



**An Agri BioTech Company**

**Proseed India Limited**

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**28<sup>th</sup> Annual Report  
2019-20**

## **RESOLUTION PROFESSIONAL**

Sreenivasa Rao Ravinuthala

IP Regn. No. IBBI/IPA-003/IP- N00081/2017-2018/10704

(Appointed vide Hon'ble NCLT, Hyderabad order dated October 15, 2019)

## **BOARD OF DIRECTORS**

### **NAME**

Mr. D V S Prakash Rao

Mr. Satya Srikanth Karaturi

Mr. Nekkanti Venkata Krishnayya

Chukka Lakshmi

### **DESIGNATION**

Whole Time Director & CEO

Non-Executive & Independent Director

Non-Executive & Independent Director Mrs.

Non-Executive Director

## **REGISTERED OFFICE**

Flat No. 302, Lotus Block,

Block-B, Sandy Springs,

Manikonda, Ranga Reddy District,

Telangana, Hyderabad - 500 089.

Tel: 08413485046,

URL: [www.proseedindia.in](http://www.proseedindia.in)

**CIN: L01403TG2002PLC039113**

## **STATUTORY AUDITORS**

M/s Navitha & Associates

Chartered Accountants

#16-2-740/75, Plot No.26,

V.K. Dhage Nagar, Dilsukhnagar,

Hyderabad – 500 018

## **INTERNAL AUDITORS**

M/S Gorantla & Co.,

Chartered Accountants

Off: H.No. 6-3-664, Flat No: 101,

Prestige Rai Tower, Opp. NIMS,

Panjagutta, Hyderabad-50 082

## **SECRETARIAL AUDITORS**

Balarama Krishna Desina

Company Secretary in Practice

302/A, Jade Arcade building,

Opp: Paradise Hotel, M.G.Road,

Secunderabad, Telangana-500003

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Sree Harshitha Malireddy

## **SHARE TRANSFER AGENT**

CIL Securities Limited

214, Raghava Ratna Towers,

Chirag Ali Lane,

Hyderabad-500001 Telangana

Phone: +91 040-23203155

## **BANKERS**

HDFC

Corporation Bank

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of Proseed India Limited (formerly Green Fire Agri Commodities Limited) will be held on Saturday, the 19<sup>th</sup> day of December, 2020 at 11.30 A.M. through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) to transact the following businesses:

### **Background:**

*The members are hereby intimated that, the National Company Law Tribunal (“NCLT”), Hyderabad Bench, vide Order dated July 10, 2019 (“Insolvency Commencement Order”) had initiated Corporate Insolvency Resolution Process (“CIRP”) against your Company, based on petition filed by the Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016 (“the Code”). Venka Reddy Bathina was appointed as an Interim Resolution Professional (“IRP”) to manage affairs of the Company in accordance with the provisions of the Code. Subsequently Hon’ble NCLT vide its Order dated October 15, 2019 had appointed Sreenivasa Rao Ravinuthala as Resolution professional of the Company.*

*Pursuant to the Insolvency Commencement Order and in consonance with the stipulation contained in Section 17 of the IBC, 2016, the powers of the Board of Directors of the Company stand suspended and the same are vested and exercised by Mr. Sreenivasa Rao Ravinuthala, Resolution Professional (RP)..*

*The Adjudicating Authority has approved the extension of CIRP for a further period of 90 days, after a lapse of 180 days vide order dated January 06, 2020. Members of the Committee of Creditors (CoC) in their 7th Meeting held on March 06, 2020 considered the resolution plans and later approved the resolution plan by a vote of 84.65% of the voting share of the CoC, through the e-voting process concluded on March 12, 2020. The Resolution Professional filed an application under Section 30(6) of the Code before the Hon’ble NCLT for its consideration and approval of the Resolution Plan. The Adjudicating Authority has reserved the judgement vide its order dated August 18, 2020.*

## **I. ORDINARY BUSINESS**

### **1. Adoption of Financial Statements**

To consider and adopt the Directors’ Report and the audited Financial Statements of the Company for the financial year ended March 31, 2020 and the Auditor Report thereon.

### **2. Appointment of Mrs. Chukka Lakshmi (DIN: 07733231) as a Director liable to retire by rotation**

To appoint a Director in place of Mrs. Chukka Lakshmi, Non-Executive Women Director (DIN: 07733231) who retires by rotation and being eligible, offers herself for re-appointment.

Therefore, members are requested to consider and if thought fit, to pass the following resolution, with or without modification(s), as Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Members of the Company be and is hereby accorded to the re-appointment of Mrs. Chukka Lakshmi (DIN: 07733231), as a Director of the Company, who shall continue as a Non-Executive Women Director of the Company, to the extent that she is required to retire by rotation.”

## II. SPECIAL BUSINESS

### 3. To sell lease or otherwise dispose of the assets of the Company

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

**“RESOLVED THAT** pursuant to Section 180(1)(a) and any other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulations of SEBI (Listing Disclosure and Obligation Requirements) Regulations, 2015 and other rules, guidelines as may be applicable, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any committee constituted there under to sell, mortgage and/or charge any movable and / or immovable properties of the Company, or to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) on such terms and conditions at such time(s) and in such form and manner, as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company.

For and behalf of  
Proseed India Limited  
(Company under Corporate Insolvency Resolution Process)  
Sd/-  
DVS Prakash Rao  
Director  
(DIN: 03013165)

Place: Hyderabad  
Date: 23-11-2020

## NOTES:

1. In view of the outbreak of COVID-19 pandemic, social distancing norms to be followed and the continuous restriction on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April 2020, 13<sup>th</sup> April 2020 and 5<sup>th</sup> May 2020, respectively, issued by the Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/ CMD1/CIR /P/2020/79 dated 12<sup>th</sup> May 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”) and in compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 28th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue.
2. Pursuant to Circular No. 14/2020 dated 8th April 2020 issued by the Ministry of Corporate Affairs, facility to appoint proxy to attend and cast vote for the members will not be available for the ensuing AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join AGM in VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
4. Participation of Members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC /OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [balaramdesina@gmail.com](mailto:balaramdesina@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
6. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the Act), relating to Business at Serial No. 3 to be transacted at the AGM is annexed hereto.
7. The re-appointment of the Director is recommended only for the sole purpose of complying with the applicable provision(s) of the Companies Act, 2013 (as amended)

and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, pursuant to Section 17 of the IBC, the powers of the Board of Directors shall stand suspended during the continuance of the CIRP.

8. In line with the MCA Circulars and SEBI Circular, the Notice of the 28th AGM along with Annual Report will be available on the website of the Company at [www.proseedindia.in](http://www.proseedindia.in) and on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and NSE at [www.nseindia.com](http://www.nseindia.com).
9. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their Depository Participants (DPs) with whom they are maintaining their Demat Accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Company's Registrar and Share Transfer Agent.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
11. Members joining the meeting through VC, who have not cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
12. To support the "Green Initiative", members who have not registered/updated their respective e-mail addresses with Company's Registrar and Share Transfer Agent - if shares are held in physical mode and with their DPs - if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at [cs@proseedindia.in](mailto:cs@proseedindia.in) and [rta@cilsecurities.com](mailto:rta@cilsecurities.com). The same will be replied by the Company suitably.
14. All documents referred to in the accompanying Notice will be available for inspection through electronics mode on receipt of request by the Company at [www.proseedindia.in](http://www.proseedindia.in).
15. Electronic copy of the Annual Report for Financial Year (FY) 2019-2020 together with a copy of the Notice of the 28th AGM of the Company inter-alia stating the process and manner of remote e-voting are being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes.

16. Saturday 12<sup>th</sup> December, 2020 has been fixed as 'Cut-off Date' for determining Members entitled to facility of voting by remote e-voting as well as e-voting at said AGM following Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
17. The Register of Members and Share Transfer Register of the Company will remain closed from Sunday, 13<sup>th</sup> December, 2020 to Saturday, 19<sup>th</sup> December, 2020 both days inclusive, in connection with ensuing AGM.
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
19. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/Folio Number, PAN, Mobile Number at least 48 hours before the start of the AGM at [cs@proseedindia.in](mailto:cs@proseedindia.in). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
20. Members who need assistance before or during the AGM, can contact CDSL by sending an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

## **INSTRUCTIONS FOR SHAREHOLDERS FOR VOTING THROUGH ELECTRONIC MEANS PRIOR TO AGM**

- a. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to its members to exercise their right to vote electronically at the 28<sup>th</sup> Annual General Meeting through the electronic voting (e-voting) service facilitated by the Central Depository Services (India) Limited (CDSL) vide EVSN: 201120003.
- b. The remote e-voting period commences on Wednesday, 16<sup>th</sup> December, 2020 at 9:00 A.M. and ends on Friday, 18<sup>th</sup> December, 2020 at 5:00 P.M. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Saturday, 12<sup>th</sup> December, 2020 may cast their vote electronically.
- c. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (i) Click on "Shareholders/Members" tab.



- (ii) Now Enter your User ID (For CDSL: 16 digits Beneficiary ID; For NSDL: 8 Character DP ID followed by 8 Digits Client ID; Members holding shares in Physical Form should enter Folio Number registered with the Company) and then enter the Image Verification as displayed and Click on Login. If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first-time user, fill up the following details in the appropriate boxes and follow the steps given below (Applicable for both demat shareholders as well as physical shareholders).

PAN*	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department.
DOB#	Enter the Date of Birth as recorded in your Demat Account or in the Company Records for the said Demat Account or Folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your Demat Account or in the Company records for the said Demat Account or Folio.

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8-digit sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number and enter the first two characters of the name. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. Sequence number is being communicated to you.

# Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or Company please enter the Member ID/Folio No. in the Dividend Bank details field.

- (iii) After entering these details appropriately, click on "SUBMIT" tab.
- (iv) Member holding shares in Physical Form will then reach directly to the Company Selection screen. However, members holding shares in Demat Form will now reach 'Password Creation' menu wherein you are required to mandatorily enter your login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) For Members holding shares in Physical Form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (vi) Click on the EVSN: 201120003 for the relevant “PROSEED INDIA LIMITED” on which you choose to vote.
- (vii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (viii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (ix) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (x) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xii) If Demat account holder has forgotten the changed password, then enter the user ID and Image Verification and click on Forgot Password & enter details as prompted by the system.
- (xiii) Shareholders can also cast their vote using CDSL's Mobile App m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the Mobile App while voting on your mobile.

**General instructions/information for Members for voting on the Resolutions:**

- a. In case of any queries regarding remote e-voting you may refer to the Frequently Asked Questions (“FAQs”) and User Manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact the Company or Registrar and Share Transfer Agent.
- b. Facility of e-voting shall also be made available at the AGM. Members attending the AGM, who have not already cast their vote by remote e-voting, shall be able to exercise their right at the AGM.
- c. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.
- d. Mr. D. Balarama Krishna (85117), Practicing Company Secretary, Hyderabad, has been appointed by the Resolution Professional of the Company to act as the Scrutinizer to scrutinize the remote e-voting as well as e-voting process during the AGM in a fair and transparent manner.
- e. The Scrutinizer will make, not later than two days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Resolution Professional or a person authorized by him in writing, who shall countersign the same.

- f. The Resolution Professional or the person authorized by him in writing forthwith on receipt of the consolidated Scrutinizer's Report, declare the results of the voting. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.proseedindia.in](http://www.proseedindia.in) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after their declaration and communicated to the Stock Exchanges where the Company is listed viz. BSE Limited and National Stock Exchange of India Limited.
- g. Subject to receipt of requisite number of votes, the Resolution(s) set out in the Notice shall be deemed to be passed on the date of the AGM.

### **INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY DURING THE AGM**

- i. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iii. Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM:**

- (i) Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder/members login where the EVSN: 201120003 of Company will be displayed. Click on live streaming appearing beside the EVSN.
- (ii) Shareholders are encouraged to join the Meeting through Laptops / iPad for better experience.
- (iii) System requirements for best VC experience:
  - Internet connection – broadband, wired or wireless (3G or 4G/LTE), with a speed of 5 Mbps or more
  - Microphone and speakers – built-in or USB plug-in or wireless Bluetooth
  - Browser - Google Chrome: Version 72 or latest Mozilla Firefox: Version 72 or latest Microsoft Edge Chromium:  
Version 72 or latest Safari: Version 11 or latest Internet Explorer: Not Supported

- (iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (v) Members can post questions through Q&A feature available in the VC. Members can exercise these options once the floor is open for shareholder queries.

**Information to the members at a glance:**

<b>Particulars</b>	<b>Details</b>
Date of AGM	Saturday, 19 <sup>th</sup> December, 2020
Time of AGM	11:30 A.M. (IST)
Mode of conducting AGM	Video Conferencing (VC) and Other Audio-Visual Means (OAVM)
Book closure date	Sunday, 13 <sup>th</sup> December, 2020 to Saturday, 19 <sup>th</sup> December, 2020 (both days inclusive)
Cut-off date for e-voting	Saturday, 12 <sup>th</sup> December, 2020
E-voting start time and date	Wednesday 16 <sup>th</sup> December, 2020 at 9 AM (IST)
E-voting end time and date	Friday 18 <sup>th</sup> December, 2020 at 05 PM IST
Address of the Registered office & contact details of the company	Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda, Ranga Reddy Dist., Telangana, Hyderabad - 500 089 E-mail: <a href="mailto:cs@proseedindia.in">cs@proseedindia.in</a> Web: <a href="http://www.proseedindia.in">www.proseedindia.in</a>
Name, address and contact details of Registrar and Share Transfer Agent (RTA)	CIL Securities Limited 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500 001. Phone: +91 040-2320 3155 E-mail: <a href="mailto:rta@cilsecurities.com">rta@cilsecurities.com</a>

## **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

### **Item No.3**

The following Explanatory Statement sets out material facts relating to the business under item No. 3, of the accompanying Notice dated on 23<sup>rd</sup> November, 2020

In order to restructure the company's business plans, improve liquidity a financing plan is being worked out. Under this plan it may be required to sell out or otherwise transfer some of the undertakings / assets / projects to strategic investor or third party (ies), on a going concern basis to ensure smooth functioning of operations.

The members of the company are requested to note that as per section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a company can exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the company, only with the prior approval of the members of the company by way of a special resolution.

As per Explanation (i) & (ii) of section 180(1) (a) of the Act:

- i. "undertaking" means an undertaking in which the company's investment exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the company during the previous financial year;
- ii. "substantially the whole of the undertaking" in any financial year means 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

Accordingly, pursuant to Section 180 (1) (a) of the Companies Act, 2013, members of the Company are further requested to note that their consent to the Board is being sought by way of a Special Resolution to sell and transfer the business/assets of the Company by means of sale/disposal /merger etc.

The proposed enabling resolution at item No. 3 provides adequate flexibility and discretion to the Board to finalize the terms of the sale of the Assets as business undertaking in consultation with advisors, experts or other authorities as may be required.

The Directors recommend the resolution proposed at item No.3 for your approval. None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

## Director's Report

**To the Members,**

The Resolution Professional presents to the Members the 28<sup>th</sup> Annual Report of the Company for the year ended March 31, 2020, which includes the Directors' Report ("Annual Report").

### **INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP):**

The National Company Law Tribunal ("NCLT"), Hyderabad Bench, vide Order dated July 10, 2019 ("Insolvency Commencement Order") had initiated Corporate Insolvency Resolution Process ("CIRP") against your Company based on petition filed by the Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Venka Reddy Bathina was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently Hon'ble NCLT vide its Order dated October 15, 2019 had appointed Mr. Sreenivasa Rao Ravinuthala as Resolution professional of the Company.

Thereafter, pursuant to the Insolvency Commencement Order and in consonance with the stipulation contained in Section 17 of the IBC, 2016, the powers of the Board of Directors of the Company stand suspended and the same are vested and exercised by Mr. Sreenivasa Rao Ravinuthala, Resolution Professional (RP) w.e.f. July 10, 2020. The Adjudicating Authority has approved the extension of CIRP for a further period of 90 days, after a lapse of 180 days vide order dated January 06, 2020.

Members of the Committee of Creditors (CoC) in their 7<sup>th</sup> Meeting held on March 06, 2020 considered the resolution plans and approved the resolution plan submitted by the Consortium (lead by Ratakonda Vivek Kumar Chartered Accountant) through e-voting held on March 12, 2020.

The Resolution Professional filed an application under Section 30(6) of the Code before the Hon'ble NCLT for the approval of Resolution Plan. The Adjudicating Authority has reserved the judgement vide its order dated August 18, 2020.

Members may kindly note that, the Resolution Professional was not in office for the entire period to which this report primarily pertains. During the CIR Process (i.e. from July 10, 2019 to March 31, 2020), the Resolution Professional was entrusted with the management of the affairs of the Company. The Resolution Professional is submitting this Report in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations").

This Report was discussed in a meeting held with the Key Management persons and thereafter taken on record by the Resolution Professional.

**Financial Highlights:**

(Amount in Rs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	--	2,03,18,079
Other income	--	2,39,194
Total revenue	--	2,05,57,273
Profit before Finance Cost, Depreciation & Tax	--	2,05,57,273
Depreciation and amortization expense	(10,45,169)	(9,17,228)
Finance Cost	1,11,719	67,867
Other Expenses	13,00,472	53,60,168
Exceptional Item	6,98,482	48,21,927
Tax Expenses	--	--
Profit/ (Loss) after Tax	--	(43,33,717)
Other Comprehensive Income/(Loss)	(31,55,842)	(68,33,473)
Total Comprehensive Income/(Loss)	--	--
	<b>(31,55,842)</b>	<b>(68,33,473)</b>

**REVIEW OF OPERATIONS:**

During the financial year under review, the Company has not achieved any Revenue from the Operations as against Rs. 205.57 lakhs during the previous financial year. The Company recorded a Net Loss of Rs. 31.56 lakhs as against net loss of Rs. 68.33 lakhs incurred during the previous financial year.

**DIVIDEND:**

During the year under review, the company has not declared any dividend.

**BORROWINGS:**

Please refer Note No. 2.9 of the notes on accounts (Financial Statements). Indebtedness in Form MGT-9 under Clause V in this Report.

**COVID-19 AND ITS IMPACT:**

During the year under review the covid-19 pandemic developed rapidly globally thereby forcing the government to enforce complete lock-down since March 24, 2020 of almost all economic activities except essential services which are allowed to operate with limited staff strength during the lock down period your company continued its operations by strictly adhering to the minimal staff strength requirement and maintaining social distance and other precautions as per government directions.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate

safety measures.

### **DIRECTORS:**

Mrs. Chukka Lakshmi has been appointed as Non-Executive Woman Director of the Company effect from November 14<sup>th</sup> 2018 is proposed as a Non-Executive Woman Director of the Company. The Board of Directors recommends her appointment at the AGM.

Mr. Dasigi Venkata Surya Prakash Rao (DIN: 03013165) and Mr. Satya Srikanth Karaturi (DIN: 06893793) Directors have placed their resignation before the Company w.e.f. 4th February, 2020. Accordingly, the Resolution Professional of the Company put the said resignations before the Committee of Creditors (CoC) but the same were not approved by CoC in their meeting held on 5th February, 2020. Therefore, the composition of the Board of Directors remains same and its powers stand suspended during the year under review.

### **AUDITORS:**

#### **STATUTORY AUDITORS:**

Pursuant to the provision of section 139 and other applicable provision, if any, of the Company Act, 2013 read with Rule made there under, The statutory Auditors, M/s Navitha and associates, chartered Accountants, appointed as the statutory Auditors at the last Annual General Meeting held on 29.09.2017 for a period of Five (5) years till the conclusion of 30th Annual general Meeting in the calendar year of 2022.

As per the companies Amendment Act 2017, Ratification by members is not required and hence only the information with regard to continuity of auditor is mentioned.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Balarama Krishna Desina, Company Secretary in practice to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure: 1'.

#### **INTERNAL AUDITORS**

M/s. Gorantla & Co, Chartered Accountants perform the duties of internal auditors of the company and their report is reviewed by the Audit Committee/Resolution Professional from time to time.

#### **PUBLIC DEPOSITS:**

The Company has not accepted any deposits within the meaning of Companies Act, 2013 and the rules framed there under.

#### **HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**



During the year your company is not having any holding, subsidiary and associate companies.

### **INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

The Chief Executive Officer has represented to the Resolution Professional that the Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

### **DIRECTORS & KEY MANAGERIAL PERSONNEL**

During the year under review, the Remuneration & Nominations Committee, has not recommended any person to be appointed as director till the commencement of the CIRP i.e. July 10, 2019. Thereafter, due to the commencement of the insolvency resolution process against your Company as per the provisions of the Insolvency and Bankruptcy Code, 2016, the powers of the Board of Directors stand suspended and the same are exercised by Resolution Professional.

#### **Details of Directors/Key Managerial Personnel Appointed / Resigned:**

During the year under review, Mr. Husain Shopurwal, Company Secretary of the Company resigned from the post of Company Secretary with effect from April 23, 2019.

Mr. Avinash Karingam was appointed as the Chief Financial Officer of the Company w.e.f April 12, 2019. Mr. Avinash Karingam, resigned from the post of Chief Financial Officer with effect from May 23, 2019.

Ms. Sree Harshitha Mallireddy Appointed as Company Secretary & Compliance Officer of the Company with effect from August 27, 2020.

#### **COST AUDIT:**

During the year under review, maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013 are not applicable to the Company.

### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

The Company had, prior to the commencement of the CIR process, put in place a Vigil Mechanism/Whistle Blower Policy. The details of the Policy are also available on the website of the Company i.e. [www.proseedindia.in](http://www.proseedindia.in).

The Company Secretary has represented to the Resolution Professional that no Director /

employee has been denied access to the Chairman of the Audit Committee until July 10 2019 and to the Resolution Professional thereafter and that no complaints were received during the year and the Resolution Professional has relied on such representation.

#### **RELATED PARTY TRANSACTIONS:**

All transactions with related parties during the year were in the ordinary course of business on an arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, since disclosure in form AOC- 2 is required to be made only of the related party transactions or arrangements that were not at arm's length basis or the material related party transactions that were at arm's length basis in accordance with the Section 188 of the Companies Act, 2013, the disclosure in form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. Further, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

The policy on Related Party Transactions as approved by the Board of Directors prior to the commencement of the CIR Process has been uploaded on the website of the Company viz. [www.proseedindia.in](http://www.proseedindia.in). None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration.

#### **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

Your Company has always believed in providing a safe and harassment free workplace for every women employee working with your Company. Your Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Company has a zero tolerance for sexual harassment at workplace and, therefore has in place a policy on prevention of sexual harassment at workplace prior to the commencement of the CIR process. The said policy is in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company's Internal Complaints Committee (ICC) has been formed prior to the commencement of the CIR process and its details are declared across the organizations.

During the year under review, it has been represented to the Resolution Professional that no complaints were reported to the ICC.

#### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company had, prior to commencement of the CIR process, laid down a Code of Conduct for Prohibition of Insider Trading. The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulation.

### **SIGNIFICANT OR MATERIAL ORDERS THAT WERE PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

The National Company Law Tribunal ("NCLT"), Hyderabad Bench, vide Order dated July 10, 2019 ("Insolvency Commencement Order") had initiated Corporate Insolvency Resolution Process ("CIRP") based on petition filed by the Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code") and had appointed Mr. Sreenivasa Rao Ravinuthala as Resolution professional vide its order dated October 15, 2019 to manage affairs of the Company in accordance with the provisions of the Code.

To the best of our knowledge, during the year under review, the Company has not received any other order from the Regulators, Courts or Tribunals which may impact the Going Concern status or the Company's operations in future and that the Company has complied with all the requirements of the Listing Regulations with the Stock Exchanges as well as regulations and guidelines of SEBI.

### **PARTICULARS OF EMPLOYEES:**

None of the employees are in receipt of the remuneration as set out under the Companies Act, 2013 and read with Rules made there under and as such the statement as required under the Companies Act, 2013 is not applicable.

### **LISTING OF SHARES**

The shares of the company are listed on National Stock Exchange and on the Bombay Stock Exchange Limited (BSE) under INDONEXT model. The listing fee for the year 2020-21 has already been paid to the NSE.

### **CORPORATE GOVERNANCE:**

Since the paid-up capital of the company is less than Rs.10 Crores and the net worth of the Company is less than Rs.25 Crores, the provisions of Regulations 17, 17A, 18, 19, 20, 21,22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, are not applicable to the Company, hence corporate governance report has not been enclosed to directors report. Further, as per Notification no. SEBI/LAD-NRO/GN/2018/21 dated May 31, 2018,

regulations 17, 18, 19, 20 and 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related to Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee respectively, shall not be applicable during the Insolvency Resolution Process period in respect of a listed entity which is undergoing CIRP under the Code and that the role and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the Resolution Professional in accordance with sections 17 and 23 of the Code. Hence, the status of the Board of Directors and Committees presented in this Report is as just before the commencement of CIRP i.e. July 10, 2019.

## 1) BOARD OF DIRECTORS

### Composition of the Board

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with not less than Fifty percent of the Board of Directors comprising of Non-Executive Directors. The Company has whole time director and Executive Director and more than 60% of the Board consisting of Independent and Non-Executive Directors.

### Meetings and Attendance:

During the financial year ended 31<sup>st</sup> March, 2020, two board meetings were held before the commencement of the CIRP against your Company i.e. July 10, 2019. After the suspension of the Board of Directors and their powers, the Resolution Professional has conducted four board meetings during the year to the limited extent for complying with the requirements under law on behalf of your Company.

#### a) Attendance of each Director at the Board Meetings held during the year 2019-20 (Before and after commencement of CIRP) and at the Last Annual General Meeting;

S1. No	Name and Designation of the Director	Board Meetings held before CIRP	Board Meetings held during after CIRP	Board Meetings Attended during the year	Attendance at Last AGM (Yes/No)
1	Mr. D.V.S Prakash Rao	2	4	6	YES
2	Mr. Satya Srikanth Karaturi	2	4	5	YES
3	Mr. Nekkanti Venkata Krishnayya	2	4	2	YES
4	Mrs. Chukka Lakshmi	2	4	2	NO

**Number of Board meetings held (before and after commencement of CIRP) dates on which held**

The Board of Directors met 6 times during the year 2019-20 on April 12, 2019; May 23, 2019, August 8, 2019; August 28, 2019; November 13, 2019; and February 13 2020

**Independent Directors:**

Independent Directors play an important role in the governance process of the Board. They bring to bear their expertise and experience on deliberations of the Board.

Pursuant to commencement of the CIR process of the Company, the powers of the Board stood suspended and were exercised by the resolution professional in accordance with the provisions of the Code. No meetings of Independent directors were held during the year under review.

**(a) AUDIT COMMITTEE**

The Audit Committee constituted by the Company (during the period from April 1, 2019 to July 10, 2019) meets the requirement of Section 177 of the Act and Regulation 18 of SEBI Listing Regulations.

During the year under review, one Audit Committee meeting was held before the commencement of CIRP i.e. July 10, 2019. In view of the suspension of the Board of Directors and their powers, no Audit Committee meetings were held after commencement of the CIRP. The Powers vested with the Audit Committee were also exercised by the Resolution Professional.

**(b) NOMINATION AND REMUNERATION COMMITTEE**

In terms of SEBI LODR Regulations, a company undergoing CIRP process is not required to comply with Regulation 19 of the SEBI LODR Regulations dealing with the requirements of constitution, meetings and terms of reference of the nomination and remuneration committee.

No meetings of the Committee were held during the year ending 31st March, 2020

**(c) STAKEHOLDERS RELATIONSHIP COMMITTEE**

No meeting of Stakeholders' Relationship Committee were held during the year ending 31st March, 2020. The Company had not received any complaint during the year and there is no complaint pending as on date. There was no valid request for transfer of shares pending as on 31st March, 2020.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company is not covered under the criteria of the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, and therefore it is not mandatory to comply with the same.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to the provisions of Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a report on Management Discussion & Analysis is herewith annexed as “Annexure:2 ” to this report.

## **DISCLOSURES**

- I. The summary of the materially significant related party transactions is given in the Notes to the Accounts appearing in this Annual Report. However, none of the related party transactions have potential conflict with the interests of the Company at large, as all the transactions were entered into on an arms-length basis.
- II. There were no instances of non-compliances nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets, except, identification of the Company as a suspected Shell Company by the SEBI vide its letter dated August 07, 2017 and an order of the NSE vide letter dated January 19, 2018 for the forensic audit of the Company and imposition of fine by the NSE vide letter dated February 12, 2020 for non-appointment of Company Secretary & Compliance Officer under Regulation 6 (1) of SEBI LODR Regulations, 2015 and non-submission of reports/ disclosures in the annual report for the year ended 31st March 2019 vide letter dated March 23, 2020.
- III. The Company has complied with and adopted all the mandatory requirements of SEBI LODR Regulations except the non-compliance with respect to the appointment of the Company Secretary and Compliance Officer as mentioned above, and with the non-mandatory requirements as Disclosures, Communication and General Information to the shareholders etc.

## **DIRECTORS' RESPONSIBILITY STATEMENT/STATEMENT TAKEN ON RECORD BY THE RESOLUTION PROFESSIONAL**

Pursuant to Section 134(5) of the Companies Act, 2013, based on internal financial controls, work performed by the internal, statutory, and secretarial auditors, the reviews performed by the management and with the concurrence of the Audit Committee prior to commencement of CIRP, that for the year ended 31st March, 2020, the confirmation is hereby given for the Company having:

- (a) in the preparation of annual accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;

- (b) the Board had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year;
- (c) the Board had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Board have prepared the annual accounts on a going concern basis;
- (e) the Board had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Board had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The company has no activities relating to Conservation of Energy, Technology Absorption. The company has no Foreign Exchange earnings and Outgo during the year under review.

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT- 9 is annexed herewith as “Annexure: 3”.

-

**ACKNOWLEDGMENTS:**

The Resolution Professional acknowledges and thanks all the employees, customers, suppliers, investors, lenders, regulatory and government authorities and stock exchanges for their cooperation and support and look forward to their continued support in future.

For and behalf of  
Proseed India Limited  
(Company under Corporate Insolvency Resolution Process)

Sd/-  
DVS Prakash Rao  
Director

Sd/-  
Sreenivasa Rao Ravinuthala  
Resolution Professional

Place: Hyderabad  
Date: 23-11-2020

**Annexure: 1**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

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

To,  
The members,  
**PROSEED INDIA LIMITED,**  
**CIN: L01403TG2002PLC039113**  
Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Hyderabad, Telangana – 500089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Proseed India Limited (Hereinafter referred to as “the Company”). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

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

I have examined the Statutory Registers, papers, minutes’ books, forms and returns filed with the ROC and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

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



- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable during the audit period;**
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31<sup>st</sup> March, 2020:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable as there was no fresh issue of Capital during the Year).**
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable as there was no offer Share Based Employee Benefits during the Year).**
  - (c) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008; **(Not applicable as there was no Debt securities listed on the Stock Exchange)** and
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as there was no Delisting of Equity Shares during the year)** and
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable as there was no Buyback of Securities by the Company during the year)**
- (vi) I have also examined compliance with the applicable provisions of the following:

- (a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
- (b) The Listing agreements entered into by the Company with Stock Exchanges read with Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

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

*In accordance with provisions of Regulation 33 of LODR, the Statutory Auditors have not complied with the requirement of Peer Review Certificate of the ICAI;*

**I further report that:**

Pursuant to an application filed by the Operational Creditor, The Hon'ble National Company Law Tribunal, Hyderabad bench, vide its order dated 10<sup>th</sup> July, 2019 had ordered the commencement of the Corporate Insolvency Resolution Process ("CIRP") in respect of the company under the provisions of the Insolvency and Bankruptcy Code, 2016 (the "Code"). Initially Venka Reddy Bathina was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently Hon'ble NCLT vide its Order dated 15<sup>th</sup> October, 2019 had appointed Sreenivasa Rao Ravinuthala as Resolution professional of the Company.

Pursuant to the Insolvency Commencement Order and in consonance with the stipulation contained in Section 17 of the IBC, 2016, the powers of the Board of Directors of the Company stand suspended and the same are vested and exercised by Mr. Sreenivasa Rao Ravinuthala, Resolution Professional.

**I further Report that:**

- (a) I rely on Statutory Auditors' Report in relation to the financial statements, qualifications and accuracy of financial figures for, Sales Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, FERA etc. as disclosed under financial statements.
- (b) In terms of SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, a Company undergoing the corporate insolvency resolution process is not required to comply with relevant Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealing with the requirements of, amongst others, composition of Board of Directors including that of

Independent Director, Constitution, Meetings and terms of reference of the Audit Committee, Constitution, Meetings and terms of reference of the nomination and remuneration committee, constitution, meetings and terms of reference of the stakeholders' relationship committee.

- (c) During the financial year ended 31<sup>st</sup> March, 2020, two board meetings were held before the commencement of the CIRP i.e. July 10, 2019 against the Company. After the suspension of the Board of Directors and their powers, the Resolution Professional has conducted four board meetings during the year for the limited purpose of complying with the requirements under law on behalf of the Company.
- (d) The management under the direction of Resolution Professional, is responsible for compliances of all applicable laws including business laws. This responsibility includes maintenance of statutory registers/records/ filings and statements required by the concerned authorities and internal control of the concerned department.
- (e) I report that there are prima facie adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to observations and qualifications, if any made by Statutory Auditors in their report.
- (f) During the period under review, as per the information provided by the Company, the Compliance Officer has not granted any pre clearance approval to trade by few of the Designated Persons during the closure of trading window period.
- (g) During the audit period the Company has no specific events like Public/Right/Preferential issue of shares/debentures/sweat equity/ ESOP etc.
- (h) During the audit period the Company has received the following observation letters from NSE:
- Letter No. NSE/LIST/ 15861 dated 23<sup>rd</sup> March, 2020 specifying non-disclosures in the annual report related to: (i) Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies. AND (ii) Detail of fees paid to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
  - Letter No. NSE/LIST-SOP/REG-13(3)/FINES/100854 dated 02<sup>nd</sup> June, 2020 imposing fine for non-compliance of listing regulation 13(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 31<sup>st</sup> March, 2020 and the Company has submitted its report on 31<sup>st</sup> August 2020.

- Letter No. NSE/LIST-SOP/REG-31/FINES/100854 dated 02<sup>nd</sup> June, 2020 imposing fine for non-compliance of listing regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 31<sup>st</sup> March, 2020 and the Company has submitted its Share holding Pattern under Regulation 31(1)(b) on 02<sup>nd</sup> September 2020. Further the RSA for the Quarter ended 31<sup>st</sup> March 2020 was submitted lately on 01<sup>st</sup> September 2020.
- Letter No. NSE/LIST-SOP/REG-6(1) &7(1)/FINES/101661 dated 04<sup>th</sup> August, 2020 imposing fine for non-compliance of listing regulation 6(1) and 7(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 31<sup>st</sup> March, 2020 which deals with the non-appointment of qualified company secretary as the compliance officer of the company.
- The Company has appointed a qualified company secretary as the compliance officer of the company w.e.f. 27<sup>th</sup> August, 2020 and the Company vide its letter dated 07<sup>th</sup> September 2020 requested the Stock Exchange for waiver of the fine imposed and the reply is yet to be received as on the date of issuance of this Report.

Sd/-

D. Balarama Krishna  
Company Secretary in Practice  
FCS No.: 8168  
C P No.: 22414  
UDIN:F008168B001253192

Place: Hyderabad  
Date: 19.11.2020

Note: This letter is to be read with our letter of even date, which is annexed, and form an integral part of this report.

## ANNEXURE

To,  
The Members,  
M/s. **PROSEED INDIA LIMITED,**  
**CIN: L01403TG2002PLC039113**  
Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Hyderabad, Telangana – 500089

**SUBJECT:** Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

D. Balarama Krishna  
Company Secretary in Practice  
FCS No.: 8168  
C P No.: 22414  
UDIN:F008168B001253192

Place: Hyderabad  
Date: 19.11.2020

**Annexure: 2****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2020. We have included discussions on all specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's competitive position.

**INDUSTRYSTRUCTURE AND DEVELOPMENTS****Indian Economy Review**

In terms of GDP, Indian economy is the 5th largest economy in the world. The economy faced multiple headwinds and grew by 4.2%<sup>1</sup> in FY 2019-20, registering a decline as compared to the previous year. This decline was primarily driven by many domestic factors. The recent outbreak of Covid-19, has posed a challenge and has altered the outlook of the Indian economy. The economy is further expected to experience slowdown and is projected to grow by a modest 1.9% in FY 2020-21.

**Indian Agriculture Sector Overview**

Agriculture is pivoted to the growth of the Indian economy, both in terms of its contribution to the GDP as well as a source of employment for a majority of the country's population. The Agriculture sector contributed around 16.5% to GVA in FY19-20.

**Major Challenges faced by Indian Agriculture**

Funding, adverse climatic conditions, uneven distribution of rains and many more factors. Some of them are mentioned below –

- India's farm yield is 30-50% lower than that of developed nations. Inadequate use of manures like cow-dung or vegetable refuse and increasing use of chemical fertilizers make the agricultural land less productive, resulting in low farm yield. Lack of crop rotation practices resulting in a loss of soil fertility. Due to the small size and scattered nature of agricultural holdings, the productivity per acre is low.

**Outlook**

The Ministry of Agriculture has set the target for food grain production at a record 298.3 million tons for the 2020-21 crop year, beginning in July. It is aiming for an output of 149.92 million tons of kharif or summer-sown crop, and 148.4 million tons of Rabi or the winter sown crop. The target is over 2% more than last year's estimated production of 292 million tons.

## Seed Sector in India

For a productive harvest, the agricultural sector is highly dependent on the availability and quality of seeds. In India, agriculture is the dominant occupation, which secures abundant opportunities for the seed market in the region. The seed market in India is estimated to reach US \$9.1 billion by 2024, growing at a CAGR of 13.6% from 2019-2024. The active participation of both, public and private sectors, have played a vital role in laying a strong foundation for the industry. In India, over the last few years, rising awareness among farmers about the benefits of using certified/ quality seeds has increased the popularity of quality seeds.

Presently your Company is engaged in the business of Seed processing and trading of physical agri- Commodities etc.

Due to extremely adverse market conditions, Company was consistently running into losses and Company had closed all the operations beginning the financial year under review. Consequently, Company remained nearly non-operational during the period under review. During the financial year under review Company has not reported any revenue and incurred net loss of Rs. 31.56 lakhs. The liquidity pressures resulting from the losses further impacted the operations, marketing efforts and cash flows.

The Company failed to establish its presence in the Seed processing and agri related activates primarily due to lack of its own farms for processing, obsolete R&D facilities and lack of strong multi crop product portfolio etc. The Company not able to win the trust of the farmers in selling field crop seeds and vegetable seeds etc., consequently not able to establish its brand in the market. The Company's commodity trading business also has not yielded any optimum results due to lack of working capital limits with Banks.

Despite of all efforts to revive the Company, Corporate Insolvency Resolution Process has been initiated against your Company w.e.f July 10, 2019 as per the Regulations of Insolvency and Bankruptcy Code, 2016. Pursuant to the order the powers of the Board of Directors stands suspended and such powers exercised by the Resolution Professional. The Resolution Plan submitted by the Resolution Applicant had been approved by the Committee of Creditors (CoC) and same was submitted to the Hon'ble NCLT for its final approval under Section 30(6) of the Code. The Adjudicating Authority has reserved the judgement vide its order dated August 18, 2020.

The future performance of your Company would depend to a large extent on its ability to successful adopt the diversification. We are hopeful that through the combination of market developments and expansion activity, there will be healthy growth over the next few years.

## HUMAN RESOURCES

The Company continued to be under CIRP and hence, the management tried to sustain the ongoing status of the organization by retaining critical talent. A measure of controlling fixed cost and continued employee communication has neutralized the difficult situation.

## OTHER MATTERS

The Company is under the Corporate Insolvency Resolution Process since July 10, 2019 and was subjected to the risks, concerns and opportunities arising therefrom. As the Resolution Plan yet to be approved and implemented, we look forward to a successful implementation of the Plan to utilize the Company's intrinsic strengths. Internal control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks and other stakeholders, concerned Government and other authorities and our channel partners for their continued support and to customers for their reposing faith and confidence in us.

## CAUTIONARY STATEMENT

Statements in the "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include: Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

For and behalf of  
Proseed India Limited  
(Company under Corporate Insolvency Resolution Process)

Sd/-  
DVS Prakash Rao  
Director

Sd/-  
Sreenivasa Rao Ravinuthala  
Resolution Professional

Place: Hyderabad  
Date: 23-11-2020



## Annexure: 3

### FORM NO. MGT -9 EXTRACT OF ANNUAL RETURN As on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

CIN	L01403TG2002PLC039113
Registration Date	12/06/2002
Name of the Company	PROSEED INDIA LIMITED
Category / Sub-Category of the Company	Agri Seeds
Address of the Registered Office and contact details	Flat No. 302, Lotus Block, Block - B, Sandy Springs, Manikonda, Hyderabad TG 500089
Whether listed company	Listed on NSE and BSE (Indo Next)
Name, address and contact details of Registrar and Transfer Agent, if any	CIL Securities Ltd. 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500 001. Andhra Pradesh, India.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

S No	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Commodity Trading	6612	38.87%
2	Seed	4773	61.13%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding /Subsidiary /Associate	% of shares held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) Indian									
a) Individual/ HUF	6636198	-	6636198	6.90	6636198	-	6636198	6.90	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	27645509	-	27645509	28.76	27645509	-	27645509	28.76	-
Sub-total(A)(1):-	34281707	-	34281707	35.67	34281707	-	34281707	35.67	-
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+A(2)	34281707	-	34281707	35.67	34281707	-	34281707	35.67	-
<b>B. Public Shareholding</b>									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c) Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
(f) Financial Institutions /Banks	-	-	-	-	-	-	-	-	-
(g) Insurance Companies	-	-	-	-	-	-	-	-	-
(h) Provident Funds	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-

(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	43087427	22111	43109538	44.86	42418687	22261	42440948	44.16	-0.70
(ii) Individual shareholders holding nominal share capital in excess of Rs2 lakh	13583074	-	13583074	14.13	15719633	-	15719633	16.36	2.23
c) Others(Specify)	-	-	-	-	-	-	-	-	-
NRI	885130	-	885130	0.92	862221	-	862221	0.90	-0.02
Trusts	1000	-	1000	0.00	1000	-	1000	0.00	0.00
Custodians/Clearing members	326499	-	326499	0.34	118531	-	118531	0.12	-0.22
Body Corporate	3917888	-	3917888	4.08	2684396	-	2684396	2.79	-1.29
Sub-total (B)(2)	61804618	22111	61823129	64.33	61804468	22261	61826729	64.33	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	61801018	22111	61823129	64.33	61804468	22261	61826729	64.33	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	96086325	22111	96108436	100	96086175	22261	96108436	100	-

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year(01-04-2019)			Shareholding at the end of the year(31-03-2020)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Shares of the company	% of Shares Pledged/ encumbered to shares	
1	Kling Enterprises India Ltd	27645509	28.76	-	27645509	28.76	-	-
2	Meenavalli Venkata Srinivas	3254586	3.39	-	3254586	3.39	-	-
3	Meenavalli Usha Rani	3226360	3.36	-	3226360	3.36	-	-
4	Meenavalli Krishna Mohan	80786	0.08	-	80786	0.08	-	-
5	M.V. Laxmi	74466	0.08	-	74466	0.08	-	-

**iii. Change in Promoters' Shareholding :**

There is no change in Promoters Shareholding during the year.

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the year 01-04-2019		Shareholding at the end of the year 31-03-2020	
		No. of shares	(%)	No. of shares	(%)
1	Uma Kunareddy	2133340	2.22	2085413	2.17
2	Andela Srivivas Rao	916300	0.95	916300	0.95
3	Vivek Kumar Ratakonda	6043	0.01	812786	0.85
4	Kunareddy Simi	750000	0.78	750000	0.78
5	Akash Aggarwal	110964	0.12	664128	0.69
6	Cherlo Penchala Reddy	516581	0.54	570745	0.59
7	Cherlo Madhavi	531124	0.55	566163	0.59
8	Renuka Devi Nadimpalli	750000	0.78	555000	0.58
9	Satyavenkata Surya Ramakrishna Raju Namburi	488209	0.51	488209	0.51
10	K Naimi	456266	0.47	456266	0.47

**(vi) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	(%)	No. of shares	(%)
1	DVS Prakash Rao	42754	0.04	42754	0.04
2	Satya Srikanth Karaturi	-	-	6110	0.01
3	Nekkanti Venkata Krishnayya	-	-	-	-
4	Chukka Lakshmi	-	-	-	-

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

(Amount Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1-4-2019)				
i. Principal Amount	145,582,745	63,571,977	-	209,154,722
ii. Interest due but not paid	1,187,790	-	-	1,187,790
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>146,770,535</b>	<b>63,571,977</b>	<b>-</b>	<b>210,342,512</b>
Change in Indebtedness during the financial year (31-03-2020)				
Addition	13,00,472	98,80,000	-	1,11,80,472
Reduction	-	1,40,000	-	1,40,000
<b>Net Change</b>	<b>13,00,472</b>	<b>97,40,000</b>	<b>-</b>	<b>1,10,40,472</b>
Indebtedness at the end of the financial year				
i. Principal Amount	146,770,535	7,33,11,977	-	22,00,82,512
ii. Interest due but not paid	13,00,472	-	-	13,00,472
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>14,80,71,007</b>	<b>7,33,11,977</b>	<b>-</b>	<b>22,13.82,984</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Amount (Rs)
1	Gross salary		
a	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	D.V.S. Prakash Rao	4,83,400
b	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
c	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Commission - as % of profit	-	-
4	Others, please specify	-	-
	<b>Total (A)</b>	<b>-</b>	<b>4,83,400</b>

**B. REMUNERATION TO OTHER DIRECTORS:**

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			
		Satya Srikanth Karaturi	Nekkanti Venkata Krishnayya	Chukka Lakshmi	Total Amount
I	Fees for attending Board/ committee meetings	-	-	-	-
i	Commission	-	-	-	-
ii	Others	-	-	-	-
iii	Total (a)	-	-	-	-
II	Other Non-executive directors:	-	-	-	-
i	Fees for attending Board/ committee meetings	-	-	-	-
ii	Commission	-	-	-	-
iii	Others	-	-	-	-
	Total (b)	-	-	-	-
	Grand Total (a+b)	-	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel (KMP)
1	Gross salary	
a	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
b	Value of perquisites u/s 17(2) Income-tax Act, 1961	-
c	In lieu of salary under section 17(3) Income-tax Act, 1961	
2	Stock Option	-
3	Sweat Equity	-
	Total	-

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fee imposed	Authority RD/NCLT /Court	Appeal made if any
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
PROSEED INDIA LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the standalone Ind AS financial statements of Proseed India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

The National Company Law Tribunal ("NCLT"), Hyderabad Bench, vide Order dated July 10, 2019 ("Insolvency Commencement Order") had allowed Corporate Insolvency Resolution Process ("CIRP") against Proseed India Limited, based on petition filed by the Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Sreenivasa Rao Ravinuthala has been appointed as Resolution professional by the Hon'ble NCLT vide its Order dated October 15, 2019 to manage affairs of the Company. Thereafter, pursuant to the Insolvency Commencement Order, the powers of the Board of Directors are stand suspended during the year under review and the same are exercised by Resolution Professional.

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 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, 2020, loss, total comprehensive income, changes in equity and cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### **Material Uncertainty Related to Going Concern**

We draw attention to the fact that the company's operations have been suspended since beginning



of the year under review and the company has incurred a net loss of Rs. 31.55 lakhs during the year ended 31<sup>st</sup> March, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs.1791.44 lakhs. We draw the attention further to the current status of the Corporate Insolvency Resolution Process which was initiated against the Company on July 10, 2019 and these factors cast a significant uncertainty on the Company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statement.

### **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.

### **Information Other than the Financial Statements and Audit Report Thereon**

In the ongoing Corporate Insolvency Resolution Process (CIRP), The Resolution Professional (RP) 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 and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance and conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

In the view of ongoing Corporate Insolvency Resolution Process (CIRP), The Resolution Professional (RP) 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 of the assets of the Company and for

preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and 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, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/ Management under the direction of the Resolution Professional are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

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

Identify and assess the risks of material misstatement of the Standalone Ind AS 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards Specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Resolution Professional, none of the director is disqualified as on March 31, 2020 from being appointed as director in terms of section 164(2) of the Act. However in the view of corporate resolution process ("CIRP") from July 10, 2019, the powers of Board of Directors stand suspended as per section 17 of the code and such powers are exercised by the Resolution Professional during the year.

- f) The Company has not appointed qualified Company Secretary as Compliance officer during the year under review in violation of Regulation 6 of SEBI (LODR) Regulations 2015 and Section 203 of the Companies Act, 2013.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements by way of disclosure in note no. 1 (f) to the financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

Sd/-  
Navitha.K  
Proprietor  
M. No: 221085

Place : Hyderabad  
Date : 27-07-2020

**ANNEXURE “A” TO THE AUDITOR’S REPORT****Referred to in paragraph 1 under the head “Report on other legal & regulatory requirements” of our report of even date.**

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b. All the property, plant and equipment have been physically verified by the management during the year according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. As per the documents verified by us and explanation given to us, the Title Deeds of immovable properties are held in the name of the company.
- ii). The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- iii). According to the information and explanations given to us, the company has not granted any loans secured or unsecured, to companies, firms, Limited Liability Partnership or other parties who are covered in the register maintained under section 189 of Companies Act, 2013, accordingly paragraph 3 (iii) (a),(b) and (c) of the order are not applicable to the company.
- iv) According to the information and explanations given to us, the Company has not granted any loans, guarantees and security and made investments, as per section 185 & 186 of the Companies Act, 2013.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and as per the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- vii) a. According to the information & explanations given to us, none of the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods & Service Tax, Cess and any other Statutory Dues were outstanding as at last day of the financial year concerned for a period of more than six months.
- b. According to the information & explanations given to us, there is no dues in respect of

disputed amount to be deposited in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty, and Value Added Tax as on 31st March, 2020 except as stated below:

Name of the Statute	Nature of dues	Period which the amount relates to	Amount (Rs.)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	AY 2010-11	1,47,53,800	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	AY 2012-13	10,47,67,640 *	Circle 16(2), Hyderabad
Income Tax Act, 1961	Income Tax	AY 2013-14	10,33,66,340 *	Circle 16(2), Hyderabad
Sales tax, Mumbai	Sales Tax	FY 2011-12	6,72,066	--

\* The Income-Tax Department has re-opened the assessments of the Company for the years 2012-13, 2013-14, during the moratorium period under CRIP, and determined the tax liability ex-parte and issued notice of demand under Section 156 of the Income-tax Act, 1961.

The moratorium declared by the Adjudicating Authority prohibits such orders under Section 14 (1)(a) of the IBC 2016. The above claims were not admitted by the Resolution Professional in the Information Memorandum (IM), issued while inviting Resolution plans from the prospective Applicants.

- viii) According to the information and explanations given to us, the company has defaulted in repayment of loans to the banks, and to promoters. These dues are subject matter of insolvency proceedings, the Company is undergoing under IBC 2016. Pursuant to the approval of the order by the Hon'ble NCLT, and as per the terms of the Resolution Plan outstanding loans will be settled partially and balance will be waived off. The Company has not taken any loans or borrowings from the government or has not issued any debentures.
- ix) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.
- x) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- xi) In our opinion, the Company is not a Nidhi Company. Accordingly, Clause (xii) of Paragraph 3 of the Order is not applicable.
- xii) According to the information and explanations given to us, all transactions with the related party are in compliance with section 177 & 188 of Companies Act, 2013 and the same has been disclosed in financial statements as required by the Accounting Standards.

- xiii) According to the information and explanations given to us, the company has not made preferential allotment of shares and convertible share warrants on private placement basis during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the company.
- xiv) According to the information and explanations given to us, the company has not entered into Non Cash Transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the company.
- xv) According to the information and explanations given to us, company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

Sd/-  
Navitha.K  
Proprietor  
M.No: 221085

Place : Hyderabad  
Date : 27-07-2020

### **Annexure “B” to the Independent Auditor’s Report of even date on the Financial Statements of Proseed India Limited**

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

We have audited the internal financial controls over financial reporting of Proseed India Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Opinion**

In our opinion, 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, 2020, based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls Over Financial Reporting issued by the Institute of Chartered

Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

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

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**For Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

Place : Hyderabad  
Date : 27-07-2020

Sd/-  
Navitha.K  
Proprietor  
M.No: 221085



**Statement of Profit and Loss Account for the year ended 31 March 2020**
**(Amount Rs.)**

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>			
Income from operations	2.13	--	2,03,18,079
Other income	2.14	--	2,39,194
Total revenue		--	<b>2,05,57,273</b>
<b>Expenses</b>			
Purchase of stock-in-trade	2.15	--	1,98,75,222
Employee benefits expense	2.16	10,45,169	15,99,279
Finance costs	2.17	13,00,472	53,60,168
Depreciation and amortization expense	2.1	1,11,719	67,867
Other expenses	2.18	6,98,482	48,21,927
Total expenses		31,55,842	3,17,24,463
<b>Profit/ (Loss) before extraordinary items and tax</b>		<b>(31,55,842)</b>	<b>(1,11,67,190)</b>
Extraordinary items		--	--
<b>Profit/ (Loss) before tax after extraordinary items</b>		<b>(31,55,842)</b>	<b>(1,11,67,190)</b>
<b>Tax expense</b>			
- Current tax		--	(43,33,717)
- Current tax for earlier years		--	--
- Deferred tax charge		--	--
<b>Net Profit /(Loss) after tax</b>		<b>(31,55,842)</b>	<b>(68,33,473)</b>
<b>Other Comprehensive Income/(Loss)</b>			
A. (i) items that will not be classified to profit or loss in subsequent periods		--	--
B. (ii) Other Comprehensive Income/(Loss) net of tax		--	--
<b>Total Comprehensive Income, net of tax</b>		<b>(31,55,842)</b>	<b>(68,33,473)</b>
Earnings per share (Nominal value of share Rs.1/-)			
Basic/ Diluted		(0.03)	(0.07)

Accompanying notes form integral part of the financial statements

In terms of our report attached

for Navitha and Associates

Chartered Accountant

Firm's registration No.: 012026S

Sd/-

Navitha K

Proprietor

Membership No.: 221085

Place: Hyderabad

Date: 27-07-2020

**for Proseed India Limited**

Sd/-

DVS Prakash Rao

Director

Sd/-

Sreenivasa Rao Ravinuthala

Resolution Professional

<b>CASHFLOW STATEMENT FOR THE YEAR ENDED</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
<b>Particulars</b>		
<b>I. Cash flows from operating activities:</b>		
Net profit/(loss) before taxation:	(31,55,842)	(1,11,67,190)
Adjustments for operating activities:		
Depreciation and amortization	1,11,719	67,867
Interest expense	13,00,472	53,60,168
Profit/(Loss) on sale of property (net)	--	14,06,951
<b>Operating profit before working capital changes</b>	<b>(17,43,651)</b>	<b>(43,32,204)</b>
Movement in working capital:		
Increase/(decrease) in trade receivables	22,76,364	(67,19,693)
Increase/(decrease) in inventories	--	-50,38,556
Increase/ (decrease) in trade payables	(9,01,364)	16,25,188
Increase/ (decrease) non-current assets	--	(7,77,777)
Increase/ (decrease) in Financial current assets	(14,48,679)	11,74,999
Increase/ (decrease) in non-current liabilities and provisions	(3,78,68,335)	(25,37,298)
Increase/ (decrease) in current liabilities and provisions	3,33,47,796	
<b>Cash generated from operations</b>	<b>(63,37,869)</b>	<b>(65,28,229)</b>
Income taxes paid/(received)	--	--
Net cash flow from operating activities (A)	(63,37,869)	(65,28,229)
Cash flows from investing activities		
Proceeds from sale of fixed assets	--	1,07,70,000
Net cash flow used in investing activities (B)	--	<b>1,07,70,000</b>
<b>II. Cash flows from financing activities</b>		
Unsecured Loan received	97,40,000	63,000
Repayment / (Proceeds ) of short-term borrowings	13,00,472	11,87,790
Finance costs	(13,00,472)	(53,60,168)
Net cash from financing activities (C)	97,40,000	(41,09,378)
Net increase/ (decrease) in cash and cash equivalent (A+B+C)	34,02,131	1,32,393
Cash and cash equivalents at the beginning of the year	7,92,466	6,60,073
Cash and cash equivalents at the end of the year (refer note 2.5)	<b>41,94,597</b>	<b>7,92,466</b>

Accompanying notes form integral part of the financial statements  
In terms of our report attached

for Navitha and Associates  
Chartered Accountant  
Firm's registration No.: 012026S  
Sd/-  
Navitha K  
Proprietor  
Membership No.: 221085

for Proseed India Limited  
  
Sd/-  
DVS Prakash Rao    Sreenivasa Rao Ravinuthala  
Director                      Resolution Professional

Place: Hyderabad  
Date: 27-07-2020

**Statement of changes in equity for the year ended March 31, 2020**
**Equity Share Capital**

<b>Particulars</b>	<b>No. of Shares</b>	<b>Amount (Rs.)</b>
Equity Shares of Rs.1/- Each, Fully paid up As at April 01, 2018	9,61,08,436	9,61,08,436
Issued during the year	--	--
Balance As at March 31, 2019	9,61,08,436	9,61,08,436
Issued during the year	--	--
<b>Balance As at March 31, 2020</b>	<b>9,61,08,436</b>	<b>9,61,08,436</b>

**b. Other Equity**

<b>Particulars</b>	<b>Reserves and surplus</b>		
	<b>Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
As at April 01, 2018	29,56,250	(33,26,81,517)	(32,97,25,267)
Profit/(loss) for the year	--	(68,33,473)	(68,33,473)
Forfeited share capital	--	--	--
Balance As at March 31, 2019	29,56,250	(33,95,14,990)	(33,65,58,740)
Profit/(loss) for the year	--	(31,55,842)	(31,55,842)
<b>As at March 31, 2020</b>	<b>29,56,250</b>	<b>(34,26,70,832)</b>	<b>(33,97,14,582)</b>

Accompanying notes form integral part of the financial statements  
In terms of our report attached

for Navitha and Associates  
Chartered Accountant  
Firm's registration No.: 012026S

**for Proseed India Limited**

Sd/-  
Navitha K  
Proprietor  
Membership No.: 221085

Sd/-  
DVS Prakash Rao  
Director

Sd/-  
Sreenivasa Rao Ravinuthala  
Resolution Professional

Place: Hyderabad  
Date: 27-07-2020

## Notes forming part of the Financial Statements

### 1) Company Overview

Proseed India Limited (“the Company”) is a public limited Company incorporated and domiciled in India with its registered office at Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda, Ranga Reddy Dist., Hyderabad - 500 089, Telangana, India. The Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The company mainly engaged in Agri-Commodities Trading and production, processing, trading of Seeds.

### Basis of Preparation of Financial Statements

#### a) Compliance with Ind AS

The Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

#### b) Use of Estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement of financial instruments have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in their respective policies.

#### c) Basis of measurement

The financial statements have been prepared on the historical cost basis except certain financial assets and liabilities that are measured at fair value or amortised cost.

**d) Functional currency**

The financial statements are presented in Indian Rupees, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates. All amounts are in Indian Rupees INR except share data, unless otherwise stated.

**e) Operating cycle**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**I. Assets**

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**II. Liabilities**

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

- i. it is expected to be settled in the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

**f) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions

about the carrying amounts of assets and liabilities . The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

### **Provision and contingent liability**

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

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

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

## **g) Property, Plant and Equipment and Intangible assets**

### **I. Tangible asset and capital work-in-progress**

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed asset that are not yet ready for their intended use at the reporting date.

Property, plant & equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Cost of the tangible assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-Progress.



## **II. Intangible asset**

Intangible assets are recorded at the consideration paid for acquisition of such asset under carried at cost less accumulated amortization and impairment.

## **III. Depreciation and Amortization**

Depreciation and amortization for the year is recognized in the Statement of Profit and Loss. Depreciation on Property, Office Equipment are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. Freehold land is not depreciated.

### **h) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Noncurrent Investments are carried at cost less diminution in value other than temporary diminution determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

### **i) Measurement of fair values**

Number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. 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.

## 2) Significant Account policies

### a) Revenue Recognition

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

- i). Sales are recognized on transfer of significant risks and rewards of ownership of the goods to the buyer as per the terms of contract and no uncertainty exists regarding the amount of consideration that will be derived from sales of goods. It also includes goods and services tax and price variation based on the contractual agreement. It is measured at fair value of the consideration received.
- ii). Income from services is recognised as they are rendered, based on agreement/arrangement with the concerned customers.
- iii). Dividend income is accounted for when the right to receive the income is established.

### b) Provision for Current and Deferred Tax:

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961, and the rules framed there under.

Deferred tax is recognized using the Balance Sheet approach on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority and are intended to settle current tax liabilities, and assets on a net basis or such tax assets and liabilities will be realized simultaneously.

In the event of unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to realize such assets.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period

and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Current and deferred tax are recognized in the statement of profit and loss, except when the same relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognized in other comprehensive income or directly in equity respectively.

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### **c) Earnings per Share**

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **d) Leases**

#### **i). Finance Lease: as a Lessee:**

Leases, where substantially all the risks and benefits incidental to ownership of the leased item are transferred to the Lessee, are classified as finance lease. The assets acquired under finance lease are capitalised at lower of fair value and present value of the minimum lease payments at the inception of the lease and disclosed as leased assets. Such assets are amortised over the period of lease or estimated life of such asset, whichever is lower. Lease payments are apportioned between the finance charges and reduction of the lease liability based on implicit rate of return. Lease management fees, lease charges and other initial direct costs have been capitalised.

#### **ii). Operating Lease: as a Lessee:**

Leases, where significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

### **e) Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than

the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

## **f) Property, plant and equipment**

### **Tangible asset and capital work-in-progress**

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed asset that are not yet ready for their intended use at the reporting date.

Property, plant & equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Cost of the tangible assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-Progress.

### **Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

## **g) Depreciation**

Depreciation and amortization for the year is recognized in the Statement of Profit and Loss. Depreciation on Property, Office Equipment are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. Freehold land is not depreciated.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

## **h) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment.

Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

### **Amortisation**

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Computer software is amortised on straight line basis over a period of Five years.

#### **i) Cash and Cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

#### **j) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit or loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

#### **k) Employee benefits**

##### **i). Short-term Employee Benefits:**

Short-term employee benefits are recognised as an expense on accrual basis.

##### **ii). Defined Contribution Plan:**

Contribution payable to recognised provident fund and approved superannuation scheme, which are substantially defined contribution plans, is recognised as expense in the Statement of Profit and Loss, as they are incurred.

The provident fund contribution as specified under the law is paid to the Provident Fund to the Regional Provident Fund Commissioner.

##### **iii). Defined Benefit Plan:**

The Company provides for gratuity for employees in India as per the Payment of

Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination/resignation is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. The gratuity plan is a funded plan and Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC of India, a funded defined The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

## **l) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 disclosed as a contingent liability.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

## **m) Financial instruments**

### **i). Recognition and Initial recognition**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

## ii). Classification and Subsequent measurement

### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in

practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and



interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of

**Financial assets:** Subsequent measurement and gains and losses

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities:** Classification, Subsequent measurement and gains and losses financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### iii). Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.

**iv). Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**v). Impairment**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit

losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

### **Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **n) Impact of COVID-19 Key accounting judgements, estimates and assumptions.**

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, the management has considered the possible effects, if any, that may result from COVID-19 pandemic on amounts relating to trade receivables & advances given to customers. In assessing the recoverability of receivables and advances given to suppliers, the Company has considered internal and external information up to the date of approval of these financial results including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results of the Company will continue to closely monitor any material changes. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

## 2) Notes

### 2.1 Property, Plant and Equipment

(Amount in Rs.)

<b>I. Cost</b>	<b>Land</b>	<b>Buildings</b>	<b>Office Equipment</b>	<b>Total</b>
As at April, 2018	1,21,76,951	52,76,579	8,000	1,74,61,530
Additions	-	-	-	-
Disposals	1,21,76,951	-	-	1,21,76,951
As at 31 March, 2019	-	52,76,579	8,000	52,84,579
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March, 2020	-	52,76,579	8,000	52,84,579
<b>II. Accumulated depreciation</b>				
As at April, 2018	-	3,303,462	2,182	33,05,644
Depreciation expense	-	66,259	1,608	67,867
Disposals	-	-	-	-
As at 31 March, 2019	-	33,69,721	3,790	33,73,511
Depreciation expense	-	110,109	1,610	111,719
Disposals	-	-	-	-
As at 31 March, 2020	-	3,479,830	5,400	3,485,230
Net carrying value as at March 31, 2020	-	1,796,749	2,600	1,799,349
Net carrying value as at March 31, 2019	-	1,906,858	4,210	1,911,068

**2. Notes on accounts (Continued)**

(Amount in Rs.)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>2.2 Other Financial Assets</b>		
Considered Good	5,500	5,500
Security deposits	5,500	5,500
<b>2.3 Non-Current Asset</b>		
Advance tax & tax deducted at source	1,07,27,010	1,07,27,010
	1,07,27,010	1,07,27,010
<b>2.4 Trade receivables Secured</b>		
Considered Good	1,09,56,482	1,32,32,846
Considered bad and doubtful	56,118	56,118
	1,10,12,600	1,32,88,964
<b>2.5 Cash and cash equivalents</b>		
Cash on hand	--	11,900
Balance with banks	194,597	7,80,566
- On current accounts	40,00,000	--
- Other bank balances (fixed deposits)	41,94,596	7,92,466
<b>2.6 Other Financial Assets</b>	6,00,000	6,00,000
Security deposit	38,05,000	26,30,000
Other advances	523,542	2,49,862
Balance with Statutory/Government Authorities	49,28,542	34,79,862

**2.7 (a) Equity Share Capital**

(Amount in Rs.)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Authorised</b>		
56,00,00,000 Equity Shares of Rs. 1/- each	56,00,00,000	56,00,00,000
	56,00,00,000	56,00,00,000
<b>Issued, Subscribed and Paid-up</b>		
9,61,08,436 equity shares of Rs.1/- each fully paid up	9,61,08,436	9,61,08,436
	9,61,08,436	9,61,08,436

**2.7 (b) The details of shareholder holding more than 5% equity shares is set below:**

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Kling Enterprises India Ltd	2,76,45,509	28.77	2,76,45,509	28.77

**2.8(c) The reconciliation of the number of equity shares:**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount in `	Number	Amount in `
Shares outstanding at the beginning of the year	9,61,08,436	9,61,08,436	9,61,08,436	9,61,08,436
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	9,61,08,436	9,61,08,436	9,61,08,436	9,61,08,436

**Rights, preferences and restrictions of equity shares**

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company has only one class of equity shares at par value of Rs.1/- each.

(Amount Rs.)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>2.8 Other Equity</b>		
<b>Other equity consist of the following</b>		
a. Capital reserve account	29,56,250	29,56,250
b. Retained Earnings		
-Opening balance	(33,95,14,990)	(33,26,81,517)
-Profit/(loss) for the year	(31,55,842)	(68,33,473)
	(34,26,70,832)	(33,95,14,990)
Total (a+b)	(33,97,14,582)	(33,65,58,740)
<b>2.9 Borrowings Non-Current</b>		
Loans from Promoters and Directors	7,33,11,977	6,35,71,977
	7,33,11,977	6,35,71,977
Current Working Capital Demand Loans from Banks-Secured		
Working facilities from ARC Pvt. Ltd.		
Working facilities from Corporation Bank*	10,93,21,962	10,93,21,962
	3,87,49,045	3,74,48,573
	14,80,71,007	14,67,70,535

\*Working capital demand loan from Corporation Bank Loan from Corporation Bank to meet Business Expenses at present and repayable on demand, subject to annual review/ renewal. This loan also became NPA as on 31-03-2019.

(Amount in Rs.)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>2.10 Other Current Non-current liabilities</b>		
<b>Non-Current</b>		
Provision for taxation	-	-
Others	36,81,665	4,15,50,000
	36,81,665	4,15,50,000
<b>Current</b>		
Advance from customers	4,06,69,150	97,31,950
Statutory dues	9,24,017	7,15,063
Creditors for expenses	22,18,136	6,90,541
Employee Payable	7,25,170	1,75,942
	4,45,36,473	1,13,13,496
<b>2.11 Trade payables</b>		
Trade payables	64,69,461	73,70,825
Due to Micro, Small and Medium Enterprises (Refer Note: 2.21 )	-	-
	64,69,461	73,70,825
<b>2.12 Provisions</b>		
Other Payables- Expenses	2,03,161	78,341
	2,03,161	78,341

**2. Notes on accounts (Continued)**

(Amount in Rs.)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
2.13 Income from operations		
Sale of Goods		
- Commodity	--	1,10,15,071
- Seed	--	93,03,008
	--	2,03,18,079
2.14 Other income		
Provisions no longer required, written back	--	25,198
Miscellaneous Income	--	2,13,996
	--	2,39,194
2.15 Purchase of stock-in-trade		
- Commodity	--	1,10,51,722
- Seed	--	88,23,500
	--	1,98,75,222
2.16 Employee benefits expense		
Salaries	9,82,650	15,00,635
Contribution to PF and other funds	61,863	81,206
Staff welfare expenses	656	17,438
	10,45,169	15,99,279
2.17 Finance cost		
Interest on working capital loans	13,00,472	53,60,168
	13,00,472	53,60,168
2.18 Other expenses		
Power and fuel	175	27,092
Rent	60,000	60,000
Repairs and maintenance	15,300	1,73,726
Rates and taxes	5,42,574	25,33,435
Travelling and conveyance	5,873	1,23,812
Legal and professional fees	1,08,946	3,43,445
Communication charges	3,864	31,519
Sales promotion and advertisement	(71,008)	48,956
Advance written off	--	15,000
Loss on sale of assets	--	14,06,951
Bank charges	--	10,994
Printing and stationery	--	1,180
Miscellaneous expenses	32,758	45,817
	6,98,482	48,21,927



**2. Notes on accounts (Continued)**
**2.19 Earnings Per Share**

(Amount in Rs. except share data)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of Equity Shares outstanding during the year	9,61,08,436	9,61,08,436
Number of Shares considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share	9,61,08,436	9,61,08,436
Profit after Tax attributable to Equity Shareholders	(31,55,842)	(68,33,473)
Nominal Value of Ordinary Shares (Rs.)	1	1
Earnings Per Share (Basic)	0.03	0.07
Earnings Per Share (Diluted)	0.03	0.07

**2.20 Related party disclosures**

List of Related Parties	Details
i. Wholly owned Subsidiaries	i. Nil
ii. Key Management Personnel	i. D.V.S Prakash Rao – Whole time Director ii. Sree Harshitha M- Company Secretary & Compliance Officer (w.e.f August 27, 2020)
iii. Enterprises with whom transactions have taken place Entities where principal shareholders/ management personnel have control or significant influence	i. Kling Enterprises India Ltd ii. Stampede Capital Ltd iii. Spacenet Enterprises India Ltd
iv. Enterprises in which directors are interested	i. Kling Enterprises India Ltd ii. Stampede Capital Ltd iii. Spacenet Enterprises India Ltd
v. Persons having Substantial Interest in Voting Power	i. Kling Enterprises India Ltd ii. Usha Rani Meenavalli

**I. Particulars of related party transactions**

Following is the summary of significant related party transactions:

(Amount in Rs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Unsecured loan taken</b>		
Venkata Srinivas Meenavalli (Promoter)	97,40,000	63,000
<b>Remuneration paid</b>		
-D.V.S. Prakash Rao-Whole time Director	4,83,400	5,47,200
-T. Venkateswara Rao -Executive Director (resigned wef 14.03.2019)	--	2,43,000
<b>Loan/Advance Received</b>		
-Kling Enterprises India Limited (Common Directors)	4,42,000	21,22,500
<b>Trade payable (Creditor)-Paid to</b>		
-Venkata S Meenavalli (Promoter)	--	2,76,610

**II. The Company has the following amounts due from/to the related parties**

(Amount in Rs.)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Unsecured loan payable</b>		
-Venkata S Meenavalli (Promoter)	6,89,41,977	5,92,01,977
-D.V.S. Prakash Rao (Whole time Director)	43,70,000	43,70,000
<b>Loan/Advance payable</b>		
-Kling Enterprises India Limited (Common Director)	4,06,69,150	4,02,26,950
<b>Remuneration payable</b>		
-D.V.S. Prakash Rao (Whole time Director)	3,49,000	41,100

**2.21 Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)**

Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of 'Micro, Small and Medium Enterprises Development Act, 2006.

**2.22 Payments to auditors (included in Legal and professional charges) (excluding GST)**

(Amount in Rs.)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Audit fee	75,000	1,00,000
Other services	-	-
for reimbursement of expenses	-	-
	75,000	1,00,000

**2.23 Corporate Insolvency Resolution Proceedings (CIRP) Cost**

(Amount in Rs.)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Resolution Professional Fee	8.85.000	--
Publication Cost	2,74,428	--
Valuation Expenses	2,06,320	--
E-Voting	11,800	--
Operating Expenses	5,64,764	--
	19,42,312	--

**2.24 Commitments and Contingent liabilities**

(Amount in Rs.)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contingent Liabilities		
Demand for direct taxes under appeal*	1,47,53,800	2,22,87,540
Sales Tax Matters	6,72,066	6,72,066
Notice of demand under section 156 of the Income-tax Act, 1961**		
A. Y- 2012-13	10,47,67,640	--
A. Y- 2013-14	10,33,66,340	--

\* Pertains to income tax demand/matters on account of deductions/disallowances for the earlier years, pending appeals filed consequent orders passed against the Company/demands raised by the Department under Income Tax Act, 1961.

\*\* The Income-Tax Department has re-opened the assessments of the Company for the years 2012-13, 2013-14, during the moratorium period under CIRP, and

determined the tax liability ex-parte and issued notice of demand under Section 156 of the Income-tax Act, 1961. The moratorium declared by the Adjudicating Authority prohibits such orders under Section 14 (1)(a) of the IBC. The above claims were not admitted by the Resolution Professional in the Information Memorandum (IM), issued while inviting Resolution plans from the prospective Applicants.

### **2.25 Deferred tax asset/liability:**

In view of carry forward of losses under tax laws in the current year, the Company is unable to demonstrate virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised, which is as required under AS 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset has been recognised as at the year-end.

### **2.26 Non-provision of Interest on borrowings**

The Company has not provided for the Interest on borrowings, in the view of Moratorium declared as per Section 14 of the Code. The same is not in compliance with Ind AS -23 "Borrowing Costs". Had the provision for interest been recognized, finance cost and total expenses, would have been higher, consequently, Loss and total comprehensive Loss would have been higher. It would further affect the other financial liability and other equity.

### **2.27 Events Occurred after Balance Sheet Date**

The Resolution Professional had invited Resolution Plans from prospective Resolution Applicants byway of issuing invitation for Expression of Interest in newspaper as public Announcement during the year. Resolution Professional received 1 Resolution Plan out of 2 EOIs.

The Committee of Creditors (CoC) in their 7th Meeting held on March 06, 2020 considered the resolution plan and later approved the resolution plan submitted by the Consortium (Lead by Ratakonda Vivek Kumar, Chartered Accountant), through the e-voting process concluded on March 12, 2020. The Resolution Professional filed the Resolution Plan under Section 30(6) of the Code before the Hon'ble NCLT for its final approval of. The Adjudicating Authority has reserved the judgement vide its order dated August 18, 2020.

### **2.28 Segment reporting Operating Segments:**

- a) Commodity :
- b) Seed :

#### **Identification of Segments:**

The chief operating decision maker monitors the operating results of its business segments for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on the profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of nature or products/services.

**Segment Revenue and Results:**

The expenses and incomes which are not attributable to any business segment are shown as unallocated expenditure

**Segment Assets and Liabilities:**

Segment assets include all operating assets used by the operating segment

(Amount in Rs.)

<b>Particulars</b>	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Segment Revenue</b>		
a. Seed	--	93,03,008
b. Commodity	--	1,10,15,071
<b>Total</b>	--	2,03,18,079
Less: Inter Segment Revenues	--	--
<b>Net Income from Operations</b>	--	2,03,18,079
<b>Segment Results</b> (Profit/(Loss) before tax and interest from each segment)		
a. Seed	--	4,79,508
b. Commodity	--	(36,651)
<b>Total</b>	--	4,42,857
Less:		
i. Interest	13,00,472	53,60,168
ii. Un-allocable expenditure net off un-allocable income	18,55,370	62,49,879
<b>Operating Profit before Tax</b>	(31,55,842)	(1,11,67,190)
<b>Segment assets:</b>		
a. Seed	37,11,481	46,55,596
b. Commodity	73,01,119	19,13,675
c. Un allocated	2,16,54,998	2,36,35,598
	3,26,67,598	3,02,04,869
<b>Segment Liabilities:</b>		
a. Seed	--	13,89,486
b. Commodity	15,45,40,468	15,71,29,941
c. Un allocated	12,17,33,275	11,21,35,747
	27,62,73,743	27,06,55,174

Accompanying notes form integral part of the financial statements  
In terms of our report attached

for Navitha and Associates  
Chartered Accountant  
Firm's registration No.: 012026S

**for Proseed India Limited**

Sd/-  
Navitha K  
Proprietor  
Membership No.: 221085

Sd/-  
DVS Prakash Rao  
Director

Sd/-  
Sreenivasa Rao Ravinuthala  
Resolution Professional

Place: Hyderabad  
Date: 27-07-2020