from the Distillery Unit in any form or variant to be filled in cylinders or any other type of containers for the purpose of industrial use or to produce potash from any of the by-products from Distillery Unit.
- To process and to produce all kinds of alcohol, spirits, rum gin, whisky and brandy and any special syrups, chemical preparations or to setting up of any bottling unit for processing or filling of the any kind of alcohol, spirits, rum, gin, whisky and brandy and any special syrups, chemical preparations or lease out land and buildings of the company for setting up of a bottling unit by any third parties.
- To plant, cultivate sugar cane or sugar beet or any other agricultural produces on own land or leased land or to purchase and sell sugar-cane, sugar-beet and other agricultural products like maize, rice, broken rice or rice in any form and other agricultural products and other cereals, crops or trees whatsoever and to purchase, manufacture, produce, refine, import, export, sell and generally to trade in sugar, sugar candy, jaggery, confectionery, molasses of all kinds or forms, syrups.
- To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in all kind of alcohol, spirits and liquor whether for human consumption or use in any manner or for industrial use or as fuel or otherwise including ethanol, rectified spirit, citric acid, vinegar, acetic acid, ethyl acetate, acetal dehyde, carbonic acid, sanitizer, disinfectants, yeast sludge, gas, dry ice and to acquire, erect, construct, establish operate and maintain distilleries and other works.
- To do and carry on the business of seed merchants and dealers in seeds, plants, trees, flowers, flower beds, roots of plants, manures, chemicals, fertilizers, creepers, vegetables and similar products.
- To buy, sell, barter, exchange, export or import or otherwise deal as wholesalers, or retailers or both, and either as principals or agents, all kinds of goods including all agricultural products like rice, broken rice, maize or any other agricultural products, merchandise, produce, articles and commodities.
- To manufacture and/or trade in industrial alcohol, Indian made foreign liquors, country liquors, wines brandies, liquors, brews including beer and other drinks and generally to carry on the business of distillers, brewers and winners in all its branches.
- The Authorized Share Capital of the Company was increased to Rs.2,000,000,000/- (Rupees Two Hundred Crores Only) divided into 2,000,000,000 (Two Hundred Crores) Equity shares

of Rs.1/- (Rupees One Only) each vide Resolution passed in Extraordinary General Meeting held on 24-04-2026.

- b) The Company prepared its financial statements as at and for fiscal 2026, 2025 and 2024, each as contained herein, in conformity with Ind AS including the Accounting Standards notified under section 133 of the Companies Act, 2013.
- c) Except as disclosed in this Offering Circular, the Company is not involved in any material litigation or arbitration proceedings that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Company's financial position, nor, so far as the Company is aware, are there any such proceedings pending or threatened.
- d) The Agency Agreement and the Bonds are governed by Mauritius law. The Company's submission to the jurisdiction of the courts of Mauritius and the appointment of an agent for service of process are valid and binding under Indian law.
- e) The Bonds provide for the Registrar/ Transfer Agent, Principal Paying and Conversion Agent to take action on behalf of the Bondholders in certain circumstances, but only if the Registrar/ Transfer Agent, Principal Paying and Conversion Agent are prefunded, indemnified and/or provided with security to its satisfaction. It may not be possible for the Registrar/ Transfer Agent, Principal Paying and Conversion Agent to take certain actions and accordingly in such circumstances the Registrar/ Transfer Agent, Principal Paying and Conversion Agent will be unable to take such actions, notwithstanding the provision of an indemnity to it, and it will be for the Bondholders to take such actions directly. The Registrar/ Transfer Agent, Principal Paying and Conversion Agent may require any such indemnity to be given on joint and several basis.
- f) The Registrar/ Transfer Agent, Principal Paying and Conversion Agent may rely without liability to Bondholders on any certificate prepared by the directors or authorised officers of the Company and accompanied by a certificate or report prepared by the auditors of the Company or an internationally recognized firm of accountants or any expert called for or provided to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent pursuant to the Conditions and/or the Agency Agreement satisfactory to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent, whether or not addressed to the Registrar/ Transfer Agent, Principal Paying and Conversion Agent and whether or not the auditors of the Company or the internationally recognized firm of accountants' liability in respect thereof or the liability of any expert is limited by a monetary cap or otherwise limited or excluded. Any such certificate or report shall in the absence of manifest error be conclusive and binding on the Company, the Registrar/ Transfer Agent, Principal Paying and Conversion Agent, and the Bondholders.
- g) For so long as the Bonds are listed on the AFRINEX Securities List and the rules of the AFRINEX Securities List so require, the Company will appoint and maintain a paying agent, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Company through the AFRINEX Exchange and such announcement will include all material information with respect to the delivery of the Certificates in definitive form.
- h) The Conditions do not provide Bondholders with any participating rights in the event of a takeover offer for the Shares.
- i) The address of the Company's website www.davangeresugar.com Information contained on this website does not constitute part of this Offering Circular.

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DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA-577525

CIN: L10721KA1970PLC001949



AUDIT REPORT FINANCIAL YEAR 2025-2026

REGISTERED OFFICE

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

INDEPENDENT AUDITOR'S REPORT**Hiren J. Maru**
B.Com., F.C.A., DISA, DIRM**TO MEMBERS OF
DAVANGERE SUGAR COMPANY LIMITED****Report on the Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the accompanying financial statements of **Davangere Sugar Company Limited**, which comprise the Balance Sheet as at **31st March, 2026**, and the Statement of Profit and Loss (Including Other Comprehensive Income) and Cash Flow Statement and the statement of Changes in Equity for the period ended, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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



Sr No.	Key Audit Matters	Auditor's response
1.	Company has carried forward balance of Rs.332.89 lakhs Preliminary & Pre-operative expenses. This is related to Grain based Distillery Unit which is part of total Distillery Plant. The Grain based Distillery unit implementation is under progress. Company has incurred Rs. 2089 lakhs and the same is carried forward since two years. Hence Preliminary & Pre-operative expenses of Rs.332.89 lakhs is related to this Grain based distillery unit and since work is not completed, we have not capitalized the same. In the ensuing year the work may be completed and Preliminary & Pre-operative expenses of Rs.332.89 lakhs is to be capitalized.	Principal Audit Procedures: Our audit procedures included and were not limited to the following: -Assessed the management's position through discussions with the in-house operational expert. -Tested the design, implementation and operating effectiveness of the controls established by the Company in the process of evaluation of Preliminary & Pre-operative expenses. -Discussed with the management on the developments in respect of: That distillery commissioning is completed, the Preliminary & Pre-operative expenses are to be capitalized to the components of the assets of Distillery unit based on the value of each component of asset. Out of Preliminary & Pre-operative expenses of Rs.1558 Lakhs, an amount of Rs.249 Lakhs is capitalized to Factory Building, an amount of Rs.0.40 lakhs is capitalized to Computers, an amount of Rs.0.08 lakhs is capitalized to Furniture & Fixtures, an amount of Rs. 0.06 lakhs is capitalized to the Office Equipment, and amount of Rs.973 lakhs is capitalized to Plant and Machineries, an amount of Rs.0.76 lakhs is capitalized to Software Package -AI (ERP) and an amount of Rs. 1.86 lakhs is capitalized to Vehicles and further a balance of Rs.330 lakhs is carried forward since there is a Capital working-in-progress to the extent of Rs. 2089 lakhs in the books of accounts relating to grain- based unit is carried forward. The Grain based distillery asset to the extent of value of Rs.2089 lakhs is



		shown in the NOTE -1 of Property, Plant and Equipments Schedule as on 31.03.2024 also 31.03.2025 and 31.03.2026. Company is planning to complete the installation of grain based unit with expanded capacity to the extent of additional 45 KLPD during the FY 2026-27.
2.	Determination of net realizable value of inventory of sugar as at the year ended March 31, 2026. As on March 31, 2026, the Company has inventory of sugar with the carrying value 2,926.99 Lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value.	Principal Audit Procedures : We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price & monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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



In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A", a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Companies Act, 2013, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss including Other Comprehensive Income Statement of Cash Flow and Statement of Changes of Equity dealt with this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Financial Statement comply with the Accounting Standards specified under Section 133 of Act, read with relevant rule issued thereunder.
 - e. On the basis of written representations received from the directors as on March 31, 2026, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, referred to our separate report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its



directors during the year is in accordance with the provisions of section 197 of the Act.

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

(a) The Company has disclosed the impact of pending litigations as at 31 March 2026 on its financial position in its financial statements - Refer Note (vii) of Annexure - A to the financial statements

(b) The Company did not have any long-term and derivative contracts as at March 31, 2026.

(c) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company during the year ended March 31, 2026.

(d) The management has;

(i) represented that, to the best of its knowledge and belief as disclosed in the Note No. 36 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) represented, that, to the best of its knowledge and belief as disclosed in the Note No. 37 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:



- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.

(e) The company has not neither declared nor paid any dividend during the year under Section 123 of the Act.

(f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, The Company has used accounting software 'ERP - AISUGAR' for maintaining its books of account which has a feature of recording audit trail facility and the same has been operated throughout the period for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For D G M S & Co.,
Chartered Accountants



Hiren J. Maru

Partner

M. No. 115279

FRN: 0112187W

UDIN: 26115279LUXXOD7778



Place: Mumbai
Date: 29-05-2026

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR
THE YEAR ENDED 31ST MARCH 2026**

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

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

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has maintained proper records showing full particulars of intangible assets.
- c) Property, Plant and Equipment have been physically verified by the management at reasonable intervals; Any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
- d) According to the information and explanation given to us the title deeds of all the immovable properties. (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) Inventory and working capital:

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.



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- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned/renewal working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

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

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security but granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year as mention below:

The Company has not provided any loans or advances in the nature of loans. But company has extended Corporate Guarantee against the H&T loans sanctioned to the individual contractors for harvesting and transportation of sugarcane to the factory gate. The CG is extended to the extent of Rs.17 crores to Canara Bank, and Rs.8.00 crores to State Bank of India, Davangere. Further, Company has given Bank Guarantee of Rs.6.80 crores in favour of OFB Tech Pvt Ltd and Rs. 7.50 Crores to Mizuho Capsave Finance Pvt Ltd to secure suppliers of raw materials and Rs.1.76 crore to the OMCs (Oil Marketing Companies) against the supply of Ethanol. Except these, company has not extended any kind of guarantee to any other entity during the year.

1. In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
2. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
3. In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
4. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
5. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(6) is not applicable.

(iv) Loan to directors:

- a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any



guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

(v) Deposits:

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

(vi) Maintenance of Cost Records:

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

(vii) Statutory Dues:

- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/26 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute except the following.

Name of Department	Nature of Dues	Amount in Lacs	Year of Demand	Forum where dispute is pending
The customs Act 1944	customs duty demand on import	Customs Duty liability Rs. 201.64 Lakhs and company has paid Rs. 175.00 Lakhs as advance	2014	Before the Supreme Court- Hearing taken up once. But adjourned on the request of the Department Advocate. But, still not taken up for hearing. Further, it may take six months.



The customs Act 1944	customs duty demand on import	122.30	2014	Before the CESTAT Bangalore – proceedings are pending. It may take some more time for hearing of the case. It may take further one year to decide the case.
Indian Income Tax Act, 1961	Stock difference of Rs.2,06,88,995/- at the time of survey on 26.07.2016	Not quantified	AY 2017-18	Case decided in company favour. Further the Income tax department has filed petition before ITAT challenging the dismissal order. As per the CIT (appeal) order liability is nil. The case is pending before ITAT on account of filing appeal by the department which is going to be squashed, the hearing is fixed on 15.06.2026.
Commissioner of Central Tax, Central Excise Act and Service Tax, Bengaluru	Excise Duty on exempted turnover on sale of power	Rs.33.25 Rs.158.46	2024	Case is decided in favor of the company. The entire demand is squashed. Order copy is enclosed.
GST Audit Order dated 27.02.2025 passed by the Assistant Commissioner of Commercial Taxes (Audit-5), Davangere.	GST Input Credit was disallowed and GST levied on Corporate Guaranty extended by the company in favor of farmer contractor	Rs.57.95	2025	The case is pending before the JCIT(Appeals) Davangere. One hearing is completed, we get the relief up to Rs.48.00 Lakhs as per our argument with JCIT and agreed to allow. The Balance tax of about Rs.9.95 lakhs may be the balance liability.

31.03.2025

Name of the Authority	Nature of Dues	Amount (In Lacs)	Year of Demand	Forum were dispute is pending
The customs Act 1944	Customs duty demanded on import	77.04	2014	Supreme court. Proceedings have been commenced.
The customs Act 1944	Customs duty demanded on import	122.30	2014	CESTAT Bengaluru



Indian Income Tax Act, 1961	Stock difference of Rs.2,06,88,995/- at the time of survey on 26.07.2016	Not quantified	AY 2017-18	The Appeal was filed before The Commissioner of Income Tax office (Appeals)-11 Bangalore. Now the Order is passed by the Hon'ble CIT Appeals in favour of the company allowing our claim of error in estimation of value of the stock by the officers during the search and seizure conducted in July 2017 Order copy enclosed
Commissioner of Central Tax, Central Excise Act and Service Tax, Bengaluru	Excise Duty on exempted turnover on sale of power	Rs.33.25 Rs.158.46	2024	Before the Joint Commissioner of Central Tax, North West Commissionerate, Bengaluru – proceedings yet to start
GST Audit Order dated 27.02.2025 passed by the Assistant Commissioner of Commercial Taxes (Audit-5), Davangere	GST Input Credit was disallowed and GST levied on Corporate Guaranty extended by the company in favor of farmer contractor	Rs.57.95	2025	Company is filling Appeal before the GST Appellate Authority before the end of June 2025

(viii) Disclosure of Undisclosed Transactions:

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

(ix) Loans or Other Borrowings:

- a) Based on our audit procedures and according to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.



- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) Money Raised by IPOs, FPOs:

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or convertible debentures (fully or partly or optionally) or made any private placement or further issue of share capital like IPO.s FPO.s or Rights Issue.
- c) Rights Issue of upto 48,92,39,202 equity shares of face value ₹ 1/- each ("rights equity shares") of our company for cash at a price of ₹ 3.05 per equity share (including a share premium of ₹ 2.05 per equity share) (the "issue price"), aggregating upto ₹ 14,921.80 lakhs on a rights basis to the existing equity shareholders of our company in the ratio of 13 rights equity shares for every 25 fully paid-up equity share(s) held by the existing equity shareholders on the record date, that is on august 6, 2025

(xi) Fraud:

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) Company has not committed any offence during the year under audit, under sub-section (12) of section 143 of the Companies Act and filing of Form ADT-4 as prescribed under rule 13 of Companies (Audit an and Auditors) Rules, 2014 with the Central Government, is not applicable.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.



(xii) Nidhi Company:

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

(xiii) Related Party Transactions:

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

(xiv) Internal Audit System:

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

(xv) Non-cash Transactions:

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

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

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

(xvii) Cash losses:

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

(xviii) Resignation of statutory auditors:

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



(xix) Material uncertainty on meeting liabilities:

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

(xx) Compliance of CSR:

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

(xxi) Qualifications Reporting In Group Companies:

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

Place: Mumbai
Date: 29-05-2026

For D G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 26115279LUXXOD7778



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH 2026**

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

We have audited the internal financial controls over financial reporting of **DAVANGERE SUGAR COMPANY LIMITED**. ('the Company') as of 31st March, 2026 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

We have audited the internal financial control with reference to financial statement of **DAVANGERE SUGAR COMPANY LIMITED**. ('The Company') as of **31st March 2026** in conjunction with our audit of the financial statement of the company at and for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Place: Mumbai
Date: 29-05-2026

For D G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 26115279LUXXOD7778



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA-577525

BALANCE SHEET AS AT 31.03.2026

CIN : L10721KA1970PLC001949

(All Figures in LAKHS)

PARTICULARS	Note No.	AS AT 31.03.2026	AS AT 31.03.2025
		Total	Total
I ASSETS			
A) NON -CURRENT ASSETS			
a) Property , Plant and Equipments	1	33,680.37	34,939.71
b) Intangible Assets		1.46	1.46
c) Financial Assets			
i) Investments	2	538.76	461.78
ii) Loans	3	-	-
d) Other Non Current assets:	4	1,987.88	1,987.88
B) CURRENT ASSETS			
a) Inventories	5	21,045.22	14,452.95
b) Financial Assets			
i) Trade Receivables	6	3,500.95	2,871.28
ii) Cash and cash equivalents	7	656.70	338.20
iii) Loans and advances	8	22,523.92	19,203.67
TOTAL		83,935.26	74,256.93
I EQUITY AND LIABILITIES			
A) EQUITY			
a) Share Capital	9	14,299.91	9,408.45
b) Other equity	10	36,181.44	25,573.52
Total Equity		50,481.34	34,981.97
B) LIABILITIES :			
1) NON-CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	11	3,249.61	4,738.10
ii) Deferred Tax Liability	12	148.91	140.15
iii) Other Long Term Liabilities	13	5,395.54	8,575.20
iv) Provisions	14	367.86	
2) CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	15	21,754.84	22,336.83
ii) Trade Payables	16		
- Dues of micro enterprises and small enterprises			
- Dues of Creditor other than micro enterprises and small enterprises		1,570.81	2,815.24
iii) Other Liabilities	17	960.45	663.93
iv) Provisions	18	5.90	5.50
TOTAL EQUITY AND LIABILITIES		83,935.26	74,256.93

For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 29.05.2026
Place: MUMBAI
UDIN: 26115279LUXXOD7778



Abhijith G Shamanur
Executive Director
[DIN - 03451918]

Onkarappa P
Chief Financial Officer

Ganesh S Shamanur
Managing Director
[DIN - 0045183]

Vishwanath Patil
Compliance Officer



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA -577525

PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2026

CIN : L10721KA1970PLC001949

(All Figures in LAKHS)

PARTICULARS		Note No.	AS AT 31.03.2026 Total	AS AT 31.03.2025 Total
I	REVENUE FROM OPERATIONS (GROSS)	19	23,877.30	21,498.53
II	Other Income	20	232.59	177.07
III	Total Income		24,109.89	21,675.60
IV	EXPENSES			
	a) Cost of materials	21	12,224.93	13,349.13
	b) Power and fuel	21	1,606.67	1,006.22
	c) Purchase of Traded Goods	22	2,890.73	-
	d) Changes in Inventories of finished goods and work in progress	23	(630.42)	(1,441.64)
	e) Employees Benefit Expenses	24	796.79	835.79
	f) Interest on Borrowings	25	2,601.48	2,672.10
	g) Bank Charges	25	98.09	147.25
	h) Depreciation	1	1,270.25	1,269.90
	i) Other Expenses	26	2,152.45	2,550.93
	TOTAL EXPENSES		23,010.98	20,389.69
V	PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,098.92	1,285.90
VI	Exceptional Items		-	-
VII	PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		1,098.92	1,285.90
VIII	Extraordinary Items		-	-
IX	PROFIT /LOSS BEFORE TAX (VII-VIII)		1,098.92	1,285.90
X	TAX EXPENSES			
	a) Minimum Alternative Tax Expense		239.49	224.67
	b) Deferred Tax		8.76	(32.48)
	Total	12	248.25	192.19
XI	PROFIT / LOSS FOR THE PERIOD (IX-X)		850.66	1,093.71
XII	OTHER COMPREHENSIVE INCOME			
	A (i) Accrual gain/Loss on Gratuity actuarial valuation treated OCI (as per actuarial valuation report)		(110.07)	(10.60)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		(110.07)	-
XIII	TOTAL COMPREHENSIVE INCOME FOR THE YEAR - (XI-XII)		740.60	1,083.11
XIV	i) Items that will be classified to profit and loss ii) Income tax effect on items that will be classified to profit and loss Other comprehensive income for the period /year Total comprehensive income for the year (Net of Tax)		740.60	1,083.11
XV	Earnings per Share (Basic and Diluted)Rs.		0.06	0.12

For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 29.05.2025
Place: MUMBAI
UDIN: 26115279LUXOD7778



Abhijith G Shamanur
Executive Director
[DIN -03451918]

Onkarappa P
Chief Financial Officer

Ganesh S Shamanur
Managing Director
[DIN - 0045183]

Vishwanath Patil
Compliance Officer



DAVANGERE SUGAR COMPANY LTD
KUKKUWADA

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2026

CIN : LI0721KA1970PLC001949

(All Figures in LAKHS)

Sl.No.	Particulars	As at 31.03.2026	As at 31.03.2025
A	Cash flow from Operating activities:		
	Net profit after tax	740.60	1,083.11
	Other comprehensive loss	110.07	10.60
	Adjustment for provision for taxation	239.49	192.19
		1,090.16	1,285.90
	Adjustment for depreciation	1,270.25	1,269.90
	Operating profit before working capital adjustment	2,360.40	2,555.81
	Adjustment for:		
	Inventories	(6,592.27)	(2,263.25)
	Sundry Debtors & trade receivables	(629.67)	(1,039.38)
	Trade payables	139.40	631.97
	Deferred Tax	8.76	(32.48)
	Others	-	(310.07)
	Net cash flow from operating activities	(7,073.78)	(3,013.21)
B	Cash flow from Investing Activities:		
	Sale of Fixed Assets	-	-
	Purchase of Fixed Assets	(20.35)	(309.15)
	From capital work in progress	-	-
	From Investments	(76.98)	(6.00)
	Net Cash flow from Investing activities	(97.33)	(315.15)
C	Cash flow from Financing activities:		
	Proceeds from share allotment	4,891.46	-
	Proceeds from share premium & Capital reserve	9,527.19	-
	Proceeds from working capital loan	-	-
	Proceeds from Short Term Borrowings	(581.99)	2,772.05
	Proceeds from Long Term Borrowings	(1,488.49)	(2,110.98)
	Proceeds from Other Long Term Liabilities	-	-
	Proceeds from Long Term Loans and Advances	-	-
	Proceeds from Other Current Liabilities	296.52	(30.52)
	Proceeds from Short Term Provisions	368.26	2.50
	Proceeds from Short Term Loans and Advances	(3,320.25)	(3,749.06)
	Proceeds from unsecured loan	(4,563.50)	3,884.59
	Net cash flow from financing activity	5,129.20	768.58
	Net Cash and Cash Equivalents (A+B+C)	318.49	(3.97)
	Cash and Cash Equivalents at the beginning of the year	338.20	342.17
	Cash and Cash Equivalents at the end of the year	656.69	338.20

For D G M S & CO
Chartered Accountants

(Signature)

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 29.05.2026
Place: MUMBAI
UDIN: 26115279LUXXOD7778



(Signature)
Abhijith G Shamanur
Executive Director
[DIN - 03451918]

(Signature)
Onkarappa P
Chief Financial Officer

(Signature)
Ganesh S Shamanur
Managing Director
[DIN - 0045183]

(Signature)
Vishwanath Patil
Compliance Officer



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA -577525

CIN : L10721KA1970PLC001949

Statement of Changes in Equity for the year ended 31 March 2026

A. Equity Share Capital

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Balance as at beginning of the year		
Changes in equity share capital during the year:		
- Issue of share capital during the year	9,408.45	9,408.45
Balance at the end of the year	4,891.46	-
	14,299.91	9,408.45

B. Other Equity

Particulars	Reserves and surplus					Total
	Securities Premium	Capital Redemption Reserve	Retained Earnings	Revaluation Reserve	General Reserve	
Balance as at 01 April 2023	1,209.47	4.09	5,043.30	15,477.55	59.96	21,794.37
Profit for the year	-	-	2,795.55	-	-	2,795.55
Other comprehensive (loss)/income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended 31 March 2024	1,209.47	4.09	7,838.85	15,477.55	59.96	24,589.92
Balance as at 31 March 2024	-	-	1,083.10 (88.90) (10.60)	-	-	1,083.10 (88.90) (10.60)
Profit for the year	-	-	983.60	-	-	983.60
Other comprehensive (loss)/income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended 31 March 2025	1,209.47	4.09	8,822.45	15,477.55	59.96	25,573.52
Balance as at 31 March 2025	-	-	850.66	-	-	850.66
Profit for the year	-	-	-	-	-	-
Prior period taxes written off	-	-	-	-	-	-
Other comprehensive (loss)/income, net of tax	-	-	(110.07)	-	-	(110.07)
Add: Securities Premium Reserves	9,867.31	-	-	-	-	9,867.31
Total comprehensive income for the year ended 31 March 2025	9,867.31	-	740.60	-	-	10,607.91
Balance as at 31 March 2026	11,076.78	4.09	9,563.05	15,477.55	59.96	36,181.44

Note : In accordance with the notification issued by the Ministry of Corporate Affairs dated 24 March 2021, re-measurement of defined benefit plans shall be recognised as a part of retained earnings. Accordingly, re-measurement of defined benefit plans has been disclosed as part of retained earnings.

See accompanying notes forming part of the financial statements



For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 29.05.2025
Place: Mumbai
UDIN: 26115279LUXX0D7778

Abhijith G Shananur

Executive Director
[DIN - 03451918]

Onkarappa P

Chief Financial Officer

Ganesh S Shananur

Managing Director
[DIN - 0045183]

Vishwanath Patil

Compliance Officer



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note: - 1 Significant accounting policies:

1.0 Corporate Information

DAVANGERE SUGAR COMPANY LTD is a Limited Company, incorporated under the provisions of Companies Act, 1956 and having CIN: L37100KA1970PLC001949. The Company is engaged in the business of Sugar Manufacturing (By-product Molasses) from Sugarcane and Co-generation of Electricity Power. The Registered office of the company is situated at 73/1, POST BOX NO.312, SHAMANUR ROAD, DAVANGERE- 577004 (KARNATAKA STATE).

1.1 Basis of preparation of financial statements

a. Accounting Convention: -

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

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

b. Functional and Presentation Currency

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

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

c. Compliance with Ind AS

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

d. Use of Estimates and Judgments

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognized in the period in which the results are known/materialize.

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

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

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

e. Current versus Non-Current Classification

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

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

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

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

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

1.2 ACCOUNTING POLICIES:

(A) Property, Plant and Equipment

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

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

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

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

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

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

(B) Intangible Assets

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

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

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

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

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

(C) Impairment of assets

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

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

(D) Leases

As a lessee

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

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

Right of use assets

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

Lease Liabilities

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

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

As Lessor:

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

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

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



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NOTES FORMING PART OF FINANCIAL STATEMENTS

(E) Segment Reporting

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

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

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

(F) Statement of Cashflow

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

(G) Cash and cash equivalents

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

(H) Inventories

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

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

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

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

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



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

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

(I) Foreign Currency Transactions

i) Initial Recognition

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

ii) Subsequent Recognition

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

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

Any subsequent events occurring after the Balance Sheet date up to the date of the approval of the financial statement of the Company by the board of directors on **29th May, 2026** have been considered, disclosed and adjusted, if changes or event are material in nature wherever applicable, as per the requirement of Ind AS.

(J) Income Taxes

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

I. Current tax: -

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

II. Deferred tax:-

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



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NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(K) Provisions and Contingencies

Provisions:

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

Contingent Liabilities:

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

(L) Revenue recognition

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

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

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

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

(M) Other income:



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

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

(N) Finance Cost

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

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

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

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

(O) Earnings per share (EPS):

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

(P) Employee benefits

i. Provident Fund

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

ii. Gratuity



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

(Q) Fair Value Measurement:

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

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

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

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

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

(R) Financial Instruments:

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

Financial assets:

Initial recognition

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables and other specific assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at



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NOTES FORMING PART OF FINANCIAL STATEMENTS

amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

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

De-recognition

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

Financial Liabilities:

Initial Recognition and Subsequent Measurement

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

De-recognition

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

(S) Global Health Pandemic COVID - 19

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

1.3 Recent Pronouncements:

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



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i. Ind AS 16 – Proceeds before intended use

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

ii. Ind AS 103 – Reference to Conceptual Framework

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

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

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



NOTES TO FINANCIAL STATEMENTS

NOTE 1 : NON - CURRENT ASSETS

	AS AT 31.03.2026	AS AT 31.03.2025
A Property, Plant And Equipments Schedule 'Annexed'		
B Intangible Assets	33,681.52	34,939.71
	0.31	1.46
TOTAL	33,681.83	34,941.17

NOTE 2 : NON - CURRENT INVESTMENTS

	AS AT 31.03.2026	AS AT 31.03.2025
A NON-TRADE (QUOTED- AT COST)	-	-
B NON-TRADE (UN QUOTED- AT COST)	-	-
I IN GOVERNMENT SECURITIES:		
II INVESTMENTS	0.20	0.20
a) Shares with DSCL Employee's Co-operative Society (500 Shares of Rs.10/- each)		
b) Shares with Bapuji Co-operative Bank Limited, (200 Shares of Rs.50/- each)	0.05	0.05
c) Shares with Davangere Harihar Urban Co-operative Bank Limited, (1001 Shares of Rs.1000/- each)	0.10	0.10
d) Shares with Chitradurga District Co-operative Bank Limited, (1022800 Shares of Rs.50/- each)	10.01	10.01
e) Shares with SVC Bank Limited (1700 Shares of Rs.100 each)	511.40	451.40
III OTHER INVESTMENTS	17.00	0.03
	-	-
TOTAL	538.76	461.78

NOTE 3 : LOANS AND ADVANCES

	AS AT 31.03.2026	AS AT 31.03.2025
ADVANCES:		
Advance against Harvesting & Transportation with roll over facility	-	-
TOTAL	-	-

NOTE 4 : OTHER NON CURRENT ASSETS:

	AS AT 31.03.2026	AS AT 31.03.2025
I M A T Credit Entitlement	1,987.88	1,987.88
TOTAL	1,987.88	1,987.88

NOTE 5 : INVENTORIES

	AS AT 31.03.2026	AS AT 31.03.2025
A FINISHED GOODS:		
I Sugar		
II Molasses	2,926.99	3,265.37
III Anhydrous Ethanol Finished Goods Ltrs	2,299.02	3,031.52
IV Extra Neutral Alcohol (ENA) Ltrs	1,595.75	424.45
V Stock Of Bagasse	530.60	-
B RAW MATERIALS		
I Maize	6,134.60	2,570.18
II Bagasse	6,475.53	3,124.85
III Coal	-	-
C STORES, SPARES, AND COMPONENTS	1,083.33	2,036.57
TOTAL	21,045.22	14,452.95

NOTE 6 : TRADE RECEIVABLES:

	AS AT 31.03.2026	AS AT 31.03.2025
A Trade Receivables- Unsecured, Considered good		
Trade Receivables which have significant increase in Credit Risk	3,540.03	2,882.31
Less : Allowance for expected credit loss	-	-
Total	39.08	11.04
Of the above, trade receivables from:		
- Related Parties	3,500.95	2,871.27
- Others	-	-
TOTAL	3,500.95	-
B The Company is making provisions on trade receivables based on Expected Credit Loss (ECL) Model. The reconciliation of ECL is as follows:		
Particulars	AS AT 31.03.2026	AS AT 31.03.2025
Balance at beginning of the year	11.04	-
Movement in credit loss allowance on trade receivables calculated at expected credit losses/additional provision	28.59	11.04
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	0.55	-
Balance at end of the year	39.08	11.04
TOTAL	39.08	11.04



The Company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the receivables (other than related parties) from the date of the invoice and the rates are given in the provision matrix as per which trade receivables aged (from date of invoice) beyond 3 years are provided entirely, age of 2 to 3 years is provided 50%, age of 1 to 2 years at 25% and no provision is made upto 1 year. Additional provision, where required, has been made based on specific debtors and other conditions impacting recoverability. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables is adequate.

There are no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables due from firms or private companies respectively in which any director is a director, partner or member, except as disclosed above.

Trade receivables ageing schedule:

Particulars	Outstanding for following periods from due date of payment						Amount in Rs. Lakhs
	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
AS AT 31.03.2026							
(i) Undisputed Trade receivables - considered good	-	1,518.16	1,918.80	54.12	9.86	-	3,500.95
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	1.82	9.21	28.05	39.08
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	-	1,518.16	1,918.80	55.94	19.07	28.05	3,540.03

Particulars	Outstanding for following periods from due date of payment						Amount in Rs. Lakhs
	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
AS AT 31.03.2025							
(i) Undisputed Trade receivables - considered good	-	2,226.94	629.47	5.46	9.22	0.17	2,871.28
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	1.82	9.21	-	11.03
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	-	2,226.94	629.47	7.28	18.43	0.17	2,882.31

NOTE 7 : CASH AND CASH EQUIVALENTS

	AS AT 31.03.2026	AS AT 31.03.2025
A BALANCE WITH BANKS		
I In Current Account with Schedule Banks	(65.45)	149.14
II In Current Account with Non Schedule Banks	6.57	10.98
B Cash on hand	13.34	11.29
C Bank deposit with maturity of less than 3 months	702.24	166.79
TOTAL	656.70	338.20

NOTE 8 : SHORT TERM LOANS AND ADVANCES

	AS AT 31.03.2026	AS AT 31.03.2025
I Sundry Deposit (Refer a)		
II In Deposit with Central Excise/ Customs Department	4.60	52.60
a Differential Customs Duty Paid on Helicopter (disputed)	-	-
b Advance Excise Duty on Sugar / Molasses/ others	444.69	546.77
III Advances recoverable in cash or in kind (Refer b)	21,741.74	18,271.41
IV Preliminary & Preoperative Expenses	332.89	332.89
TOTAL	22,523.92	19,203.67

a Sundry Deposit

Particulars	AS AT 31.03.2026	AS AT 31.03.2025
Security Deposit :		
-Rental	1.05	1.05
-Others Deposits	3.55	51.55
Total	4.60	52.60



b Loans and Advances		
Particulars	AS AT 31.03.2026	AS AT 31.03.2025
Cane Development Investment	-	-
Advance Against Fertilizers, Seeds & Pesticides	-	-
Advance Sugar Cane Seeds Supply	-	-
Advance To Farmers Against Cane Supplies	-	-
Input Loan (Pesticides)	(8.96)	-
Miscellaneous Advance To Others	2.59	2.15
Union Fee	2.27	1.77
Dscl Employees Co-Op Society	(0.06)	(8.05)
Interest Recoverable/Receivable From Term Deposits	0.67	0.67
Sundry Creditors-For Others	9.31	4.42
Late Crushing Incentives Receivable	-	-
Miscellaneous Advance To Others (Csa)	-	-
Miscellaneous Advance To Others (Cane)	116.50	104.51
Input Loan 2019-20	0.65	0.65
Input Loan 18-19	-	0.10
Input Loan 20-21	-	4.02
Input Loan 21-22	-	0.36
Input Loan 22-23	-	4.05
Input Loan 23-24	3.85	4.26
Input Loan 24-25	-	4.34
Input Loan 25-26	-	60.01
Existing Farmers Seeds Supply	98.84	-
New Farmers Cane Advance	4,186.34	6,241.29
Existing Farmers Cane Advance	1,928.09	2,751.42
H & T Contractors Advance	5,270.23	2,654.00
New Farmers Seeds Supply	4,093.29	2,113.08
Prepaid Insurance	4,842.97	3,135.56
Prepaid Advances	54.67	60.91
H & T Materials Recoverable	-	1.71
Security Deposit For Ethanol Sale	-	(0.25)
Advance Against Cane Bills	58.73	37.50
Income Tax Refund Due (Ay 2014-15)	-	166.85
Tds On Income Received	-	-
Miscellaneous Advance Staff	6.12	23.41
Cane Seed Cost Recoverable	3.64	1.38
Advance Income Tax	-	-
Sundry Deposits With Others	0.01	0.01
Rent Receivable	0.50	0.50
Cane Seeds Advance	-	-
Advance Against Harvesting & Transportation	0.23	0.23
Interest Subsidy Recoverable	-	-
Ethanol Subsidy Receivable From Karnataka State Govt	801.45	625.32
Aviation Division Tds Setteled	180.15	257.24
Gratuity Fund	-	9.21
Prepaid Professional & Consultancy Charges	1.30	0.78
Prepaid Annual Listing Fee With Bse	3.63	-
Prepaid Annual Listing Fee With Nse	0.17	-
Prepaid Issuer Fees Cdsl	0.18	-
Prepaid Bank Charges	2.78	-
Prepaid Rent, Rates And Taxes	64.96	-
Prepaid Annual Custody Fees Fy 25-26 Nsdl	9.22	-
Rights Issue Allotment Account	0.49	-
Short Supply Subsidy Recoverable	-	-
Prepaid Subscription And Membership Fee	-	-
Deaf-Yes Bank(Depositors A/C)	5.50	-
General Stores Inventory Difference	1.48	-
TOTAL	(0.06)	-
	21,741.74	18,271.41

NOTE 9 : SHARE CAPITAL

	AS AT 31.03.2026	AS AT 31.03.2025
Authorised Share Capital :		
1,500,000,000 Equity Shares of Rs. 1/- each	15,000.00	15,000.00
Issued , Subscribed and Paid-up Capital :		
142,990,798 Equity Shares of Rs. 1/- each	14,299.91	9,408.45
TOTAL	14,299.91	9,408.45

Disclosures:

- 1 All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.
2.Names of share holders holding more than 4% of the Share capital and their share holdings.

Sl. No.	Name of the Share Holder	% of Holding	No. of Shares	No. of Shares
1	S S GANESH	24.99%	35,74,29,780	25,42,38,056
2	ABHIJITH GANESH SHAMANUR	4.84%	6,91,47,240	6,91,47,240
3	REKHA GANESH	4.39%	6,28,22,501	6,08,62,000
4	M/S MAFATLAL PLAYWOOD INDUSTRIES LIMITED	5.59%	8,00,00,000	8,00,00,000



NOTE 10 : RESERVES AND SURPLUS

	AS AT 31.03.2026	AS AT 31.03.2025
1 Capital Reserve: Balance at the beginning and end of the year	-	-
2 Securities Premium Reserve : Balance at the beginning and end of the year Add: Securities Premium Reserves	4.07 1,209.47 9,867.31	4.07 1,209.47 9,867.31
3 Revaluation Reserve	15,477.55	15,477.55
4 General Reserve : Balance at the beginning and end of the year	59.96	59.96
5 Surplus : Balance brought forward from previous year Add : Mat Credit Entitlement of past years Add : Mat Credit Entitlement of current years Add: Transfer from the Statement of Profit and Loss Account for the year Total 5(a) Other Comprehensive Impairments Balance available for Appropriations Appropriations: Balance carried forward to next year	26,618.36 9,470.28 - 850.66 10,320.95 (757.88) - 9,563.07 - 36,181.44	16,751.05 8,387.17 - 1,083.11 9,470.28 (647.81) - 8,822.47 - 25,573.52
TOTAL	36,181.44	25,573.52

NOTE 11 : LONG TERM BORROWINGS

	AS AT 31.03.2026	AS AT 31.03.2025
A Secured:		
1 i Working Capital Term Loan (WCTL) Davangere District Central Co-operative Bank (WCTL) State Bank Of India (WCDL)	-	-
ii SOFT LOAN: STATE BANK OF INDIA CANARA BANK INDIAN BANK	112.35 - - -	319.19 - - -
iii GECL-2 LOAN STATE BANK OF INDIA CANARA BANK INDIAN BANK	- - -	- - -
iv GECL-2 LOAN (ADDITIONAL) STATE BANK OF INDIA CANARA BANK INDIAN BANK	- 65.27 55.81 19.32	2.29 180.49 193.81 59.86
iv ETHANOL PLANT TERM LOAN: Davangere District Central Co-operative Bank INDIAN BANK CANARA BANK STATE BANK OF INDIA TERM LOAN FOR ETHANOL EXPANSION - SVC-Bank Ltd	(18.72) 441.35 1,252.51 1,321.71 -	- 672.82 1,702.05 1,607.60 -
v Vehicles Loans	-	-
TOTAL	3,249.61	4,738.10

NOTE 12 : DEFERRED TAX LIABILITIES

	AS AT 31.03.2026	AS AT 31.03.2025
Deferred Tax Liability		
a Deferred Tax Liability - As per Last Balance Sheet	140.15	172.63
b Net Deferred Tax Liabilities / (Assets) thereon	140.15	172.63
c Add/Less: Provided for during the previous year (Liability/Asset)	8.76	(32.48)
TOTAL	148.91	140.15

NOTE 13 : OTHER LONG TERM LIABILITIES

	AS AT 31.03.2026	AS AT 31.03.2025
a) Unsecured Loan from the Managing Director	3,886.35	8,549.85
b) Unsecured Loans From Executive Directors	125.35	25.35
c) Unsecured Loans From QFB Tech Pvt Ltd	633.84	-
d) Unsecured Loans From Mizuho Capsave Finance Pvt Ltd	750.00	-
TOTAL	5,395.54	8,575.20

NOTE 14 : LONG TERM PROVISIONS

	AS AT 31.03.2026	AS AT 31.03.2025
a) Provisions for Employees Benefits	367.86	-
b) Others:	-	-
TOTAL	367.86	-



NOTE 15 : SHORT TERM BORROWINGS

	AS AT 31.03.2026	AS AT 31.03.2025
A Secured:		
(i) Loans repayable on demand		
Cash Credit Loans from Consortium Banks	10,725.18	8,206.31
(ii) OTHER SHORT TERM LOANS:		
a) DDCC Bank Fertilizer and Seeds loan	1,500.44	1,501.31
b) DDCC Bank Short Term Business Loan (Loan on Stock)	2,000.58	5,004.36
c) DDCC Bank Agri Business loan	2,000.58	2,001.74
d) Current maturities of Long Term Liabilities	1,811.46	2,705.86
e) Term Loan Ethanol Expansion-Dcc	166.00	192.03
f) Loans From Directors Repayable	900.00	1,400.00
g) Axis Bank(Maize Pledge)	-	1,124.73
H) Dhuc - Short Term Business Loan	500.00	200.49
I) Seeds & Fertilizers Additional Loan	2,000.58	-
J) Loans Against Term Deposit	150.03	-
B Un-Secured:	-	-
TOTAL	21,754.84	22,336.83

NOTE 16 : TRADE PAYABLES

	AS AT 31.03.2026	AS AT 31.03.2025
Trade Payables		
- Dues of micro enterprises and small enterprises	1,570.81	2,815.18
- Dues of Creditor other than micro enterprises and small enterprises	-	-
TOTAL	1,570.81	2,815.18

Ageing of Payables :

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at 31 March 2026							
(i) MSME	-	-	-	-	-	-	-
(ii) Related parties and others	-	-	1,547.33	2.29	20.64	0.56	1,570.81
(iii) Disputed dues -	-	-	-	-	-	-	-
(iv) Disputed dues - Related parties and others	-	-	-	-	-	-	-
(v) Unbilled	-	-	-	-	-	-	-
Total	-	-	1,547.33	2.29	20.64	0.56	1,570.81

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at 31 March 2025							
(i) MSME	-	-	-	-	-	-	-
(ii) Related parties and others	-	-	2,786.94	25.59	2.64	-	2,815.17
(iii) Disputed dues -	-	-	-	-	-	-	-
(iv) Disputed dues - Related parties and others	-	-	-	-	-	-	-
(v) Unbilled	-	-	-	-	-	-	-
Total	-	-	2,786.94	25.59	2.64	-	2,815.17

NOTE 17 : OTHER CURRENT LIABILITIES

	AS AT 31.03.2026	AS AT 31.03.2025
a) Interest accrued and due on Borrowings	-	-
b) Advance against Sales	506.56	12.25
c) Statutory Remittances	33.80	111.82
d) Trade or Security Deposits received	63.26	54.20
e) Mat Tax Expenses (Provision)	239.49	224.67
f) Others	117.34	260.99
TOTAL	960.45	663.93

NOTE 18 : SHORT TERM PROVISIONS

	AS AT 31.03.2026	AS AT 31.03.2025
a) Statutory Audit Fee Payable	4.50	4.50
b) Audit fee for Internal audit Payable	0.40	0.50
c) Tax Audit Fee Payable	1.00	0.50
TOTAL	5.90	5.50



NOTE 19 : REVENUE FROM OPERATIONS			
		AS AT 31.03.2026	AS AT 31.03.2025
A	SALE OF PRODUCTS		
I	Sale of Sugar:		
	a. Domestic sales	5,542.44	5,008.65
	b. Export Sales	-	-
	c. Subsidy on Sugar Export	-	-
II	Sale of Power	709.51	622.89
III	Sale of Ethanol:		
	a. Ethanol	9,806.51	13,081.42
	b. Ethanol Relief Claim - Additional Price Incentive	-	-
	c. Sale of ENA	-	-
	d. Sale of DDGS	2,110.38	1,715.66
	e. Sale of Maize	871.49	-
	f. Sale of Sugar Cane Seeds	4,336.10	-
	g. Sale of Ractified	142.13	-
IV	a. Coal Ash	-	-
	b. Press Mud	10.44	14.88
	c. Sale Of Fly Ash	-	0.98
B	OTHER OPERATING INCOME		
1	a. Miscellaneous sales	83.52	62.34
	b. Helicopter Chartering Charges collected	104.46	749.60
	c. Freight Recovered from DMCs on sale of Ethanol	160.33	242.11
TOTAL		23,877.30	21,498.53

NOTE 20 : OTHER INCOME			
		AS AT 31.03.2026	AS AT 31.03.2025
A	INTEREST INCOME		
	a. On Loans To Farmers	10.11	5.65
	b. On Fixed Deposits With Banks	17.97	10.25
	c. Dividends On Co-Op Bank Shares	1.82	1.82
B	OTHER NON OPERATING INCOME		
	a. Rent Received	15.23	6.48
	b. Insurance Claims Received	3.71	2.31
	c. Subsidy Receivable From Govt. Of Karnataka On Ethanol Sales Turnover	180.15	127.87
	d. Sundry Creditors Balance Written Off	1.35	8.48
	e. Items Pending In Bank Reconciliation Written Off	-	-
	f. Discount Received	0.01	3.53
	g. Profit Or Loss On Sale Of Vehicles	-	2.32
	h. Sundry Debtors Credit Balances Written Off	-	8.36
	i. Profit On Foreign Exchange Remittance	2.24	-
	j. Income Tax Refund	-	-
	k. Profit On Sale Of Sugar Cane Seeds	-	-
TOTAL		232.59	177.07

NOTE 21 : COST OF MATERIALS CONSUMED			
		AS AT 31.03.2026	AS AT 31.03.2025
A	Sugar Cane purchased and consumed (Inclusive of Cane purchase Tax and Other procurement Charges)	6,202.42	5,778.25
B	Consumption of processing materials	6,022.51	7,570.88
		12,224.93	13,349.13
A	Steaming Coal purchased and consumed (Inclusive of Duties and Transportation Charges)	1,606.67	1,006.22
TOTAL		1,606.67	1,006.22

NOTE 22 : PURCHASE OF TRADED GOODS			
		AS AT 31.03.2026	AS AT 31.03.2025
A	PURCHASE OF TRADED GOODS - Maize and Sugarcane Seeds	2,890.73	-
TOTAL		2,890.73	-



NOTE 23 : (INCREASE) / DECREASE IN INVENTORIES:

		AS AT 31.03.2026	AS AT 31.03.2025
A	FINISHED GOODS		
a)	Opening Stock:		
	Sugar	3,265.37	2,458.53
	Molasses	3,031.52	1,370.30
	Anhydrous Ethanol Finished Goods	424.45	1,177.64
	Bagasse	-	273.24
	Total	6,721.34	5,279.70
b)	Closing Stock:		
	Sugar	2,926.99	3,265.37
	Molasses	2,299.02	3,031.52
	Anhydrous Ethanol Finished Goods	1,595.75	424.45
	Extra Neutral Alcohol (ENA)	530.00	-
	Bagasse	-	-
	Total	7,351.76	6,721.34
	(a)-(b)	(630.42)	(1,441.64)
A	WORK IN PROGRESS:		
a)	Opening Stock:		
	Sugar	-	-
	Molasses	-	-
	Total	-	-
b)	Closing Stock:		
	Sugar	-	-
	Molasses	-	-
	Total	-	-
	(a)-(b)	-	-
GRAND TOTAL		(630.42)	(1,441.64)

NOTE 24 : EMPLOYEE BENEFIT EXPENSES

		AS AT 31.03.2026	AS AT 31.03.2025
a	Salaries, wages and allowances	685.40	731.05
b	Contribution to Provident fund and Other funds	62.18	55.63
c	Staff Welfare Expenses	49.21	49.12
TOTAL		796.79	835.79

NOTE 25 : FINANCE COSTS

		AS AT 31.03.2026	AS AT 31.03.2025
a	Interest Expenses:	2,601.48	2,672.10
b	Other Borrowings Costs	98.09	147.25
TOTAL		2,699.57	2,819.35

NOTE 26 : OTHER EXPENSES

		AS AT 31.03.2026	AS AT 31.03.2025
a	Selling and Distribution Expenses		
	Packing and storage expenses	66.53	73.54
	Supply and Distribution Expenses	65.71	56.41
	Freight and Forwarding	511.45	437.31
b	Repairs and Maintenance:		
	on Buildings	31.96	36.81
	on Plant and Machinery	755.15	907.00
	on Others	24.13	17.20
c	Administrative Expenses		
	Travelling and Conveyance	17.09	13.54
	Legal and Professional Charges	49.69	43.12
	Postage and Telephone Expenses	0.99	4.41
	Printing and Stationery	2.49	4.49
	Insurance	100.68	38.45
	Water Charges	0.04	0.03
	Rent	65.29	63.03
	Vehicle Maintenance	107.75	105.23
	Advertisement	0.46	1.00
	Travelling Expenses to Managing Director	43.13	83.58
	Loss on sale of vehicles	-	-
	Gratuity to be accrued in Future (Provision)	53.80	31.11
	Audit Fee:		
	For Statutory Audit	4.50	4.50
	For Cost Audit	0.60	0.61
	For Tax Audit	0.50	-
	For Other Services	-	0.92
	For Internal Audit	0.80	0.50
	Auditors out of pocket expenses	0.48	-
	Other Expenses	249.23	628.13
TOTAL		2,152.45	2,550.93



Note 27 Earnings per share**Basic and Diluted earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Basic Earnings per share (Amount in Rs.)	0.06	0.12
Diluted Earnings per share (Amount in Rs.)	0.06	0.12
Profit for the year used in the calculation of basic and diluted earnings per share (Amount in Rs. lakhs)	740.60	1,083.11
Weighted average number of equity shares (Nos in Lakhs)	14,299.91	9,408.45

Note 28 Employee Benefits**28.1 Defined Contribution Plan**

The Company makes Provident and National Pension Fund contributions for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable by the Company are at rates specified in the rules of the Schemes/Policy are as below:

Particulars	Amount in Rs. Lakhs	
	Year ended 31 March 2025	Year ended 31 March 2025
Employer's Contribution to Provident Fund	37.94	49.07
Employer's Contribution to National Pension Fund	-	-
Employer's Contribution to ESIC	-	-
Total	37.94	49.07

28.2 Defined Benefit Plans

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:

These plans typically expose the Company to actuarial risks such as: Actuarial risk, investment risk, Liquidity risk, market risk and legislative risk.

Actuarial Risk	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected. Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
Investment risk	For funded plans that rely on Insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2026 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) Amount recognised in the statement of Profit and Loss in respect of the defined benefit plan are as follows :
Amount in Rs. Lakhs

Particulars	As at 31 March 2026
Service Cost	
- Current Service Cost	36.58
- Past Service Cost	5.54
- Net Interest expense	11.69
Components of defined benefit costs recognised in profit or loss (A)	53.80
Remeasurement on the net defined benefit liability :	
- Return on plan assets (excluding amount included in net interest expense)	0.18
- Actuarial (gains) /loss arising from changes in financial assumptions	(9.95)
- Actuarial (gains) /loss arising from experience adjustments	119.83
- Actuarial (gains) /loss arising from Demographic assumptions	-
Components of defined benefit costs recognised in other comprehensive income (B)	110.07
Total (A) + (B)	163.87



(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	Amount in Rs. Lakhs
	As at 31 March 2026
Net Asset/(Liability) recognised in the Balance Sheet:	
Gratuity:	332.03
Present value of defined benefit obligation	333.33
Fair value of plan assets	(1.30)
Surplus/(Deficit)	332.03
Non Current portion of the above	299.87
Current portion of the above	32.16
Compensated Absences:	
Present value of defined benefit obligation	
Current portion of the above	
Non current portion of the above	
Total	332.03

(c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	Amount in Rs. Lakhs
	As at 31 March 2026
Present value of defined benefit obligation at the beginning of the year	185.58
Expenses Recognised in the Statement of Profit and Loss:	
Service Cost	
- Current Service Cost	36.58
- Past Service Cost	5.54
- Interest Cost	11.98
Recognised in Other Comprehensive Income	
- Actuarial (Gain) / Loss arising from:	
i. Financial Assumptions	(9.95)
ii. Experience Adjustments	119.83
iii. Demographic Assumptions	-
Benefit payments	(16.23)
Present value of defined benefit obligation at the end of the year	333.33
Compensated Absences:	
Net interest expense	
Present value of defined benefit obligation at the beginning of the year	185.58
Expenses Recognised in Profit and Loss Account	
- Current Service Cost	36.58
- Past Service Cost	5.54
- Interest Expense (Income)	11.98
Recognised in Other Comprehensive Income	
Remeasurement gains / (losses)	
- Actuarial Gain (Loss) arising from:	
i. Financial Assumptions	(9.95)
ii. Experience Adjustments	119.83
Benefit payments	(16.23)
Present value of defined benefit obligation at the end of the year	333.33

(d) Movement in fair value of plan assets (Unfunded) are as follows :

Particulars	Amount in Rs. Lakhs
	As at 31 March 2026
Fair value of plan assets at the beginning of the year	0.78
Expenses Recognised in the Statement of Profit and Loss:	
- Expected return on plan assets	(0.18)
- Interest Income	0.29
Recognised in Other Comprehensive Income	
Remeasurement gains / (losses)	
- Actuarial gains and loss arising from changes in financial assumptions	-
- Return on plan assets (excluding amount included in net interest expense)	-
Contributions by employer	16.53
Benefit payments	(16.23)
Fair Value of Plan assets at the end of the year	1.30

(e) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	As at 31 March 2026
Discount rate	7.15%
Expected rate of salary increase	5.00%
Expected return on plan assets	0.00%
Attrition Rate	5.00%
Retirement Age	58
Mortality	1.12
Compensated Absences:	
Discount rate	7.15
Expected rate of salary increase	5.00
Withdrawal Rate	5.00

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others.



(f) Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant :

Amount in Rs. Lakhs	
Impact on the Defined benefit Obligation	0.5% point increase As at 31 March 2026
Increase / (Decrease) due to :-	
Change in the discount rate	(3.13)
Change in the attrition rate	0.52
Change in the Expected rate of salary increase	3.27
Amount in Rs. Lakhs	
Impact on the Defined benefit Obligation	0.5% point decrease As at 31 March 2026
Increase / (Decrease) due to :-	
Change in the discount rate	3.33
Change in the attrition rate	(0.56)
Change in the Expected rate of salary increase	(3.10)

The sensitivity is performed on the Defined benefits Obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

28.3 Defined Benefit Plans

The Company operates a **Privilege Leave Benefits plan** covering qualifying employees as per the Indian Accounting Standard (Ind AS 19) notified by the Ministry of Corporate Affairs or the Company scheme applicable to the employee. The benefit vests upon requirements of IND AS 19 and its application to the plan, the objective of the valuation is to ascertain the liability on of accumulated leave. The accumulated leave may also diminish on account of utilization id permissible in the course of employment. The effect of utilization will be reflected in year to year balance and the liability will be adjusted accordingly at every annual actuarial valuation, as per the Actuarial Valuation done by an Independent Actuary.

These plans typically expose the Company to actuarial risks such as: Actuarial risk, investment risk, Liquidity risk, market risk and legislative risk. (As discussed)

(a) Amount recognised in the statement of Profit and Loss in respect of the defined benefit plan are as follows :

Amount in Rs. Lakhs	
Particulars	As at 31 March 2026
Service Cost	
- Current Service Cost	18.81
- Past Service Cost	-
- Net interest expense	-
Components of defined benefit costs recognised in profit or loss under Employee Benefit Expense	18.81

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Amount in Rs. Lakhs	
Particulars	As at 31 March 2026
Net Asset/(Liability) recognised in the Balance Sheet:	
Privilege Leave Benefits:	18.18
Present value of defined benefit obligation	
Fair value of plan assets	18.81
Surplus/(Deficit)	18.81

Note 29 Financial instruments - Capital Management

29.1 Capital management

For the purpose of the capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

Amount in Rs. Lakhs		Amount in Rs. Lakhs	
Particulars	As at 31 March 2026	As at 31 March 2025	
Borrowings	3,249.61	4,738.10	
Less: Cash and cash equivalents	(656.70)	(338.20)	
Net debts	2,592.91	4,399.90	
Capital(Net equity)	50,481.34	34,981.97	
Capital and net debt	53,074.25	39,381.87	
Gearing ratio	5.14%	11.17%	

29.2 Financial Instruments - Financial risk management

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

29.3 Market risk

The Company is exposed to market risks such as price, interest rate fluctuation and foreign currency rate fluctuation risks, capital structure and leverage risks. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices.



29.4 Foreign Currency Risk Management:

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuation arises. The Company does not enter into trade financial instruments including derivative financial instruments for hedging its foreign currency risk. The appropriateness of the risk policy is reviewed periodically with reference to the approved foreign currency risk management policy followed by the Company.

Earnings and Expenditure in Foreign Currency

Particulars	Amount in Rs. Lakhs	
	As on 31 March 2026	As on 31 March 2025
Earnings in Foreign Currency*	2.24	-
Expenditure in Foreign Currency	-	-

*Deposit with third party account in overseas account as security for Purchase of Helicopter but later the proposal was cancelled as money was returned back and hence there is gain for the deposit amount

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows :

Particulars	Currency	(Amount in Lakhs)			
		Amount as at 31 March 2026		Amount as at 31 March 2025	
		Amount in Foreign Currency	Rs.	Amount in Foreign	Rs.
Trade receivables	USD	-	-	-	-

Out of the above foreign currency exposures , none of the monetary assets and liabilities are hedged by a derivative instrument or otherwise.

Foreign Currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the Rupees against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the rupee strengthens 10% against the relevant currency. For a 10% weakening of the rupee, against the relevant currency, there would be a comparable impact on the profit or equity.

Particulars	Amount in Rs. Lakhs			
	USD - INR impact			
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Profit or Loss - Increase	-	-	-	-
Profit or Loss - (Decrease)	-	-	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the period.

29.5 Liquidity Risk Management :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Company. The Company invests its surplus funds in bank fixed deposits which carry minimal mark to market rates.

Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a mixed portfolio of fixed and variable rate loans and borrowings.

Liquidity and Interest Risk Tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Carrying amount	Total	Amount in Rs. Lakhs		
			Less than 1 year	1 to 3 years	3 to 5 years
31 March 2026					
Non-derivative financial liabilities					
Non-current					
Borrowings		3,249.61	-	3,249.61	-
Lease Liabilities		-	-	-	-
Current					
Borrowings		21,754.84	21,754.84	-	-
Lease Liabilities		-	-	-	-
Trade Payables		1,570.81	1,570.81	-	-
Other Financial Liabilities		6,078.66	6,078.66	-	-
Total		35,453.92	30,404.31	3,249.61	-



Particulars	Amount in Rs. Lakhs				
	Carrying amount	Total	Less than 1 year	1 to 3 years	3 to 5 years
31 March 2025					
Non-derivative financial liabilities					
Non-current					
Borrowings		4,736.10	-	4,736.10	-
Lease Liabilities		-	-	-	-
Current					
Borrowings		22,336.83	22,336.83	-	-
Lease Liabilities		-	-	-	-
Trade Payables		2,615.24	2,615.24	-	-
Other Financial Liabilities		9,295.83	9,295.83	-	-
Total	-	39,288.00	34,547.90	4,736.10	-

The Company has sufficient current assets comprising of Trade receivables, Cash and cash equivalents, Other bank balances, Loans and other current financial assets to manage the liquidity risk, if any, in relation to current financial liabilities. Based on the contractual due dates of the loan from related parties and the confirmation from the Holding Company that they will be settling amounts to enable the Company to meet its liabilities and the fact that the Company also has credit facilities with Banks, the Company believes that it has enough sources to meet its financial obligations as they fall due, in case of any deficit.

The following table details the Company's expected realisation of non-derivative financial assets. This table has been drawn up considering the undiscounted cash flows of financial assets based on the earliest date on which the Company can expect to receive the same.

Non-derivative financial assets	Amount in Rs. Lakhs					
	Carrying amount	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and above
31 March 2026						
Investments		538.76	-	-	538.76	-
Trade Receivables		3,500.95	3,500.85	-	-	-
Cash and Cash equivalents		13.34	13.34	-	-	-
Bank balances other than above		643.36	643.36	-	-	-
Loans		22,523.92	22,523.92	-	-	-
Other Financial Assets		23,039.10	23,039.10	-	-	-
Total	-	30,253.43	49,714.67	-	538.76	-

Non-derivative financial assets	Amount in Rs. Lakhs					
	Carrying amount	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and above
31 March 2025						
Investments		461.72	-	-	461.72	-
Trade Receivables		2,671.38	2,671.38	-	-	-
Cash and Cash equivalents		11.29	11.29	-	-	-
Bank balances other than above		326.91	326.91	-	-	-
Loans		19,203.66	19,203.66	-	-	-
Other Financial Assets		10,440.84	10,440.84	-	-	-
Total	-	33,315.76	38,453.98	-	461.72	-

29.6 Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

Cash and cash equivalents

The Company maintains its cash and cash equivalents with credit worthy banks and reviews it on ongoing basis. The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

Other financial assets

Other financial assets are neither past due nor impaired.

29.7 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

29.8 Offsetting of Financial Assets and Financial Liabilities

The Company does not offsets financials assets and financial liabilities

Note 30 Contingent Liabilities and Commitments (to the extent not provided for)

Company has extended Corporate guarantee of Rs.8.00 crores to State Bank of India, Rs.17.00 crores to Canara Bank. Total corporate guarantee extended is for Rs.25.00 crores. The corporate guarantee is extended to these banks against the loans given to the Harvesting and Transportation contractors against the loans disbursed to their individual accounts to the extent of Rs.7.00 Lakh each by SBI and Rs.10.00 Lakh each by Canara Bank. Further, Company has given Bank Guarantee of Rs.6.80 crores in favour of QFB Tech Pvt Ltd and Rs. 7.50 Crores to Mizuho Capsave Finance Pvt Ltd to secure suppliers of raw materials and Rs.1.76 crore to the OMCs (Oil Marketing Companies) against the supply of Ethanol.



30.1 Contingent Liabilities

Particulars	Amount in Rs. Lakhs	
	As at 31 March 2026	As at 31 March 2025
Claims against the Company not acknowledged as Debts:		
Taxation matters		
Income Tax	381.89*	464.04
In respect of above Income Tax matter, the Company has ongoing disputes with Income Tax Authorities relating to treatment of certain items/adjustments carried out by the Department. The Company's appeals are pending before various Appellate Authorities.		
*out of INR 381.89 Lacs an amount of INR 175.00 lacs is paid as advance		

Note 31 Operating Segments

The Primary Reporting of the Company has been made on the basis of business segments. The Company operates in a reportable operating segment with 4 units like sugar unit, cogeneration unit, distillery unit and the information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance focuses on this operating segment. Accordingly, the amounts appearing in the financial statements relate to this operating segment. Hence there are separate reportable segments in accordance with Ind AS 108 'Operating Segments'. There is only one Geographical Segments (based on geographical location of its customers) i.e. India only which is considered as a Secondary segment as per the aforesaid standard.

Revenue from Operations includes revenue arising from one customer, representing more than 10% of the Company's revenue individually.

Note 32 Corporate Social Responsibility:

As per Section 135 of the Companies Act 2013 (The Act), the company was required to spend Rs. 29.99 Lakhs for the year ended 31 March 2026 and Rs. 20.75 Lakhs for the year ended 31 March 2025, in pursuance of its Corporate Social Responsibility Policy.

Particulars	Amount in Rs. Lakhs	
	Year ended 31 March	Year ended 31 March 2025
Amount required to be spent by the company during the year 2025-26:		
Less: Already Spent 2025-26	29.99	20.75
Balance to be Spent	19.35	
Excess Expenditure spent during Previous FY 2024-25 is adjusted	10.64	
Excess Spent balance carried forward	23.26	
Amount of expenditure incurred by the company during the year:	12.62	
(i) Construction/Acquisition of any asset		
(ii) On purposes other than (i) above		
Excess Spent carried forward	42.61	44.01
	12.62	23.26

The company has spent Rs.17.17 lacs on development of green belt being plantation of nursery plants in the surrounding places as a part of spending on CSR activities and has spent Rs.2.17 Lakhs for providing education to the poor students at the Primary and Secondary Education School run by the Company. Further Rs. 10.64 lacs which is part of donation to Advait Education Trust (R) CSR approved educational institution and expenditure on Green Belt development which was excess spent during previous financial year 2024-25 is adjusted for the Financial year 2025-26



DAVANGERE SUGAR COMPANY LIMITED, KUKKUWADA-577 525

Note: 1

PROPERTY, PLANT AND EQUIPMENTS SCHEDULE AS ON 31.03.2026

PARTICULARS	COST			DEPRECIATION				WRITTEN-DOWN VALUE		
	AS ON 01.04.2025	ADDITIONS	WITHDRAWA L / TRANSFER	AS ON 31.03.2026	UPTO 01.04.2025	PROVIDED	WITHDRA WAL	UPTO 31.03.2026	AS ON 31.03.2025	AS ON 31.03.2026
LAND	4908.60	0.00	0.00	4908.60	0.00	0.00	0.00	0.00	4908.60	4908.60
BUILDINGS,ROADS & YARDS	11331.02	0.00	0.00	11331.02	3533.01	213.74	0.00	3746.75	7798.01	7584.27
PLANT & MACHINERY	37283.30	2.07	0.00	37285.36	17509.53	995.18	0.00	18504.70	19773.77	18780.66
WELL & WATER WORKS	19.76	0.77	0.00	20.53	19.54	0.00	0.00	19.54	0.99	0.99
FURNITURE & FIXTURES	25.66	0.00	0.00	25.66	24.35	0.06	0.00	24.41	1.31	1.25
VEHICLES	683.03	0.00	0.00	683.03	527.96	48.92	0.00	576.88	155.07	106.15
OFFICE EQUIPMENTS	15.84	0.60	0.00	16.44	14.80	0.19	0.00	14.99	1.04	1.45
LIBRARY	0.41	0.00	0.00	0.41	0.41	0.00	0.00	0.41	0.00	0.00
CANTEEN EQUIPMENTS	1.44	0.00	0.00	1.44	1.42	0.00	0.00	1.42	0.02	0.02
COMPUTERS	60.47	0.00	0.00	60.47	58.02	1.10	0.00	59.12	2.44	1.35
WATER STORAGE TANK	426.00	0.00	0.00	426.00	240.03	8.68	0.00	248.71	185.98	177.30
INTANGIBLE ASSETS (SOFTWARE PACKAGE)	29.26	0.00	0.00	29.26	27.79	1.15	0.00	28.94	10.14	0.31
STORAGE SHED	15.81	3.11	0.00	18.92	1.23	1.23	0.00	2.47	14.58	16.46
PROJECT IN PROGRESS	0.00	13.81	0.00	13.81	0.00	0.00	0.00	0.00	0.00	13.81
CAPITAL WORK-IN PROGRESS	2089.22	0.00	0.00	2089.22	0.00	0.00	0.00	0.00	2089.22	2089.22
TOTAL	56889.82	20.35	0.00	56910.17	21958.09	1270.25	0.00	23228.34	34941.17	33681.83
Previous years	56614.26	309.15	33.59	56889.82	20720.10	1269.90	41.35	21948.65	35894.16	34941.17



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

27. Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.
28. The Company has not revalued its Property, Plant and Equipment for the current year.
29. There has been Capital work in progress carried forward from the previous year and there is no additional capital work in progress for the current year of the company.

Capital Work in progress under progress for installation of the grain based Ethanol Unit	Amount In Development for Period (Amount in Lakhs)				
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	--	--	--	2089.22	2089.22
Projects Temporarily suspended					
(As per IND AS 16)	--	--	--	--	--

30. There is no Intangible assets under development in the current year.
31. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
32. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
33. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
34. No proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.
35. The company has not been declared as willful defaulter by any bank or financial institution or government or government authority.
36. The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

- 37.** The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall
- directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 38.** The company does not have transaction with the struck off under section 248 of companies act, 2013 or section 560 of Companies act 1956.
- 39.** The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.
- 40. Related Parties Disclosure: -**

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

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

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

Transaction during the current financial year with related parties:-

SrNo.	Name Of related Parties	Nature of relation	Nature of Transaction	O/s at the beginning Receivable / (Payable)	Rs. in Lakhs		O/s at the End Receivable / (Payable)
					Amount Debited	Amount Credited	
1.	M/s. Kalleswara Traders	MD's Relative is partner in firm	Purchase & Sale of goods & Services	--	6.82	6.82	--
2.	M/s. S Kallappa & Sons	MD partner in firm	Purchase & Sale of goods & Services	--	19.04	19.04	--
3.	M/s. Shivashankar Associates	MD partner in firm	Purchase & Sale of goods & Services	--	2.09	2.09	--
4.	M/s. Shamanur Transport	E D is the proprietor	Purchase & Sale of goods & Services	345.69	1445.99	1398.89	392.79
5.	GMM Enterprises	MD and ED are partners in the firm	Purchase & Sale of goods & Services	6.17	0.00	1.57	7.74
6.	M/s Lakshmi Flour Mills	MD partner in firm	Purchase & Sale of goods & Services	4.91	2.46	9.82	12.27



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

7.	S S Trading Company	MD partner in firm	Purchase & Sale of goods & Services	472.30	1691.65	1750.83	413.12
8.	Smt Rekha Ganesh	Wife of S S Ganesh	Purchase & Sale of goods & Services	3.33	0.46	5.45	8.32
9.	Shivashnakar Filling Station	MD partner in firm	Purchase & Sale of goods & Services	10.30	104.91	100.92	6.31

41. Deferred tax Assets and Liabilities are as under:- Components of which are as under:-

Particulars	(Rs. In Lakh)	
	Amount (Rs.) 31-3-2026	Amount (Rs.) 31-3-2025
Deferred Tax		
Net Differed Tax Liability/(Asset)	148.91	140.15

41. Earnings Per Share

Particulars	(Rs. In Lakhs)	
	Year Ended on 31 st March, 2026 (Rs.)	Year Ended on 31 st March, 2025 (Rs.)
Profit / (Loss) after tax attributable to Equity Shareholders (A)	740.59	1,083.11
Weighted Number of Equity Share outstanding During the year (B) (In Nos.)	142,990,798	9,40,84,462
Basic Earnings Per Share for each Share of Rs.1/- (A) / (B)	0.06	0.12

42. Corporate Social Responsibility (CSR)

The section 135 (Corporate social responsibility) of Companies Act, 2013 is applicable to the company for the Financial Year 2025-26 since the PAT of the company exceeds Rs.5 crores. The Company made a profit of Rs. 1098.92 Lakhs (Profit Before Tax) during the Financial Year 2025-26 and hence the CSR provisions are applicable for the Financial Year 2025-26. **Company has to spend the mandatory amount of Rs.29.99 Lakhs being 2% of the average Profit before tax for the past 3 years (prior to FY 2025-26) for CSR activities during the FY 2025-26.** To meet this mandatory spending, the company has spent Rs.17.17 lacs on development of green belt being plantation of nursery plants in the surrounding places as a part of spending on CSR activities and has spent Rs.2.17 Lakhs for providing education to the poor students at the Primary and Secondary Education School run by the



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

Company—Further Rs. 10.64 lacs which is part of donation to Advait Education Trust (R) CSR approved educational institution and expenditure on Green Belt development which was excess spent during previous financial year 2024-25 is adjusted for the Financial year 2025-26

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

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

Sr. No.	Particulars	Year Ended on 31 st March 2026		Year Ended on 31 st March 2025	
		Principal	Interest	Principal	Interest
I	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
ii	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
iii	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
iv	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

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

44. Title deeds of immovable Property

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

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

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

46. Compliance with approved Scheme(s) of Arrangements

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

47. Utilization of Borrowed funds and share premium: -

As on March 31, 2026 there is no unutilized amount in respect of any issue of securities and long term borrowings from bank and financial institutions. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

48. Ratios Analysis: -

Ratio	Numerator	Denominator	As at 31 st March, 2026	As at 31 st March, 2025	% Change in Ratio	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	1.96	1.43	37.61	increase in Inventory and Current Assets during FY 25-26
Debt Equity Ratio	Debt capital	Shareholder's Equity	0.60x	1.42x	-57.59	increase in share capital and reserves during FY25- 26
Debt Service Coverage Ratio	EBITDA- CAPEX	Debt Service (Int.+Principal)	0.16x	0.53x	-69.15	lower EBITDA during the FY 25-26
Return on Equity Ratio	Profit for the year	Average Shareholder's Equity	1.73%	11.51%	-84.94	decrease in the net profit for the FY 25-26
Inventory Turnover Ratio	Sales	Average Inventory	1.35x	1.61x	-16.64	increase in inventory during FY 25-26
Trade Receivables turnover ratio	Net Sales	Closing trade receivables	7.49x	7.46x	0.46	increase in the trade receivable FY 25-26
Trade payables turnover ratio	Cost of Material Consumed	Closing Trade Payables	5.57x	4.74x	17.60	decrease in Trade payable and cost of Material in the FY25-26
Net capital turnover ratio	Sales	Working capital (CA-CL)	1.02x	1.94x	-47.48	decrease in net working capital during FY 25-26
Net profit ratio	Net Profit	Sales	3.56%	5.04%	-29.29	decrease in net profit during the FY 25-26
Return on Capital employed	Earnings before interest and tax	Capital Employed	6.26%	13.24%	-52.73	decrease in EBITA and increase in equity during FY 25-26
Return on Investment	Net Profit	Investment	0.88%	1.45%	-39.15	decrease in net profit and increase in inventory during FY 25-26

49. Company has extended Corporate guarantee of Rs.8.00 crores to State Bank of India, Rs.17.00 crores to Canara Bank. Total corporate guarantee extended is for Rs.25.00 crores. The corporate guarantee is extended to these banks against the loans given to the Harvesting and Transportation contractors against the loans disbursed to their individual accounts to the extent of Rs.7.00 Lakh each by SBI and Rs.10.00 Lakh each by Canara



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

Bank. Further, Company has given Bank Guarantee of Rs.6.80 crores in favour of OFB Tech Pvt Ltd and Rs. 7.50 Crores to Mizuho Capsave Finance Pvt Ltd to secure suppliers of raw materials and Rs.1.76 crore to the OMCs (Oil Marketing Companies) against the supply of Ethanol. Except these, company has not extended any kind of guarantee to any other entity during theyear

50. Shares Held by Promoters at the End of the Year

Sr. No.	Promoter Name	No. of Shares 2025-26	% of Total Shares	No. of Shares 2024-25	% of Total Shares	% Changes During the Year
1	GANESH S S	357429780	24.99	254238056	27.02	-2.03
2	ABHIJITH GANESH SHAMANUR	69147240	4.84	69147240	7.35	-2.51
3	REKHA GANESH .	62822501	4.39	60862000	6.47	-2.08
4	ANCHAL GANESH SHAMANUR	15000000	1.05	15000000	1.59	-0.54
5	AKHIL G SHAMANUR	10000000	0.70	10000000	1.06	-0.36
6	M/S MAFATLAL PLAYWOOD INDUSTRIES LIMITED	80000000	5.59	80000000	8.50	-2.91



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2026

NOTES FORMING PART OF FINANCIAL STATEMENTS

Segment Reporting

M/s. DAVANGERE SUGAR COMPANY LIMITED.

KUKKUWADA (Davanagere Taluk & District)
Registered Office : 73/1, P.B.No.312, Shamanur Road, Davanagere-577004 .
Web Site : www.davangeresugar.com : Email: davangeresugars@gmail.com :
accounts@davangeresugars.com



CIN : L10721KA1970PLC001949
to 201626

Phone: (08192) 201623

REPORTING ON SEGMENT WISE REVENUES, RESULTS, ASSETS AND LIABILITIES

Sr.No.	PARTICULARS	For the quarter ended			For Twelve months Ending on	
		31-Mar-2026	31-Dec-2025	31-Mar-2025	31-Mar-2026	31-Mar-2025
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
a)	Sugar	5,127.42	4,369.54	1,282.23	9,888.98	5,086.87
b)	Co Generation	58.45	651.06	180.00	709.51	622.89
c)	Aviation	3.88	23.01	40.93	104.46	749.60
d)	Distillery	3,263.23	3,154.40	4,187.54	13,354.47	15,039.18
e)	Others	(4.07)	132.71	56.81	52.48	177.06
	Income from operations	8,448.91	8,330.71	5,747.51	24,109.89	21,675.60
2	Segment Results					
	Profit (+)/Loss(-) before tax, Interest and exceptional items from each segment	-	-	-	-	-
a)	Sugar	269.75	(118.59)	283.51	312.35	(2,289.62)
b)	Co Generation	(657.57)	125.46	(342.70)	(725.87)	(608.17)
c)	Aviation	(55.96)	(44.38)	109.31	(130.25)	384.50
d)	Distillery	1,002.67	1,093.97	649.04	4,270.68	6,514.44
	Total	558.89	1,056.46	699.16	3,726.91	4,001.15
	Add: Exceptional item	-	-	-	-	-
	Less: Interest	418.11	603.99	474.45	2,628.00	2,715.25
	Other Unallocable expenditure net off	-	-	-	-	-
	Unallocable corporate assets	-	-	-	-	-
	Total Profit Before Tax	140.78	452.47	224.71	1,098.91	1,285.90
3	Segment Assets -					
a)	Sugar	15,870.02	20,310.39	42,563.05	15,870.02	42,563.05
b)	Co Generation	32,544.04	32,323.06	9,067.35	32,544.04	9,067.35
c)	Aviation/others	153.02	200.59	496.85	153.02	496.85
d)	Distillery	35,090.18	32,079.67	21,375.82	35,090.18	21,375.82
	Total segment assets	83,657.26	84,913.71	73,503.07	83,657.26	73,503.07
	Segment Liabilities -					
a)	Sugar	22,923.68	24,695.48	27,444.00	22,923.68	27,444.00
b)	Co Generation	82.53	451.54	129.12	82.53	129.12
c)	Aviation/others	624.96	458.48	13.60	624.96	13.60
d)	Distillery	9,544.75	9,039.83	10,934.38	9,544.75	10,934.38
	Total Segment Liabilities	33,175.92	34,645.33	38,521.10	33,175.92	38,521.10



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA-577525

CIN : L37100KA1970PLC001949



**AUDIT REPORT
FINANCIAL YEAR
2024-2025**

REGISTERED OFFICE

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

**INDEPENDENT AUDITOR'S REPORT****TO MEMBERS OF
DAVANGERE SUGAR COMPANY LIMITED****Report on the Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the accompanying financial statements of **Davangere Sugar Company Limited**, which comprise the Balance Sheet as at **31st March, 2025**, and the Statement of Profit and Loss (Including Other Comprehensive Income) and Cash Flow Statement and the statement of Changes in Equity for the period ended, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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



Office Address: Office No. 10, VihangVihar, Opp. Gautam Park, Panchpakhadi, Thane (West) - 400 602, Maharashtra, India.

Cell: +91 9320268900 **Ph.:** 022 4601 2965 / 2545 2965 **Email:** hirenmaru@yahoo.co.uk

Sr No.	Key Audit Matters	Auditor's response
1.	Determination of net realizable value of inventory of sugar as at the year ended March 31, 2025. As on March 31, 2025, the Company has inventory of sugar with the carrying value 3265.37 Lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value.	Principal Audit Procedures : We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price & monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all



relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A", a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Companies Act, 2013, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss including Other Comprehensive Income Statement of Cash Flow and Statement of Changes of Equity dealt with this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Financial Statement comply with the Accounting Standards specified under Section 133 of Act, read with relevant rule issued thereunder.
 - e. On the basis of written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, referred to our separate report in "Annexure B".



- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

(a) The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its financial statements - Refer Note (vii) of Annexure - A to the financial statements

(b) The Company did not have any long-term and derivative contracts as at March 31, 2025.

(c) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company during the year ended March 31, 2025.

(d) The management has;

(i) represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



(ii) represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.

(e) The company has not neither declared nor paid any dividend during the year under Section 123 of the Act.

(f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2024 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, The Company has used accounting software 'ERP - AISUGAR , Windows Server 2012 R2' for maintaining its books of account which has a feature of recording audit trail facility and the same has been operated throughout the period for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Place: Mumbai
Date: 14th May 2025

FOR D G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 25115279BBIQBB1270





**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR
THE YEAR ENDED 31ST MARCH 2025**

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

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

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has maintained proper records showing full particulars of intangible assets.
- c) Property, Plant and Equipment have been physically verified by the management at reasonable intervals; Any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
- d) According to the information and explanation given to us the title deeds of all the immovable properties. (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) Inventory and working capital:

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. No discrepancies were noticed on verification



between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned/renewal working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

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

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security but granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year as mention below:

1. The Company has not provided any loans or advances in the nature of loans. But company has extended Corporate Guarantee against the H&T loans sanctioned to the individual contractors for harvesting and transportation of sugarcane to the factory gate. The CG is extended to the extent of Rs.23 crores to Canara Bank, Rs. 6.80 crores in favour of suppliers against the supplu of raw material, Rs. 1.76 crores to OMCs (Oil Marketing Companies) against the supply of ethanol and Rs.8.00 crores to State Bank of India, Davangere. Except these, company has not extended any kind of guarantee to any other entity during the year.
2. In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
3. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
4. In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.



5. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
6. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(6) is not applicable.

(iv) Loan to directors:

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

(v) Deposits:

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

(vi) Maintenance of Cost Records:

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

(vii) Statutory Dues:

- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/25 for a period of more than six months from the date they became payable.



- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute except the following.

Name of the Authority	Nature of Dues	Amount (In Lacs)	Year of Demand	Forum where dispute is pending
The customs Act 1944	Customs duty demanded on import	77.04	2014	Supreme court. Proceedings have been commenced.
The customs Act 1944	Customs duty demanded on import	122.30	2014	CESTAT Bengaluru.
Indian Income Tax Act, 1961	Stock difference of Rs.2,06,88,995/- at the time of survey on 26.07.2016	Not quantified	AY 2017-18	Department has gone for appeal against the orders of DCIT, who has reduced the loss to the extent of stock difference and tax refund was reduced. Company is contesting the appeal
Commissioner of Central Tax, Central Excise Act and Service Tax, Bengaluru	Excise Duty on exempted turnover on sale of power	Rs.33.25 Rs.158.46	2024	Before the Joint Commissioner of Central Tax, North West Commissionerate, Bengaluru - proceedings yet to start
GST Audit Order dated 27.02.2025 passed by the Assistant Commissioner of Commercial Tax (Audit-5), Davangere.	GST Input Credit was disallowed and GST levied on Corporate Guaranty extended by the company in favor of farmer contractor	Rs.57.95	2025	Company is filling Appeal before the GST Appellate Authority before the end of June 2025.

(viii) Disclosure of Undisclosed Transactions:

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

(ix) Loans or Other Borrowings:

- a) Based on our audit procedures and according to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.



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

(x) Money Raised by IPOs, FPOs:

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or convertible debentures (fully or partly or optionally) or made any private placement or further issue of share capital like IPO.s FPO.s or Rights Issue.

(xi) Fraud:

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) Company has not committed any offence during the year under audit, under sub-section (12) of section 143 of the Companies Act and filing of Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, is not applicable.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.



(xii) Nidhi Company:

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

(xiii) Related Party Transactions:

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

(xiv) Internal Audit System:

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

(xv) Non-cash Transactions:

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

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

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

(xvii) Cash losses:

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



(xviii) Resignation of statutory auditors:

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

(xix) Material uncertainty on meeting liabilities:

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

(xx) Compliance of CSR:

- a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer of Fund specified in Schedule VII to the Companies Act or special account in compliance with provision of sub-section (6) of section 135 of said Act. refer note no. 32 of financial statement.

(xxi) Qualifications Reporting In Group Companies:

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

Place: Mumbai
Date: 14th May 2025

FOR D G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 25115279BBIQBB1270





**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH 2025**

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

We have audited the internal financial controls over financial reporting of **DAVANGERE SUGAR COMPANY LIMITED**. ('the Company') as of 31st March, 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

We have audited the internal financial control with reference to financial statement of **DAVANGERE SUGAR COMPANY LIMITED**. ('The Company') as of **31st March 2025** in conjunction with our audit of the financial statement of the company at and for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management's Responsibility for Internal Financial Controls

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



Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



- c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Place: Mumbai
Date: 14th May 2025

FOR D G M S & Co.,
Chartered Accountants


Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 25115279BBIQBB1270



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA-577525

BALANCE SHEET AS AT 31.03.2025

CIN : L37100KA1970PLC001949

(All Figures in LAKHS)

PARTICULARS	Note No.	AS AT 31.03.2025	AS AT 31.03.2024
		Total	Total
ASSETS			
A) NON -CURRENT ASSETS			
a) Property, Plant and Equipments	1	34,939.71	35,892.80
b) Intangible Assets		1.46	1.36
c) Financial Assets			
i) Investments	2	461.78	455.78
ii) Loans	3	-	-
d) Other Non Current assets:	4	1,987.88	1,987.88
B) CURRENT ASSETS			
a) Inventories	5	14,452.95	12,189.70
b) Financial Assets			
i) Trade Receivables	6	2,871.28	1,842.93
ii) Cash and cash equivalents	7	338.20	342.17
iii) Loans and advances	8	19,203.67	15,454.61
TOTAL		74,256.93	68,167.24
EQUITY AND LIABILITIES			
A) EQUITY			
a) Share Capital	9	9,408.45	9,408.45
b) Other equity	10	25,573.52	24,589.93
Total Equity		34,981.97	33,998.37
B) LIABILITIES :			
1) NON-CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	11	4,738.10	6,849.09
ii) Deferred Tax Liability	12	140.15	172.63
iii) Other Long Term Liabilities	13	8,575.20	4,690.61
iv) Provisions	14		
2) CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	15	22,336.83	19,564.78
ii) Trade Payables	16		
- Dues of micro enterprises and small enterprises			
- Dues of Creditor other than micro enterprises and small enterprises		2,815.24	2,183.27
iii) Other Liabilities	17	663.93	705.48
iv) Provisions	18	5.50	3.00
TOTAL EQUITY AND LIABILITIES		74,256.93	68,167.24

For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 14.05.2025
Place: MUMBAI
UDIN: 251152796M19B81270



Abhijith G Shamanur
Executive Director
(DIN - 03451918)

Onkarappa P
Chief Financial Officer

Ganesh S Shamanur
Managing Director
(DIN - 0045183)

Nidhi Hitesh Vaswani
Compliance Officer

DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA -577525

PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2025

CIN : L37100KA1970PLC001949

(All Figures in LAKHS)

PARTICULARS		Note No.	AS AT 31.03.2025	AS AT 31.03.2024
			Total	Total
I	REVENUE FROM OPERATIONS (GROSS)	19	21,498.53	21,653.05
II	Other Income	20	177.07	643.68
III	Total Income		21,675.60	22,296.72
IV	EXPENSES			
	a) Cost of materials	21	13,349.13	10,753.36
	b) Power and fuel	21	1,006.22	1,891.51
	c) Purchase of Traded Goods	22	-	-
	d) Changes in inventories of finished goods and work in progress	23	(1,441.64)	1,274.53
	e) Employees Benefit Expenses	24	835.79	846.34
	f) Interest on Borrowings	25	2,672.10	2,388.53
	g) Bank Charges	25	147.25	146.73
	h) Depreciation	1	1,269.90	1,195.99
	i) Other Expenses	26	2,550.93	2,354.49
	TOTAL EXPENSES		20,369.69	20,851.48
V	PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,285.90	1,445.24
VI	Exceptional Items		-	-
VII	PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		1,285.90	1,445.24
VIII	Extraordinary Items		-	-
IX	PROFIT / LOSS BEFORE TAX (VII-VIII)		1,285.90	1,445.24
X	TAX EXPENSES			
	a) Minimum Alternative Tax Expense		224.67	252.48
	b) Deferred Tax	12	(32.48)	(30.97)
	TOTAL TAX EXPENSES		192.19	221.52
XI	PROFIT / LOSS FOR THE PERIOD (IX-X)		1,093.71	1,223.72
XII	OTHER COMPREHENSIVE INCOME			
	A (i) Items that will not be reclassified to profit or loss		(10.60)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-
XIII	TOTAL COMPREHENSIVE INCOME FOR THE YEAR - (XI-XII)		1,083.11	1,223.72
XIV	i) Items that will be classified to profit and loss ii) Income tax effect on items that will be classified to profit and loss Other comprehensive income for the period/year Total comprehensive income for the year (Net of Tax)		- - - 1,083.11	- - - 1,223.72
XV	Earnings per Share (Basic and Diluted)Rs.		1.16	1.30

For D.G.M.S & CO.
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 14.05.2025
Place: MUMBAI
UDIN: 25715279BM1Q BB1270



Abhijith G Shamanur
Executive Director
[DIN : 03451918]

Onkarappa P
Chief Financial Officer

Ganesh S Shamanur
Managing Director
[DIN : 0045283]

Nidhi Hitesh Vaswani
Compliance Officer

**DAVANGERE SUGAR COMPANY LTD
KUKKUWADA**

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2025

CIN : L37100KA1970PLC001949

(All Figures in LAKHS)

Sl.No.	Particulars	As at 31.03.2025	As at 31.03.2024
A	<u>Cash flow from Operating activities:</u>		
	Net profit after tax	1,083.11	1,223.72
	Other comprehensive loss	10.60	-
	Adjustment for provision for taxation	192.19	224.52
		1,285.90	1,448.24
	Adjustment for depreciation	1,269.90	1,195.99
	Operating profit before working capital adjustment	2,555.81	2,644.23
	Adjustment for:		
	Inventories	(2,263.25)	(3,034.30)
	Sundry Debtors & trade receivables	(1,039.38)	289.80
	Trade payables	631.97	634.28
	Deferred Tax	172.48	(31.97)
	Others	(510.07)	(252.45)
	Net cash flow from operating activities	(3,013.21)	(2,393.64)
B	<u>Cash flow from Investing Activities:</u>		
	Sale of Fixed Assets	-	-
	Purchase of Fixed Assets	(309.15)	(2,237.86)
	From capital work in progress	0.00	0.00
	From Investments	(6.00)	(51.03)
	Net Cash flow from Investing activities	(315.15)	(2,288.88)
C	<u>Cash flow from Financing activities:</u>		
	Proceeds from share allotment	-	-
	Proceeds from share premium & Capital reserve	-	-
	Proceeds from working capital loan	-	-
	Proceeds from Short Term Borrowings	2,772.05	4,593.47
	Proceeds from Long Term Borrowings	(2,110.98)	(2,642.52)
	Proceeds from Other Long Term Liabilities	0.00	0.00
	Proceeds from Long Term Loans and Advances	0.00	0.00
	Proceeds from Other Current Liabilities	(30.52)	(123.67)
	Proceeds from Short Term Provisions	2.50	3.00
	Proceeds from Short Term Loans and Advances	(3,749.99)	(3,180.72)
	Proceeds from unsecured loan	3,884.59	3,265.80
	Net cash flow from financing activity	768.58	1,915.36
	Net Cash and Cash Equivalents (A+B+C)	(3.97)	(125.94)
	Cash and Cash Equivalents at the beginning of the year	342.17	468.11
	Cash and Cash Equivalents at the end of the year	338.20	342.17

For D G M S & CO
Chartered Accountants

[Signature]

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 14.05.2025
Place: Mumbai
UDIN: 25115279BM19BB1270



[Signature]
Abhijith G Shamanur
Executive Director
[DIN - 03451918]

[Signature]
Onkarappa P
Chief Financial Officer

[Signature]
Ganesh S Shamanur
Managing Director
[DIN - 00451831]

[Signature]
Nidhi Hitesh Vaswani
Compliance Officer

DAVANGERE SUGAR COMPANY LIMITED

KUKKAWADA -577525
CIN : L37100KA1970PLC001949

Statement of Changes in Equity for the year ended 31 March 2025

Particulars	Amount in Rs. Lakhs	
	Year ended 31 March 2025	Year ended 31 March 2024
A. Equity Share Capital		
Balance as at beginning of the year		9,408.45
Changes in equity share capital during the year:		
- Issue of share capital during the year		-
Balance at the end of the year	9,408.45	9,408.45

Particulars	Reserves and surplus:					Total
	Securities Premium	Capital Redemption Reserve	Retained Earnings	Revaluation Reserve	General Reserve	
B. Other Equity						
Balance as at 01 April 2023	1,209.47	4.09	5,043.30	15,477.55	59.96	21,794.37
Profit for the year	-	-	2,795.55	-	-	2,795.55
Other comprehensive (loss)/income, net of tax	-	-	2,795.55	-	-	2,795.55
Total comprehensive income for the year ended 31 March 2024			7,838.85	15,477.55	59.96	24,589.92
Balance as at 31 March 2024	1,209.47	4.09	1,083.10 (88.90) (10.60)	-	-	1,083.10 (88.90) (10.60)
Profit for the year	-	-	983.60	-	-	983.60
Prior period taxes written off	-	-	-	-	-	-
Other comprehensive (loss)/income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended 31 March 2025			8,822.45	15,477.55	59.96	25,573.52
Balance as at 31 March 2025	1,209.47	4.09	8,822.45	15,477.55	59.96	25,573.52

Note : In accordance with the notification issued by the Ministry of Corporate Affairs dated 24 March 2023, re-measurement of defined benefit plans shall be recognised as a part of retained earnings. Accordingly, re-measurement of defined benefit plans has been disclosed as part of retained earnings.

See accompanying notes forming part of the financial statements



For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 14.05.2025
Place: Mumbai
UDIN 25715279BM105B1270

Abhijith G/Shamanur
Executive Director
(DIN - 03451918)

Onkarappa P
Chief Financial Officer

Ganesh S/Shamanur
Managing Director
(DIN - 00451831)

Nidhi Presh Vaswani
Compliance Officer

NOTE 1 : NON - CURRENT ASSETS

	AS AT 31.03.2025	AS AT 31.03.2024
A Property, Plant And Equipments Schedule 'Annexed'	34,939.71	35,894.16
B Intangible Assets	1.46	
TOTAL	34,941.17	35,894.16

NOTE 2 : NON - CURRENT INVESTMENTS

	AS AT 31.03.2025	AS AT 31.03.2024
A NON-TRADE (QUOTED- AT COST)		
B NON-TRADE (UN QUOTED- AT COST)		
I III GOVERNMENT SECURITIES:	0.20	0.20
II INVESTMENTS		
a) Shares with DSCL Employee's Co-operative Society (500 Shares of Rs.10/- each)	0.05	0.05
b) Shares with Bapuji Co-operative Bank Limited, (200 Shares of Rs.50/- each)	0.10	0.10
c) Shares with Davangere Harilal Urban Co-operative Bank Limited, (1001 Shares of Rs.1000/- each)	10.01	10.01
d) Shares with Chitradurga District Co-operative Bank Limited, (902800 Shares of Rs.50/- each)	451.40	445.40
e) Shares with SVC Bank Limited (25 Shares of Rs.100 each)	0.03	0.03
III OTHER INVESTMENTS		
TOTAL	461.78	455.78

NOTE 3 : LOANS AND ADVANCES

	AS AT 31.03.2025	AS AT 31.03.2024
ADVANCES:		
Advance against Harvesting & Transportation with roll over facility	-	-
TOTAL	-	-

NOTE 4 : OTHER NON CURRENT ASSETS:

	AS AT 31.03.2025	AS AT 31.03.2024
I H A T Credit Entitlement	1,987.88	1,987.88
TOTAL	1,987.88	1,987.88

NOTE 5 : INVENTORIES

	AS AT 31.03.2025	AS AT 31.03.2024
A FINISHED GOODS:		
I Sugar	3,265.37	2,458.53
II Molasses	3,031.52	1,370.30
III Anhydrous Ethanol Finished Goods Ltrs	424.45	1,177.64
IV Stock Of Bagasse		
B RAW MATERIALS		
I Maize	2,570.18	2,087.46
II Bagasse	-	273.24
III Coal	3,124.85	3,440.48
C STORES, SPARES, AND COMPONENTS	2,036.57	782.06
TOTAL	14,452.95	12,189.70



NOTE 6 : TRADE RECEIVABLES:

A	AS AT 31.03.2025		AS AT 31.03.2024	
	Trade Receivables - Unsecured, Considered good		1,842.93	
	Trade Receivables which have significant increase in Credit Risk			
	Less : Allowance for expected credit loss			
	Of the above, trade receivables from:			
	- Related Parties			
	- Others			
	Total		1,842.93	

B	AS AT 31.03.2025		AS AT 31.03.2024	
	The Company is making provisions on trade receivables based on Expected Credit Loss (ECL) Model. The reconciliation of ECL is as follows:			
	Particulars			
	Balance at beginning of the year			
	Movement in credit loss allowance on trade receivables calculated at expected credit losses/additional provision			
	Amounts written off during the year as uncollectible			
	Amounts recovered during the year			
	Balance at end of the year		11.04	
	TOTAL		11.04	

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the receivables (other than related parties) from the date of the invoice and the rates are given in the provision matrix as per which trade receivables aged (from date of invoice) beyond 3 years are provided entirely, age of 2 to 3 years is provided 50%, age of 1 to 2 years at 25% and no provision is made upto 1 year. Additional provision, where required, has been made based on specific debtors and other conditions impacting recoverability. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables is adequate.

There are no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables due from firms or private companies respectively in which any director is a director, partner or member, except as disclosed above.

Trade receivables ageing schedule:

Particulars	Outstanding for following periods from due date of payment						Amount in Rs. Lakhs	
	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
AS AT 31.03.2025								
(i) Undisputed Trade receivables - considered good	-	2,226.94	639.47	5.46	9.22	0.17	2,871.26	
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	1.82	9.21	-	11.03	
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
Total	-	2,226.94	639.47	7.28	18.43	0.17	2,882.29	

Particulars	Outstanding for following periods from due date of payment						Amount in Rs. Lakhs	
	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
AS AT 31.03.2024								
(i) Undisputed Trade receivables - considered good	-	1,817.12	7.28	10.43	0.17	-	1,843.00	
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
Total	-	1,817.12	7.28	18.43	0.17	-	1,843.00	



NOTE 7 : CASH AND CASH EQUIVALENTS

	AS AT 31.03.2025	AS AT 31.03.2024
A BALANCE WITH BANKS		
I In Current Account with Schedule Banks	149.14	137.58
II In Current Account with Non-Schedule Banks	10.98	9.86
B Cash on hand	11.29	35.92
C Bank deposit with maturity of less than 3 months	165.79	158.81
TOTAL	338.20	342.17

NOTE 8 : SHORT TERM LOANS AND ADVANCES

	AS AT 31.03.2025	AS AT 31.03.2024
I Sundry Deposit (Refer a)	51.60	52.64
II In Deposit with Central Excise/ Customs Department		
a. Differential Customs Duty Paid on Helicopter (disputed)		
b. Advance Excise Duty on Sugar / Molasses/ others	546.77	907.78
III Advances recoverable in cash or in kind (Refer b)	18,271.41	14,161.31
IV Preliminary & Preoperative Expenses	332.89	332.89
TOTAL	19,203.67	15,454.61

a Sundry Deposit

Particulars	AS AT 31.03.2025	AS AT 31.03.2024
Security Deposit :		
-Rental	1.05	1.05
-Others Deposits	51.55	51.59
Total	52.60	52.64

b Loans and Advances

Particulars	AS AT 31.03.2025	AS AT 31.03.2024
Cane Development Investment		0.05
Advance Against Fertilizers, Seeds & Pesticides		1,842.38
Advance Sagar Cane Seeds Supply		1,020.13
Advance To Farmers Against Cane Supplies		8,251.23
Input Loan (Pesticides)	2.15	1.88
Miscellaneous Advance To Others	1.77	1.74
Union Fee	(0.05)	(0.04)
Discl Employees Co-Op Society	0.67	0.67
Interest Recoverable/Receivable From Term Deposits	9.42	11.15
Sundry Creditors For Others		1.84
Late Crushing Incentives Receivable		0.17
Miscellaneous Advance To Others (Csa)	104.51	70.93
Miscellaneous Advance To Others (Cane)		0.65
Input Loan 2019-20	0.10	0.10
Input Loan 18-19	4.02	4.02
Input Loan 20-21	0.36	0.36
Input Loan 21-22	4.05	4.05
Input Loan 22-23	4.26	4.26
Input Loan 23-24	4.34	4.34
Input Loan 24-25	60.01	
Existing Farmers Seeds Supply	6,241.29	
New Farmers Cane Advance	2,751.42	
Existing Farmers Cane Advance	2,654.00	
H & T Contractors Advance	2,113.08	
New Farmers Seeds Supply	3,135.56	
Prepaid Insurance	60.91	
Prepaid Advances	1.71	
H & T Materials Recoverable	(0.25)	(0.27)
Security Deposit For Ethanol Sale	37.50	120.67
Advance Against Cane Bills	166.85	54.14



Income Tax Refund Due (AY 2014-15)	17.42
Tds On Income Received	23.41
Miscellaneous Advance Staff	19.85
Cane Seed Cost Recoverable	0.89
Advance Income Tax	0.11
Sundry Deposits With Others	0.01
Rent Receivable	0.50
Cane Seeds Advance	0.03
Advance Against Harvesting & Transportation	0.23
Interest Subsidy Receivable	1,630.42
Ethanol Subsidy Receivable From Karnataka State Govt	418.36
Aviation Division Tds Settled	558.66
Gratuity Fund	9.21
	0.78
TOTAL	18,271.41
	14,161.31

NOTE 9 : SHARE CAPITAL

	AS AT 31.03.2025	AS AT 31.03.2024
Authorized Share Capital :		
1,500,000,000 Equity Shares of Rs. 1/- each	15,000.00	10,000.00
Issued : Subscribed and Paid-up Capital :		
940,844,620 Equity Shares of Rs. 1/- each	9,408.45	9,408.45
TOTAL	9,408.45	9,408.45

Disclosures:

1. All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.
2. Names of share holders holding more than 5% of the Share capital and their share holdings:

Sl. No.	Name of the Share Holder	% of Holding	No. of Shares	No. of Shares
1	S S GANESH	27.02	254,238,055.00	40,094,240.00
2	ABHJITH GANESH SHAMAMUR	7.35	69,147,240.00	6,914,724.00
3	REKHA GANESH	6.47	60,862,000.00	6,086,200.00
4	M/S HAFATLAL PLAYWOOD INDUSTRIES LIMITED	8.50	80,000,000.00	8,000,000.00

NOTE 10 : RESERVES AND SURPLUS

	AS AT 31.03.2025	AS AT 31.03.2024
1 Capital Reserve:		
Balance at the beginning and end of the year	4.07	4.07
2 Securities Premium Reserve :		
Balance at the beginning and end of the year	1,209.47	1,209.47
3 Revaluation Reserve		
Balance at the beginning and end of the year	15,477.55	15,477.55
4 General Reserve :		
Balance at the beginning and end of the year	59.96	59.96
5 Surplus :		
Balance brought forward from previous year	8,387.17	5,680.91
Add : Net Credit Entitlement of past years	-	1,319.34
Add : Net Credit Entitlement of current years	-	252.48
Add : Transfer from the Statement of Profit and Loss Account for the year	1,083.11	1,223.72
Total 5(a)	9,470.28	8,476.46
Other Comprehensive Impairments	(647.81)	(637.38)
Balance available for Appropriations	8,822.47	7,838.88
Appropriations:		
Balance carried forward to next year	25,573.52	24,589.93
TOTAL	25,573.52	24,589.93

NOTE 11 : LONG TERM BORROWINGS

		AS AT 31.03.2025	AS AT 31.03.2024
A	Secured:		
1	Working Capital Term Loan (WCTL)		
	Davangere District Central Co-operative Bank (WCTL)		548.78
	State Bank Of India (WCOL)	319.19	537.58
II	SOFT LOAN:		
	STATE BANK OF INDIA	-	-
	CANARA BANK	-	-
	INDIAN BANK	-	-
III	GECL-2 LOAN		
	STATE BANK OF INDIA	-	133.65
	CANARA BANK	-	118.75
	INDIAN BANK	2.29	05.24
IV	GECL-2 LOAN (ADDITIONAL)		
	STATE BANK OF INDIA	-	290.93
	CANARA BANK	180.49	304.56
	INDIAN BANK	193.81	90.35
IV	ETHANOL PLANT TERM LOAN:		
	Davangere District Central Co-operative Bank	-	0.58
	INDIAN BANK	672.83	810.04
	CANARA BANK	3,702.05	1,931.30
	STATE BANK OF INDIA	1,607.60	1,899.87
V	TERM LOAN FOR ETHANOL EXPANSION - SVC-Bank Ltd		
	Vehicles Loans	-	100.00
		-	17.48
	TOTAL	4,738.10	6,849.09

NOTE 12 : DEFERRED TAX LIABILITIES

		AS AT 31.03.2025	AS AT 31.03.2024
Deferred Tax Liability			
a)	Deferred Tax Liability - As per Last Balance Sheet	172.63	201.60
b)	Plus Deferred Tax Liabilities / (Assets) thereon	372.63	203.60
c)	Add/Less: Provided for during the previous year (Liability/Asset)	(32.48)	(20.97)
	TOTAL	140.15	172.63

NOTE 13 : OTHER LONG TERM LIABILITIES

		AS AT 31.03.2025	AS AT 31.03.2024
a)	Unsecured Loan from the Managing Director	8,549.85	4,690.61
b)	Unsecured Loans From Executive Directors	25.35	-
	TOTAL	8,575.20	4,690.61

NOTE 14 : LONG TERM PROVISIONS

		AS AT 31.03.2025	AS AT 31.03.2024
a)	Provisions for Employees Benefits	-	-
b)	Others:	-	-
	TOTAL	-	-



NOTE 15 : SHORT TERM BORROWINGS

	AS AT 31.03.2025	AS AT 31.03.2024
A Secured:		
(i) Loans repayable on demand		
Cash Credit Loans from Consortium Banks	8,206.31	8,398.09
(ii) OTHER SHORT TERM LOANS:		
a) DCCC Bank Fertilizer and Seeds loan	1,501.31	1,500.87
b) DCCC Bank Short Term Business Loan (Loan on Stock)	5,004.36	4,602.67
c) DCCC Bank Agri Business loan	2,001.74	2,001.16
d) Current maturities of Long Term Liabilities	2,705.86	3,061.96
e) TERM LOAN ETHANOL EXPANSION-DCC	192.03	-
f) LOANS FROM DIRECTORS REPAYABLE	1,400.00	-
g) AXIS BANK(MAIZE PLEDGE)	1,124.73	-
h) DRUC - Short term business loan	200.49	-
B Un-Secured:		
TOTAL	22,336.83	19,564.78

NOTE 16 : TRADE PAYABLES

	AS AT 31.03.2025	AS AT 31.03.2024
Trade Payables		
- Dues of micro enterprises and small enterprises	2,815.18	2,183.27
- Dues of Creditor other than micro enterprises and small enterprises	-	-
TOTAL	2,815.18	2,183.27

Ageing of Payables :

Particulars	Outstanding for following periods from due date of payment					Total
	Unpaid	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	
As at 31 March 2025						
(i) MSME						
(ii) Unsecured parties and others						
(iii) Disputed dues - MSME			2,786.54	26.59	2.64	2,815.17
(iv) Disputed dues - Related parties and others						
(v) Unsecured						
Total			2,786.54	26.59	2.64	2,815.17

Particulars

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Not due	Less than 1 year	1 - 2 years	2 - 3 years	
As at 31 March 2024						
(i) MSME	-	-	-	-	-	-
(ii) Related parties and others	-	-	-	-	-	-
(iii) Disputed dues - MSME	-	-	2,176.41	2.54	1.83	2,180.84
(iv) Disputed dues - Related parties and others	-	-	-	-	-	-
(v) Unbilled	-	-	-	-	-	-
Total	-	-	2,176.41	2.54	1.83	2,180.84

NOTE 17 : OTHER CURRENT LIABILITIES

	AS AT 31.03.2025	AS AT 31.03.2024
(i) Interest accrued and due on borrowings	-	10.92
(ii) Advance against Sales	12.25	46.74
(iii) Statutory Remittances	111.82	12.75
(iv) Trade or Security Deposits received	54.20	70.00
(v) Mat Tax Expenses (Provisions)	224.67	252.46
(vi) Others	260.99	318.51
TOTAL	663.93	705.48

NOTE 18: SHORT TERM PROVISIONS

	AS AT 31.03.2025	AS AT 31.03.2024
a) Statutory Audit Fee Payable	4.50	2.50
b) Provision for Litigation and Claims	0.50	0.50
c) Tax Audit Fee Payable	0.50	0.50
TOTAL	5.52	3.00

	AS AT 31.03.2025	AS AT 31.03.2024
1. SALE OF PRODUCTS		
a) Sales of Sugar		
b) Export Sales	15,071.65	9,445.34
c) Sales of Sugar Baggies		
d) Sales of Furoil	622.89	1,309.76
e) Sales of Ethanol		
f) Sales of Ethanol - Attached area provision	13,061.42	8,525.62
g) Sales of Ethanol - Attached area provision		1.22
h) Sales of Ethanol	1,715.06	1,366.85
i) Sales of Ethanol		347.82
j) Sales of Ethanol		0.93
k) Sales of Ethanol	14.88	16.76
l) Sales of Ethanol	0.58	
2. OTHER OPERATING INCOME		
a) Miscellaneous income	62.34	14.89
b) Income from other sources	349.60	391.31
c) Income from other sources	212.12	172.77
TOTAL	21,833.62	21,653.05

NOTE 19: OTHER INCOME

	AS AT 31.03.2025	AS AT 31.03.2024
A. INTEREST INCOME		
a) Income from bank deposits	5.65	20.50
b) Income from bank deposits	10.25	7.22
c) Income from bank deposits	1.82	1.82
B. OTHER NON OPERATING INCOME		
a) Income from bank deposits	6.40	0.30
b) Income from bank deposits	2.32	0.72
c) Income from bank deposits	127.87	958.60
d) Income from bank deposits	8.48	43.72
e) Income from bank deposits		10.74
f) Income from bank deposits	3.53	
g) Income from bank deposits	2.32	
h) Income from bank deposits	0.36	
TOTAL	172.07	643.68

NOTE 20: OTHER INCOME

	AS AT 31.03.2025	AS AT 31.03.2024
1. SALE OF PRODUCTS		
a) Sales of Sugar	5,770.25	9,492.66
b) Sales of Sugar	7,520.38	1,260.70
c) Sales of Sugar	13,490.17	10,753.30
2. OTHER OPERATING INCOME		
a) Income from other sources	1,000.27	1,001.51
b) Income from other sources		1,001.51
TOTAL	16,760.80	12,748.17



NOTE 22 : PURCHASE OF TRADED GOODS	
	AS AT 31.03.2025
TOTAL	AS AT 31.03.2024
	-

NOTE 23 : (INCREASE) / DECREASE IN INVENTORIES:	
A FINISHED GOODS	AS AT 31.03.2025
a) Opening Stock:	AS AT 31.03.2024
Sugar	2,458.53
Molasses	1,370.30
Anhydrous Ethanol Finished Goods	1,177.64
Bagasse	273.34
Total	5,279.70
b) Closing Stock:	6,554.24
Sugar	3,265.37
Molasses	3,031.52
Anhydrous Ethanol Finished Goods	424.45
Bagasse	-
Total	6,721.34
(a)-(b)	(1,441.64)
A WORK IN PROGRESS:	
a) Opening Stock:	
Sugar	-
Molasses	-
Total	-
b) Closing Stock:	
Sugar	-
Molasses	-
Total	-
(a)-(b)	-
GRAND TOTAL	(1,441.64)
	1,274.53

NOTE 24 : EMPLOYEE BENEFIT EXPENSES	
	AS AT 31.03.2025
a Salaries, wages and allowances	AS AT 31.03.2024
b Contribution to Provident fund and Other funds	731.05
c Staff Welfare Expenses	55.63
	49.12
TOTAL	835.79
	846.34
NOTE 25 : FINANCE COSTS	
	AS AT 31.03.2025
a Interest Expenses	AS AT 31.03.2024
b Other Borrowing Costs	2,672.10
	147.25
TOTAL	2,819.35
	2,535.27



NOTE 26: OTHER EXPENSES		AS AT 31.03.2025	AS AT 31.03.2024
a	Selling and Distribution Expenses Packing and storage expenses Supply and Distribution Expenses Freight and Forwarding	73.54 56.41 437.31	110.28 22.74 413.80
b	Repairs and Maintenance: on Buildings on Plant and Machinery on Others	36.01 967.00 17.20	62.69 969.37 29.49
c	Administrative Expenses Travelling and Conveyance Legal and Professional Charges Postage and Telephone Expenses Printing and Stationery Insurance Water Charges Rent Vehicle Maintenance Advertisement Travelling Expenses to Managing Director Loss on sale of vehicles Gratuity to be accrued in future (Provision) Audit Fee: For Statutory Audit For Cost Audit For Tax Audit For Other Services For Internal Audit Auditors out of pocket expense Other Expenses	13.54 43.12 4.41 4.49 38.45 0.03 63.03 105.23 1.00 83.58 - 31.11 4.50 0.61 - 0.92 0.50 628.13 2,550.93	21.05 78.03 2.28 5.28 100.43 0.04 57.49 125.20 0.59 91.24 50.36 5.00 0.50 - 1.57 - 0.03 157.01 2,354.49
TOTAL		2,550.93	2,354.49

Note 27: Earnings per share

Basic and Diluted earnings per share

The earnings and weighted average number of primary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Basic Earnings per share (Amount in Rs.)	1.16	1.30
Diluted Earnings per share (Amount in Rs.)	1.16	1.30
Profit for the year used in the calculation of basic and diluted earnings per share (Amount in Rs. lakhs)	1,083.11	1,223.72
Weighted average number of equity shares (Nos in lakhs)	9,408.45	9,408.45

Note 28: Employee Benefits

28.1 Defined Contribution Plan

The Company makes Provident and National Pension Fund contributions for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable by the Company are at rates specified in the rules of the Schemes/Policy are as below:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Employer's Contribution to Provident Fund	49.07	52.65
Employer's Contribution to National Pension Fund	-	-
Employer's Contribution to ESIC	-	-
Total	49.07	52.65



The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:

These plans typically expose the Company to actuarial risks such as: Actuarial risk, investment risk, liquidity risk, market risk and legislative risk.

Actuarial Risk	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date. For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Investment risk	
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2025 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) Amount recognised in the statement of Profit and Loss in respect of the defined benefit plan are as follows:

Particulars	Amount in Rs. Lakhs	As at 31 March 2025
Service Cost		21.06
- Current Service Cost		-
- Past Service Cost		10.25
Net interest expense		31.31
Components of defined benefit costs recognised in profit or loss (A)		
Remeasurement on the net defined benefit liability:		
- Return on plan assets (excluding amount included in net interest expense)		0.02
- Actuarial (gains)/loss arising from changes in financial assumptions		7.52
- Actuarial (gains)/loss arising from experience adjustments		-
- Actuarial (gains)/loss arising from demographic assumptions		3.10
Components of defined benefit costs recognised in other comprehensive income (B)		
Total (A) + (B)		41.95



(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	Amount in Rs. Lakhs As at 31 March 2025
Net Asset/(Liability) recognised in the Balance Sheet:	
Gratuity:	184.79
Present value of defined benefit obligation	185.57
Fair value of plan assets	(0.78)
Surplus/(Deficit)	184.79
Non Current portion of the above	-
Current portion of the above	-
Compensated Absences:	
Present value of defined benefit obligation	-
Current portion of the above	-
Non current portion of the above	-
Total	-

(c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	Amount in Rs. Lakhs As at 31 March 2025
Present value of defined benefit obligation at the beginning of the year	148.91
Expenses Recognised in the Statement of Profit and Loss:	
Service Cost	21.06
- Current Service Cost	-
- Past Service Cost	10.09
- Interest Cost	-
Recognised in Other Comprehensive Income	
- Actuarial (Gain) / Loss arising from:	7.52
i. Financial Assumptions	-
ii. Experience Adjustments	3.11
iii. Demographic Assumptions	-
Benefit payments	(15.12)
Present value of defined benefit obligation at the end of the year	185.57
Compensated Absences:	
Net interest expense	148.91
Present value of defined benefit obligation at the beginning of the year	21.06
Expenses Recognised in Profit and Loss Account	10.05
- Current Service Cost	-
- Past Service Cost	-
- Interest Expense (Income)	-
Recognised in Other Comprehensive Income	-
Remeasurement gains / (losses)	-
- Actuarial Gain (Loss) arising from:	-
i. Financial Assumptions	7.52
ii. Experience Adjustments	3.11
Benefit payments	(5.12)
Present value of defined benefit obligation at the end of the year	185.58





(d) Movement in fair value of plan assets (Unfunded) are as follows :		Amount in Rs. Lakhs
Particulars		As at 31 March 2025
Fair value of plan assets at the beginning of the year		0.62
Expenses Recognised in the Statement of Profit and Loss:		
- Expected return on plan assets		0.02
- Interest Income		0.04
Recognised in Other Comprehensive Income:		
- Remeasurement gains / (losses)		-
- Actuarial gains and loss arising from changes in financial assumptions		-
- Return on plan assets (excluding amount included in net interest expense)		-
Contributions by employee		5.21
Benefit payments		(5.11)
Fair Value of Plan Assets at the end of the year		0.78
(e) The principal assumptions used for the purpose of actuarial valuation were as follows :		
Particulars		As at 31 March 2025
Discount rate		6.7%
Expected rate of salary increase		5.0%
Expected return on plan assets		0.0%
Attrition Rate		5.0%
Retirement Age		58
Mortality		1.12
Compensated Absences:		
Discount rate		6.7%
Expected rate of salary increase		5.0%
Withdrawal Rate		5
* Based on India's standard mortality table with modification to reflect the expected changes in mortality/other.		
(f) Significant actuarial assumptions for the determination of defined a		
Impact on the Defined benefit Obligation		Amount in Rs. Lakhs
		1% point increase
		As at 31 March 2025
Increase / (Decrease) due to :-		
Change in the discount rate		7.70
Change in the attrition rate		6.00
Change in the Expected rate of salary increase		5.00
Impact on the Defined benefit Obligation		
Increase / (Decrease) due to :-		
Change in the discount rate		5.70
Change in the attrition rate		4.00
Change in the Expected rate of salary increase		4.00
The sensitivity is performed on the Defined benefits Obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.		

Note 29 Financial Instruments - Capital Management

29.1 Capital management

For the purpose of the capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.



Particulars	As at 31 March 2025	As at 31 March 2024
Borrowings		
Less: Cash and cash equivalents	4,738.10	6,849.08
Net debts	(338.20)	(342.17)
Capital (Net equity)	4,399.90	6,506.91
Capital and net debt	34,981.97	33,928.27
Gearing ratio	39.381.87	40,505.28
	11.17%	16.06%

29.2 Financial Instruments - Financial risk management

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

29.3 Market risk

The Company is exposed to market risks such as price, interest rate fluctuation and foreign currency rate fluctuation risks, capital structure and leverage risks.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices.

29.4 Foreign Currency Risk Management:

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuation arises. The Company does not enter into trade financial instruments including derivative financial instruments for hedging its foreign currency risk. The appropriateness of the risk policy is reviewed periodically with reference to the approved foreign currency risk management policy followed by the Company.

Earnings and Expenditure in Foreign Currency

Particulars	As on 31 March 2025	As on 31 March 2024
Earnings in Foreign Currency	-	-
Expenditure in Foreign Currency	-	-

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

Particulars	Currency	Amount as at 31 March 2025	Amount as at 31 March 2024
Trade receivables	USD	Amount in Foreign Currency	Amount in Foreign Currency
		Rs.	Rs.

Out of the above foreign currency exposures, none of the monetary assets and liabilities are hedged by a derivative instrument or otherwise.

Foreign Currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the Rupee against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the rupee strengthens 10% against the relevant currency. For a 10% weakening of the rupee, against the relevant currency, there would be a comparable impact on the profit or equity.

Particulars	Amount in Rs. Lakhs			
	USD - INR Impact			
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Profit or Loss - Increase	-	-	-	-
Profit or Loss - (Decrease)	-	-	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the period.

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Company. The Company invests its surplus funds in bank fixed deposits which carry minimal mark to market rates.

Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a mixed portfolio of fixed and variable rate loans and borrowings.

Liquidity and Interest Risk Tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Amount in Rs. Lakhs			
	Carrying amount	Total	Less than 1 year	1 to 5 years
31 March 2025				
Non-derivative financial liabilities				
Borrowings		4,730.10	-	4,730.10
Lease Liabilities		-	-	-
Current				
Borrowings		4,730.10	22,136.81	-
Lease Liabilities		-	-	-
Trade Payables		2,815.34	2,815.34	-
Other Financial Liabilities		9,395.03	9,395.03	-
Total		36,970.57	34,347.18	4,730.10
31 March 2024				
Non-derivative financial liabilities				
Borrowings		6,445.08	-	6,445.08
Lease Liabilities		-	-	-
Current				
Borrowings		14,564.79	19,344.79	-
Lease Liabilities		-	-	-
Trade Payables		2,015.24	2,015.24	-
Other Financial Liabilities		5,071.76	5,071.76	-
Total		38,096.87	36,431.79	6,445.08

The Company has sufficient current assets comprising of Trade receivables, Cash and cash equivalents, Other bank balances, Loans and other current financial assets to manage the liquidity risk, if any, in relation to current financial liabilities. Based on the contractual due dates of the loan from related parties and the confirmation from the Holding Company that they will be settling amounts to enable the Company to meet its liabilities and the fact that the Company also has credit facilities with Banks, the Company believes that it has enough sources to meet its financial obligations as they fall due, in case of any deficit.

The following table details the Company's expected realisation of non-derivative financial assets. This table has been drawn up considering the undiscounted cash flows of financial assets based on the earliest date on which the Company can expect to receive the same.





Amount in Rs. Lakhs							
Non-derivative financial assets		Carrying amount	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and above
31 March 2025							
Investments			481.79	-	-	-	-
Trade Receivables			2,401.29	2,397.28	-	-	-
Cash and Cash equivalents			11.29	11.29	-	-	-
Bank balances other than above			328.51	328.51	-	-	-
Loans			19,303.86	19,303.86	-	-	-
Other Financial Assets			15,442.84	-	-	-	-
Total		-	24,513.78	22,413.14	-	-	-
Amount in Rs. Lakhs							
Non-derivative financial assets		Carrying amount	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and above
31 March 2024							
Investments			495.59	-	-	-	-
Trade Receivables			1,842.43	1,842.83	-	-	-
Cash and Cash equivalents			33.30	33.30	-	-	-
Bank balances other than above			206.24	206.24	-	-	-
Loans			13,434.01	13,434.01	-	-	-
Other Financial Assets			16,177.46	-	-	-	-
Total		-	34,875.99	34,875.91	-	-	-
Credit Risk:							
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The Carrying amount of financial assets represents the maximum credit exposure.							
Trade receivables							
The Company maintains its cash and cash equivalents with credit worthy banks and reviews it on ongoing basis. The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.							
Other financial assets							
Other financial assets are neither past due nor impaired.							
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)							
The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.							
Offsetting of Financial Assets and Financial Liabilities							
The Company does not offset financial assets and financial liabilities.							

Note 30 Contingent Liabilities and Commitments (to the extent not provided for)

Company has extended Corporate guarantee of Rs. 8.00 crores to State Bank of India, Rs. 23.00 crores to Canara Bank. Total corporate guarantee extended is for Rs. 31.00 crores. The corporate guarantee is extended to these banks against the loans given to the Harvesting and Transportation contractors against the loans disbursed to their individual accounts to the extent of Rs. 7.00 Lakh each by SBI and Rs. 10.00 Lakh each by Canara Bank. Further, Company has given Bank Guarantee of Rs. 6.80 crores in favour of suppliers against the supply of raw materials and Rs. 1.70 crore to the OMCs (Oil Marketing Companies) against the supply of Ethanol.

30.1 Contingent Liabilities

Particulars	Amount in Rs. Lakhs	
	As at 31 March 2025	As at 31 March 2024
Claims against the Company not acknowledged as Debts:		
Taxation matters	454.04	406.09
Income Tax		
In respect of above Income Tax matter, the Company has ongoing disputes with Income Tax Authorities relating to treatment of certain items/ adjustments carried out by the Department. The Company's appeals are pending before Various Appellate Authorities.		

Note 31**Operating Segments**

The Primary Reporting of the Company has been made on the basis of business segments. The Company operates in a reportable operating segment with 4 units like sugar unit, cogeneration unit, distillery unit, aviation unit and the information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance focuses on this operating segment. Accordingly, the amounts appearing in the financial statements relate to this operating segment. Hence there are separate reportable segments in accordance with Ind AS 108 'Operating Segments'. There is only one Geographical Segments (based on geographical location of its customers), i.e. India only which is considered as a Secondary segment as per the aforesaid standard.

Revenue from Operations includes revenue arising from one customer, representing more than 10% of the Company's revenue individually.

Note 32**Corporate Social Responsibility:**

As per Section 135 of the Companies Act 2013 ('The Act'), the company was required to spend Rs. 20.75 Lakhs for the year ended 31 March 2025 and Rs. 14.26 Lakhs for the year ended 31 March 2024, in pursuance of its Corporate Social Responsibility Policy.

Particulars	Amount in Rs. Lakhs	
	Year ended 31 March 2025	Year ended 31 March 2024
Amount required to be spent by the company during the year	20.75	14.26
Amount of expenditure incurred by the company during the year:		
(i) Construction/Acquisition of any asset		
(ii) On purposes other than (i) above	44.01	14.26

Further, as a part of extending encouragement to the education, company has given a cheque Rs. 20.75 Lakhs on 27.03.2025 in favour of Advait Educational Trust (R) for the purchase of computers to promote education of the children and the cheque passed through the Bank on 07.04.2025. Hence, it has spent further sum of Rs. 20.75 Lakhs for providing education to the children. To meet this mandatory spending, the company has spent Rs. 28.55 lacs on development of green belt being plantation of nursery plants in the surrounding places as a part of spending on CSR activities and has spent Rs. 2.71 Lakhs for providing education to the poor students at the Primary and Secondary Education School run by the Company. Hence, the Company has spent more than the mandatory requirement of Rs. 20.75 Lakhs.



CONSOLIDATED

DAVANGERE SUGAR COMPANY LIMITED, KUKKUWADA-577 525

Note: 1

PROPERTY, PLANT AND EQUIPMENTS SCHEDULE AS ON 31.03.2025

PARTICULARS	COST			DEPRECIATION				WRITTEN-DOWN VALUE		
	AS ON 01.04.2024	ADDITIONS	WITHDRAWAL / TRANSFER	AS ON 31.03.2025	UPTO 01.04.2024	PROVIDED	WITHDRAWAL	UPTO 31.03.2025	AS ON 31.03.2024	AS ON 31.03.2025
LAND	4908.60	0.00	0.00	4908.60	0.00	0.00	0.00	0.00	4908.60	4908.60
BUILDINGS,ROADS & YARDS	11331.02	0.00	0.00	11331.02	3319.43	213.58	0.00	3525.14	8011.60	7805.88
PLANT & MACHINERY	36891.55	291.75	0.00	37283.30	10514.48	985.05	0.00	17514.80	20477.07	19768.50
WELL & WATER WORKS	19.78	0.00	0.00	19.76	18.54	0.00	0.00	18.78	0.22	0.99
FURNITURE & FIXTURES	25.68	0.00	0.00	25.66	24.28	0.06	0.00	24.34	1.36	1.31
VEHICLES	715.61	0.00	33.59	683.03	510.94	48.92	31.91	527.74	205.67	155.29
OFFICE EQUIPMENTS	15.51	0.34	0.00	15.84	14.67	0.13	0.00	14.84	0.83	1.00
LIBRARY	0.41	0.00	0.00	0.41	0.41	0.00	0.00	0.41	0.00	0.00
LABORATORY	1.44	0.00	0.00	1.44	1.42	0.00	0.00	1.42	0.02	0.02
COMPUTERS	60.47	0.00	0.00	60.47	56.92	1.10	0.00	57.90	3.54	2.57
WATER STORAGE TANK	426.00	0.00	0.00	426.00	231.35	6.68	0.00	231.35	194.60	194.66
INTANGIBLE ASSETS (SOFTWARE PACKAGE)	28.01	1.25	0.00	29.26	26.84	1.15	0.00	26.94	1.36	2.32
STORAGE SHED	0.00	15.81	0.00	15.81	0.00	1.23	0.00	5.01	0.00	10.80
PROJECT IN PROGRESS	2089.22	0.00	0.00	2089.22	0.00	0.00	0.00	0.00	2089.22	2089.22
CAPITAL WORK-IN PROGRESS	56614.26	309.15	33.59	56889.82	20720.10	1269.90	31.91	21948.65	35894.16	34941.17
TOTAL	54482.04	2132.22	0.00	56614.26	19524.11	1195.99	0.00	20720.10	34957.93	35894.16
Previous years										



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note: - 1 Significant accounting policies:

1.0 Corporate Information

DAVANGERE SUGAR COMPANY LTD is a Limited Company, incorporated under the provisions of Companies Act, 1956 and having CIN: L37100KA1970PLC001949. The Company is engaged in the business of Sugar Manufacturing (By-product Molasses) from Sugarcane and Co-generation of Electricity Power. The Registered office of the company is situated at 73/1, POST BOX NO.312, SHAMANUR ROAD, DAVANGERE- 577004 (KARNATAKA STATE).

1.1 Basis of preparation of financial statements

a. Accounting Convention: -

The Financial Statements of the Company comprises the Balance Sheet as at 31 March, 2025, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of material accounting policies and other explanatory information (together referred to as the "Financial Statements").

These Financial Statements have been prepared in accordance with the provision of the Companies Act, 2013 (the 'Act') to the extent notified. The Indian Accounting standards ("Ind AS") are prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared and presented under the historical cost convention, on accrual and going concern basis except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on fair value of the consideration given in exchange of 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 transition between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value for an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as value in use in IND AS 36.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

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Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair values are determined in whole or part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 accounting policy hitherto in use.

The financial statements of the Company for the year ended 31 March 2025 were approved for issue in accordance with the Resolution passed by the Board of Directors their meeting held on 14th May 2025

b. Functional and Presentation Currency

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

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

c. Compliance with Ind AS

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

d. Use of Estimates and Judgments

The preparation of the Ind AS financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities and contingent assets as of the date of Balance Sheet. The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts



DAVANGERE SUGAR COMPANY LTD

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NOTES FORMING PART OF FINANCIAL STATEMENTS

and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognized in the period in which the results are known/materialize.

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

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

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

e. Current versus Non-Current Classification

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

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

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

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

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



DAVANGERE SUGAR COMPANY LTD

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NOTES FORMING PART OF FINANCIAL STATEMENTS

1.2 ACCOUNTING POLICIES:

(A) Property, Plant and Equipment

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

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

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

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

Asset Category	Useful Life
Furniture and fixtures	10 years
Computers, Office, and other equipment	3-5 years
Air conditioners	5 years

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

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

(B) Intangible Assets

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

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

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

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

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

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

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

(C) Impairment of assets

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

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

(D) Leases

As a lessee

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

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

Right of use assets

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

Lease Liabilities

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

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

As Lessor:

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

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



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

(E) Segment Reporting

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

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

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

(F) Statement of Cashflow

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

(G) Cash and cash equivalents

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

(H) Inventories

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

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

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



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First-Out basis.

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

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

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

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

(I) Foreign Currency Transactions

i) Initial Recognition

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

ii) Subsequent Recognition

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

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

Any subsequent events occurring after the Balance Sheet date up to the date of the approval of the financial statement of the Company by the board of directors on 14th May, 2025 have been considered, disclosed and adjusted, if changes or event are material in nature wherever applicable, as per the requirement of Ind AS.

(J) Income Taxes

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



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

I. Current tax: -

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

II. Deferred tax:-

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

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

(K) Provisions and Contingencies

Provisions:

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

Contingent Liabilities:

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

(L) Revenue recognition

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



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customer obtains control of that asset.

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

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

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

(M) Other income:

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

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

(N) Finance Cost

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

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

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

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

(O) Earnings per share (EPS):

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.



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For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of additional equity shares that would have been outstanding are considered assuming the conversion of all dilutive potential equity shares. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

(P) Employee benefits

i. Provident Fund

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

ii. Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972 as amended. The Gratuity Plan provides a lump sum payment to vested employees at the time of separation, retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period by an independent Actuary. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest)(if applicable), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- a. Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. Net interest expense or income; and
- c. Remeasurements - The Company presents the service costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognises any related restructuring costs.



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iii. Long Term Employee Benefits:

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long-term component accounted on a discounted basis and the short-term component which is accounted for on an undiscounted basis.

iv. Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

(Q) Fair Value Measurement:

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

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

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

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

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

(R) Financial Instruments:

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

Financial assets:

Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables and other specific assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit



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or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

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

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

De-recognition

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

Financial Liabilities:

Initial Recognition and Subsequent Measurement

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

De-recognition

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

1.3 Recent Pronouncements:

Ministry of Corporate Affairs("MCA") notifies new standards or amendment to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

For the year ended 31 March 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



DAVANGERE SUGAR COMPANY LTD

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

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

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

35. There has been Capital work in progress carried forward from the previous year and there is no additional capital work in progress for the current year of the company.

Capital Work in progress under progress for installation of the grain based Ethanol Unit	Amount In Development for Period (Amount in Lakhs)				
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	--	--	2089.22	--	2089.22
Projects Temporarily suspended					
(As per IND AS 16)	--	--	--	--	--

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

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

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

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

40. No proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.

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

42. The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries



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43. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall

- directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

45. The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.

46. Related Parties Disclosure: -

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

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

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

Transaction during the current financial year with related parties:-

Rs. in Lakhs							
SrNo	Name Of related Parties	Nature of relation	Nature of Transaction	O/s at the beginning Receivable/(Payable)	Amount Debited	Amount Credited	O/s at the End Receivable/(Payable)
1.	M/s. Kalleswara Traders	MD's Relative is partner in firm	Purchase & Sale of goods & Services	--	7.25	7.25	--
2.	M/s. S Kallappa & Sons	MD partner in firm	Purchase & Sale of goods & Services	--	33.22	33.22	--
3.	M/s. Shivashankar Associates	MD partner in firm	Purchase & Sale of goods & Services	--	2.56	2.56	--
4.	M/s. Shamanur Transport	E D is the proprietor	Purchase & Sale of goods & Services	0.76	359.77	13.32	345.69
5.	GMM Enterprises	MD and ED are partners in the firm	Purchase & Sale of goods & Services	2.22	2.22	6.16	6.16



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

6.	M/s Lakshmi Flour Mills	MD partner in firm	Purchase & Sale of goods & Services	—	10.23	15.14	4.91
7.	S S Trading Company	MD partner in firm	Purchase & Sale of goods & Services	—	478.79	6.49	472.30
8.	Smt Rekha Ganesh	Wife of S S Ganesh	Purchase & Sale of goods & Services	—	5.58	8.90	3.32
9.	Shivashnakar Filling Station	MD partner in firm	Purchase & Sale of goods & Services	2.68	69.99	77.60	10.29

47. Deferred tax Assets and Liabilities are as under:- Components of which are as under:-

(Rs. In Lakh)		
Particulars	Amount (Rs.) 31-3-2025	Amount (Rs.) 31-3-2024
Deferred Tax		
Depreciation	+110.68	+96.29
Carried forward Loss	+10.67	+14.67
Gratuity Provision	-153.84	-141.92
Net Differed Tax Liability/(Asset)	(32.49)	(30.96)

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

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

Sr. No.	Particulars	Year Ended on 31 st March 2025		Year Ended on 31 st March 2024	
		Principal	Interest	Principal	Interest
i	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
ii	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
iii	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

iv	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

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

49. Title deeds of immovable Property

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

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

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

51. Compliance with approved Scheme(s) of Arrangements

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

52. Utilization of Borrowed funds and share premium:-

As on March 31, 2025 there is no unutilized amount in respect of any issue of securities and long term borrowings from bank and financial institutions. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

53. Ratios Analysis: -

Ratio	Numerator	Denominator	As at 31 st March, 2025	As at 31 st March, 2024	% of change in Ratio	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	1.43	1.33	0.10	Increase in Current Assets during FY 25
Debt Equity Ratio	Debt capital	Shareholder's Equity	1.42x	1.01x	+0.41	Increase in unsecured loans from directors during FY 25
Debt Service Coverage Ratio	EBITDA-CAPEX	Debt Service (Int+Principal)	0.53x	0.92x	-0.39	lower EBITDA during the FY 25
Return on Equity Ratio	Profit for the year	Average Shareholder's Equity	11.51%	13.00%	-1.49	decrease in the net profit for the FY 25
Inventory	Sales	Average	1.49x	2.03x	-0.54	increase in

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

Turnover Ratio		Inventory				Inventory and decrease in turnover during FY 25
Trade Receivables turnover ratio	Net Sales	Closing trade receivables	7.46x	11.75x	-4.29	increase in the trade receivable FY 25
Trade payables turnover ratio	Cost of Material Consumed	Closing Trade Payables	4.74x	5.79x	-1.05	increase in Trade payable and cost of Material in the FY 25
Net capital turnover ratio	Sales	Working capital (CA-CL)	1.94x	2.94x	-1.00	decrease in net working capital during FY 25
Net profit ratio	Net Profit	Sales	5.04%	5.65%	-0.61	decrease in net profit during the FY 24
Return on Capital employed	Earnings before interest and tax	Capital Employed	13.24%	8.42%	4.82	increase in EBITA and long term loans during FY 25
Return on investment	Net Profit	Investment	1.45%	2.69%	-1.24	decrease in net profit during FY 25



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

54. Shares Held by Promoters at the End of the Year

Sr. No.	Promoter Name	No. of Shares 2024-25	% of Total Shares	No. of Shares 2023-24	% of Total Shares	% Changes During the Year
1	GANESH S S	254238056	27.02	400941480	47.11	-15.59
2	ABHIJITH GANESH SHAMANUR	69147240	7.35	69147240	7.35	No
3	REKHA GANESH .	60862000	6.47	60862000	6.47	No
4	ANCHAL GANESH SHAMANUR	15000000	1.59	15000000	1.59	No
5	AKHIL G SHAMANUR	10000000	1.06	10000000	1.06	No
6	S S MALLIKARJUNA	2081740	0.22	2081740	0.22	No
7	M/S MAFATLAL PLAYWOOD INDUSTRIES LIMITED	80000000	8.50	80000000	8.50	No



DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2025

NOTES FORMING PART OF FINANCIAL STATEMENTS

Segment Reporting

REPORTING ON SEGMENT WISE REVENUES, RESULTS, ASSETS AND LIABILITIES						
Sr.No.	PARTICULARS	For the quarter ended			For Twelve months Ending on Year ended	
		31-03-2025	31-12-2024	31-03-2024	31-03-2025	31-03-2024
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
a)	Sugar	1282.23	3239.15	3064.32	5086.87	9466.46
b)	Co-Generation	180.00	442.89	575.57	622.89	1369.78
c)	Aviation	40.93	185.79	78.78	749.60	391.31
d)	Distillery	4187.54	3449.92	2638.29	15039.18	10425.50
e)	Others	56.81	40.62	187.38	177.06	643.68
	Income from operations	5,747.51	7,358.37	6,544.33	21,675.60	22,296.73
2	Segment Results					
	Profit (+)/Loss(-) before tax, Interest and exceptional items from each segment	-	-	-	-	-
a)	Sugar	283.51	(1748.32)	500.85	(2289.62)	1630.03
b)	Co-Generation	(342.70)	18.00	180.48	(608.17)	261.08
c)	Aviation	109.31	20.46	(60.52)	384.50	(44.60)
d)	Distillery	649.04	3124.85	305.22	6514.44	2134.00
	Total	699.16	1,414.99	926.03	4,001.15	3980.51
	Add: Exceptional item	-	-	-	-	-
	Less: Interest	474.45	668.95	466.28	2715.25	2535.27
	Other Un-allocable expenditure net off	-	-	-	-	-
	Un-allocable corporate assets	-	-	-	-	-
	Total Profit Before Tax	224.71	746.04	459.75	1,285.90	1445.24
3	Segment Assets -					
a)	Sugar	42563.05	41542.79	36724.27	42563.05	36724.27
b)	Co-Generation	9067.35	11237.53	9259.59	9067.35	9259.59
c)	Aviation/others	496.85	346.85	163.03	496.85	163.03
d)	Distillery	21375.82	23273.10	22,020.35	21375.82	22020.35
	Total segment assets	73,503.07	76,400.27	69,167.24	73,503.07	68,167.24
	Segment Liabilities -					
a)	Sugar	27444.00	30032.15	22801.10	27444.00	22801.10
b)	Co-Generation	129.12	151.12	8.95	129.12	8.95
c)	Aviation/others	13.60	6.94	1.12	13.60	1.12
d)	Distillery	10934.38	11151.59	11357.69	10934.38	11357.69
	Total Segment Liabilities	38,521.10	41,341.80	34,168.87	38,521.10	34,168.86



AUDIT REPORT

Financial year – 2023-24

Assessment year – 2024-25

DAVANGERE SUGAR COMPANY LIMITED



:REGISTERED OFFICE

**Office No. 73/1,
P.B. No. 312, Shamanur Road,
Davangere, Taluk, and District,
Karnataka -577004**

INDEPENDENT AUDITOR'S REPORT**TO MEMBERS OF
DAVANGERE SUGAR COMPANY LIMITED****Report on the Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the accompanying financial statements of **Davangere Sugar Company Limited**, which comprise the Balance Sheet as at **31st March, 2024**, and the Statement of Profit and Loss (Including Other Comprehensive Income) and Cash Flow Statement and the statement of Changes in Equity for the period ended, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr No.	Key Audit Matters	Auditor's response
1.	Company incurred Preliminary & Pre-operative expenses of Rs.1558 lakhs in relation to installation of 65 KLPD Distillery Unit (Ethanol Manufacturing Unit). Company incurred Rs.1558 lakhs up to 31.05.2022 till the completion of the commissioning of the Distillery Unit.	Principal Audit Procedures: Our audit procedures included and were not limited to the following: -Assessed the management's position through discussions with the in-house operational expert. -Tested the design, implementation and operating effectiveness of the controls established by the Company in the process of evaluation of Preliminary & Pre-operative expenses. -Discussed with the management on the developments in respect of: That distillery commissioning is completed, the Preliminary & Pre-operative expenses are to be capitalized to the components of the assets of Distillery unit based on the value of each component of asset. Out of Preliminary & Pre-operative expenses of Rs.1558 Lakhs, an amount of Rs.249 Lakhs is capitalized to Factory Building, an amount of Rs.0.40 lakhs is capitalized to Computers, an amount of Rs.0.08 lakhs is capitalized to Furniture & Fixtures, an amount of Rs. 0.06 lakhs is capitalized to the Office Equipment, and amount of Rs.973 lakhs is capitalized to Plant and Machineries, an amount of Rs.0.76 lakhs is capitalized to Software Package -AI (ERP) and an amount of Rs. 1.86 lakhs is capitalized to Vehicles and further a balance of Rs.330 lakhs is carried forward since there is a Capital working-in-progress to the extent of Rs. 2089 lakhs in the books of accounts relating to grain- based unit is carried forward. The Grain based distillery asset to the extent of value of Rs.2089 lakhs is shown in the NOTE -1 of

		Property, Plant and Equipments Schedule as on 31.03.2023 and also 31.03.2024. Company is planning to complete the installation of grain based unit with expanded capacity to the extent of additional 45 KLPD during the FY 2024-25.
2.	Determination of net realizable value of inventory of sugar as at the year ended March 31, 2024. As on March 31, 2024, the Company has inventory of sugar with the carrying value 3,674.21 Lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value.	Principal Audit Procedures : We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price & monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure A**", a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Companies Act, 2013, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss including Other Comprehensive Income Statement of Cash Flow and Statement of Changes of Equity dealt with this report are in agreement with the books of account;

- d. In our opinion, the aforesaid Financial Statement comply with the Accounting Standards specified under Section 133 of Act, read with relevant rule issued thereunder.
- e. On the basis of written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, referred to our separate report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note (vii) of Annexure - A to the financial statements
 - (b) The Company did not have any long-term and derivative contracts as at March 31, 2024.
 - (c) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company during the year ended March 31, 2024.

(d) The management has;

(i) represented that, to the best of its knowledge and belief as disclosed in the Note No. 36 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) represented, that, to the best of its knowledge and belief as disclosed in the Note No. 37 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.

- (e) The company has not neither declared nor paid any dividend during the year under Section 123 of the Act.
- (f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, The Company has used accounting software 'Atharva ERP Solution' for maintaining its books of account which has a feature of recording audit trail facility and the same has been operated throughout the period for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Place: Mumbai
Date: 24-05-2024

FORD G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner

M. No. 115279

FRN: 0112187W

UDIN: 24115279BKBWKB2160



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR
THE YEAR ENDED 31ST MARCH 2024**

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

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

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has maintained proper records showing full particulars of intangible assets.
- c) Property, Plant and Equipment have been physically verified by the management at reasonable intervals; Any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
- d) According to the information and explanation given to us the title deeds of all the immovable properties, (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) Inventory and working capital:

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. No discrepancies were noticed on verification

between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned/renewal working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

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

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security but granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year as mention below:

1. The Company has not provided any loans or advances in the nature of loans. But company has extended Corporate Guarantee against the H&T loans sanctioned to the individual contractors for harvesting and transportation of sugarcane to the factory gate. The CG is extended to the extent of Rs.20 crores to Canara Bank, Rs.10.00 crores Indian Bank and Rs.8.00 crores to State Bank of India, Davangere. Except these, company has not extended any kind of guarantee to any other entity during the year.
2. In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
3. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
4. In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
5. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.

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

(iv) Loan to directors:

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

(v) Deposits:

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

(vi) Maintenance of Cost Records:

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

(vii) Statutory Dues:

- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/24 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute except the following.

Name of the Authority	Nature of Dues	Amount (In Lacs)	Year of Demand	Forum where dispute is pending
The customs Act 1944	Customs duty demanded on import	77.04	2014	Supreme court. Proceedings have been commenced.
The customs Act 1944	Customs duty demanded on import	122.30	2014	CESTAT Bengaluru
Indian Income Tax Act, 1961	Stock difference of Rs.206.89 Lakhs at the time of survey on 26.07.2016	Not quantified	AY 2017-18	Department has gone for appeal against the orders of DCIT, who has reduced the loss to the extent of stock difference and tax refund was reduced. Company is contesting the appeal
Commissioner of Central Tax, Central Excise Act and Service Tax, Bengaluru	Excise Duty on exempted turnover on sale of power	Rs.33.25 Rs.158.46	2024	Before the Joint Commissioner of Central Tax, North West Commissionerate, Bengaluru – proceedings yet to start

(viii) Disclosure of Undisclosed Transactions:

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

(ix) Loans or Other Borrowings:

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

- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) Money Raised by IPOs, FPOs:

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or convertible debentures (fully or partly or optionally) or made any private placement or further issue of share capital like IPO.s FPO.s or Rights Issue.

(xi) Fraud:

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) Company has not committed any offence during the year under audit, under sub-section (12) of section 143 of the Companies Act and filing of Form ADT-4 as prescribed under rule 13 of Companies (Audit an and Auditors) Rules, 2014 with the Central Government, is not applicable.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) Nidhi Company:

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

(xiii) Related Party Transactions:

- a) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related

parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Ind-AS.

(xiv) Internal Audit System:

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

(xv) Non-cash Transactions:

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

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

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

(xvii) Cash losses:

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

(xviii) Resignation of statutory auditors:

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

(xix) Material uncertainty on meeting liabilities:

- a) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of

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

(xx) Compliance of CSR:

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

(xxi) Qualifications Reporting In Group Companies:

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

Place: Mumbai
Date: 24-05-2024

FOR D G M S & Co.,
Chartered Accountants



Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
UDIN: 24115279BKBWKB2160

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENT OF DAVANGERE SUGAR COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH 2024**

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

We have audited the internal financial controls over financial reporting of **DAVANGERE SUGAR COMPANY LIMITED**. ('the Company') as of 31st March, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

We have audited the internal financial control with reference to financial statement of **DAVANGERE SUGAR COMPANY LIMITED**. ('The Company') as of **31st March 2024** in conjunction with our audit of the financial statement of the company at and for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Place: Mumbai

Date: 24-05-2024

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



Hiren J. Maru

Partner

M. No. 115279

FRN: 0112187W

UDIN: 24115279BKBWKB2160



DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA-577525

BALANCE SHEET AS AT 31.03.2024

(Rs.in Lakhs)

PARTICULARS	Note No.	AS AT 31.03.2024	AS AT 31.03.2023
		Total	Total
I. ASSETS			
A) NON -CURRENT ASSETS			
a) Property , Plant and Equipments	1	35,893	34,954
b) Intangible Assets		1	4
c) Financial Assets			
i) Investments	2	456	405
ii) Loans and Advances	3	-	-
d) Other Non Current assets	4	1,988	416
B) CURRENT ASSETS			
a) Inventories	5	12,190	9,155
b) Financial Assets			
i) Trade Receivables	6	1,843	2,133
ii) Cash and cash equivalents	7	342	331
iii) Loans and Advances	8	15,455	12,274
TOTAL		68,168	59,672
I. EQUITY AND LIABILITIES			
A) EQUITY			
a) Share Capital	9	9,408	9,408
b) Other equity	10	24,590	21,794
B) LIABILITIES :			
1) NON-CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	11	6,849	9,492
ii) Deferred Tax Liability	12	173	204
iii) Other Long Term Liabilities	13	4,691	1,425
iv) Provisions	14		
2) CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	15	19,565	14,971
ii) Trade Payables	16		
- Dues of micro enterprises and small enterprises		-	23
- Dues of Creditor other than micro enterprises and small enterprises		2,183	1,526
iii) Other Liabilities	17	706	829
iv) Provisions	18	3	-
TOTAL EQUITY AND LIABILITIES		68,168	59,672

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

(Signature)

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 24.05.2024
Place: *(Signature)*
UDIN: 24115279BKBWKB2160



For and on behalf of the Board of Directors



(Signature)
Abhijith G Shamanur
Executive Director
[DIN - 03451918]

(Signature)
Onkarappa P
Chief Financial Officer

(Signature)
Ganesh S Shamanur
Managing Director
[DIN - 0045183]

(Signature)
Nidhi Hitesh Vaswani
Company Secretary

DAVANGERE SUGAR COMPANY LIMITED

KUKKUWADA -577525
PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2024

(Rs.in Lakhs)

PARTICULARS	Note No.	AS AT 31.03.2024	AS AT 31.03.2023
		Total	Total
I REVENUE FROM OPERATIONS (GROSS)	19	21,853	27,994
II Other Income	20	844	64
III Total Income		22,297	28,058
IV EXPENSES			
a) Cost of materials	21	10,753	13,936
b) Power and fuel	21	1,891	1,975
c) Purchase of Traded Goods	22	-	-
d) Changes in inventories of finished goods and work in progress	23	1,275	3,316
e) Employees Benefit Expenses	24	846	853
f) Interest on Borrowings	25	2,389	2,602
g) Bank Charges	25	147	111
h) Depreciation	1	1,196	1,158
i) Other Expenses	26	2,354	2,340
TOTAL EXPENSES		20,851	26,290
V PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,445	1,768
VI Exceptional Items			
VII PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		1,445	1,768
VIII Extraordinary Items			
IX PROFIT /LOSS BEFORE TAX (VII-VIII)		1,445	1,768
X TAX EXPENSES			
a) Minimum Alternative Tax Expense		252	331
b) Deferred Tax		(31)	116
Total	12	222	446
XI PROFIT / LOSS FOR THE PERIOD (IX-X)		1,224	1,322
XII OTHER COMPREHENSIVE INCOME			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-
XIII TOTAL COMPREHENSIVE INCOME FOR THE YEAR - (XI-XII)		1,224	1,322
XIV i) Items that will be classified to profit and loss		-	-
ii) Income tax effect on items that will be classified to profit and loss		-	-
Other comprehensive income for the period /year		-	-
Total comprehensive income for the year (Net of Tax)		1,224	1,322
XV Earnings per Share (Basic and Diluted)Rs.		1.30	1.48

As per our Audit Report of even date annexed

For D G M S & CO
Chartered Accountants

Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 24.05.2024
Place: ~~Hyderabad~~
UDIN: 24115279BKBWKB2180



For and on behalf of the Board of Directors



Abhijith G Shananur
Executive Director
[DIN: 03451918]

Onkarappa P
Chief Financial Officer

Ganesh S Shananur
Managing Director
[DIN: 0045183]

Nidhi Hitash Vaswani
Compliance Officer

DAVANGERE SUGAR COMPANY LTD
KUKKUWADA
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2024

Rs. In lakhs

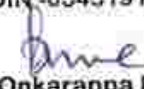
Sl.No.	Particulars	As at 31.03.2024	As at 31.03.2023
A	Cash flow from Operating activities:		
	Net profit after tax	1,223.72	1,321.55
	Adjustment for provision for taxation	221.52	446.46
		1,445.24	1,768.01
	Adjustment for depreciation	1,195.99	1,157.53
	Operating profit before working capital adjustment	2,641.23	2,925.54
	Adjustment for:		
	Inventories	-3034.30	2,453.43
	Sundry Debtors & trade receivables	289.80	1,429.69
	Trade payables	634.28	1,146.84
	Deferred Tax	-30.97	115.78
	Others	-252.46	-
	Net cash flow from operating activities	-2,393.65	5,145.74
B	Cash flow from Investing Activities:		
	Sale of Fixed Assets	-	-
	Purchase of Fixed Assets	-2,237.86	-2,014.78
	From capital work in progress	-	-
	From Investments	-51.03	-
	Net Cash flow from Investing activities	-2,288.89	-2,014.78
C	Cash flow from Financing activities:		
	Proceeds from share allotment	-	3,840.00
	Proceeds from share premium & Capital reserve	-	960.00
	Proceeds from working capital loan	-	-
	Proceeds from Short Term Borrowings	4,593.47	190.50
	Proceeds from Long Term Borrowings	-2,642.52	-
	Proceeds from Other Long Term Liabilities	-	-1,662.72
	Proceeds from Long Term Loans and Advances	-	-
	Proceeds from Other Current Liabilities	-123.67	118.20
	Proceeds from Short Term Provisions	3.00	219.41
	Proceeds from Short Term Loans and Advances	-3,180.72	-6,289.99
	Proceeds from unsecured loan	3,265.80	-3,900.00
	Net cash flow from financing activity	1,915.36	-6,524.61
		-	-
	Net Cash and Cash Equivalents (A+B+C)	-125.94	-331.50
	Cash and Cash Equivalents at the beginning of the year	468.10	799.60
	Cash and Cash Equivalents at the end of the year	342.17	468.10

For D G M S & CO
Chartered Accountants

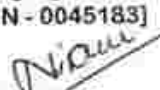
Hiren J Maru
Partner, Membership No.115279
FIRM R.No: 0112187W
DATE : 24.05.2024
Place: 
UDIN: 24115279BKBWKB2160




Abhijith G Shamanur
Executive Director
[DIN - 03451918]


Onkarappa P
Chief Financial Officer


Ganesh S Shamanur
Managing Director
[DIN - 0045183]


Nidhi Hitesh Vaswani
Compliance Officer

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note: - 1 Significant accounting policies:

1.0 Corporate Information

DAVANGERE SUGAR COMPANY LTD is a Limited Company, incorporated under the provisions of Companies Act, 1956 and having CIN: L37100KA1970PLC001949. The Company is engaged in the business of Sugar Manufacturing (By-product Molasses) from Sugarcane and Co-generation of Electricity Power. The Registered office of the company is situated at 73/1, POST BOX NO.312, SHAMANUR ROAD, DAVANGERE- 577004 (KARNATAKA STATE).

1.1 Basis of preparation of financial statements

a. Accounting Convention: -

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

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

b. Functional and Presentation Currency

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

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

c. Compliance with Ind AS

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

d. Use of Estimates and Judgments

The preparation of the Ind AS financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities and contingent assets as of the date of Balance Sheet. The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognized in the period in which the results are known/materialize.

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

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

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

e. Current versus Non-Current Classification

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

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

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

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

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

1.2 ACCOUNTING POLICIES:

(A) Property, Plant and Equipment

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

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

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

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

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

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

(B) Intangible Assets

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

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

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

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

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

(C) Impairment of assets

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

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

(D) Leases

As a lessee

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

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

DAVANGERE SUGAR COMPANY LTD

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NOTES FORMING PART OF FINANCIAL STATEMENTS

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

Right of use assets

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

Lease Liabilities

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

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

As Lessor:

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

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

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

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NOTES FORMING PART OF FINANCIAL STATEMENTS

(E) Segment Reporting

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

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

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

(F) Statement of Cash flow

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

(G) Cash and cash equivalents

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

(H) Inventories

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

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

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

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

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NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

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

(I) Foreign Currency Transactions

i) Initial Recognition

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

ii) Subsequent Recognition

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

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

Any subsequent events occurring after the Balance Sheet date up to the date of the approval of the financial statement of the Company by the board of directors on 30th May, 2023 have been considered, disclosed and adjusted, if changes or event are material in nature wherever applicable, as per the requirement of Ind AS .

(J) Income Taxes

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

I. Current tax: -

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

DAVANGERE SUGAR COMPANY LTD

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NOTES FORMING PART OF FINANCIAL STATEMENTS

II. Deferred tax:-

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

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

(K) Provisions and Contingencies

Provisions:

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

Contingent Liabilities:

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

(L) Revenue recognition

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

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

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(M) Other income:

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

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

(N) Finance Cost

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

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

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

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

(O) Earnings per share (EPS):

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

(P) Employee benefits

i. Provident Fund

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

ii. Gratuity

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

(Q) Fair Value Measurement:

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

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

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

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

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

(R) Financial Instruments:

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

Financial assets:

Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables and other specific assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

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

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

De-recognition

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

Financial Liabilities:

Initial Recognition and Subsequent Measurement

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

De-recognition

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

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

(S) Global Health Pandemic COVID - 19

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

1.3 Recent Pronouncements:

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

- i. Ind AS 16 – Proceeds before intended use**
The amendments specify that the excess of net sale proceeds of items produced while the Company is preparing the asset for its intended use over its cost of testing, if any, shall not be recognized in the profit or loss but shall be deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.
- ii. Ind AS 103 – Reference to Conceptual Framework**
The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.
- iii. Ind AS 109 – Annual Improvements to Ind AS (2021)**
The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Note: 1

PROPERTY, PLANT AND EQUIPMENTS SCHEDULE AS ON 31.03.2024

PARTICULARS	COST			DEPRECIATION					WRITTEN-DOWN VALUE	
	AS ON 01.04.2023	ADDITIONS	WITHDRAWAL / TRANSFER	AS ON 31.03.2024	UPTO 01.04.2023	PROVIDED	WITHDRAWAL	UPTO 31.03.2024	AS ON 31.03.2023	AS ON 31.03.2024
LAND	4909	-	-	4909	-	-	-	-	4909	4909
BUILDINGS,ROADS & YARDS	11028	303	-	11331	3114	206	-	3319	7915	8012
PLANT & MACHINERY	35177	1814	-	36992	15586	929	-	16514	19591	20477
WELL & WATER WORKS	20	-	-	20	20	-	-	20	-	-
FURNITURE & FIXTURES	26	-	-	26	24	-	-	24	1	1
VEHICLES	704	13	-	717	462	49	-	511	242	206
OFFICE EQUIPMENTS	15	-	-	16	15	-	-	15	1	1
LIBRARY	-	-	-	0	-	-	-	-	-	-
CANTEEN EQUIPMENTS	1	-	-	1	1	-	-	1	-	-
COMPUTERS	59	1	-	60	56	1	-	57	3	4
WATER STORAGE TANK	426	-	-	426	223	9	-	231	203	195
INTANGIBLE ASSETS (SOFTWARE PACKAGE)	27	1	-	28	24	3	-	27	4	1
PROJECT IN PROGRESS										
GRAIN BASED DISTILLERY ASSET	2089	-	-	2089	-	-	-	-	2089	2089
TOTAL	54482	2132	-	56614	19524	1196	-	20720	34958	35894
Previous years	52984	9926	8428	54482	18392	1158	26	19524	34591	34958



M/S DAVANGERE SUGAR COMPANY LIMITED, KUKKUWADA-577 525

NOTES TO FINANCIAL STATEMENTS

NOTE 1 : NON - CURRENT ASSETS

	(Rs.in Lakhs)	
	AS AT 31.03.2024	AS AT 31.03.2023
PROPERTY, PLANT AND EQUIPMENTS SCHEDULE 'ANNEXED' (As per Fixed Assets and Depreciation Schedule)	35,894	34,958
TOTAL	35,894	34,958

NOTE 2 : FINANCIAL ASSETS (NON - CURRENT)

	AS AT 31.03.2024	AS AT 31.03.2023
A NON-TRADE (QUOTED- AT COST)	-	-
B NON-TRADE (UN QUOTED- AT COST)		
I a In Government Securities	-	-
II INVESTMENTS		
a) Shares with DSCL Employee's Co-operative Society (500 Shares of Rs.10/- each)	-	-
b) Shares with Bapuji Co-operative Bank Limited, (200 Shares of Rs.50/- each)	-	-
c) Shares with Davangere Harihar Urban Co-operative Bank Limited, (1001 Shares of Rs.1000/- each)	10	10
d) Shares with Chitradurga District Co-operative Bank Limited, (288200 Shares of Rs.50/- each)	445	394
e) Shares with SVC Bank Limited (25 Shares of Rs.100 each)	-	-
III OTHER INVESTMENTS		
TOTAL	456	405

NOTE 3 : LOANS AND ADVANCES

	AS AT 31.03.2024	AS AT 31.03.2023
I Loans and Advances	-	-
TOTAL	-	-

NOTE 4 : OTHER NON CURRENT ASSETS:

	AS AT 31.03.2024	AS AT 31.03.2023
I M A T Credit Entitlement	1,988	416
TOTAL	1,988	416

NOTE 5 : INVENTORIES

	AS AT 31.03.2024	AS AT 31.03.2023
A FINISHED GOODS: (Value at lower of cost or net realisable value and as certify by the Managing Director)		
I Sugar	2,459	3,674
II Molasses	1,370	2,576
III Anhydrous Ethanol	1,178	304
B RAW MATERIALS		
I Maize	2,687	-
II Bagasse	273	-
III Coal	3,440	1,744
C STORES, SPARES, AND COMPONENTS	782	857
TOTAL	12,190	9,155



NOTE 6 : TRADE RECEIVABLES:		(Rs.in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
A UN SECURED CONSIDERED GOOD			
I Out standing for a period exceeding 180 days		-	-
II Out standing for a period below 180 days		1,843	2,133
TOTAL		1,843	2,133

NOTE 7 : CASH AND CASH EQUIVALENTS			
		AS AT 31.03.2024	AS AT 31.03.2023
A BALANCE WITH BANKS			
I Cash on hand		36	21
II In Current Account with Schedule Banks		136	230
III In Current Account with Non Schedule Banks		10	11
IV Term Deposits with Schedule Banks		159	70
TOTAL		342	331

NOTE 8 : SHORT TERM LOANS AND ADVANCES			
		AS AT 31.03.2024	AS AT 31.03.2023
I Sundry Deposit		53	3
II In Deposit with Central Excise/ Customs Department		-	207
a Differential Customs Duty Paid on Helicopter (Dispute resolved)		908	1,130
b Advance Excise Duty on Sugar / Molasses/ others		14,161	9,376
III Advances recoverable in cash or in kind		333	1,558
IV Preliminary and Pre-operative Expenses		-	-
TOTAL		15,455	12,274

NOTE 9 : SHARE CAPITAL			
		AS AT 31.03.2024	AS AT 31.03.2023
Authorised Share Capital : 10,00,00,000 Equity Shares of Rs. 10/- each		10,000	10,000
Issued , Subscribed and Paid-up Capital : 9,40,84,462 Equity Shares of Rs. 10/- each		9,408	9,408
TOTAL		9,408	9,408

Disclosures:

- All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.
- Names of share holders holding more than 5% of the Share capital and their share holdings.

Sl. No.	Name of the Share Holder	Perce n tage	No. of Shares	No. of Shares
1	S S GANESH	42.61	40,094,148	44,322,478
2	ABHIJITH GANESH SHAMANUR	7.35	6,914,724	6,914,724
3	REKHA GANESH	6.47	6,086,200	6,086,200
4	M/S MAFATLAL PLAYWOOD INDUSTRIES LIMITED	8.50	8,000,000	8,000,000



NOTE 10 : OTHER EQUITY		(Rs. in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
1	Capital Reserve: Balance at the beginning and end of the year.	4	4
2	Securities Premium Reserve : Balance at the beginning and end of the year.	1,209	1,209
3	Revaluation Reserve as per IND-AS (Incorporated from FY 2020-21)	15,478	15,478
4	General Reserve : Balance at the beginning and end of the year	60	60
5	Surplus : Balance brought forward from previous year Add : Mat Credit Entitlement of past years Add : Mat Credit Entitlement of current year Add: Transfer from the Statement of Profit and Loss Account for the year Other Comprehensive Impairments	16,751 5,681 1,319 252 1,225 (638)	16,751 4,359 - - 1,322 (638)
	Balance available for Appropriations	24,590	21,794
	Appropriations:		
	Balance carried forward to next year	24,590	21,794
TOTAL		24,590	21,794

NOTE 11 : LONG TERM BORROWINGS			
		AS AT 31.03.2024	AS AT 31.03.2023
A. Secured:			
1	i Working Capital Term Loan/Demand Loan: Davangere District Central Co-operative Bank (WCTL) State Bank Of India (WCCL)	549 538	1,077 757
	ii Soft Loans: State Bank of India Canara bank	- -	6 9
	iii GECL- Loans: State Bank of India Canara bank Indian Bank	134 119 65	340 238 113
	iv GECL- Extended Loans: State Bank of India Canara bank Indian Bank	291 305 90	402 415 115
	iv Term Loans - (Ethanol Plant) Davangere District Central Co-operative Bank Indian Bank Canara Bank State Bank of India SVC Bank Ltd	1 810 1,931 1,900 100	829 864 2,100 2,179 -
	v Vehicle Loans	17	47
TOTAL		6,849	9,492



NOTE 11 : LONG TERM BORROWINGS	
1	Loans from State Bank of India- Main Branch, AM Road, Davangere.
a	Existing Working Capital Term Loan sanctioned limit of Rs.15.00 crores and existing balance of Rs.7.51 crores as on 31.03.2024 secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
b	GECL-2.0 Term Loan sanctioned limit of Rs.8.40 crores and existing balance of Rs.4.13 crores as on 31.03.2024 secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
c	GECL-2.0 Extension Loan sanctioned limit of Rs.4.29 crores and existing balance of Rs.4.01 crores as on 31.03.2024 secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
d	Existing Term Loan sanctioned limit of Rs.25.00 crores and existing balance of Rs.21.87 crores as on 31.03.2024 for Ethanol Plant secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
e	Letter of Credit Limit of Rs.18.00 with sub-limit of Bank Guarantee of Rs.12.00 crores and forward contract/derivative limit of Rs.0.39 crores secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security

	being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
f	New Term Loan of Rs.10.00 crores sanctioned for the expansion of Ethanol Plant by 45 KLPD over the existing capacity of 65 KLPD. The loan is not drawn before the closure of the financial year and hence the outstanding due is NIL as on 31.03.2024. The loan is secured by the extension of primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
2	Loans from Canara Bank – Mandipet Branch, Davangere.
a	Term Loan sanctioned limit of Rs.24.50 crores and existing balance of Rs.22.81 crores as on 31.03.2024 for Ethanol Plant secured by first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
b	Soft Loan sanctioned limits of Rs.1.32 crores and existing balance of Rs.0.08 crore as on 31.03.2024 is secured by first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
c	GECL – 2.0 loan with sanctioned limit of Rs. 4.75 crores and existing balance of Rs.2.37 crores as on 31.03.2024 is secured by first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
d	GECL – 2.0 extension loan with sanctioned limits of Rs.4.43 crores and existing balance of Rs.4.15 crores as on 31.03.2024 is secured by first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
3	Loans from Indian Bank – AM Branch, Davangere
a	Term Loan with sanctioned limit of Rs.10 crores and existing balance of Rs.9.52 crores as on 31.03.2024 for Ethanol Plant secured by extension of pari-passu charge on the land, building, plant and machinery of the company along with other consortium members.

	Extension of Hypothecation charge over stocks of sugar and sugar receivables, stock of molasses, document of title to goods on pari-passu basis with other consortium members. Extension of first charge over fixed assets of the company – present as well as future on pari-passu basis with other banks.
b	GECL -2.0 loan with sanctioned limit of Rs.2.18 crores and existing balance of Rs.1.19 crores as on 31.03.2024 is secured by extension of pari-passu charge on the land, building, plant and machinery of the company along with other consortium members. Extension of Hypothecation charge over stocks of sugar and sugar receivables, stock of molasses, document of title to goods on pari-passu basis with other consortium members. Extension of first charge over fixed assets of the company – present as well as future on pari-passu basis with other banks.
c	GECL -2.0 extension loan with sanctioned limit of Rs.1.22 crores and existing balance of Rs.1.16 crores is secured by extension of pari-passu charge on the land, building, plant and machinery of the company along with other consortium members. Extension of Hypothecation charge over stocks of sugar and sugar receivables, stock of molasses, document of title to goods on pari-passu basis with other consortium members. Extension of first charge over fixed assets of the company – present as well as future on pari-passu basis with other banks.
d	Soft loan with sanctioned limit of Rs.0.44 crore and existing balance of Rs.0.03 crore as on 31.03.2024 is secured by extension of pari-passu charge on the land, building, plant and machinery of the company along with other consortium members. Extension of Hypothecation charge over stocks of sugar and sugar receivables, stock of molasses, document of title to goods on pari-passu basis with other consortium members. Extension of first charge over fixed assets of the company – present as well as future on pari-passu basis with other banks.
4	Loans from District Central Co-operative Bank Ltd:
a	Working Capital Term Loan with sanctioned limit of Rs.25.00 crores and existing balance of Rs.10.30 crores as on 31.03.2024 is secured by Hypothecation on the goods imported under LC, Hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on pari-passu basis with other banks. Further collateral security of first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
b	Loans for fertilizer, seeds and pesticides of Rs.15.00 crores and existing outstanding of Rs.15.00 crores as on 31.03.2024 is secured by the Plant and Machineries at company's free hold land and II charge on the Land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
c	Loans for agricultural related activities in the nature of Agri- business loan of Rs.15.00 crores outstanding of Rs.15.00 crores as on 31.03.2024 is secured by the Plant and Machineries at company's free hold land and II charge on the Land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
d	Loans for agricultural related activities in the nature of Agri- business loan of Rs.5.00

	crores outstanding of Rs.5.00 crores as on 31.03.2024 is secured by the Plant and Machineries at company's free hold land and li charge on the Land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
e	Term Loan with sanctioned limit of Rs.14.06 crores and existing balance of Rs.8.27 crores as on 31.03.2024 is secured by the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number; 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
5	Loan from Axis Bank Ltd:
a	Vehicle Loan from Axis Bank Ltd , Davangere with sanctioned limit of Rs.0.88 crore and existing balance of Rs.0.45 crore as on 31.03.2024 crore is secured by hypothecation of Vehicle No. KA-30-MB-0555 (Audi).

NOTE 15 : SHORT TERM BORROWINGS	
1	Loans from State Bank of India- Main Branch, AM Road, Davangere.
a	Cash Credit limit of Rs.33.00 crores from State Bank of India as on 31.03.2024. The sanctioned limit is Rs.33.00 crores secured by the primary security of hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on Pari-Passu basis with other banks. Hypothecation charge on the goods imported under LC. Further the Collateral Security being the first charge over the fixed asset and Plant and machineries of the company on pari-passu basis with other banks. The fixed assets of the company being the Factory Land & Buildings bearing survey number: 44,50/1&2,51/1, to 5, 52/1 &2, 71, 38/2,40/1 to 6, situated at Kukkuwada village, Davangere Taluk & District belonging to M/s. Davangere Sugar Company Ltd. Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
2	Loans from Canara Bank – Mandipet Branch, Davangere.
a	Cash Credit Loan of Rs.28.00 crores and existing balance of Rs.27.71 crores as on 31.03.2024 secured by Primary security of Hypothecation of current assets including receivables and stocks of raw materials, stocks in process, semi-finished and finished goods of sugar, molasses, coal, stores and spares and further collateral security of existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.
3	Loans from Indian Bank – AM Branch, Davangere
a	Cash Credit Loan with sanctioned limit of Rs.6.00 crores and existing balance of Rs.5.76 crores as on 31.03.2024 is secured by the primary security of Hypothecation over sugar stock, consumables, stores, packing materials, coal, receivables and all other current assets as on pari-passu basis with other banks. First charge over fixed assets of the company Land and Building, Plant & Machineries and other fixed assets.
4	Loans from District Central Co-operative Bank Ltd:
a	Cash Credit Loan with sanctioned limit of Rs.8.00 crores and existing balance of Rs.7.99 crores as on 31.03.2024 is secured by Hypothecation on the goods imported under LC, Hypothecation over sugar stocks, consumables, stores, packing materials, coal, receivables and all other current assets on pari-passu basis with other banks. Further collateral security of first charge on the existing Land & Building, Plant and Machineries at company's free hold land measuring 151 acres and 20 guntas bearing Sy. No.38/2, 40/1 to 6, 44, 50/2, 51/1 to 5, 52/1, 52/2 and 71 situated at Kukkuwada Village, Davangere District in the name of the Company and other fixed assets of the Company and Personal Guarantee of Promoter Directors Mr. S S Ganesh, Smt. Rekha Ganesh and Mr. Abhijith G. Shamanur.

NOTE 12 : DEFERRED TAX LIABILITIES			
		(Rs.in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
Deferred Tax Liability:			
a) Deferred Tax Liability - As per Last Balance Sheet		204	88
b) Net Deferred Tax Liabilities / (Assets) thereon		204	88
c) Add/Less: Provided for during the previous year (Liability/Asset)		(31)	116
TOTAL		173	204

NOTE 13 : OTHER LONG TERM LIABILITIES			
		AS AT 31.03.2024	AS AT 31.03.2023
a) Unsecured Loan from the Managing Director		4,691	1,425
TOTAL		4,691	1,425

NOTE 14 : LONG TERM PROVISIONS			
		AS AT 31.03.2024	AS AT 31.03.2023
a) Provisions for Employees Benefits		-	-
b) Others:		-	-
TOTAL		-	-

NOTE 15 : SHORT TERM BORROWINGS			
		AS AT 31.03.2024	AS AT 31.03.2023
A Secured:			
Short Term Loan payable on demand			
(i) Cash Credit Loans from Consortium Banks		8,398	7,123
(ii) Other Short Term Loans			
a) DDCC Bank Fertilizer and Seeds loan		1,501	1,500
b) DDCC Bank Short Term Business Loan (Loan on Stock)		4,603	4,001
e) DDCC Bank Agri Business loan		2,001	-
d) Current maturities of Long Term Liabilities		3,062	2,346
B Un-Secured:			
TOTAL		19,565	14,971

NOTE 16 : TRADE PAYABLES			
		AS AT 31.03.2024	AS AT 31.03.2023
A Secured:			
Sundry Creditors for Sugarcane Purchases:			
a) Dues on Sugarcane supply		378	612
Sundry Creditors			
a) - Dues of micro enterprises and small enterprises		-	23
b) - Dues of Creditor other than micro enterprises and small enterprises		1,806	915
TOTAL		2,183	1,549



NOTE 17 : OTHER CURRENT LIABILITIES			
		(Rs.in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
a) Interest accrued and due on Borrowings - Short term loans		11	67
b) Advance against Sales		41	56
c) Statutory Remittances		13	13
d) Trade or Security Deposits received		70	94
e) Mat Tax Expenses (Provision)		252	331
f) Others		319	269
TOTAL		706	829

NOTE 18 : SHORT TERM PROVISIONS			
		AS AT 31.03.2024	AS AT 31.03.2023
a) Statutory Audit Fee Payable		2.50	-
b) Tax Audit Fee Payable		0.50	-
TOTAL		3	-

NOTE 19 : REVENUE FROM OPERATIONS			
		AS AT 31.03.2024	AS AT 31.03.2023
A SALE OF PRODUCTS			
I Sale of Sugar:			
a. Domestic sales		9,445	10,692
b. Export Sales		-	2,319
II Sale of Power		1,370	2,306
III Sale of Ethanol:			
a. Ethanol		8,526	11,986
b. Ethanol Relief Claim - Additional Price Incentive		1	125
c. Sale of ENA		1,367	-
d. Sale of DDGS		348	-
IV a. Coal Ash		1	8
b. Press Mud		17	10
B OTHER OPERATING INCOME			
a. Helicopter Chartering Charges collected		391	283
b. Freight Recovered from OMCs on sale of Ethanol		173	266
TOTAL		21,653	27,994

NOTE 20 : OTHER INCOME			
		AS AT 31.03.2024	AS AT 31.03.2023
A INTEREST INCOME			
a on Loans to Farmers		20	33
b on Fixed deposits with Banks		7	2
c Dividends on Co-op Bank Shares		2	3
C OTHER NON OPERATING INCOME			
a Insurance claims received		1	27
b Subsidy Receivable from Govt. of Karnataka on Ethanol sales Turnover		559	-
c Sundry Creditors balance Written off		44	-
d Items pending in Bank Reconciliation written off		11	-
TOTAL		644	64



NOTE 21 : COST OF MATERIALS CONSUMED			
		(Rs.in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
A	Sugar Cane purchased and consumed (Inclusive of Cane purchase Tax and Other procurement Charges)	9,493	13,632
B	Consumption of processing materials	1,261	305
		10,753	13,936
B	Steaming Coal purchased and consumed (Inclusive of Duties and Transportation Charges)	1,891	1,975
TOTAL		1,891	1,975

NOTE 22 : PURCHASE OF TRADED GOODS			
		AS AT 31.03.2024	AS AT 31.03.2023
	NIL	-	-
TOTAL		-	-

NOTE 23 : (INCREASE) / DECREASE IN INVENTORIES:			
		AS AT 31.03.2024	AS AT 31.03.2023
A	FINISHED GOODS		
a)	Opening Stock:		
	Sugar	3,674	5,789
	Molasses	2,576	4,081
	Anhydrous Ethanol Finished Goods	304	-
	Total	6,554	9,870
b)	Closing Stock:		
	Sugar	2,459	3,674
	Molasses	1,369	2,576
	Anhydrous Ethanol Finished Goods	1,178	304
	Bagasse	273	-
	Total	5,279	6,554
	(a)-(b)	1,275	3,316
GRAND TOTAL		1,275	3,316

NOTE 24 : EMPLOYEE BENEFIT EXPENSES			
		AS AT 31.03.2024	AS AT 31.03.2023
a	Salaries, wages and allowances	738	750
b	Contribution to Provident fund and Other funds	64	72
c	Staff Welfare Expenses	45	31
TOTAL		846	853



NOTE 25 : FINANCE COSTS		(Rs.in Lakhs)	
		AS AT 31.03.2024	AS AT 31.03.2023
a Interest Expenses		2,389	2,602
b Other Borrowings Costs		147	111
TOTAL		2,535	2,713

NOTE 26 : OTHER EXPENSES		AS AT 31.03.2024	AS AT 31.03.2023
a Selling and Distribution Expenses			
Packing and storage expenses		110	180
Supply and Distribution Expenses		23	184
Freight and Forwarding		414	479
b Repairs and Maintenance:			
on Buildings		63	9
on Plant and Machinery		969	978
on Others		29	14
c Administrative Expenses			
Travelling and Conveyance		71	13
Legal and Professional Charges		78	77
Postage and Telephone Expenses		2	8
Printing and Stationery		5	3
Insurance		100	65
Water Charges		-	-
Rent		57	77
Vehicle Maintenance		125	106
Advertisement		1	3
Travelling Expenses to Managing Director		91	93
Loss on sale of vehicles		-	7
Provision for future Gratuity on actuarial basis		50	-
Audit Fee:			
For Statutory Audit		5	3
For Cost Audit		1	1
For Other Services		2	1
Other Expenses		157	35
TOTAL		2,354	2,340



NOTE 26A : QUANTITATIVE DETAILS

		(Rs.in Lakhs)		
		Unit	2023-24	2022-23
A	Particulars of Capacity			
	i) Licenced Capacity			
	Co Gen		24.45 M W	24.45 M W
	Sugar		5500 TCD	5500 TCD
	Ethanol		65 KLPD	65 KLPD
	ii) Installed Capacity			
	Co Gen		24.45 M W	24.45 M W
	Sugar		4750 TCD	4750 TCD
	Ethanol		65 KLPD	65 KLPD
B	Actual Production			
	Co Gen	KWH	42190960	62217400
	Sugar	Qtls.	196360	306192
	Molasses	M.Ts.	17500	22580
	Ethanol	KL	15168658	19939345
	ENA	KL	2010000	-
C	Details of Turnover			
	Co Gen			
	Quantity	KWH	28184262	39168000
	Value	Rs.	1370	2306
	Sugar			
	Quantity	Qtls.	233737	377686
	Value	Rs.	9445	13010
	Molasses			
	Quantity	M.Ts.	-	-
	Value	Rs.	-	-
	Ethanol			
	Quantity	KL	13739449	19438000
	Value	Rs.	8526	11986
	ENA			
	Quantity	KL	2010000	-
	Value	Rs.	1367	-
D	Opening Stock			
	Sugar (Finished Goods)			
	Quantity	Qtls.	108065	179559
	Value	Rs.	3674	5789
	Molasses			
	Quantity	M.Ts.	19812	31395
	Value	Rs.	2576	4081
	Ethanol			
	Quantity	KL	501345	-
	Value	Rs.	304	-
E	Closing Stock			
	Sugar (Finished Goods)			
	Quantity	Qtls.	70688	108065
	Value	Rs.	2459	3674
	Molasses			
	Quantity	M.Ts.	10147	19812
	Value	Rs.	1370	2576
	Ethanol			
	Quantity	KL	1930554	501345
	Value	Rs.	1178	304
F	Processing Loss			
	Quantity	Qtls.	-	-
G	Consumption of Raw Materials			
	i) Sugar Cane			
	Quantity	M.Ts.	324482	482453
	Value	Rs.	2914	13610
	ii) B Heavy Molasses			
	Quantity	M.Ts.	27165	34163
	Value	Rs.	3532	4441
H	Value of Stores & Spares consumed			
	Co-Gen			
	a) Imported	Rs.	-	-
	b) Indigenous	Rs.	106	230
	Sugar			
	a) Imported	Rs.	-	-
	b) Indigenous	Rs.	2005	1031

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

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

29. There has been Capital work in progress carried forward from the previous year and there is no additional capital work in progress for the current year of the company.

Capital Work in progress under progress for installation of the grain based Ethanol Unit	Amount In Development for Period (Amount in Lakhs)				Total
	Less than 1 Years	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	--	2089.22	--	--	2089.22
Projects Temporarily suspended					
(As per IND AS 16)	--	--	--	--	--

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

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

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

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

34. No proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.

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

36. The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- a. directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

37. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall

- a. directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

39. The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.

40. Related Parties Disclosure: -

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

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

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

Transaction during the current financial year with related parties:-

Rs. in Lakhs

Sr No.	Name Of related Parties	Nature of relation	Nature of Transaction	O/s at the beginning Receivable/ (Payable)	Amount Debited	Amount Credited	O/s at the End Receivable/ (Payable)
1.	M/s. Kalleswara Traders	MD's Relative is partner in firm	Purchase & Sale of goods & Services	--	3.55	--	--
2.	M/s. S Kallappa & Sons	MD partner in firm	Purchase & Sale of goods & Services	--	153.62	153.62	--
3.	M/s. Shivashankar Associates	MD partner in firm	Purchase & Sale of goods & Services	--	--	--	--
4.	M/s. Shamanur Transport	E D is the proprietor	Purchase & Sale of goods & Services	2.72	9.20	7.24	0.76
5.	GMM Enterprises	MD and ED are partners in the firm	Purchase & Sale of goods & Services	7.77	36.05	30.51	2.22

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

5.	GMM Enterprises	MD and ED are partners in the firm	Purchase & Sale of goods & Services	7.77	36.05	30.51	2.22

41. Deferred tax Assets and Liabilities are as under:- Components of which are as under:-

(Rs. In Lakh)		
Particulars	Amount (Rs.) 31-3-2024	Amount (Rs.) 31-3-2023
<i>Deferred Tax</i>		
<i>Depreciation</i>	+551.17	
<i>Carried forward Loss</i>	+487.37	
<i>Gratuity Provision</i>	+50.36	
<i>Net Differed Tax Liability/(Asset)</i>	(30.96)	115.78

41. Earnings Per Share

(Rs. In Lakhs)		
Particulars	Year Ended on 31 st March, 2024 (Rs.)	Year Ended on 31 st March, 2023 (Rs.)
Profit / (Loss) after tax attributable to Equity Shareholders (A)	1,223.72	1,321.54
Weighted Number of Equity Share outstanding During the year (B) (In Nos.)	9,40,84,462	9,40,84,462
Basic Earnings Per Share for each Share of Rs.10/- (A) / (B)	1.30	1.48

42. Corporate Social Responsibility (CSR)

The section 135 (Corporate social responsibility) of companies act, 2013 is applicable to the company for the Financial Year 2023-24 since the PAT of the company exceeds Rs.5 crores. The Company made a profit of Rs. 1768 Lakhs (Profit Before Tax) during the Financial Year 2022-23 and hence the CSR provisions are applicable for the Financial Year 2023-24. The company has spent Rs. 14.26 lacs being 2% of the average Net Profit for the past 3 years on enhancement of the education activities. The CSR provisions are applicable for the FY 2023-24 and the company has to spend Rs.25.87 Lakhs during the current FY 2024-25(before end of FY) for the CSR activities as specified in the Schedule VII to the Companies Act, 2013.

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

1. Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements of Schedule III to

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

Sr. No.	Particulars	Year Ended on 31 st March 2024		Year Ended on 31 st March 2023	
		Principal	Interest	Principal	Interest
i	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
ii	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
iii	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
iv	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

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

44. Title deeds of immovable Property

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

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

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

46. Compliance with approved Scheme(s) of Arrangements

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

47. Utilization of Borrowed funds and share premium:-

As on March 31, 2024 there is no unutilized amount in respect of any issue of securities and long term borrowings from bank and financial institutions. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

48. Ratios Analysis: -

Ratio	Numerator	Denominator	As at 31 st March, 2024	As at 31 st March, 2023	% of change in Ratio	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	1.33	1.37	-0.04	increase in current liabilities during FY 24
Debt Equity Ratio	Debt capital	Shareholder's Equity	1.01x	0.78x	+0.23	increase in unsecured loans from directors during FY 24
Debt Service Coverage Ratio	EBITDA-CAPEX	Debt Service (Int.+Principal)	0.92x	1.12x	-0.20	lower EBITDA and increase in instalments during the FY 24
Return on Equity Ratio	Profit for the year	Average Shareholder's Equity	4.25%	4.69%	-0.44	decrease in the net profit for the FY 24
Inventory Turnover Ratio	Sales	Average Inventory	2.03x	2.70x	-0.67	increase in inventory and decrease in turnover during FY 24
Trade Receivables turnover ratio	Net Sales	Closing trade receivables	11.75x	9.83x	+1.92	Decrease in the trade receivable FY 24
Trade payables turnover ratio	Cost of Material Consumed	Closing Trade Payables	5.79x	10.27x	-4.48	increase in cost and lower payable in the PY 23
Net capital turnover ratio	Sales	Working capital (CA-CL)	2.94x	4.28x	-1.34	increase current assets and decrease in turnover during FY 24
Net profit ratio	Net Profit	Sales	5.65%	4.60%	1.05	more turnover during the FY 23
Return on Capital employed	Earnings before interest and tax	Capital Employed	8.42%	10.37%	-1.95	decrease in net profit during FY 24
Return on investment	Net Profit	Investment	2.69%	3.14%	-0.45	decrease in net profit during FY 24

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

49. Shares Held by Promoters at the End of the Year

Sr. No.	Promoter Name	No. of Shares 2023-24	% of Total Shares	No. of Shares 2022-23	% of Total Shares	% Changes During the Year
1	GANESH S S	40094148	42.61	44322478	47.11	-4.5
2	ABHIJITH GANESH SHAMANUR	6914724	7.35	6914724	7.35	No
3	REKHA GANESH .	6086200	6.47	6086200	6.47	No
4	SHAMANUR SHIVASHANKARAPPA	1626803	1.72	1626653	1.72	No
5	ANCHAL GANESH SHAMANUR	1500000	1.59	1500000	1.59	No
6	AKHIL G SHAMANUR	1000000	1.06	1000000	1.06	No
7	S S MALLIKARJUNA	208174	0.22	208174	0.22	No

DAVANGERE SUGAR COMPANY LTD

FOR YEAR ENDED ON 31ST MARCH 2024

NOTES FORMING PART OF FINANCIAL STATEMENTS

Segment Reporting

REPORTING ON SEGMENT WISE REVENUES, RESULTS, ASSETS AND LIABILITIES						
Rs in Lakhs						
Sr.No.	PARTICULARS	For the quarter ended			For Twelve months: Ending on Year ended	
		31-03-2024	31-12-2023	31-03-2023	31-03-2024	31-03-2023
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
a)	Sugar	3064.32	3308.60	3149.98	9466.46	13019.78
b)	Co-Generation	575.57	794.21	1324.54	1369.78	2306.31
c)	Aviation	78.78	153.74	82.64	391.31	282.76
d)	Distillery	2638.29	3574.77	4006.15	10425.50	12383.85
e)	Others	187.38	52.52	130.53	643.68	63.12
	Income from operations	6544.33	7883.84	8693.84	22296.72	28055.82
2	Segment Results					
	Profit (+)/Loss(-) before tax, Interest and exceptional items from each segment					
a)	Sugar	500.85	758.07	(185.40)	1630.03	(649.10)
b)	Co-Generation	180.48	400.89	1036.15	261.08	507.16
c)	Aviation	(60.52)	93.81	(57.45)	(44.60)	(105.21)
d)	Distillery	305.22	168.43	1262.19	2134.00	4732.23
	Total	926.03	1,421.20	2055.49	3,980.51	4485.06
	Add: Exceptional item	-	-	-	-	-
	Less: Interest	466.28	729.90	908.30	2535.27	2712.58
	Other Un-allocable expenditure net off	-	-	-	-	-
	Un-allocable corporate assets	-	-	-	-	-
	Total Profit Before Tax	459.75	691.30	1,147.19	1,445.24	1,772.48
3	Segment Assets -					
a)	Sugar	36,724.27	48,529.68	37,967.00	36,724.27	37,967.00
b)	Co-Generation	9,259.59	6,827.01	11,009.67	9,259.59	11,009.67
c)	Aviation/others	163.03	8.33	834.15	163.03	834.15
d)	Distillery	22,020.35	13,127.84	9,861.44	22,020.35	9,861.44
	Total segment assets	69,167.24	68,492.86	59,672.26	68,167.24	59,672.26
	Segment Liabilities -					
a)	Sugar	22,801.10	27,374.41	19,058.81	22,801.10	19,058.81
b)	Co-Generation	8.95	96.22	144.64	8.95	144.64
c)	Aviation/others	1.12	(108.24)	3.54	1.12	3.54
d)	Distillery	11,357.69	8,930.05	9,312.76	11,357.69	9,312.76
	Total Segment Liabilities	34,168.87	36,292.44	28,519.75	34,168.87	28,519.75

WAVE CAPITAL LIMITED

TERM SHEET

Foreign Currency Convertible Bonds (FCCBs)

DAVANGERE SUGAR COMPANY LIMITED

Proposed Issue Size: USD 100,000,000

Date: 6th July, 2026

A. INTRODUCTION

This term sheet (this "Term Sheet") sets out the principal terms and conditions for a proposed issuance of Foreign Currency Convertible Bonds ("FCCBs") by Davangere Sugar Company Limited (the "Issuer" or "Company") to Wave Capital Limited and/or such affiliate(s) / nominee(s) as the Investor may designate (the "Investor" or "Bondholder").

This Term Sheet is issued to ensure compliance with updated applicable laws, acts, rules, and regulations, including applicable requirements of the Companies Act, 2013, SEBI regulations, FEMA, RBI regulations, and other applicable Indian and foreign law.

The Company, the Promoters, and the Investor are collectively referred to as the "Parties" and individually as a "Party".

This Term Sheet is further based on and subject to satisfactory completion and findings of the Ownership Certificate (OC) and Legal Due Diligence (DD) Report issued by legal counsel appointed by the Investor, confirming compliance, title, corporate authority, and absence of material legal deficiencies, except as expressly disclosed.

B. COMPANY INFORMATION

B.1 Issuer

Company Name	Davangere Sugar Company Limited
Registered Office	73/1, Post Box No. 312, Shamanur Road, Davangere-577004, Karnataka, India
Listed Exchange	Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE)
Trading Symbol	DAVANGERE
Business	Davangere Sugar Company Limited is a listed company with both NSE and BSE. It was incorporated in the year 1970, operating across major business segments such as Sugar, Power Generation (Co-generation) and Distillery. The manufacturing unit is situated at Kukkuwada, Karnataka, India – 577525 in the midst of the sugarcane and other agricultural products growing area. The Company is well-positioned in the Indian sugar and allied products value chain. Backed by a long operating history, strong institutional shareholding heritage, and a diversified revenue base, the Company is poised for capacity expansion, ethanol production scale-up, and value-added product development.
CIN	L10721KA1970PLC001949

B.2 Listed Company / Shareholding Snapshot (as of 31 March 2026)

Item	Details
Total paid-up equity shares	1,429,990,798 (Face value: INR 1.00 each)
Promoter & promoter group holding	41.63% (595,323,205 shares) (as per the shareholders register as of May 31, 2026)
Free float	58.37% (834,667,593 public shares, as per the shareholders register as of May 31, 2026)
Exchange rate	To be applied as on the executed date of the definitive agreements / issuance.

B.3 Promoters (as of 31 March 2026)

Sr. No.	Name	Shares	Holding %
1	Mr. S.S. Ganesh (Chairman and Managing Director)	357,418,674	24.99%
2	Mr. Abhijith G. Shamanur	69,147,240	4.84%
3	Mrs. Rekha Ganesh	62,822,501	4.39%
4	Mrs. Anchal Shamanur	15,000,000	1.05%
5	Mrs. Akhila Shamanur	10,000,000	0.70%
6	Mafatlal Plywood Industries	80,000,000	5.59%
7	Indian Cane Power Limited	934,790	0.07%
Total		595,323,205	41.63%

B.4 Capital Structure / Key Metrics

Metric	Value
Paid-up share capital	INR 1,429,990,798
Issued share capital	1,429,990,798 equity shares of INR 1.00 each
Market capitalization (as of 27th May 2026)	Approximately INR 574.86 crores (based on closing price of approximately INR 4.03 per share as of 27 th May 2026 as per NSE)
Net worth	INR 350,03,79,128 as on 31.03.2026
Revenue	INR 241,09,89,057 for the FY 2025-26
Book value per share	INR 2.44

B.5 Subsidiaries

Number of subsidiaries: One

Subsidiary Name	Registered Address
Aurevant Global Ltd	3 First Floor, More London Place, London, United Kingdom

1.0 TRANSACTION DETAILS

1.1 Security

Foreign Currency Convertible Bonds (FCCBs).

RBI Definition (summary): FCCBs mean a bond issued by an Indian company expressed in foreign currency, principal and interest payable in foreign currency, issued under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, subscribed by a non-resident in foreign currency and convertible into equity shares of the issuing company in whole or part.

Item	Details
1.2 Investment Currency	USD
1.3 Issue Size / Amounts	• Face Value (Issue Size): USD 100,000,000.00 • Issue Discount: 15% of Face Value • Drawdown: USD 85,000,000.00 (USD 100,000,000.00 face value less the 15% issue discount). For ECB / LRN reporting, the registered ECB principal is USD 100,000,000.00, equal to the amount of principal repaid. • Redemption Amount at Maturity: USD 100,000,000.00
1.4 Coupon / Yield / Discount	• Coupon Rate: 2.0% per annum • Coupon Payment: Annually • Discount on Issue Price: 15% • Expected Annual Yield: Approximately 5.00% per annum (3.0% deferred yield from discount + 2.0% coupon, on a yield-to-maturity basis) • Coupon Settlement Option: At the election of the Bondholder, any coupon payment due may, in lieu of cash settlement, be satisfied by the issuance of fully paid-up equity shares of the Company at the then-applicable conversion price determined in accordance with the SEBI ICDR Regulations and Clause 2.2 hereof. Such election shall be notified to the Company in writing not less than fifteen (15) Business Days prior to the relevant coupon payment date. For the avoidance of doubt, equity shares issued in lieu of coupon shall be subject to the same lock-in, transfer restrictions, and regulatory requirements applicable to shares issued upon conversion of the Bonds.
1.5 Tenure / Dates	• Tenure of the Bonds shall be 5 (five) years from the Date of Issuance, maturing on 9th July 2031. • Minimum Average Maturity Period (MAMP) is exempted in case of conversion of FCCBs into non-debt instruments (equity) at the option of the Bondholders, per Schedule I, para 6(4)(a) of FEMA (Borrowing and Lending) Regulations, 2026 (as amended in February, 2026). Accordingly, the FCCBs may be converted into equity shares at any time from the Date of Issuance. • Date of Issuance: 9th July 2026 • Date of Maturity: 9th July 2031 (5 years from the Date of Issuance). • Opening Date: 6th July 2026 • Closing Date: 8th July 2026 • Listing Date: 9th July 2026 • Bonds to be held in dematerialized (demat) form with the RTA.

1.6 Denomination / Price Per Bond	• Par (Face) Value per Bond: USD 100,000.00 • Issue Price per Bond: USD 85,000.00 • Redemption Value per Bond: USD 100,000.00
1.7 Linked Instrument	The FCCBs shall be convertible, in whole or in part, into fully paid-up equity shares of Davangere Sugar Company Limited having a face value of INR 1.00 (Rupee One) per equity share. For the avoidance of doubt, the face value of the equity shares is distinct from and shall not be construed as the conversion price. The conversion of FCCBs into equity shares shall be effected strictly in accordance with the applicable provisions of the SEBI Act, 1992, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) ("SEBI ICDR Regulations"), and other applicable securities laws, as in force on the relevant date. The FCCBs are issued without any warrants attached, in compliance with the FCCB Guidelines.
1.8 ISIN	MU0000000388
1.9 Use of Proceeds / Deployment of Funds	100% of the net proceeds (USD 79,802,325) shall be deployed outside India by way of Overseas Direct Investment (ODI) into a UK wholly-owned subsidiary (the "UK WOS") and its step-down subsidiaries, in compliance with the FEM (Overseas Investment) Rules and Regulations, 2022 and the end-use provisions of the ECB Framework, for the following end-uses: • Acquisition of an integrated sugar mill / ethanol distillery, or a strategic stake or joint venture in an existing miller, and procurement of capital equipment and technology; • Establishment of overseas / step-down subsidiaries and strategic partnerships, and related refinery / port-storage capital expenditure, toll-processing and land-lease / project development.
1.10 Loan Registration Number (LRN)	202606207

2.0 KEY CONSIDERATIONS

2.1 Board Composition

Immediately upon Closing, the Board of Directors of the Company (the "Board") shall comprise a Non-Executive Director nominated by the Bondholder. (Note: to be further set out in definitive documentation.)

2.2 Conversion of Bonds

The Maturity period of the Bonds is 5 (five) years. The Minimum Average Maturity Period (MAMP) is exempted in the case of FCCBs which are convertible into non-debt instruments (equity), and accordingly the Bonds may be converted into equity at any time at the option of the Bondholders.

The conversion price per equity share shall be INR 3.60, determined with reference to the Relevant Date in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, as amended (the "FCCB Guidelines") and accordingly, the regulatory floor price as determined in accordance with the FCCB Guidelines.

In case of listed companies, where the equity shares of the Company are frequently traded, the conversion price shall be not less than the average of the weekly high and low of the closing prices of the related shares during the two weeks preceding the relevant date.

The conversion price has been fixed on the Relevant Date (3 July 2026) at INR 3.60 per equity share, being the regulatory floor price determined in accordance with the FCCB Guidelines and the SEBI ICDR Regulations, and shall constitute a term of the issue. It shall be subject only to standard anti-dilution adjustments.

Relevant Date: The “relevant date” for the purposes of this issuance means the date of the meeting in which the Board of Directors of the Company or the Committee of Directors duly authorised by the Board decides to open the proposed issue. The Relevant Date for this issuance is 3 July 2026.

2.3 Conversion Mechanics

Upon exercise of the conversion option, the number of equity shares to be issued to the Bondholder shall be calculated by dividing the conversion amount by the conversion price of INR 3.60 per equity share, as determined in accordance with Clause 2.2 above and the SEBI ICDR Regulations.

Any reference in this Term Sheet to exchange rates, illustrations or numerical examples is indicative only, provided solely for explanatory purposes, and shall not be construed as fixing, implying or guaranteeing any conversion price or conversion ratio.

The Parties acknowledge that the conversion price may be at a premium to the face value of the equity shares, as mandatorily determined under the FCCB Guidelines and SEBI ICDR Regulations and prevailing market conditions on the Relevant Date.

2.4 Financial Performance / Disclosure

The Company shall provide an Offering Circular with detailed business plan and 5-year financial projections, including proposed fund-raising cashflows and overseas investment details. This business plan shall form part of the final closing prospectus.

2.5 Potential Bondholder / Investor

Entity	Details
Name	Wave Capital Limited
Address	12th Floor, Hennessy Court, Pope Hennessy Street, Port Louis, Port Louis, Mauritius
Regulator	Financial Services Commission, Republic of Mauritius

The Company shall obtain all necessary permissions from the Reserve Bank of India and other relevant authorities for receipt and deployment of proceeds, including investments into overseas

subsidiaries and step-down subsidiaries (existing or to be incorporated) for expansion and growth. The Company shall not utilize the subscription amount for any other purpose.

If the Company fails to execute necessary documents with the Investor and/or obtain required regulatory approvals, the proposed FCCB investment shall be treated as cancelled.

Prior to final disbursement, Investor may review public financials and the detailed business plan for overseas investment.

2.6 Investment Documentation

The Promoters, the Company and the Bondholder shall enter into definitive agreements and

ancillary documentation as advised by Bondholder's appointed legal counsel. Such definitive documentation (including a Subscription Agreement) shall be executed prior to the issue of the Bonds and shall prevail over this Term Sheet.

2.7 Rating

Bondholder shall have the right to require the Company to obtain a rating report from an approved rating agency.

2.8 - 2.14 Transaction Parties and Service Providers

Role	Entity / Address
2.8 Merchant Banker	Finaax Capital Advisors Private Limited (SEBI Registered Category-I Merchant Banker) B-401, The First, B/s Keshavbaug Party Plot, I I M Ahmedabad, Vastrapur, Ahmedabad, Gujarat, India
2.9 Indian Legal Counsel	Lex Favios (India) E-299, Greater Kailash-I, New Delhi – 110048, India
2.10 Clearing House	Afrinex Clearing House Office A11-01, Level 11, Tower A, 1 Exchange Square, Wall Street, Ebene 72201, Mauritius
2.11 Listing of Bonds	AFRINEX Securities List (Afrinex Exchange Limited) Office A11-01, Level 11, Tower A, 1 Exchange Square, Wall Street, Ebene 72201, Mauritius
2.12 Investor	Wave Capital Limited (Regulated Financial Institution) 12th Floor, Hennessy Court, Pope Hennessy Street, Port Louis, Port Louis, Mauritius
2.13 Overseas Transfer Agent and Registrar	SBM Fund Service SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius
2.14 Local Transfer Agent and Registrar	INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED No.30, Ramana Residency, Sampige Road, 4th Cross, Malleswaram, Bangalore - 560003, Karnataka, India.

2.15 Information Rights

Information will be provided to the major bondholder and as per the applicable law and regulatory requirements of SEBI India

All information rights shall be subject to applicable securities laws, insider-trading regulations, confidentiality obligations, and stock-exchange disclosure requirements

2.16 Conditions Precedent (CP) to Subscription

Subscription by the Investor is subject to satisfaction (or waiver by Investor) of the following CP:

- Company to provide a business plan for the project
- Copy of the Form ECB 1 acknowledgment bearing Loan Registration Number 202606207 for the registered ECB principal of USD 100,000,000
- Satisfactory completion of due diligence and KYC checks on Company directors and beneficial owners
- Establishment of wholly owned subsidiary with business plan / information memorandum for end-use of proceeds
- Amendments (if required) to the Memorandum and Articles of Association to the satisfaction of Investor to reflect definitive agreement terms
- Company shall fulfill filing requirement of ECB-1-related filing
- Execution of definitive investment documentation in form and substance acceptable to Promoters, Company and Investor, and approvals of the Investor's

2.17 Exit Mechanism

The Bondholder's exit shall be effected through: (a) conversion of the FCCBs into equity shares of the Company in accordance with Clause 2.2 hereof, at the option of the Bondholder at any time during the conversion period; or (b) redemption of any unconverted FCCBs at the Maturity Date in accordance with the redemption provisions of this Term Sheet. The Company and Promoters shall use reasonable endeavours to facilitate secondary market liquidity for the Bonds post-listing.

3.0 TERMS AND CONDITIONS

3.1 Indemnity

The Company and the Promoters, jointly and severally, shall indemnify, defend and hold harmless the Bondholder/Fund and its affiliates and their respective directors, officers, representatives, employees and agents (the "Indemnified Persons") (for so long as the bonds have not been converted into equity) from and against any and all claims arising from or relating to any breach/inaccuracy of representations, warranties, covenants or agreements, or failure to perform obligations under this Term Sheet and definitive agreements. The Company and the Promoters shall also indemnify the Bondholder for any dues, claims, penalties or payments to authorities, creditors or other persons arising from Company/Promoters' activities prior to Closing.

3.2 Fees & Expenses

The Company shall bear its own fees and expenses. (Transaction fee allocation to be finalized in definitive documents.) The following fees may be payable by the Company:

Nature of Payment	Currency	Amount (USD)	% of Issue Size
Lead Arranger Fees			
Upfront Fee	USD	50,000	0.050%
DD Completion Fee	USD	50,000	0.050%
Placement Fee	USD	30,000	0.030%
Success Fee	USD	5,000,000	5.000%
Third-Party Costs			
Indian Lead Counsel	USD	7,500	0.008%
Merchant Bankers	USD	3,150	0.003%
R&V Legal	USD	10,000	0.010%
RTA Fees	USD	20,000	0.020%
BSE/NSE Listing Fees	USD	3,000	0.003%
Afrinex ISIN Fees	USD	3,025	0.003%
Afrinex Listing Fees	USD	21,000	0.021%
Total	USD	5,197,675	5.198%

3.3 Confidentiality

This Term Sheet and negotiations are confidential and may be disclosed only to senior management of the Promoter, Company, Investor and affiliates, and their legal counsel, accountants, and professional advisors who need to know for purposes of the transaction, including regulatory approvals.

3.4 Announcements

No public announcement or disclosure regarding this Term Sheet or the transaction may be made without prior written consent of the other Party, except as required by applicable law and regulation.

3.5 Representations, Warranties & Indemnification

Standard representations, warranties and indemnification customary for transactions of this nature, including with respect to audited and management accounts, ownership and validity of assets, regulatory approvals, full disclosure of material contracts and IP, and absence of undisclosed liabilities, litigation, and taxes.

3.6 Regulatory Approvals

The Company shall be responsible for obtaining all regulatory approvals and making all necessary filings required for issuance of the FCCBs and any conversion into equity shares. Following issuance of the LRN, any change to the registered terms of the ECB (including the conversion terms of the FCCBs) shall be undertaken only in accordance with the ECB Framework and, where required, with the prior approval of the Reserve Bank of India through the AD Bank.

3.7 Governing Law

This Term Sheet, and any definitive documentation entered into pursuant hereto, shall be governed by and construed in accordance with the laws of the Republic of Mauritius. The courts of the Republic of Mauritius shall have non-exclusive jurisdiction to hear and determine any dispute arising out of or in connection with this Term Sheet, and each Party irrevocably submits to that jurisdiction; provided that nothing herein limits the right of any Party to bring proceedings in any other court of competent jurisdiction. The foregoing is without prejudice to those matters mandatorily governed by Indian law (the issuance, allotment and conversion of the Company's equity shares, and FEMA / ECB and SEBI compliance), to which the relevant Indian law shall apply.

3.8 Validity

This Term Sheet shall remain valid for 90 calendar days from the date hereof, unless extended in writing by the Parties.

BINDING / NON-BINDING PROVISIONS

Except for the provisions titled Confidentiality, Announcements, Governing Law, Fees & Expenses (to the extent stated), and any expressly binding provisions agreed in writing (including any exclusivity/no-shop if separately agreed), this Term Sheet is intended as a summary of terms only and does not constitute a legally binding commitment.

Any obligation of the Investor is subject to: (i) completion of satisfactory due diligence; (ii) finalization and execution of definitive documents; and (iii) receipt of all closing deliverables.

ADDITIONAL ECONOMIC / LEGAL TERMS

Liquidation Preference

Ranking on insolvency: in a liquidation of the Company, claims in respect of the Bonds rank as unsecured financial debt in accordance with the waterfall set out in Section 53 of the Insolvency and Bankruptcy Code, 2016 - junior to secured creditors and workmen's dues, and pari passu with other unsecured financial creditors of the Company.

Dividend Policy

Bondholder shall have no right to dividends prior to conversion. Upon conversion, the Bondholder (as shareholder) shall be entitled to dividends as and when declared, and the equity shares shall rank pari passu with other equity shares.

Covenants

Until conversion or redemption, the Company undertakes:

- (a) Mergers: intimation to Bondholder upon merger / business combination / reorganization with non-group entity;
- (b) De-mergers: intimation upon de-merger / corporate reorganization, except 100% subsidiary;
- (c) Continuation of business: Company and group companies shall not cease business; no material change in nature/scope of business;
- (d) Disposal of business: intimation upon sale/disposal of all or substantial assets/operations;
- (e) Reporting: consolidated yearly and half-yearly financial reports to Investor not later than 120 days (annual) and 60 days (half-yearly).

Approvals

Understanding is that investment is permitted under ECB-FDI guidelines of RBI under automatic route; if required, the Company shall obtain all necessary internal corporate and regulatory approvals and file submissions with BSE/NSE and other exchanges and RBI, as applicable. Investor shall have no responsibility for Company's failure to obtain approvals.

Events of Default

An Event of Default shall occur if: (a) the Company fails to pay principal, interest, or other amounts due on the Bonds and such failure continues for fifteen (15) business days after written notice; (b) the Company commits a material breach of any covenant or representation and fails to cure within thirty (30) days of written notice; (c) the Company becomes insolvent, enters liquidation, receivership, or bankruptcy; (d) the Company's debt or equity securities are delisted from the stock exchange; (e) a material change of control occurs without Bondholder consent; (f) a final, non-appealable judgment or order exceeding INR 250,000,000 (Indian Rupees Twenty-Five Crore) is rendered against the Company by a court of competent jurisdiction and remains unsatisfied for a period of sixty (60) days, provided that no Event of Default shall be deemed to have occurred under this sub-clause (f) where (i) the Company has filed an appeal or other legal challenge against such judgment within the applicable statutory limitation period, and such appeal remains pending and has not been dismissed; or (ii) the Company has obtained a stay of execution from a competent court;

Negative Pledge

The Company undertakes not to pledge, mortgage, charge, or create any lien on its material assets without the prior written consent of the Bondholders, unless such encumbrance is (i) incidental to the ordinary course of business, or (ii) created in connection with working capital financing (including but not limited to cash credit facilities, overdrafts, and trade finance) up to an aggregate outstanding amount of INR 1,000,000,000 (Indian Rupees One Hundred Crore). The Company shall notify Bondholders of any material changes in asset ownership or structure. This negative pledge shall not restrict the Company's ability to incur debt for operations, provided that the Company's total debt-to-equity ratio (calculated on the basis of the most recent audited financial statements) does not exceed 2:1, and provided further that such additional debt does not carry conditions precedent requiring Bondholder consent or rank senior to the FCCBs in terms of payment priority.

Taxation

All payments of principal and interest shall be made without deduction or withholding for Indian taxes, unless required by law. If any withholding tax is imposed on amounts payable to Bondholders, the Company shall (i) provide Bondholders with official tax receipts; (ii) make gross-

up payments to ensure Bondholders receive the full net amount due; or (iii) use best commercial efforts to minimize withholding taxes through available exemptions or reduced rates under applicable tax treaties. The Company shall indemnify Bondholders for any Indian taxes levied on the conversion of FCCBs into equity shares, except to the extent such taxes would have applied if shares were held by a resident Indian investor. All tax-related documentation shall be provided to Bondholders within thirty (30) days of payment.

Redemption at Maturity

Unless previously converted, redeemed or repurchased and cancelled, the Company shall redeem each outstanding Bond on the Maturity Date (9 July 2031) at 100 per cent of its principal amount of USD 100,000 (USD 100,000,000 in aggregate for all Bonds), together with accrued and unpaid interest to (but excluding) the Maturity Date. The Bonds are issued at 85 per cent of their principal amount; the 15 per cent original issue discount forms part of the principal repayable at maturity and is not a separate fee or premium. The Company shall provide Bondholders with written notice at least thirty (30) days prior to the expiry of 5 years from the date of issuance confirming the redemption amount and payment mechanics. Redemption shall be effected via wire transfer to the Bondholder's designated account or through the RTA's depository mechanism. Failure to pay any amount due on the Maturity Date is an Event of Default.

Listing

The Company has applied for the listing of the Bonds on the AFRINEX Securities List and shall use best commercial efforts to obtain such admission with effect from the Issue Date and in any event within thirty (30) days of issuance. The Bonds will be admitted to the AFRINEX Securities List without admission to trading and are expected to trade over-the-counter. The Company shall file all necessary applications and make all regulatory submissions to AFRINEX and, where applicable, the Financial Services Commission, Mauritius, and - in respect of the equity shares issuable on conversion - to the Indian stock exchanges and SEBI, and shall obtain all required approvals and in-principle clearances. Listing costs shall be borne by the

Company. The Company warrants that it shall remain eligible for listing throughout the tenor of the Bonds and shall not voluntarily delist without Bondholder consent. For the avoidance of doubt, non-achievement of listing within the stipulated timeframe shall not constitute an Event of Default, provided that the Company can demonstrate to the Bondholder's reasonable satisfaction that it has used best commercial efforts to obtain listing approval and that any delay is attributable to regulatory processing timelines beyond the Company's control. Post-listing, the Company shall ensure adequate liquidity and shall make corporate announcements in a manner compliant with stock exchange regulations and fair disclosure norms.

SIGNATURES

For and on behalf of the Issuer Company Davangere Sugar Company Limited Name: Mr. Ganesh Shamanur Title: Managing Director Date: 06/07/2026 GANESH SHIVASHANKARA PPA SHAMANUR Digitally signed by GANESH SHIVASHANKARAPPA SHAMANUR DN: cn=GANESH SHIVASHANKARAPPA SHAMANUR c=IN o=Personal Reason: I am the author of this document Location: Date: 2026-07-06 14:42+05:30	For and on behalf of the Investor Wave Capital Limited Name: Suraj Goomauny Title: Director Date: 06/07/2026 

SCHEDULE A – RESERVED MATTERS (INTIMATION TO INVESTOR)

The following actions of the Company and/or its subsidiaries will give intimation of the Investor Company:

- Acquisition of shares, assets, business, division of any other person; creation of legal entities, JVs, partnerships; mergers, de-mergers, spin-offs and consolidations; creation of any new subsidiaries.
- Commencement of any new line of business unrelated to the Company's business.
- Any change in capital structure including issuance, redemption, buyback, or reorganization; issuance of convertible debentures/warrants; grant of options over shares.
- Creation of subsidiaries not 100% owned by the Company.
- Sale/transfer/disposition of the Company, subsidiaries, JVs or their assets/shares.
- Creation/adoption of new equity option plan or amendments to existing plans.
- Approval/adoption of annual budget/business plan including borrowings/guarantees/security interests.
- Any action inconsistent with budget/business plan by more than 10%.
- Dissolution, winding-up, liquidation, or restructuring with similar effect.
- Related party transactions with Promoters, shareholders or affiliates.
- Amendment/restatement of memorandum/articles of association.
- Approval of audited accounts, change in auditors/accounting principles, declaration of dividend.
- Sale/disposal of intellectual property.
- Amendment/modification/termination of material contracts (except sales contracts).
- Any action impacting tax benefits availed by the Company.
- Initiation/defence/settlement of litigation involving the Company.

The Company <i>Davangere Sugar Company Limited</i> 73/1, post box number 312, Shamanur Road, Davangere Karnataka, India – 577004 GANESH SHIVASHANKARAPPA SHAMANUR Digitally signed by GANESH SHIVASHANKARAPPA SHAMANUR DN: cn=GANESH SHIVASHANKARAPPA SHAMANUR c=IN o=Personal Reason: I am the author of this document Location: Date: 2026-07-06 14:42+05:30	Lead Manager <i>Wave Capital Manager Limited</i> Hennessy Court, Pope Hennessy Street Port Louis, Mauritius, PO Box 72201.
Principal Paying and Conversion Agent <i>SBM Fund Services Ltd</i> SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius	Registrar and Transfer Agent <i>Integrated Registry Management Services Private Limited</i> No 30, Ramana Residency, 4th Cross Samipige Road, Malleshwaram, Bangalore – 560003, Karnataka, India
Legal Advisers to the Company as to Indian law <i>Lex Favios Advocates & Solicitors</i> E299, Block E, Greater Kailash 1, 110048, New Delhi, India	
Auditors of the Company <i>DGMS & Co.</i> Chartered Accountants F-04, Eternity Mall, Teen Hath Naka, L B S Road, Thane (West) – 400 604, Maharashtra, India FRN: 0112187W	
Company Secretary: Vishwanath Patil, A26971 2034/41, 9th Cross, Siddaverappa Bhadavane, Davangere-577004, Karnataka, India	