



**12<sup>th</sup> Annual Report  
2017 - 2018**

**GOKAK TEXTILES LIMITED**

<b>Contents</b>	<b>Pages</b>
Notice .....	03 - 10
Board's Report and Annexures.....	11 - 39
Corporate Governance Report.....	40 - 50
 <b>Standalone Financial Results</b>	
Auditors' Report and Annexure.....	51 - 56
Balance Sheet.....	57 - 58
Statement of Profit & Loss.....	59
Cash Flow Statement.....	60 - 61
Statement of changes in Equity.....	62
Notes forming part of the Standalone Financial Statements (Notes 1-54).....	63 - 96
 <b>Consolidated Financial Statement</b>	
Auditors' Report and Annexure.....	99 - 103
Balance Sheet.....	104 - 105
Statement of Profit & Loss.....	106 - 107
CashFlowStatement.....	108 - 109
Statement of changes in Equity.....	110
Notes forming part of the Standalone Financial Statements (Notes 1-54).....	111 - 145
Gokak Power & Energy Limited (Subsidiary Company).....	146 - 196
Proxy Form .....	197

**Twelfth Annual General Meeting of Gokak Textiles Limited will be held on Tuesday, September 18, 2018 at 11.30 a.m at Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001**

The Annual Report can be accessed at [www.gokakmills.com](http://www.gokakmills.com)

DIRECTORS	: RAMESH R. PATIL – Chief Executive Officer & Managing Director PRADIP N. KAPADIA KAIWAN D. KALYANIWALLA VASANT N. SANZGIRI D. G. PRASAD ROOPA V. TARKHAD ( <i>w.e.f. August 11, 2017 - upto May 18, 2018</i> ) TRIPTI J. NAVANI ( <i>w.e.f. August 1, 2018</i> )
CHIEF FINANCIAL OFFICER	: VIKRAM V. NAGAR
COMPANY SECRETARY & COMPLIANCE OFFICER	: RAKESH M. NANWANI
STATUTORY AUDITORS	: BATLIBOI & PUROHIT, CHARTERED ACCOUNTANTS
BANKERS	: RBL BANK LIMITED STANDARD CHARTERED BANK PUNJAB NATIONAL BANK
REGISTRARS AND SHARE TRANSFER AGENTS	: TSR DARASHAW LIMITED UNIT : GOKAK TEXTILES LIMITED, 6-10, HAJI MOOSA PATRAWAL INDUSTRIAL ESTATE, 20, DR. E. MOSES ROAD, MAHALAXMI, MUMBAI – 400 011 Tel : +91 22 66 568484 Fax : +91 22 66 568494 Email : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>
BRANCH	: TSR DARASHAW LIMITED UNIT : GOKAK TEXTILES LIMITED 503, BARTON CENTRE, 5TH FLOOR, 84, MAHATMA GANDHI ROAD, BENGALURU – 560 001
MILLS	: GOKAK FALLS-591 308 (DISTRICT BELAGAVI - KARNATAKA)
KNITWEAR UNIT	: BAGALKOT ROAD, VILLAGE MARIHAL – 591 167 DIST. BELAGAVI KARNATAKA
REGISTERED OFFICE	: #1, 2ND FLOOR, 12TH CROSS, IDEAL HOMES, NEAR JAYANNA CIRCLE, RAJARAJESHWARI NAGAR, BENGALURU – 560 098 Email: <a href="mailto:secretarial@gokaktextiles.com">secretarial@gokaktextiles.com</a> Website: <a href="http://www.gokakmills.com">www.gokakmills.com</a>
CIN	: L17116KA2006PLC038839
GSTIN	: 29AACCG8244P1ZX

**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Gokak Textiles Limited will be held at Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka - 560 001 on Tuesday, September 18, 2018 at 11.30 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon

To receive, consider and adopt:

- a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 together with the Report of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 together with the Report of the Auditors thereon.

2. Appointment of a Director

To appoint a Director in place of Mr. Vasant N. Sanzgiri (DIN:01757117), who retires by rotation at this Annual General Meeting and being eligible offers himself, for re-appointment.

**SPECIAL BUSINESS**

3. **Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2018-19.**

To consider and, if thought fit, to pass, the following resolution, as an **Ordinary Resolution**:

“**Resolved that** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the payment of remuneration of ₹ 2.00 lakhs plus out of pocket expenses and taxes as applicable to Mr. Mukesh Dekhtawala, Cost Accountant, (Firm Registration No. 002315), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost accounts of the Company for the financial year ending March 31, 2019 be and is hereby confirmed, approved and ratified.

**Resolved further that** the Board of Directors of the Company (including any duly constituted Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. **Appointment of Ms. Tripti J. Navani (DIN: 08190106) as a Director of the Company**

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“**Resolved that** Ms. Tripti J. Navani (DIN: 08190106), who was appointed as an Additional Director of the Company with effect from August 1, 2018 and who holds office upto the date of this Annual General Meeting in terms of section 161 of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation”.

5. **Approval of Material Related Party Transactions with Suryoday One Energy Private Limited**

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

“**Resolved that** pursuant to the provisions of Section 188, and other applicable provisions of the Companies Act, 2013 read with Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such approvals, consent, sanctions and permissions of any authorities including appropriate authorities of Government of Karnataka and Government of India

as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for entering into an arrangement for purchase of power from Suryoday One Energy Private Limited, a related party entity, within the meaning of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for a period of 10 years (subject to renewal as may be mutually decided), the value of the proposed transaction alongwith the existing transaction may exceed ten percent of the net worth of the Company/ten percent of the turnover of the Company as per audited financial statement for the FY 2017-18.

**Resolved further that** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to determine the actual sums to be involved in the proposed transactions and the terms and conditions related thereto and agree and to make such modification (s) and alternation (s) from time to time as it deems fit and to take all such steps as it may deem necessary, desirable or expedient and to resolve all questions of doubts and to do all acts, deeds and things and execute all such deeds, agreements, documents, writings, in connection therewith and incidental thereto.

**Resolved further that** the Board be and is hereby authorized to delegate all or any of the powers conferred on to it by or under this resolution to any Committee of Directors of the Company as it may consider appropriate in order to give effect to this resolution.”

**By Order of the Board of Directors**

**Ramesh R. Patil**  
Chief Executive Officer & Managing Director

Mumbai, August 17, 2018.

**Registered Office:**

#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru 560 098  
Ph: +91 80 2974 4077, +91 80 2974 4078  
Email: secretarial@gokaktextiles.com  
CIN: L17116KA2006PLC038839  
Website: www.gokakmills.com

**NOTES AND INSTRUCTIONS:**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“the Act”) with respect to the special business set out in the Notice is annexed hereto. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) in respect of Director seeking re-appointment at the meeting is annexed as Annexure to this Notice
2. **A member entitled to attend and vote at the Annual General Meeting (AGM), is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the company.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 12, 2018 to Tuesday, September 18, 2018 (both days inclusive).
4. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
5. Members are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialized) of any change in their address.
6. Members are requested to update their email address with Depository Participant/Company to enable us to send Annual Report and other communications electronically.

7. Members are requested to bring their Attendance Slip along with their copies of the Annual Report to the Meeting.
8. Documents referred to in Statement Pursuant to Section 102 (1) of the Act shall be available for Inspection at the Registered Office of the Company on any working day (Monday to Friday) between 11.00 am to 1.00 pm.
9. The Notice of the AGM along with the Annual Report for Financial Year 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company /Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. **To support the 'Green Initiative', the Members who have not registered their e-mail addressed are requested to register the same with RTA/Depositories.**

**10. E-Voting**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as may be amended from time to time and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The 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 cast their vote again.
- IV. The remote e-voting period commences on Saturday, September 15, 2018 (9:00 am) and ends on Monday, September 17, 2018 (5:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Tuesday, September 11, 2018 i.e. cut-off date, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Details on Step: 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
  
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step: 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kiran@kdsh.co.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-22-990 or send a request at evoting@nsdl.co.in

**B. Other Instructions**

- I. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- III. The voting rights of members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on the cut-off date of September 11, 2018 as per the Register of Members/Statement of beneficial ownership maintained by the Depositories i.e NSDL and CDSL.
- IV. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 11, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or csg-unit@tsrdarashaw.com However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VI. Mr. Kiran B. Desai, Designated Partner, KDSH & Associates LLP, Company Secretaries, has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- VIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours from conclusion of the AGM , a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- IX. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company, www.gokakmills.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed at the date of AGM i.e. September 18, 2018.



**ANNEXURE TO NOTICE**  
**Statement Pursuant to Section 102 (1) of the Companies Act, 2013**

**The following explanatory statement sets out material facts relating to the business for Item No. 3 to 5 of the accompanying Notice:**

**Item No. 3**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Mr. Mukesh Dekhtawala, Cost Accountant, (Firm Registration No. 002315) as cost auditor of the Company at a remuneration of ₹ 2.00 lakhs plus out of pocket expenses and taxes as applicable for the financial year ending March 31, 2019.

In accordance with the provisions of Section 148 of the Companies Act, 2013 (Act), read with The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution at Item No.3 of the Notice.

The Board recommends the passing of Ordinary Resolution at Item No. 3 of the accompanying Notice in the interests of the Company.

**Item No. 4**

Ms. Tripti J. Navani was appointed as an Additional Director of the Company with effect from August 1, 2018 by the Board of Directors under section 161 of the Companies Act, 2013 (Act) and Article 81(a) of the Articles of Association of the Company. As per provisions of Section 161 of the Act, Ms. Tripti J. Navani holds office only upto the date of forthcoming Annual General Meeting of the Company, and is eligible for appointment as a Director.

A Notice under section 160 (1) of the Act has been received from member proposing appointment of Ms. Tripti Navani as Director of the Company. The disclosure under Regulation 36(3) of SEBI (LODR), 2015, is provided as Annexure to this Notice.

Except Ms. Tripti J. Navani, none of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions set out at Item No. 4. Ms. Tripti J. Navani is not related to any other Director or Key Managerial Personnel of the Company.

The Board recommends the passing of Ordinary Resolution at Item No.4 of the accompanying Notice, in the interests of the Company.

**Item No. 5**

As per the provisions of section 188 of the Companies Act, 2013 dealing with Related Party Transactions, the Company is required to obtain prior approval of the Board and in the event that the transaction value exceeds the threshold limits set out in the said section read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, then the Company is required to obtain prior approval of the members of the Company.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires approval of the Members through ordinary resolution for all material related party transactions.

The Board of Directors of the Company, subject to the approval of the Members, proposes to purchase power for a period of 10 years with Suryoday One Energy Private Limited, a related party and to give effect to the same would enter into Power Purchase Agreement with Suryoday One Energy Private Limited. The value of the proposed transaction alongwith the existing transaction may exceed ten percent of the net worth of the Company/ten percent of the turnover of the Company as per audited financial statement for the FY 2017-18.

The particulars of transactions pursuant to the provisions of section 188 of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

a.	Name of Related Party	:	Suryoday One Energy Private Limited
b.	Name of the director or key managerial personnel who is related	:	None
b.	Nature of Relationship	:	The Company and Suryoday One Energy Private Limited are Shapoorji Pallonji Group Companies. Suryoday One Energy Private Limited is a subsidiary of Shapoorji Pallonji Infrastructure Capital Company Private Limited which holds 49% of the paid up share capital of Gokak Power & Energy Limited, a subsidiary of the Company.
c.	Shareholding, if any, in the entity with whom the transactions is proposed	:	Gokak Power & Energy Limited, a subsidiary of the Company hold 0.007 % of the paid up share capital of Suryoday One Energy Private Limited.
d.	Material terms of the transaction	:	The Company proposes to purchase power for an initial period of 10 years and agrees to pay ₹ 4.20 for every unit of power purchased from Suryoday One Energy Private Limited. The estimated monetary value of the said transaction on an annual basis shall be approximately ₹ 7 crores
e.	Any other information relevant or important for the members to take a decision on the proposed transaction	:	The proposed transaction is expected to reduce the power cost and would also ensure uninterrupted supply of power.

The Board recommends the passing of resolution at Item No.5 of the accompanying Notice, in the interest of the Company.

None of the Directors / Key Managerial Personnel or their relatives is interested in the passing of the said Ordinary resolution.

**By Order of the Board of Directors**

**Ramesh R. Patil**  
Chief Executive Officer & Managing Director

**Mumbai, August 17, 2018.**

**Registered Office:**

#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru 560 098  
Ph: +91 80 2974 4077, +91 80 2974 4078  
Email: secretarial@gokaktextiles.com  
CIN: L17116KA2006PLC038839  
Website: www.gokakmills.com

**Details of Directors whose re-appointment/appointment is proposed at the forthcoming Annual General Meeting**

**(Pursuant to Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)**

Name of Director	Mr. Vasant N.Sanzgiri	Ms. Tripti J. Navani
Director Identification Number (DIN)	01757117	08190106
Date of Birth	September 12, 1960	November 29, 1985
Date of first		
Appointment on Board	May 22, 2012	August 1, 2018
Qualification		
	B.Sc, MMS (Human Resource Management)	MBA (Finance)
Relationships between directors inter-se	Not related to any Director of the Company	Not related to any Director of the Company
Expertise in specific functional areas		
	Mr. Vasant Sanzgiri has over 25 years of wide and varied experience in Human Resource Management. Mr. Sanzgiri has worked with Companies like ICICI Prudential AMC, Taj Mahal Hotel, Cyanamid India Ltd., and specialises in identification, training and developing leadership skills and development and execution of strategic business initiatives in organisations.	Ms. Tripti J. Navani has over 10 years of experience in financial and strategy planning and has worked in organisations like Citicorp Finance India, Kotak Mahindra Bank and Indostar Capital Finance. She is an MBA in Finance and presently working with Shapoorji Pallonji Group since May'2014.
List of Directorship held in Other Public Companies in India (excluding Private and Section 8 Companies)	Aquamall Water Solutions Limited Forvol International Services Limited	Nil
Chairmanship/ Membership of the Committees of Audit Committee and Stakeholders Relationship Committee of other Indian Public Companies	Nil	Nil
No. of shares held in the Company	Nil	Nil

**By Order of the Board of Directors**

**Ramesh R. Patil**  
Chief Executive Officer & Managing Director

Mumbai, August 17, 2018.

**Registered Office:**

#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru 560 098  
Ph: +91 80 2974 4077, +91 80 2974 4078  
Email: secretarial@gokaktextiles.com  
CIN: L17116KA2006PLC038839  
Website: www.gokakmills.com

## BOARD'S REPORT

Dear Members,

The Board of Directors hereby submits the report of the business and operations of the Company along with the Audited Financial Statements of the Company for the Financial Year (FY) ended March 31, 2018. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

### Financial Results and Highlights of Performance

The Company's performance, as per Indian Accounting Standards (IND AS), during the Financial Year under review is summarised as follows:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	FY 17-18	FY 16-17	FY 17-18	FY 16-17
Revenue from Operations and Other Income (Total Revenues)	17602.00	9048.08	18081.00	9607.00
Earnings before Interest, Depreciation, & Taxation (EBIDT)	(1618.00)	(1313.00)	(715.29)	(472.00)
Profit / (Loss) after Interest and before Depreciation and Tax	(2970.00)	(2981.00)	(2993.94)	(3095.00)
Depreciation	651.00	711.00	754.00	815.00
Profit before tax (PBT)	(3621.00)	(3692.00)	(3748.00)	(3910.00)
Profit after tax (PAT) - Owners of the Company	(3719.00)	(3383.00)	(3793.00)	(3050.00)
Profit after tax (PAT) - Non controlling interest	-	-	(888.00)	(98.00)
Other Comprehensive Income	(6.00)	180.00	(5.00)	181.00
Total comprehensive income attributable to owners of the Company	(3725)	(3203.00)	(3798.00)	(2869.00)
Total comprehensive income attributable - Non controlling interest	-	-	(888.00)	(98.00)

Note : The above figures are extracted from Standalone and Consolidated Financial Statements as per Indian Accounting Standard ("IND AS") and are prepared in accordance with the principles stated therein as prescribed by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ("Act") read with relevant rules issued therein.

### Management Discussion & Analysis of Financial Conditions, Results of Operations and State of Company Affairs

The textile industry plays a vital role in the Indian economy, being one of the oldest and second largest contributors to the Indian Economy. It contributes significantly to the Country's exports and being labour intensive and one of the largest sources of employment generation in the Country. The Industry comprises of organised and unorganised segments, produces a wide variety of products suitable to diverse markets. Government of India in order to provide a boost to the Indian Textile Industry has initiated a number of schemes. It contributes 14 per cent to industrial production and 4 per cent to GDP. The industry accounts for nearly 15 per cent of total exports. The size of India's textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 percent between 2009-23.

Since the value of Dollar is appreciating, the Company has opportunities for export. Last year the Company exported yarn approx. amounting ₹ 53 crores to countries like Bangladesh, Pakistan, Turkey, Portugal, etc.

However the industry faces number of challenges viz. scarcity of cotton, obsolete machinery, low productivity of labour, etc. The biggest challenge facing the Indian Textile industry is competition from the other low cost neighbouring countries like Bangladesh, Vietnam, Indonesia and Pakistan which attract more business from the international market because of lower production cost, ease in doing business.

Many existing spinning mills are struggling for survival due to higher input cost prevailing throughout the year. The raw material cost remained higher compared to previous years.

During the period the Company has developed several new products. The sales of Knitted Garments, Dyed Yarn and Terry Towels, etc. has improved.

## **Business outlook:**

The Financial Year 2017 – 2018 has been a year of reforms for India. The transformational Goods and Services Tax (“GST”), a landmark reforms which will have a lasting positive impact on the economy and on the business, the Real Estate (Regulation and Development) Act, 2016 (“RERA”), the new Indian Bankruptcy Code (“IBC”) and the decision to strengthen the balance sheets of the Public Sector Banks (PSBs) encountered challenges of policy, law and technology. In the first half growth was affected as the economy slowed down due to the learning curve of adapting to such changes due to the new reforms. Towards the end of the second half, the economic growth improved due to the corrective actions taken and the global economic recovery.

The Reserve Bank of India (RBI) expects India’s economic growth rate to strengthen to 7.4 per cent in the current fiscal, from 6.6 per cent in 2017 – 2018, on account of revival in investment activity with risks evenly balanced. Several factors, are expected to accelerate the pace of economic activities in the year. There are now clearer signs of revival in the investment activity as reflected in the sustained expansion in capital goods production and still rising imports, albeit at a slower pace. Global demand has been improving, which should encourage exports and boost fresh investment.

## **Mills Division**

The Company has main focus for the supply of cotton grey and dyed yarn, hence all efforts were on the production and marketing of these products mix for domestic as well as International market. The Company also focuses to sell more Terry Towels made of bamboo fabric products which have been accepted by the market and proposes to introduce various varieties which would cater to different segments of the market.

## **Knitwear Division**

The management is in the state of revamping the business aspects and accordingly the Company is approaching to its customers. Management is optimistic about the domestic business in the financial year 2018-19 and in the process of exploring further export markets. The Company has developed new product such as, cotton melange blanket, Acrylic wool blanket, Multipurpose cotton shopping bags, Floor/Bath mats, Viscose mélange coloured ladies knit tops, Woven Bermuda, Mens Polo, V neck, round neck tee, kids undergarments, vests, woven half pants, school uniform, Melange track pant, cotton & bamboo towels & napkins. The response for the above said products in the market is encouraging and Company expects to capitalize on these products.

## **Risks and Concerns:**

Risk management process includes identification of risks, its underlying dynamics, mitigation mechanism, prioritization of risk, measurement of key indicators and establishing a monitoring system. A Company-wide awareness of risk management policies and practices are being inculcated to minimize the adverse effect of risks on the operating results and the subject of management of risks is being approached in a planned and co-ordinated manner. Elucidation of role clarity, understanding of level of authority and reporting system is expected to help this process significantly.

The Company has identified key risks such as Regulatory risks, Human resource risks, Commodity price risks.

Key Risks include fluctuation in raw materials prices, increased global and local competition, sales channel disruption. Retaining the existing talent pool and attracting new talent. Regulatory Risks include changes in taxation regime, government policies with respect to textiles, pollution control, Industrial Relation issues, Karnataka Electricity Board & regulatory compliances.

## **Details of Subsidiary/Joint Ventures/Associate Companies**

### **Subsidiary Company**

#### **Gokak Power & Energy Limited (GPEL)**

GPEL is engaged in generation, transmission, distribution, trading of hydro power and other renewal and non-renewal sources of energy. The significant portion of power generation is used for captive consumption of Holding Company.

*During the year under review, GPEL has recorded gross income of ₹ 1353.40 lakhs (previous period ₹ 1128.98 lakhs) and cash loss for the year of ₹ 23.30 lakhs (previous period cash loss ₹ 114.45 lakhs).*

The Regulatory Authorities have made several changes to the Renewal Energy Certificate mechanism, as applicable to the Company resulted in negative impact of ₹ 218 lakhs, despite higher generation of electricity during the year the results have not been positive. The Company is qualified for the Renewal Energy Certificate, for its 4.5 MW generation. During the period overall flow of water from various sources (Dams, rivers and canal) was better as compared to previous period, as a result of which, generation of electricity has improved.

GPEL had made investment in the equity share capital of Suryoday One Energy Private Limited (SOEPL) on September 7, 2017 and acquired 26% of the paid up equity share capital of SOEPL. SOEPL is engaged in generation, transmission, distribution, trading of Solar power.

Consequent upon, increase in its paid up share capital by issue of equity shares, SOEPL ceased to be associate Company of GPEL w.e.f April 16, 2018.

Details of GPEL and SOEPL are set out in the statement in Form AOC-1, pursuant to section 129 of the Companies Act, 2013 and is attached, herewith, as **Annexure I** to this Report.

### **Share Capital and Preference Shares**

During the year under review, the Company has increased Authorised Share Capital from ₹ 11200 lakhs to ₹18200 lakhs.

The Paid up Share Capital of the Company, during the year under review, has been increased from ₹ 11149.93 lakhs to ₹14649.93 lakhs pursuant to allotment of 3,50,00,000, Non-cumulative, Non-convertible, Redeemable Preference Shares of ₹10 each aggregating to ₹35 crores on private placement basis to Shapoorji Pallonji and Company Private Limited, Promoters of the Company.

During the year under review, the Company has not issued any shares with differential voting rights or 'sweat equity shares' and has not granted any stock options.

As at March 31, 2018 none of the Directors of the Company hold shares or convertible securities in the Company.

### **Dividend and Transfer to Reserves**

In view of the losses during the current year, the Board of Directors regrets their inability to declare dividend. No amount was transferred to the reserves during the year.

### **Material changes and commitments**

There were no material changes and commitments affecting the financial position of the Company which have occurred, between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

### **Internal Control Systems and their adequacy:**

The Company has an Internal Control systems, which ensures that all transactions are satisfactorily recorded and reported and all assets are protected against loss from an unauthorized use or otherwise. The internal control systems are supplemented by an internal audit system carried out by independent firms of Chartered Accountants and a periodical review by the management. The findings of such Internal Audits are addressed through suitable corrective measures. The Audit Committee of the Board meets at a regular interval and advises on significant issues raised by, both, the Internal Auditors and the Statutory Auditors. The process of internal control, systems, statutory compliance, risk analysis, information technology and its management are woven together to provide a meaningful support to the management of the business. The system adopted, especially relating to internal control systems are adequate and commensurate with the nature of its business and size of its operations, though continues efforts are being made to improve the same.

Batliboi & Purohit, Chartered Accountants, the statutory auditors of the Company have audited the financial statements included in this annual report and have issued report, inter alia, on the internal financial controls over financial reporting as defined under section 143 of the Companies Act, 2013.

## **Deposits**

During the year under review, the Company has not accepted any deposits from Public falling within the meaning of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

## **Particulars of loans, guarantees or investments**

Particulars of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **Directors and Key Managerial Personnel**

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. Vasant N. Sanzgiri is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommends his re-appointment as Director of the Company.

Ms. Zarine K. Commissariat, the Non-independent Woman Director of the Company with effect from March 31, 2015 resigned from the Directorship of the Company with effect from July 20, 2017. Ms. Roopa V. Tarkhad was appointed as Non-independent Woman Director of the Company with effect from August 11, 2017 resigned from the Directorship of the Company with effect from May 18, 2018. The Board places on record their sincere appreciation for the valuable services rendered by them to the Board and the Company over the period of their association with the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015. Independent Directors are familiarized with their roles, rights and responsibilities in the Company through presentation made to them from time to time.

The disclosures required pursuant to Regulation 36 (3) of the SEBI (LODR), 2015 are given in the Notice of the Annual General Meeting, forming part of the Annual Report and Schedule V of SEBI (LODR), 2015 forms part of the report.

## **Audit Committee of the Board of Directors**

The details pertaining to the composition of the Audit Committee of the Board of Directors are included in the Corporate Governance Report which forms part of this report.

## **Meetings of the Board**

The Board met at least once in each quarter and 6 (six) meetings of Board were held during the year and the maximum time gap between two Board meetings did not exceed the time limit prescribed under the Companies Act, 2013. The details have been provided in the Corporate Governance Report.

## **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR), 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as, the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee. In a separate meeting of Independent Directors, performance of Non-Independent Directors of the Board as a whole and the performance of the Chairman were evaluated.

## **Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed and adopted a policy for selection and appointment of Director, Senior Management and their remuneration. Remuneration Policy of the Company acts as a guideline for determining, inter alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal, and evaluation of the performance of the Directors, Key Managerial Personnel and Senior Managerial personnel.

Nomination & Remuneration Policy is annexed as **Annexure II** to this Report.

Disclosure as required under section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure III** to this Report.

### **Auditors and Auditors Report**

#### **Statutory Auditors**

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration no. 101048W) were appointed as the Statutory Auditors of the Company for a term of 5 (five) years to hold office from the conclusion of the 11th Annual General Meeting of the Company till the conclusion of the 16th Annual General Meeting of the Company.

The Audit Report of the Statutory Auditors forms part of the Annual Report. The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

#### **Cost Auditors**

As per the requirements of section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of the Company had appointed Messrs. A G Anikhindi & Co., Cost Accountants to carry out the Cost Audit of the Company for the financial year 2017-2018.

#### **Secretarial Audit**

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 KDSH & Associates LLP, Company Secretaries, to conduct Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as **Annexure IV** to this Report.

#### **Corporate Social Responsibility**

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility were not applicable to the Company for the FY 2017-18. The Board of Directors of the Company has, however, voluntarily constituted a Corporate Social Responsibility Committee in compliance with Section 135 of the Act.

The Company is spending on afforestation, schools and hospitals, and continued to support causes of public utility both directly and indirectly in the field of education, medical relief, relief of poverty.

The Company is committed to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

#### **Vigil Mechanism / Whistle Blower Policy**

The Company has Whistle Blower Policy/Vigil Mechanism to deal with instances of fraud and mismanagement, if any. The policy is also available on the website of the Company.

#### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure V** to this Report.

#### **Related Party Transactions**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with the Promoter, Directors, Key Managerial Personnel or the designated persons which may have a potential conflict with the interest of Company at large except power purchase from the subsidiary company for captive consumption and sale.

Prior approval of members was obtained for entering into related party transaction with Suryoday One Energy Private Limited but there were no material transactions during the financial year.



All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature. The transactions entered pursuant to the omnibus approval so granted are placed before the Audit Committee on a quarterly basis.

Form AOC-2 is annexed as **Annexure VI** to this report, pursuant to section 188 of the Companies Act, 2013. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

### **Corporate Governance and Management Discussion and Analysis**

The guiding principle of the Code of Corporate Governance is 'harmony' i.e balancing the need for transparency with need to protect the interest of the Company, balancing the need for empowerment at all levels with the need for accountability and interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities. A detailed report on Corporate Governance is annexed as a part of this Annual Report and the Management Discussion and Analysis report forms part of this report.

A Certificate on compliance of conditions of Corporate Governance issued by Mr. Kiran B. Desai, Designated Partner, KDSH & Associates LLP, Company Secretaries is annexed to the Report on Corporate Governance.

### **Significant and Material Orders passed by the Regulators or Courts**

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status and Company's operations in future.

### **Statutory Compliances**

The Company ensures compliances of applicable laws. The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under for prevention, prohibition and redressal of complaints of sexual harassment at workplace. During the year under review, no complaints on sexual harassment were received.

### **Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(3)(c) and 134 (5) of the Companies Act, 2013 and based on the representations received from the operating management, the Directors hereby confirm :-

- a. that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that they have prepared the annual accounts on a 'going concern' basis
- e. that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Human Resources / Industrial Relations

### Developments in Human Resources / Industrial Relations front:

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of employees. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff. The Company is committed to nurturing, enhancing and retaining its talent through superior learning and organizational development.

Talent infusion and augmentation in the Business is a major focus area and was managed effectively in a highly competitive talent acquisition scenario. Performance and potential assessment with focus on career and succession planning continue.

The employee relations continued to be cordial and productive with several significant changes boosting capacity utilization, efficiency and productivity.

### Particulars of Employees and Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

- a. The information required pursuant to Section 197 of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.
- b. Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure VII** to this report.

### Cautionary Statement:

Statements in the Board's Report and Management Discussion and Analysis describing the Company's objectives, estimates, expectations or projections, outlook etc., may be 'forward looking statements' within the meaning of the applicable securities laws and regulations. Actual results may differ materially from those expressed or implied due to factors beyond control. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other factors such as litigation and industrial relations.

### Acknowledgements

Your Directors acknowledge and thank all stakeholders of the Company viz. customers, members, employees, dealers, vendors, banks and other business partners for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead.

For and on behalf of the Board of Directors

Place : Mumbai,  
Date : May 18, 2018

**Ramesh R.Patil**  
Chief Executive Officer & Managing Director

**Vasant N.Sanzgiri**  
Director

**Registered Office**  
#1, 2nd Floor, 12th Cross,  
Ideal Homes, Near Jayanna Circle,  
Rajarajeshwari Nagar,  
Bengaluru- 560 098

**Form AOC-I**

[ Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**

**Part A: Subsidiaries**

₹ in Lakhs

<b>Name of the Subsidiary</b>	<b>Gokak Power and Energy Limited</b>
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-April-2017 to 31-Mar-2018
Share Capital	4900.00
Reserves & Surplus	(1957.15)
Total Assets	11712.04
Total Liabilities	8769.19
Investments	--
Turnover	1353.4
Profit before taxation	(377.58)
Provision for taxation including Deferred Tax	834.54
Profit after taxation	(1212.12)
Proposed Dividend	--
% of shareholding	51%

Note: 1. Names of subsidiaries which are yet to commence operations - NIL  
 2. Names of subsidiaries which have been liquidated or sold during the year – NIL

**Part B: Associates and Joint Ventures**

₹ in Lakhs

<b>Name of the Associate Company</b>	<b>Suryoday One Energy Private Limited *</b>
Latest audited balance sheet	31-Mar-2018
Share Capital	1.00
Reserves & Surplus	NIL
Total Assets	23199.93
Total Liabilities	23240.44
Investments	NIL
Turnover	NIL
Profit before taxation	(0.86105)
Provision for taxation including Deferred Tax	(0.22172)
Profit after taxation	(0.64)
Proposed Dividend	--
% of shareholding	26 %

\*Held by Gokak Power & Energy Limited a Subsidiary of Gokak Textiles Limited

\*Ceased to be associate Company of GPCL w.e.f April 16, 2018.

For and on behalf of the Board of Directors

Place : Mumbai,  
 Date : May 18, 2018

**Ramesh R.Patil**  
 Chief Executive Officer & Managing Director

**Vasant N.Sanzgiri**  
 Director

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## Nomination and Remuneration Policy

### Definitions & Interpretation

In this Policy unless the context otherwise requires:

**Act** shall mean Companies Act, 2013.

**Board** shall mean Board of Directors of the Company (Gokak Textiles Limited).

**Charter** shall mean Charter for Performance Evaluation of the Directors, Committees and Board of Directors adopted by the Board of Directors of the Company as amended from time to time.

**KMPs** or Key Managerial Personnel shall mean following:

- a. Managing Director (MD) , or Chief Executive Officer or Manager and in their absence, Whole time Director;
- b. Company Secretary; and
- c. Chief Financial Officer

**NRC** shall mean Nomination and Remuneration Committee.

**Senior Management Personnel** shall mean employees comprising of all members of management one grade below the MD, including the functional/ vertical heads.

### Interpretation

- i. The provisions of the Act and the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 (SEBI LODR) shall be deemed to have been mutatis mutandis specifically incorporated in this Policy and in case any of the provision of this Charter is inconsistent with the provisions of Act and/or the SEBI LODR, the provisions of Act and/or the SEBI LODR shall prevail.
- ii. The capitalized words not specifically defined in the Policy shall have the same meaning as under the Act or the SEBI LODR or the Charter.
- iii. For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the Ministry of the Corporate Affairs or SEBI and/or any other authority.

### Objectives

The Objective of this Policy is to act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, KMPs, Senior Management Personnel and includes:

- Ensuing that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- Ensuing that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Ensuing that the remuneration to Directors, KMPs, and other Senior Management Personnel of the Company involves a fine balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, KMPs and to determine their remuneration;

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in the industry;
- To carry out evaluation of the performance of Directors;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
- To lay down criteria for appointment, removal of directors, KMPs and Senior Management Personnel and evaluation of their performance.

### **Functions Of Nomination And Remuneration Committee**

The NRC shall, inter-alia, perform the following functions:

- Identify persons who are qualified to become Directors in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Determine the criteria for selection, attributes and broad parameters for appointment of KMPs, evaluation and measurement of performance of KMPs and to recommend appointments of KMPs to the Board.
- Determine the criteria for selection, compensation structure, evaluation and measurement of performance of Senior Management Personnel.
- Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors;
- Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability;
- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines;
- Devise a policy/criteria on Board diversity;
- The NRC shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management; and
- Set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

### **Appointment Of Directors**

- The NRC shall ensure that Board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, and consider various factors including but not limited to skills, industry experience, background, race and gender for balanced and diversified Board.
- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and recommend to the Board his/her appointment.
- An Independent Director shall also have experience and knowledge in one or more fields of finance, law, management, marketing, sales, administration, corporate governance, or any other disciplines related to the business of the Company.
- Appointment of Independent Directors shall be subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder. An Independent Director shall hold office for a term up to five consecutive

years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

- The NRC shall recommend appointment or re-appointment of Managing Director (MD) for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- The NRC shall carry out evaluation of performance of every Director on an annual basis.
- The NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMPs or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.
- The Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The NRC shall from time to time recommend, review and revise, if required the retirement policy for Directors, KMPs and Senior Management Personnel.
- The Board will have the discretion to retain the Director, KMPs and Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### **Remuneration Of MD**

- The remuneration/ to the Managing Director will be determined by the NRC and recommended to the Board for approval. The remuneration/ compensation/profit-linked commission etc. shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company, Act and shall be subject to the prior/post approval of the members of the Company and Central Government, wherever required.
- Increments to the MD should be within the slabs approved by the members and shall be made after taking into consideration the Company's overall performance, MD's contribution for the same, trends in the industry in general and in a manner which would ensure and support a high performance culture. The MD shall be eligible for remuneration as may be approved by the members of the Company on the recommendation of the NRC and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the members and Central Government, wherever required. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the approval of the Central Government.
- The Remuneration to MD shall involve a balance between fixed and incentive pay reflecting short and long term performance and objectives appropriate to working of the Company and its goals.
- The Non-Executive Directors (Including Independent Directors) of the Company shall be paid sitting fees as per the applicable Regulations as approved by the Board from time to time. All direct and indirect expenses of Directors relating to attending the meetings of Company shall be reimbursed to the Directors.
- The profit-linked Commission shall be paid within the monetary limit approved by the members of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.
- Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.
- Only such employees of the Company and its subsidiaries as approved by the NRC will be granted ESOPs.

### **Familiarisation Programme For Independent Directors**

- Company's Corporate Profile, Organizational structure, the latest Annual Report, Code of Conduct, Policies and Charters applicable to Directors shall be provided to all Directors at the time of joining.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, code of conduct and obligations on disclosures shall be issued to the Independent Directors.
- The company shall provide suitable training to Independent Directors/Non-Executive Directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. and they shall be formally introduced to the Business/ Unit Heads and Corporate Functional Heads.

### **Updating The Directors On A Continuing Basis**

- The Company shall periodically arrange Board Strategy discussions at any of the Company's plants or off-site locations. At such Meetings, the Directors also get an opportunity to see the Company's operations, interact with the Plant Heads and review the sustainability aspects of the Plant. This would enable them to gain an understanding and appreciation of the operations of the Company and initiatives taken on safety, quality, environment issues, CSR, Sustainability, etc.
- At the Board Strategy Meeting, presentations shall be made to the Directors on the Company's long term Vision and Strategy. Business Heads may also present their plans and priorities with the Board. This would enable the Directors to get a deeper insight in the operations of the Company.
- Periodic presentations on operations to the Board shall include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management changes, major litigation, compliances, subsidiary data, etc.
- Business Heads and Company Executives may be invited at Board or Committee Meetings and meetings of Directors for better understanding of the business and operations of the Company.

### **Remuneration To KMPs And Senior Management**

- The level and composition to be paid to KMPs and Senior Management shall be reasonable and sufficient to attract, retain and motivate them and shall be also guided by external competitiveness and internal parity.
- The remuneration of KMPs and Senior Management Personnel shall be guided by the external competitiveness and internal parity. Internally, performance rating of all employees would be spread across a normal distribution curve.
- The remuneration of KMPs and Senior Management shall comply with the guidelines approved by the NRC.

**Disclosure under Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended on 31st March, 2018.

Non-Executive Directors of the Board were paid only sitting fees during the financial year ended March 31, 2018 as follows:

Director (Non-Executive)	Sitting Fees (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Pradip N. Kapadia	3.10	3.45:1
Mr. Kaiwan D. Kalyaniwalla	2.00	2.23:1
Mr. Vasant N. Sanzgiri	1.60	1.78:1
Mr. D.G. Prasad	2.80	3.12:1
Ms. Zarine K. Commissariat #	0.20	-
Ms. Roopa V. Tarkhad @	1.10	1.23:1

# Ceased to be Director with effect from July 19, 2017

@ Appointed with effect from August 11, 2017 and Ceased to be Director with effect from May 18, 2018.

**Remuneration to Executive Director**

Director (Non-Executive)	Remuneration (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Ramesh R Patil (Chief Executive Officer & Managing Director)	41.00	45.67:1

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: 8%
3. Percentage increase in the median remuneration of employees in the financial year: 8.5%
4. Number of permanent employees on the pay roll of Company as on 31st March, 2018 were 1349 and in previous year were 1526
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 8.5%
6. The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai,  
Date : May 18, 2018

**Ramesh R.Patil**  
Chief Executive Officer & Managing Director

**Vasant N.Sanzgiri**  
Director



**Form No.MR-3**  
**SECRETARIAL AUDIT REPORT**

[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]

**For The Financial Year Ended: 31.03.2018**

To,  
The Members,  
**Gokak Textiles Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gokak Textiles Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2018 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment and overseas direct investment and External Commercial Borrowings (No such transaction took place during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India ((Share Based Employee Benefits) Regulations, 2014 (No such transaction took place during the Audit Period);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008 (No such transaction took place during the Audit Period);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No such transaction took place during the Audit Period);
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998 (No such transaction took place during the Audit Period);

- i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- vi. Other laws applicable specifically to the Company namely:

**Labour Laws**

- a) All the premises and establishments have been registered with the appropriate authorities.
- b) The Company has not employed any child labour/Bonded labour in any of its establishments.
- c) The company is ensuring the compliance of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the company carry out the survey regarding the compliance of this.

**Environmental Laws**

- a) The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.
- b) The company has been disposing the hazardous waste as per applicable rules.

**Textile & Apparel Sector**

- a) Additional Duties of Excise (Textiles and Textile Articles) Act, 1978
- b) Textiles Committee Act, 1963
- c) Textiles (Development and Regulation) Order, 2001
- d) Textiles (Consumer Protection) Regulations, 1988

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- ii. The Listing Agreements entered into by the Company with the BSE Limited and 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, etc. mentioned above.

We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) Notice of Board meetings and Committee meetings of Directors;
- f) The Meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The Annual General Meeting held on 26th September 2017;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- l) Appointment and remuneration of Auditors and Cost Auditors;
- m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) Investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;

- q) Board's Report;
- r) Contracts, common seal, registered office and publication of name of the Company;
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

Date : May 17, 2018  
Place : Bangalore

For **KDSH & Associates LLP**

**Kiran Desai**  
Designated Partner  
Membership No.: A34875  
Certificate of Practice No.: 12924

To, The Members,  
**Gokak Textiles Limited**  
CIN: L17116KA2006PLC038839  
#1, 2nd Floor, 12th Cross Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar  
Bangalore-560098

**Our report of even date is to be read along with this letter.**

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

Date : May 17, 2018  
Place : Bangalore

For **KDSH & Associates LLP**

**Kiran Desai**  
Designated Partner  
Membership No.: A34875  
Certificate of Practice No.: 12924

**Form No.MGT-9  
EXTRACT OF ANNUAL REPORT  
For the financial year ended 31st March, 2018**

[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**

1.	CIN	L17116KA2006PLC038839
2.	Date of Incorporation	March 27, 2006
3.	Name of the Company	Gokak Textiles Limited
4.	Category	Company Limited by Shares
5.	Sub-Category of the Company	Indian Non-Government Company
6.	Address of the Registered Office	#1, 2 <sup>nd</sup> Floor, 12 <sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle, Rajrajeshwari Nagar, Bengaluru - 560 098
7.	Whether Listed or not	Yes
8.	Name, Address and Contact details of the Registrar and Transfer Agent, if any	TSR Darashaw Limited Address: 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Near Famous Studios, Mahalaxmi Mumbai – 400 011 Telephone No:+ 91 22 66568484 Fax No. +91 22 66568494 E-mail : csg-unit@tsrdarashaw.com

**ii. Principal Business Activities Of The Company**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No.	Name/Description of Main Products/Services	NIC Code of Product/Service	% to Total Turnover of the Company
1	Textiles	131	100%

**iii. Particulars Of Holding Subsidiary And Associate Companies**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Shapoorji Pallonji and Company Private Limited 70, Nagindas Master Road, Fort, Mumbai – 400023.	U45200MH1943PTC003812	Holding	73.56%	2 (46)
2.	Gokak Power & Energy Limited #1, 2 <sup>nd</sup> Floor, 12 <sup>th</sup> Cross Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru - 560098	U40103KA2012PLC062107	Subsidiary	51%	2 (87)
3.	Suryoday One Energy Private Limited * SP Centre, 41/44, Minoo Desai Marg, Colaba Mumbai, Mumbai City MH 400005	U40101MH2017PTC291189	Associate	26% *	2 (6)

\* Held by Gokak Power & Energy Limited a Subsidiary of Gokak Textiles Limited

\* Ceased to be Associate of GPEL w.e.f April 16, 2018.

## VI) Shareholding Pattern (Equity share capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2017				No. of Shares held at the end of the year .i.e 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(1)</b>	<b>A. Promoters</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	71	125	196	0.00	71	125	196	0	0.00
(b)	Financial Institutions / Banks	5,930	3,843	9,773	0.15	5,930	3,843	9,773	0	0.00
(c)	Central Government / State Governments(s)	15,181	39,990	55,171	0.85	15,231	39,990	55,221	1	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
(e)	Insurance Companies	2,95,807	250	2,96,057	4.56	2,95,807	250	2,96,057	5	0.00
(f)	Foreign Institutional Investors	200610	25	2,00,635	3.09	0	25	25	0	3.09
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
(i)	Any Other (specify)									
	<b>Sub-Total (B) (1)</b>	<b>5,17,659</b>	<b>44,233</b>	<b>5,61,892</b>	<b>8.65</b>	<b>3,17,039</b>	<b>44,233</b>	<b>3,61,272</b>	<b>5.56</b>	<b>3.09</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	2,60,293	5,216	2,65,509	4.03	3,92,932	5,216	3,98,148	6	2.09
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,84,171	2,36,495	8,07,699	11.94	6,07,419	2,19,618	8,27,037	13	0.78
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	58,988	0	58,988	1.44	1,30,896	0	1,30,896	2	0.57
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
(d)	Any Other									
(i)	Trust	320	0	320	0.01	320	0	320	0	0.00
(ii)	Directors & their relatives	0	0	0	0.00	0	0	0	0	0.00
(iii)	OCBs/Foreign Cos	23,325	790	24,115	0.37	0	790	790	0	0.36
	<b>Sub-total (B) (2)</b>	<b>9,14,070</b>	<b>2,42,501</b>	<b>11,56,571</b>	<b>17.80</b>	<b>11,31,567</b>	<b>2,25,624</b>	<b>13,57,191</b>	<b>20.88</b>	<b>3.09</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>14,31,729</b>	<b>2,86,734</b>	<b>17,18,463</b>	<b>26.44</b>	<b>14,48,606</b>	<b>2,69,857</b>	<b>17,18,463</b>	<b>26.44</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>62,12,574</b>	<b>2,86,734</b>	<b>64,99,308</b>	<b>100.00</b>	<b>62,29,451</b>	<b>2,69,857</b>	<b>64,99,308</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>62,12,574</b>	<b>2,86,734</b>	<b>64,99,308</b>	<b>100.00</b>	<b>62,29,451</b>	<b>2,69,857</b>	<b>64,99,308</b>	<b>100.00</b>	<b>0.00</b>

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Shapoorji Pallonji And Company Private Limited	47,80,845	73.56	0.00	47,80,845	73.56	0.00	0.00

iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Increase/Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
1	Shapoorji Pallonji And Company Private Limited	47,80,845	73.56					47,80,845	73.56
				-	No Change	0	0.00	47,80,845	73.56
				31-Mar-2018	At the end of the year	-	-	47,80,845	73.56

iv) Shareholding Pattern of Top 10 Shareholders (Other than Director, Promoters and Holders of GDRS and ADRs):

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
1	Life Insurance Corporation Of India	2,95,807	4.55		At the beginning of the year			2,95,807	4.55
				-	No Change	0	0.00	2,95,807	4.55
				31-Mar-2018	At the end of the year			2,95,807	4.55
2	India Discovery Fund Limited	2,00,610	3.09		At the beginning of the year			2,00,610	3.09
				-	No Change	0	0.00	2,00,610	3.09
				31-Mar-2018	At the end of the year			2,00,610	3.09
3	Neoworth Commercial Private Limited	1,42,531	2.19		At the beginning of the year		0.00	1,42,531	2.19
				28-Apr-2017	Decrease	-2,238	-0.03	1,40,293	2.16
				01-Dec-2017	Decrease	-17,224	-0.27	1,23,069	1.89
				08-Dec-2017	Decrease	-777	-0.01	1,22,292	1.88
				15-Dec-2017	Decrease	-4,376	-0.07	1,17,916	1.81
				22-Dec-2017	Decrease	-201	0.00	1,17,715	1.81
				23-Feb-2018	Decrease	-50	0.00	1,17,665	1.81
				02-Mar-2018	Decrease	-2,500	-0.04	1,15,165	1.77
				14-Apr-2017	Decrease	-304	0.00	1,14,861	1.77
				21-Apr-2017	Decrease	-22,376	-0.34	92,485	1.42
31-Mar-2018	At the end of the year			92,485	1.42				
4	Governor Of Kerala	39,990			At the beginning of the year		0.00	39,990	0.62
					No Change		0.00	39,990	0.62
				31-Mar-2018	At the end of the year			39,990	0.62

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
5	Ghanshyam Shares & Stock Brokers Pvt. Ltd.	32,164	0.49		At the beginning of the year		0.00	32,164	0.49
				14-Apr-2017	Decrease	-40	0.00	32,124	0.49
				21-Apr-2017	Decrease	-201	0.00	31,923	0.49
				28-Apr-2017	Decrease	-100	0.00	31,823	0.49
				05-May-2017	Increase	110	0.00	31,933	0.49
				12-May-2017	Increase	67	0.00	32,000	0.49
				19-May-2017	Increase	467	0.01	32,467	0.50
				26-May-2017	Increase	197	0.00	32,664	0.50
				02-Jun-2017	Increase	170	0.00	32,834	0.51
				09-Jun-2017	Increase	600	0.01	33,434	0.51
				16-Jun-2017	Increase	600	0.01	34,034	0.52
				23-Jun-2017	Increase	459	0.01	34,493	0.53
				23-Jun-2017	Decrease	-174	0.00	34,319	0.53
				30-Jun-2017	Increase	500	0.01	34,819	0.54
				07-Jul-2017	Decrease	-52	0.00	34,767	0.53
				07-Jul-2017	Increase	50	0.00	34,817	0.54
				14-Jul-2017	Decrease	-225	0.00	34,592	0.53
				28-Jul-2017	Decrease	-100	0.00	34,492	0.53
				04-Aug-2017	Increase	44	0.00	34,536	0.53
				11-Aug-2017	Increase	575	0.01	35,111	0.54
				25-Aug-2017	Increase	98	0.00	35,209	0.54
				01-Sep-2017	Decrease	-100	0.00	35,109	0.54
				22-Sep-2017	Decrease	-82	0.00	35,027	0.54
				22-Sep-2017	Increase	32	0.00	35,059	0.54
				26-Sep-2017	Increase	75	0.00	35,134	0.54
				26-Sep-2017	Decrease	-32	0.00	35,102	0.54
				06-Oct-2017	Increase	177	0.00	35,279	0.54
				13-Oct-2017	Increase	70	0.00	35,349	0.54
				20-Oct-2017	Decrease	-397	-0.01	34,952	0.54
				20-Oct-2017	Increase	297	0.00	35,249	0.54
				27-Oct-2017	Decrease	-297	0.00	34,952	0.54
				31-Oct-2017	Increase	48	0.00	35,000	0.54
				03-Nov-2017	Increase	300	0.00	35,300	0.54
				10-Nov-2017	Decrease	-614	-0.01	34,686	0.53
				17-Nov-2017	Increase	250	0.00	34,936	0.54
				01-Dec-2017	Increase	40	0.00	34,976	0.54
				08-Dec-2017	Increase	116	0.00	35,092	0.54
				22-Dec-2017	Decrease	-150	0.00	34,942	0.54
				22-Dec-2017	Increase	50	0.00	34,992	0.54
				29-Dec-2017	Decrease	-835	-0.01	34,157	0.53
				05-Jan-2018	Decrease	-300	0.00	33,857	0.52
				05-Jan-2018	Increase	256	0.00	34,113	0.52
				12-Jan-2018	Decrease	-356	-0.01	33,757	0.52
				26-Jan-2018	Decrease	-821	-0.01	32,936	0.51
				02-Feb-2018	Increase	564	0.01	33,500	0.52
				23-Feb-2018	Increase	10	0.00	33,510	0.52
				09-Mar-2018	Decrease	-12	0.00	33,498	0.52
				16-Mar-2018	Increase	200	0.00	33,698	0.52
				23-Mar-2018	Decrease	-550	-0.01	33,148	0.51



Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
				31-Mar-2018	At the end of the year			33,148	0.51
6	Kamal Kumar Goyal	27,646	0.43		At the beginning of the year		0.00	27,646	0.43
				30-Mar-2018	Increase	20,000	0.31	47,646	0.73
				30-Mar-2018	Decrease	-20,000	-0.31	27,646	0.43
				31-Mar-2018	At the end of the year			27,646	0.43
7	Vijay Krishan Gupta	10619	0.16		At the beginning of the year			10,619	0.16
				07-Apr-2017	Increase	2,800	0.04	13,419	0.21
				12-May-2017	Increase	100	0.00	13,519	0.21
				19-May-2017	Increase	1,685	0.03	15,204	0.23
				26-May-2017	Increase	100	0.00	15,304	0.24
				02-Jun-2017	Increase	550	0.01	15,854	0.24
				09-Jun-2017	Increase	1,251	0.02	17,105	0.26
				16-Jun-2017	Increase	100	0.00	17,205	0.26
				30-Jun-2017	Increase	1,570	0.02	18,775	0.29
				14-Jul-2017	Increase	175	0.00	18,950	0.29
				21-Jul-2017	Increase	311	0.00	19,261	0.30
				28-Jul-2017	Increase	1,000	0.02	20,261	0.31
				04-Aug-2017	Increase	36	0.00	20,297	0.31
				08-Sep-2017	Increase	65	0.00	20,362	0.31
				06-Oct-2017	Increase	12	0.00	20,374	0.31
				13-Oct-2017	Increase	18,941	0.29	39,315	0.60
				13-Oct-2017	Decrease	-18,741	-0.29	20,574	0.32
				10-Nov-2017	Increase	64	0.00	20,638	0.32
				01-Dec-2017	Increase	1,024	0.02	21,662	0.33
				15-Dec-2017	Increase	50	0.00	21,712	0.33
				16-Feb-2018	Increase	500	0.01	22,212	0.34
				23-Feb-2018	Increase	200	0.00	22,412	0.34
				02-Mar-2018	Increase	50	0.00	22,462	0.35
				09-Mar-2018	Increase	1,112	0.02	23,574	0.36
				16-Mar-2018	Increase	12	0.00	23,586	0.36
				23-Mar-2018	Increase	1,101	0.02	24,687	0.38
				23-Mar-2018	Decrease	-824	-0.01	23,863	0.37
				30-Mar-2018	Increase	200	0.00	24,063	0.37
				31-Mar-2018	At the end of the year			24,063	0.37
8	Savitridevi Radhakishan Jaipuria *	2,206	0.03		At the beginning of the year			2,206	0.03
				07-Apr-2017	Increase	100	0.00	2,306	0.04
				14-Apr-2017	Decrease	-199	0.00	2,107	0.03
				21-Apr-2017	Increase	19,750	0.30	21,857	0.34
				05-May-2017	Increase	200	0.00	22,057	0.34
				12-May-2017	Increase	253	0.00	22,310	0.34
				19-May-2017	Increase	1,036	0.02	23,346	0.36
				26-May-2017	Increase	10	0.00	23,356	0.36
				09-Jun-2017	Increase	1,100	0.02	24,456	0.38
				16-Jun-2017	Increase	310	0.00	24,766	0.38

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
				30-Jun-2017	Increase	100	0.00	24,866	0.38
				07-Jul-2017	Decrease	-50	0.00	24,816	0.38
				14-Jul-2017	Decrease	-128	0.00	24,688	0.38
				11-Aug-2017	Increase	31	0.00	24,719	0.38
				01-Sep-2017	Decrease	-100	0.00	24,619	0.38
				08-Sep-2017	Decrease	-67	0.00	24,552	0.38
				15-Sep-2017	Decrease	-198	0.00	24,354	0.37
				22-Sep-2017	Increase	44	0.00	24,398	0.38
				06-Oct-2017	Increase	100	0.00	24,498	0.38
				27-Oct-2017	Increase	38	0.00	24,536	0.38
				29-Dec-2017	Decrease	-2,050	-0.03	22,486	0.35
				09-Mar-2018	Increase	22,486	0.35	44,972	0.69
				09-Mar-2018	Decrease	-22,486	-0.35	22,486	0.35
				31-Mar-2018	At the end of the year			22,486	0.35
9	Ashootosh Kothari **	6,252	4.55		At the beginning of the year			6,252	0.10
				07-Apr-2017	Increase	988	0.02	7,240	0.11
				05-May-2017	Increase	3,233	0.05	10,473	0.16
				12-May-2017	Increase	28	0.00	10,501	0.16
				14-Jul-2017	Increase	4,701	0.07	15,202	0.23
				13-Oct-2017	Increase	526	0.01	15,728	0.24
				20-Oct-2017	Increase	133	0.00	15,861	0.24
				27-Oct-2017	Increase	15	0.00	15,876	0.24
				31-Oct-2017	Increase	131	0.00	16,007	0.25
				03-Nov-2017	Increase	100	0.00	16,107	0.25
				17-Nov-2017	Increase	237	0.00	16,344	0.25
				24-Nov-2017	Increase	101	0.00	16,445	0.25
				15-Dec-2017	Increase	3,555	0.05	20,000	0.31
				16-Mar-2018	Increase	100	0.00	20,100	0.31
				31-Mar-2018	At the end of the year			20,100	0.31
10	Manpreet Kaur Sidana ***	4,606	0.07		At the beginning of the year			4,606	0.07
				31-Oct-2017	Increase	13,394	0.21	18,000	0.28
				31-Mar-2018	At the end of the year			18,000	0.28
11	Kerala State Industrial Development Corporation>	15,181	0.23		At the beginning of the year			15,181	0.23
					No Change			15,181	0.23
				31-Mar-2018	At the end of the year	0	0.00	15,181	0.23
12	Adroit Fin Ser Pvt Ltd #	23,995	0.37		At the beginning of the year			23,995	0.37
				30-Jun-2017	Increase	1,000	0.02	24,995	0.38
				04-Aug-2017	Increase	815	0.01	25,810	0.40
				11-Aug-2017	Increase	20	0.00	25,830	0.40
				01-Sep-2017	Increase	565	0.01	26,395	0.41

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
				08-Sep-2017	Increase	174	0.00	26,569	0.41
				15-Sep-2017	Increase	664	0.01	27,233	0.42
				19-Sep-2017	Increase	25	0.00	27,258	0.42
				22-Sep-2017	Increase	2,500	0.04	29,758	0.46
				13-Oct-2017	Increase	87	0.00	29,845	0.46
				27-Oct-2017	Increase	90	0.00	29,935	0.46
				31-Oct-2017	Decrease	-22,509	-0.35	7,426	0.11
				03-Nov-2017	Increase	1,000	0.02	8,426	0.13
				01-Dec-2017	Increase	1,000	0.02	9,426	0.15
				08-Dec-2017	Increase	1,500	0.02	10,926	0.17
				16-Mar-2018	Increase	25	0.00	10,951	0.17
				23-Mar-2018	Decrease	-25	0.00	10,926	0.17
				31-Mar-2018	At the end of the year	0	0.00	10,926	0.17
13	Yonkers Finance Corporation Limited @	23,325	0.36		At the beginning of the year			23,325	0.36
				09-Jun-2017	Decrease	-23,325	-0.36	0	0.00
				31-Mar-2018	At the end of the year	0	0.00	0	0.00

\* Not in the list of top 10 shareholders as on April 1, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2018.

\*\* Not in the list of top 10 shareholders as on April 1, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2018

\*\*\* Not in the list of top 10 shareholders as on April 1, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2018.

> Ceased to be in the list of top 10 as on March 31, 2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2017.

# Ceased to be in the list of top 10 as on March 31, 2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2017.

@ Ceased to be in the list of top 10 as on March 31, 2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2017.

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 31.03.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
1	Mr. Ramesh R. Patil	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
2	Mr. Kaiwan D. Kalyaniwalla	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
3	Mr. Pradip N. Kapadia	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
4	Mr. Vasant N. Sanzgiri	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 31.03.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
5	Mr. D. G. Prasad	0	0.00	-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
6	Ms. Zarine K. Commissariat (upto July 19, 2017)	0	0.00	-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
7	Ms. Roopa V. Tarkhad (w.e.f August 11, 2017 - upto May 18, 2018)	0	0.00	-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
8	Mr. Vikram V. Nagar	0	0.00	-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
9	Mr. Rakesh M. Nanwani (w.e.f May 26, 2017)	0	0.00	-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00

**V) Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	7935.15	1842.76	-	9777.91
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>7935.15</b>	<b>1842.76</b>	<b>-</b>	<b>9777.91</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	2756.66	-	2756.66
• Reduction	3286.39	-	-	3286.39
Net Change	3286.39	2756.66	-	(529.73)
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	4648.76	4599.42	-	9248.18
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4648.76</b>	<b>4599.42</b>	<b>-</b>	<b>9248.18</b>

## Vi. Remuneration Of Directors And Key Managerial Personnel

### A. Remuneration To Managing Director, Whole Time Director And/Or Manager

S. No.	Particulars of Remuneration	Name of the Chief Executive Officer & Managing Director Mr. Ramesh R Patil
1.	Gross Salary (including Bonus, PF, Other Benefits & Perquisites)	In ₹ Lakhs
	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961	41.00
	(b) Value of perquisites u/s (17) (2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under section (17) (2) of the Income Tax Act, 1961	-
2.	Stock option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify...	-
5.	Others - please specify - Bonus	-
6.	Total	41.00
7.	Ceiling as per the Act, 2013	N.A

### B. Remuneration To Other Director

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others please specify	Total
<b>1.</b>	<b>Independent Directors -</b>				
	Mr. Pradip N. Kapadia	310000	-	-	310000
	Mr. Kaiwan D. Kalyaniwalla	200000	-	-	200000
	Mr. D.G. Prasad	280000	-	-	280000
	<b>Total (1)</b>	<b>790000</b>	<b>-</b>	<b>-</b>	<b>790000</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>				
	Mr. Vasant N. Sanzgiri	160000	-	-	160000
	Ms. Zarine K. Commissariat #	20000	-	-	20000
	Ms. Roopa V. Tarkhad @	110000	-	-	110000
	<b>Total (2)</b>	<b>290000</b>	<b>-</b>	<b>-</b>	<b>290000</b>
	<b>Total (B)=(1+2)</b>	<b>1080000</b>	<b>-</b>	<b>-</b>	<b>1080000</b>

# Ceased to be Director with effect from July 19, 2017

@ Appointed with effect from August 11, 2017 and Ceased to be Director with effect from May 18, 2018.

**C Remuneration to Key managerial Personnel other than MD/Manager/WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer Mr. VikramV. Nagar 01.04.2017 to 31.03.2018	Company Secretary Mr. Rakesh M. Nanwani 26.05.2017 to 31.03.2018
1.	Gross Salary	In ₹ Lakhs	In ₹ Lakhs
	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961	35.68	3.92
	(b) Value of perquisites u/s (17) (2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section (17) (2) of the Income Tax Act, 1961	-	-
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others - please specify - Bonus	-	-
6.	Total	35.68	3.92

**VII. PENALTIES / PUNISHMENTS/COMPOUNDING OF OFFENCES**

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding / Fees imposed	Authority [RD/NCLT/ COURT]	Appeals made if any
A.	Company					
	Penalty			None and Not Applicable		
	Punishment					
	Compounding					
B.	Directors					
	Penalty			None and Not Applicable		
	Punishment					
	Compounding					
C.	Other Officers in Default					
	Penalty			None and Not Applicable		
	Punishment					
	Compounding					

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

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

1.	Details of contracts / arrangements or transactions not at arm's length basis	NIL
2.	Details of material contracts / arrangements or transactions at arm's length basis	01-April-2017 to 31-March-2018
	a. Name of related party and nature of relationship	Gokak Power & Energy Limited (Subsidiary Company)
	b. Nature of contracts / arrangements /transactions	Agreement for purchase of power between Gokak Power & Energy Limited and Gokak Textiles Limited, Holding Company for captive consumption.
	c. Duration of contracts / arrangements/ transactions	20 years w.e.f. 27.09.2012
	d. Salient terms of the contracts / arrangements/ transactions including Value, if any	Captive user agrees to pay ₹ 4.01 for every unit of power transferred, subject to conditions laid out in the agreement
	e. Dates of Approval by the Board, if any	13.08.2012
	f. Amount paid as advance, if any	Security Deposit – Rupees One Crore

For and on behalf of the Board of Directors

Place : Mumbai,  
Date : May 18, 2018

**Ramesh R.Patil**  
Chief Executive Officer & Managing Director

**Vasant N.Sanzgiri**  
Director

## Annexure VII

Particulars of Technology Absorption and Foreign Exchange earnings and outgo, as per Section 134 (3)(m) of the Companies Act, 2013 and the Rules made therein and forming part of the Directors' Report for the year ended March 31, 2018

**A. Conservation of energy-****PAT Cycle –II**

The scheme is introduced by Government of India under NMEEE (National Mission on Enhanced Energy Efficiency) through BEE (Bureau of Energy Efficiency) and State Nodal Agency KREDL (Karnataka Renewable Energy Development Ltd.) which is known as PAT ( Perform Achieve and Trade). The target set by the BEE is 0.7371 MTOE / MT of Yarn produced for the 3 year cycle (2016 - 2019).

For the last 3 year period of (2016 - 2019), it was achieved 0.88. But by taking initiatives on various energy conservation measures from last one year, the Company achieved remarkably 0.7307 MTOE/MT as against target SEC (Specific Energy Consumption) of 0.7371 MTOE/MT.

In line with the Company's commitment towards conservation of energy, all mills continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. Some of the measures taken by the Company in this direction at its textile mills are as under:

(i)	the steps taken or impact on conservation of energy	i.	Installation of Variable Frequency Drives at various locations.
		ii.	Installation of high efficiency Aerodynamic FRP fans in humidification plants.
		iii.	Installation of LED Lights.
		iv.	Replacement of inefficient motors by IE3 efficient motors.
		v.	Combining of cooling tower no.2 and stopping tower no.1 for Compressor no.9.
		vi.	Change of screw element on Compressor no.3
		vii.	Stoppage of exhaust fans of carding lines 1 & 2 for Dustex.
		viii.	Stoppage of one rotory filter in blow room department.
		ix.	Arresting of air leakages at various places.
		x.	Contract demand reduced from 3000 KVA to 2400 KVA.
		xi.	Installation of inverter at FDP Plant.
		xii.	Overhead cleaner machine started on 2 machines instead of 1 machine, thereby saving 50% power.
		xiii.	Replacement of 90 KW motor with 55 KW motor at FDP plant.
		xiv.	Replacement of high wattage street lights with lower watt lights.
		xv.	Compressor air leakage project done at entire mill no.7 for 25000 spindles.
(ii)	the steps taken by the company for utilizing alternate sources of energy	None	
(iii)	the capital investment on energy conservation equipment's	Nil	

**B. Technology absorption:**

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

**C. Foreign exchange earnings and Outgo**

(₹in Lakhs)

1	Earnings	5124.17
2	Outgo	17.86



## Report on Corporate Governance

### 1. Brief statement on Company's philosophy on Code of Governance:

The Corporate Governance comprises a unique combination of factors like compliance of statutory regulations, transparency, accountability, voluntary practices and disclosures.

The Company's corporate governance philosophy encompasses not only compliance with regulatory and legal requirements, but also practices aimed at business ethics, effective supervision and enhancement of value for all stakeholders. The corporate governance policy of the Company has laid emphasis on transparency, accountability, integrity, responsibility and value creation and the Company has been adhering to the policy over the years. Your Company has a strong commitment to the principles that underline the effective Corporate Governance.

Directors are pleased to place here below the Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices as followed by other companies similarly placed and the guiding principle of the Code of Governance of the Company is HARMONY i.e. –

- (a) Balancing need for transparency with the need to protect the interests of the Company.
- (b) Balancing the need for empowerment at all levels with the need for accountability and
- (c) Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.

### 2. Board of Directors:

#### (a) Composition of Board

The Board of Directors are persons of integrity and having wide range of experience and skills. The Board of Directors as on March 31, 2018, comprised of Six (6) Directors. Five (5) Directors are Non-executive (including One (1) Women Director) and One (1) Executive Director. The Board comprises of 3(50%) Independent Directors.

The composition of the Board is in conformity with Regulation 17 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015. (SEBI (LODR), 2015)

The Company is managed by Chief Executive Officer and Managing Director under the supervision, direction and control of the Board. The Chief Executive Officer and Managing Director is assisted by a team of qualified and experienced professional.

The Independent Directors are professionals with high credentials, who actively contribute in the deliberations of the Board, covering all strategic policy matters and strategic decisions. All the Independent Directors have confirmed that they meet the independence criteria as mentioned under Regulation 16(1)(b) of SEBI(LODR), 2015 and section 149(6) of the Companies Act, 2013.

None of the Directors of the Company are members in more than 10 mandatory committees nor act as Chairman in more than 5 mandatory committees across all public companies in which he is a Director.

All Non-executive Non-Independent Directors are liable to retire by rotation. All Independent Directors are appointed for the period of five (5) years from December 29, 2014. The Chief Executive Officer and Managing Director is appointed for a period of three (3) years with effect from July 18, 2016.

#### (b) Role of Board of Directors

Directors plays primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board's role, functions, responsibility and accountability are defined. As Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders and also to fulfill the aspirations of the society and the communities in which it operates. As part of its function, Board periodically review all the relevant information which is required to be placed before it pursuant to Regulation 17 of SEBI (LODR), 2015 and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Board monitors the Company's overall corporate

performance directs and guides the activities of the Management towards the set goals and seek accountability. Board also sets standard of corporate behavior, ensure transparency in corporate dealings and compliance with the laws and regulations.

### (c) Board Meetings

The Board met at least once in a quarter, and the maximum time gap between two Board Meetings did not exceeded the time limit prescribed in regulation 17 (2) of SEBI (LODR), 2015.

During the year under review, 6 (Six) Board meetings were held on May 26, 2017; August 11, 2017; August 29, 2017; November 13, 2017; December 18, 2017 and February 7, 2018.

The Notice of Board/ Committee Meetings are given well in advance to all the Directors. The Agenda of the Board/ Committee meetings is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. At the Board Meeting, detailed presentations are made to the Board. The Board Members discuss each agenda items in detail before taking a decision. However, in case of urgent business and time bound compliances, the Board's approval is taken by passing resolutions by circulation, as permitted by law which is confirmed in the subsequent Board meeting.

The names and categories of the Directors on the Board, their attendance at the Board Meetings, and Annual General Meeting (AGM) held during the year, the number of Chairmanships/ Directorships of all Boards excluding alternate directorship, directorship of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 and the Committees of Board (Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders' Relationship Committee across all public limited (listed as well as unlisted) including those of the Company), held by them as on March 31, 2018 are as follows:

Sl. No.	Name of the Director	Category	Number of Board Meetings during 2017-2018		Attendance at AGM held on September 26, 2017	Number of shares held	Relationship with other Director	No. of Directorships in all Public Companies	No. of Committee Positions held in all Public Companies	
			Held	Attended					Chairman	Member
1	Mr. Ramesh R. Patil Chief Executive Officer and Managing Director	Executive Non-Independent	6	6	Yes	Nil	None	2	-	2
2	Mr. Pradip N. Kapadia	Non-Executive Independent	6	6	Yes	Nil	None	6	3	5
3	Mr. Kaiwan D. Kalyaniwalla	Non-Executive Independent	6	5	No	Nil	None	6	4	-
4	Mr. D.G. Prasad	Non-Executive Independent	6	6	No	Nil	None	3	2	1
5	Mr. Vasant N. Sanzgiri	Non-Executive Non-Independent	6	6	Yes	Nil	None	3	0	1
6	Ms. Zarine K. Commissariat #	Non-Executive Non-Independent	6	1	N.A	Nil	None	N.A	N.A	N.A
7	Mr. Roopa V. Tarkhad @	Non-Executive Non-Independent	5	5	Yes	Nil	None	2	-	-

#Ceased to be Director with effect from July 19, 2017

@ Appointed with effect from August 11, 2017 and Ceased to be Director with effect from May 18, 2018.

### 3. Meeting of Independent Directors:

The Independent Directors met on May 18, 2018 to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board as a Whole.
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive Directors and Non-Executive Directors.
- Evaluation of quality content and time lines of information between the Management and the Board that is necessary for the Board to effective and reasonably perform duties.

The meeting was attended by all Independent Directors.

#### 4. Audit Committee:

The Company has an Audit Committee at the Board level which acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process. It interacts with statutory, internal auditors and cost auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information so as to enable it to carry out its function effectively.

##### (i) Brief description of terms of reference:

The scope of the functioning of the Audit Committee is to review, from time to time, the audit and internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so also to ensure that the financial statements are correct, sufficient and credible and it performs such other functions and role and exercises the powers as are recommended from time to time by SEBI, SEBI (LODR), 2015, Companies Act, 2013 and such other functions/duties as may be entrusted by the Board from time to time.

##### Audit Committee mandatorily reviews the following information:

- a. management discussion and analysis of financial condition and results of operations;
- b. statement of significant related party transactions
- c. management letters / letters of internal control weaknesses, if any, issued by the statutory auditors
- d. internal audit reports relating to internal control weaknesses
- e. the appointment, removal and terms of remuneration of Auditor
- f. Company's financial reporting process, Quarterly and Annual financial statements.

##### (ii) Composition of the Committee :

The Audit Committee comprises of three (3) members of which two (2) directors are Independent Non-executive Directors and one (1) Executive Director. The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial Management.

##### (iii) Meetings and Attendance:

The Audit Committee meetings are attended by Chief Financial Officer, Statutory Auditors, Internal Auditors. Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered. The Company Secretary acts as the Secretary to the Committee.

During the year under review, the 6 (six) meetings were held on May 26, 2017; August 11, 2017; August 29, 2017; November 13, 2017; December 18, 2017 and February 7, 2018. The gap between two consecutive Meetings was not more than 120 days.

The Composition, name of Members and Chairperson and Attendance during the year/Meeting held is as under:

Sr. No	Name	Description	Category	No. of AC Meetings held	No. of AC Meetings attended
1.	Mr. D.G.Prasad	Chairman	Non-Executive Independent	6	6
2.	Mr. Pradip N. Kapadia	Member	Non-Executive Independent	6	6
3.	Mr. Ramesh R. Patil	Member	Executive Whole time Director	6	6

#### 5. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is responsible for determining the compensation payable to Managing Director and Wholetime Director and others based on industry practices and performance of individuals.

**(i) Brief description of terms of reference:**

1. Identify persons who are qualified to become Directors in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and
5. Such other functions/duties as may be entrusted by the Board from time to time.

**(i) Composition of the Committee :**

The Nomination and Remuneration Committee comprises of three (3) mem-bers, of which 2 are Non-Executive Independent Directors and One (1) Non-Executive Non -Independent Director.

**(iii) Meetings and attendance:**

During the year under review, three (3) meetings were held on May 26, 2017; August 11, 2017 and November 13, 2017. The composition of the Committee and details of meeting attended by the members are as follows:

Sl. No.	Name	Description	Category	No. of NRC Meetings held	No. of NRC Meetings attended
1.	Mr. Kaiwan D. Kalyaniwlla	Chairman	Non – Executive Independent	3	3
2.	Mr. Pradip N. Kapadia	Member	Non – Executive Independent	3	3
3.	Mr. Vasant N. Sanzgiri	Member	Non-Executive Non-Independent	3	3

**(iv) Remuneration Policy:**

The 'Remuneration Policy' of the Company for managerial personnel is based on the performance, experience and responsibilities.

The remuneration of the Executive Director is determined periodically by the Nomination and Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by Shareholders. The Nomination and Remuneration Committee would make regular appraisal of his performance. The compensation policy and strategy of the Company is to be competitive, by following benchmarking for determining performance and compensation structure. The Non-executive Directors are paid sitting fees within the limits prescribed under law.

The compensation of the employees is reviewed on an annual basis as per the Performance Management Process and Compensation Policy.

**(v) Details of Remuneration:**

All decisions relating to the remuneration of the Directors were taken by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in accordance with the Shareholders approval wherever required.

Details of remuneration paid to Directors during the year ended March 31, 2018 are as follows :

**A) Non – Executive Directors**

₹ in lakhs

Name of Director	Sitting fees	Commission Paid	Total ₹
Mr. Pradip N. Kapadia	3.10	Nil	3.10
Mr. Kaiwan D. Kalyaniwalla	2.00	Nil	2.00
Mr. D. G. Prasad	2.80	Nil	2.80
Mr. Vasant N. Sanzgiri	1.60	Nil	1.60
Ms. Zarine K. Commissariat #	0.20	Nil	0.20
Ms. Roopa V. Tarkhad @	1.10	Nil	1.10

#Ceased to be Director with effect from July 19, 2017

@ Appointed with effect from August 11, 2017 and Ceased to be Director with effect from May 18, 2018.

**B) Remuneration paid to Whole time Director**

₹ in Lakhs

	Mr. Ramesh R. Patil
Salary and allowance (including Bonus, PF, Other Benefits & Perquisites)	41.00
<b>Total</b>	<b>41.00</b>

# Performance Linked, others are fixed. Performance criteria include level of profits, reduction of costs, improvement of liquidity, steps taken for growth of business both the Company and its subsidiary.

**6. Stakeholders Relationship Committee :**

The Committee considers and resolves the grievances of shareholders. The Committee looks into various issues relating to shareholders/ investors, approval of transfers and transmission of shares, non-receipt of annual report, rematerialisation of shares, issue of duplicate share certificates and such other functions/duties as may be entrusted by the Board from time to time.

The Composition of the Stakeholders' Relationship Committee is as follows:

Sr. No.	Name of Director	Designation	Category
1.	Mr. Pradip N. Kapadia	Chairman	Non-Executive Independent
2.	Mr. Ramesh R. Patil	Member	Executive
3.	Mr. Vasant N. Sanzgiri	Member	Non-Executive Non-Independent

There is no unresolved complaint as on 31st March, 2018.

**7. Corporate Social Responsibility Committee (CSR)**

The provisions of section 135 of the Companies Act, 2013 are not presently applicable to the Company. The Board of Directors of the Company has in good governance voluntarily constituted Corporate Social Responsibility Committee in compliance of section 135 of the Companies Act, 2013. The Committee comprises three (3) members viz. Mr. Kaiwan D. Kalyaniwalla, Non-Executive Independent Director, Mr. Pradip N. Kapadia, Non-Executive Independent Director and Mr. Vasant N. Sanzgiri, Non-executive Non-Independent Director. The CSR Committee will formulate and monitor the CSR Policy of the Company and other policy.

During the year under review, due to net loss, the Company has not earmarked any amount on CSR Activities as specified in the Schedule VII. However, the Company is running schools and hospitals for the workers, employees and continued to support causes of public utility both directly and indirectly in the field of education, medical relief, relief of poverty.

There were no meetings of CSR Committee held during the financial year ended 31st March, 2018.

**8. Code of Conduct for Board of Directors and Senior Management**

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (“the Code”) which will uphold ethical values and legal standards as the Company pursues its objectives. The Code has been communicated to the Directors and the Members of the Senior Management. The Code has also been posted on the Company’s website [www.gokakmills.com](http://www.gokakmills.com). All Board members and Senior Management have confirmed compliance with the Code for the financial year ended March 31<sup>st</sup>, 2018. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer & Managing Director.

**9. Vigil Mechanism/ Whistle Blower Policy**

The Company has established vigil mechanism for directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. The mechanism provides adequate safeguards against victimization of director(s), employees(s) who avail of the mechanism and also provide direct access to the Chairman of the Audit Committee. The Whistle Blower Policy has been posted on the Company’s website [www.gokakmills.com](http://www.gokakmills.com). The Company affirms that no personnel has been denied access to the Audit Committee.

**10. Subsidiary Company**

The Company has a non-listed, Indian subsidiary company viz., Gokak Power & Energy Ltd., Two (2) Independent Directors of the holding company are also Independent Directors on the subsidiary company. The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary company. The Minutes of the Board Meetings as well as statements of all significant transactions and arrangements of the subsidiary company are placed at the Board Meeting(s) of the Holding Company.

**11. Risk Management**

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee reviews the adequacy of the risk management framework of the Company, the key risks associated with the business of the Company and the measures and steps in place to minimize the same and thereafter the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report, which form part of this report.

The Company follows all relevant Accounting Standards while preparing the Financial Statements.

**12. Disclosures**

**(a) Basis of Related Party transactions:**

All related party transactions that were entered into during the financial year were at arm’s length basis and were in the ordinary course of business and do not attract the provisions of section 188 of the Companies Act, 2013. No materially significant Related Party Transactions has been entered into by the Company with the Promoters, Directors or the Management, Key Managerial Personnel or their relatives etc., that may have potential conflict with the interests of the Company at large except purchase of power for captive consumption and for sale, from the subsidiary Company viz., Gokak Power & Energy Ltd.

Prior approval of members was obtained for entering into related party transaction with Suryoday One Energy Private Limited but there were no material transactions during the financial year.

All related party transactions are placed before the Audit Committee for approval.

A comprehensive list of related party transactions as required forms part of the Notes of the Financial Statement to the Accounts in the Annual Report.

The Company has disclosed the policy on dealing with Related Party Transaction’s and a policy on material subsidiary on its website [www.gokakmills.com](http://www.gokakmills.com)

**(b) Disclosure of Accounting Treatment:**

The Company follows all relevant Accounting Standards.

**(c) Proceeds from Public issue, rights issue, preferential issues, etc.,**

During the year under review, the Company has issued 3.50 crores, Non-cumulative Non-convertible Non-participating Redeemable Preference Shares of ₹ 10 each aggregating to ₹ 35 crores to Shapoorji Pallonji and Company Private Limited, Promoter of the Company, on Private Placement basis.

**(d) Management Discussion and Analysis Report:**

Management Discussion and Analysis Report forms part of the Annual Report.

**13. Compliance**

- (i) Certificate from the Practicing Company Secretary on compliances with the corporate governance requirements by the Company is annexed to this Report.
- (ii) No strictures/penalties have been imposed on the Company by the BSE Ltd., or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to capital markets, during the last 3 years.
- (iii) Details of Directors seeking appointment, re-appointment has been provided in the annexure to the Notice of the Annual General Meeting.

**14. CEO & CFO Certification**

As required by the Regulation 17(8) of SEBI (LODR), 2015 a certificate from Mr. Ramesh R Patil, Chief Executive Officer and Managing Director and Mr. Vikram V Nagar, Chief Financial Officer was placed before the Board of Directors at their meeting held on May 18, 2018.

**15. Status of compliance of Non-mandatory requirement**

- (a) Financial performance including summary of significant events are sent to Stock Exchanges, financial results on quarterly basis and annual reports are published in the newspapers and uploaded on the Company's website, same are not sent to the shareholders.

**16. General Body Meetings**

- (i) Details of Annual General Meetings

During the last 3 years, the Annual General Meetings (AGM) of the Company was held asfollow:

AGM	Date of the AGM	Time	Venue
9th AGM	December 28, 2015	3.00 p.m	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore -560 001
10th AGM	September 2, 2016	3.00 p.m	KRG Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore -560 001
11th AGM	September 26, 2017	3.00 p.m	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore -560 001

(ii) Details of special resolutions passed in the previous 3 AGMs :

9th AGM dated 28th December, 2015		No Special Resolution was passed at the AGM held on December 28, 2015.
10th AGM dated 2nd September, 2016	(1)	Appointment and payment of remuneration of Mr. Ramesh R. Patil as Chief Executive Officer & Managing Director of the Company with effect from July 18, 2016 for a period of three years.
	(2)	Payment of remuneration to Mr. Vikram V. Nagar as Whole-time Director of the Company for the period May 27, 2016 to August 5, 2016.
	(3)	Issue and Offer of Non-Cumulative, Non-Convertible Re-deemable Preference Shares to Promoter, Shapoorji Pallonji and Company Pvt. Ltd., on a Private Placement basis.
11th AGM dated September 26, 2017	(1)	Issue and Offer of Non-cumulative, Non-convertible, Re-deemable Preference Shares on a Private Placement basis
	(2)	Adoption of new set of Articles of Association of the Company

(iii) (a) Whether any special resolution passed last year through postal ballot : No

**17. Means of communication:**

(i) **Quarterly results:** The Quarterly results are published in newspapers.

(ii) **Newspapers wherein results normally published:**

Quarterly, half yearly and annual results are generally published in Business Standard, Vijayavani / Hosa Digantha (Kannada Daily)

(iii) **Any website, where results or Official news are displayed :**

Results are made available on the Company's website [www.gokakmills.com](http://www.gokakmills.com) and also made available to the BSE Ltd., in the prescribed form which would enable them to place it on their website i.e. [www.bseindia.com](http://www.bseindia.com)

(iv) **The presentation made to institutional investors or to the analyst:**

The Company does not have a practice of making presentation to institutional investors and analysts.

**18. General Shareholder Information :**

a	Annual General Meeting Date, time and venue	Next Annual General Meeting of the Company is scheduled on Tuesday, September 18, 2018 at 11.30 a.m at Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001
b	Financial year	The Company follows the April-March Financial Year.
c	Date of Book Closure	The Register of Members and the Share Transfer Books of the Company will remain closed from September 12, 2018 to September 18, 2018.
d	Dividend Payment date	Board has not recommended any dividend
e	Listing on Stock Exchanges	BSE Limited P.J. Towers Dalal Street, Mumbai – 400001
f	Stock Code	532957 (ISIN: INE642I01014)

**g. Market Price Data – High/Low during the each month of the Financial Year:**

The shares of the Company were listed on the BSE Ltd. and the Market price data i.e. high/low during each month of the financial year for the share of face value of ₹10 each are as under:

Month and Year	High ₹	Low ₹	No. of shares
April.2017	54.20	44.95	41,212
May.2017	49.95	41.00	16,902
June.2017	46.20	32.25	41,404
July.2017	43.95	34.25	17,157



Month and Year	High ₹	Low ₹	No. of shares
August.2017	45.00	36.00	15,510
September.2017	46.50	39.00	15,366
Oct.2017	47.00	39.00	12,646
Nov.2017	47.20	38.05	26,325
Dec.2017	66.75	37.00	99,085
Jan.2018	65.90	52.05	58,942
Feb.2018	55.65	46.00	7,157
March.2018	50.90	40.05	22,602

#### h. Registrars and Share Transfer Agents:

The Company has appointed TSR Darashaw Ltd. (TSRD) as its Registrars and Share Transfer Agents, Shareholders are requested to approach TSRD on the following address for any query and problems related to shares held in Physical form:

TSR Darashaw Ltd.  
Unit: Gokak Textiles Ltd.  
6-10, Haji Moosa Patrawala Industrial Estate,  
Near Famous Studio, 20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai 400011.  
Tel: +91 22 6656 8484, Fax: +91 22 6656 8494  
Email: cgs-unit@tsrdarashaw.com  
Website: www.tsrdarashaw.com

#### i. Share Transfer system :

Shares sent for transfer in physical form are registered and returned within a maximum period of 15 days from the date of receipt of documents, provided, all documents are valid and complete in all respects. The Shareholders have option of converting their holding in dematerialized form and effecting the transfer in dematerialized mode.

#### j. Distribution of Shareholding as at March 31, 2018

Category	No. of Shares	% to Paid up-capital
Promoters	47,80,845	73.56
Central/State Government(s)	55,221	0.85
Nationalised Banks	9,482	0.15
Bodies Corporate	1,97,528	3.04
Insurance Companies	2,96,057	4.56
Mutual Funds / UTI	196	0.00
FII's/ NRI's/ OCB/ For-foreign Company	2,16,493	3.33
Public	9,43,486	14.51
Total	64,99,308	100.00

-Distribution by size of holding as at March 31, 2018

Range Start	Range End	Total Shares	% to capital	Total Number of Equity shareholders	% of Total Paid-up Equity Capital
1	500	4,45,238	6.85	8,815	96.71
501	1000	1,14,964	1.77	152	1.67
1001	2000	1,09,560	1.69	76	0.83
2001	3000	68,958	1.06	27	0.30

Range Start	Range End	Total Shares	% to capital	Total Number of Equity shareholders	% of Total Paid-up Equity Capital
3001	4000	27,002	0.42	8	0.09
4001	5000	40,808	0.63	9	0.10
5001	10000	92,890	1.43	13	0.14
10001	Above 10001	55,99,888	86.16	15	0.16
<b>Total</b>		<b>64,99,308</b>	<b>100.00</b>	<b>9,115</b>	<b>100.00</b>

**k. Dematerialisation of shares and liquidity as on March 31, 2018:**

Details	No. of share-holders	No. of shares	% to paid up Capital
National Securities Depository Ltd.	3,444	59,20,577	91.10
Central Depository Services (India) Ltd	1,166	3,08,874	4.75
Total Dematerialised	4,610	62,29,451	95.85
Physical	4,505	2,69,857	4.15
<b>Total</b>	<b>9,115</b>	<b>64,99,308</b>	<b>100</b>

**l. Outstanding GDR/ADR/Warrants or any Convertible instruments, Conversion date and likely Impact on equity:**

The Company has not issued any GDR/ADR/Warrants.

**m. Commodity price risk or foreign exchange risk and hedging activities;**

The Company is exposed to risk fluctuations of cotton prices. It is exposed to foreign exchange risk on account of import and export transactions entered. The Company is proactively mitigating foreign exchange risk by reviewing the foreign exchange exposure at regular intervals.

**n. Plant Layout:**

**Mills :**

Gokak Falls – 591308 Dist. Belgaum, Karnataka State

**Knitwear Unit:**

Bagalkot Road, Marihal Village, Dist. Belgaum, Karnataka State 591167

**o. Address for Correspondence:**

Shareholders holding shares in physical mode are requested to direct all equity shares related correspondence /queries to TSRD and only the non- shares related correspondence and complaints regarding TSRD should be addressed to the Compliance Officer at the registered office of the Company. Shareholders holding shares in electronic mode (dematerialised form) should address all shares related correspondence to their respective Depository Participants only.

**DECLARATION UNDER REGULATION 26(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

As provided under Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the code of conduct for Board of Directors and Senior Management for the year ended March 31, 2018.

For **Gokak Textiles Limited**

**Ramesh R.Patil**  
Chief Executive Officer & Managing Director

Corporate Identity No: L17116KA2006PLC038839  
Nominal Capital: 1,82,00,00,000

To the Members  
**GOKAK TEXTILES LIMITED**  
Rajarajeshwari Nagar,  
Bangalore – 560098.

We have examined all the relevant records of Gokak Textiles Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March, 2018.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification. The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. In our opinion and to the best of our information and according to the explanations and information furnished to us, We certify that the Company has complied with all the mandatory requirements of Corporate Governance As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with items C and E.

Date : May 17, 2018  
Place : Bangalore

For **KDSH & Associates LLP**

**Kiran Desai**  
Designated Partner  
Membership No.: A34875  
Certificate of Practice No.: 12924

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of GOKAK TEXTILES LIMITED**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS Financial Statements of Gokak Textiles Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of Changes in Equity for the year ended and a summary of the Significant Accounting Policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An Audit involves performing procedures to obtain Audit Evidence about the amounts and the disclosures in the standalone Ind AS Financial Statements. The procedures selected depends on the Auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers Internal Financial Control relevant to the Company's preparation of the standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS Financial Statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March, 2018, and its loss (financial performance including other including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

In forming our opinion on the standalone Ind As financial statements, in view of the accumulated losses, we have considered and relied on the parent company's commitment to and the active involvement in the Company and based on above, the standalone Ind AS financial statements have been prepared on the Going Concern basis. Our opinion is not modified in respect of this matter.

### **Other Matter**

The Financial Statements of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the Financial statements dated 26 May 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

### **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 of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) 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 standalone Ind AS financial statements – refer note 47 to the standalone Ind AS financial statements.
    - ii. The Company does not have any material foreseeable losses on long term contracts including derivative contracts requiring provision under the applicable law or Indian Accounting Standards.
    - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

### **FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

### **Kaushal Mehta**

Partner  
Membership No: 111749

Place : Mumbai  
Date : 18 May, 2018

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Gokak Textiles Ltd on the Standalone Ind AS Financial Statements for the year ended 31 March 2018, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- b) As informed to us, the Company has a regular program for physical verification of fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, certain fixed assets have been verified by the Company as per the program and we were informed that no material discrepancies were noticed on such verification.
- c) Based on the information and explanations given to us and on the basis of examination of the records of the Company the title deeds of immovable properties are held in the name of the Company, except :

Sr. No.	Nature of Asset	No. of Cases	Whether Leasehold / Freehold	Gross Block as on March 31, 2018 ₹ in lakh	Net Block as on March 31, 2018 ₹ in lakh	Remarks
1.	Land	1	Freehold	11.35	11.35	<ul style="list-style-type: none"> <li>The title deeds of the property are in the name of erstwhile entities (Mills Division).</li> <li>As per the government records, some portion of the land is neither in the name of the Company nor in the name of erstwhile entities.</li> </ul>
2.	Land	1	Freehold	11.10	11.10	The title deeds of the properties are in the name of erstwhile entity (Knitwear Division).
3.	Land	1	Leasehold	1.50	0	The lease deed of the land is in the name of erstwhile entity (Mills Division).
4.	Building	1	Freehold	7.78	3.69	The title deeds of all the properties are in the name of erstwhile entity (Mills Division).

- ii. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the frequency of such verification is reasonable. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted loans, secured or unsecured to bodies corporate, Firms, Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') Accordingly paragraph 3(iii) of the order is not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to investments made and guarantees provided.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed are not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company, is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, duty of excise, service tax, Goods and service tax, cess and other material statutory dues to the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, goods and service tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

According to the information and explanations given to us by the Company and on the basis of our examination of the books of account and the record, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute, other than the following:

Name of Statute	Amount (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Special Tax on Entry of Certain Goods Act, 2004	114.58	October 2004 to March 2007	High Court of Karnataka, Bangalore
The Excise Duty Act, 1944	32.62	2004-05 and 2005-06	The Central Excise and Service Tax Appellate Tribunal, Mangalore
The Employees Provident Fund and Miscellaneous Provision Act, 1952	28.11	January 1990 to December 2001	The Employees Provident Fund Appellate Tribunal
The Excise Duty Act, 1944	110.38	December 2004 to May 2005	The Supreme Court of India
Income Tax Act, 1961	3.99	A.Y 2013-14	Dy Commissioner of Income tax

- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to financial institutions and banks. There are no borrowings from Government or debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were utilised for the purpose for which the loans were obtained.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The company has paid / provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the Related Parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the allotment of 11 % Non-cumulative, Non-convertible, Redeemable Preference Shares made by the Company through private placement basis is in compliance with the requirements of section 42 of the Companies Act, 2013. The amount raised through private placement has been used for the purpose for which the funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Hence, the provision of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

**Kaushal Mehta**

Partner  
Membership No: 111749  
Place : Mumbai  
Date : 18 May, 2018

**Annexure - B to the Auditors' Report**

**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 Gokak Textiles Ltd ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidences we have obtained are 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.



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

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

### **Opinion**

In our opinion, the Company has, 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 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

### **Kaushal Mehta**

Partner  
Membership No: 111749

Place : Mumbai  
Date : 18 May, 2018

**GOKAK TEXTILES LIMITED**  
**BALANCE SHEET AS AT 31 ST MARCH, 2018**

Particulars	Note No.	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs
<b>Assets</b>			
<b>1 Non-current assets</b>			
a) Property, Plant and Equipment	3	7,924.97	8,560.73
b) Capital work-in-progress	3	17.84	16.53
c) Investment Property	4	11.35	11.35
d) Other Intangible assets	5	7.73	32.50
		<b>7,961.89</b>	<b>8,621.11</b>
e) Financial Assets:			
i) Investments			
a) Investments in Subsidiaries	6	2,499.00	2,499.00
b) Other Investments	6	0.53	0.53
		2,499.53	2,499.53
ii) Other financial assets	8A	242.20	265.36
		<b>2,741.73</b>	<b>2,764.89</b>
f) Tax assets			
i) Deferred tax assets (net)	19	-	99.94
ii) Income tax assets (net)	23	56.15	46.33
		56.15	146.27
g) Other non-current assets	11A	1,648.01	1,779.20
<b>Total Non-current assets</b>		<b>12,407.78</b>	<b>13,311.47</b>
<b>2 Current assets</b>			
a) Inventories	9	2,771.30	3,146.15
b) Financial Assets:			
i) Trade receivables	7	1,313.81	664.87
ii) Cash and cash equivalents	10A	46.38	41.71
iii) Bank balances other than (ii) above	10B	3.92	3.25
iv) Other financial assets	8B	14.49	31.65
		<b>1,378.60</b>	<b>741.48</b>
c) Other current assets	11B	348.84	412.46
		<b>1,727.44</b>	<b>1,153.94</b>
Assets classified as held for sale	12	69.78	69.78
<b>Total Current assets</b>		<b>4,568.52</b>	<b>4,369.87</b>
3 Inter Divn. Balance - Reconciliation Account		-	-
<b>Total Assets</b>		<b>16,976.30</b>	<b>17,681.34</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity share capital	13	649.93	649.93
b) Other equity	14	1,258.53	1,918.08
Equity attributable to owners of the Company		1,908.46	2,568.01
<b>Total Equity</b>		<b>1,908.46</b>	<b>2,568.01</b>

Particulars	Note No.	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities:			
i) Borrowings	<b>15</b>	1,894.63	4,141.03
		1,894.63	4,141.03
b) Provisions	<b>18A</b>	896.94	635.02
<b>Total Non-current liabilities</b>		<b>2,791.57</b>	<b>4,776.05</b>
<b>2 Current liabilities</b>			
a) Financial liabilities:			
i) Borrowings	<b>21</b>	6,365.12	3,220.88
ii) Trade payables	<b>22</b>	1,992.57	2,155.18
iii) Other financial liabilities	<b>17</b>	3,679.72	4,445.76
		12,037.41	9,821.82
b) Provisions	<b>18B</b>	10.63	237.05
c) Other current liabilities	<b>20</b>	228.23	278.41
		12,276.27	10,337.28
<b>Total Current Liabilities</b>		<b>12,276.27</b>	<b>10,337.28</b>
<b>Total Liabilities</b>		<b>15,067.84</b>	<b>15,113.33</b>
<b>Total Equity and Liabilities</b>		<b>16,976.30</b>	<b>17,681.34</b>

See accompanying notes forming part of the financial statements

1 to 54

The notes are an integral part of the these financial statements

**For GOKAK TEXTILES LIMITED**

As per our report of even date

**For BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg No. 101048W

**KAUSHAL MEHTA**

Partner  
Membership No. 111749

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**VIKRAM V. NAGAR**

Chief Financial Officer  
Membership No. M25783

**RAKESH M. NANWANI**

Company Secretary  
Membership No. A45718

**VASANT N. SANZGIRI**

(DIN: 01757117)

Director

**RAMESH R. PATIL**

(DIN: 07568951)

CEO &  
Managing Director

**PRADIP N. KAPADIA**

(DIN: 00078673)

**KAIWAN D. KALYANIWALLA**

(DIN: 00060776)

Directors

**D. G. PRASAD**

(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2018**

Particulars		Note No.	Year ended 31 st March, 2018 ₹ in Lakhs	Year ended 31 st March, 2017 ₹ in Lakhs
I	Revenue from operations	24	17,304.55	7,757.87
II	Other income	25	297.40	1,289.93
III	<b>Total Income</b>		<b>17,601.95</b>	<b>9,047.80</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	26	11,796.48	4,367.11
	Purchases of stock-in-trade	28	-	348.75
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	209.47	508.07
	Employee benefits expense	29	2,826.90	2,548.67
	Finance costs	30	1,351.67	1,668.08
	Depreciation and amortisation expense	31	650.80	711.42
	Other expenses	32	4,388.08	2,587.65
	<b>Total expenses</b>		<b>21,223.40</b>	<b>12,739.75</b>
V	<b>Profit / (Loss) before exceptional items and tax</b>		<b>(3,621.45)</b>	<b>(3,691.95)</b>
VI	<b>Profit / (Loss) before tax</b>		<b>(3,621.45)</b>	<b>(3,691.95)</b>
VII	<b>Tax expense:</b>			
	(a) Current tax	33	-	13.72
	(b) Deferred tax	33	98.25	(322.93)
			98.25	(309.21)
VIII	<b>Profit / (Loss) for the year</b>		<b>(3,719.70)</b>	<b>(3,382.74)</b>
IX	<b>Other Comprehensive Income</b>			
	<b>Items that will not be reclassified to profit or loss</b>			
	(a) Remeasurement of the defined benefit plans (net of tax)		(5.74)	179.99
	<b>Other Comprehensive Income</b>		<b>(5.74)</b>	<b>179.99</b>
X	<b>Total Comprehensive Income for the year</b>		<b>(3,725.44)</b>	<b>(3,202.75)</b>
XI	<b>Earning per equity share :</b>	34		
	Basic and diluted earnings per equity share		₹ (57.23)	₹ (52.05)

See accompanying notes forming part of the financial statements

1 to 54

The notes are an integral part of the these financial statements

## For GOKAK TEXTILES LIMITED

As per our report of even date

## For BATLIBOI &amp; PUROHIT

Chartered Accountants  
Firm Reg No. 101048W

## VASANT N. SANZGIRI

(DIN: 01757117)

Director

## KAUSHAL MEHTA

Partner  
Membership No. 111749

## VIKRAM V. NAGAR

Chief Financial Officer  
Membership No. M25783

## RAMESH R. PATIL

(DIN: 07568951)

CEO &  
Managing Director

Place : Mumbai

Date : 18<sup>th</sup> May 2018

## PRADIP N. KAPADIA

(DIN: 00078673)

## RAKESH M. NANWANI

Company Secretary  
Membership No. A45718

## KAIWAN D. KALYANIWALLA

(DIN: 00060776)

Directors

## D. G. PRASAD

(DIN: 00160408)

Place : Mumbai

Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

	Year ended March 31, 2018 ₹ in lakh	Year ended March 31, 2017 ₹ in lakh
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	3,621.45	(3,691.95)
<b>Adjustments for:</b>		
Depreciation and amortisation	650.80	711.42
Interest income	(32.56)	(80.78)
Finance cost	1,351.67	1,668.08
Net Loss / (Profit) on sale of fixed assets	(38.71)	(218.24)
Credit balances / excess provision written back	(56.19)	(969.34)
Provision for Doubtful Debts (net of recoveries)	22.16	(55.32)
Balances written off	12.64	140.67
Provision for Doubtful Advances	-	1.26
Operating loss before working capital changes	1,711.64	(2,494.19)
Adjustments for :		
(Increase)/ Decrease in Inventories	374.85	685.05
(Increase)/ Decrease in Trade and other receivables	(683.74)	1,662.04
(Increase)/ Decrease in Other Financial Assets	40.32	-
(Increase)/ Decrease in Other Current assest	194.81	-
Increase/ (Decrease) in Trade payables, other liabilities and provisions	(58.37)	(86.78)
Cash generated from operations	(1,843.78)	(233.89)
Direct Taxes (paid) / refund	(9.82)	8.61
<b>Net cash (used in) / from operating activities</b>	<b>(1,853.60)</b>	<b>(225.27)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including CWIP	(6.26)	(10.17)
Sale of Fixed Assets	53.38	245.67
Net Movement in bank balance not considered as cash and cash equivalents	(0.67)	-
Interest received	32.56	80.78
<b>Net cash (used in)/ from investing activities</b>	<b>79.02</b>	<b>316.28</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Preference Shares	3,500.00	6,500.00
Change in Borrowings	117.40	(5,119.75)
Interest paid	(1,838.16)	(1,593.08)
<b>Net cash (used in)/from financing activities</b>	<b>1,779.25</b>	<b>(212.83)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>4.67</b>	<b>(121.83)</b>
Cash and Cash equivalents at the beginning of the year	41.71	163.31
<b>Cash and Cash equivalents at the end of the year</b>	<b>46.38</b>	<b>41.71</b>

		Year ended March 31, 2018 ₹ in lakh	Year ended March 31, 2017 ₹ in lakh
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
Cash on Hand		1.78	3.51
<b>Balances with banks:</b>			
- In current accounts		44.60	38.21
		<u>46.38</u>	<u>41.71</u>

**Movement in financial liabilities included under financing activities in statement of cash flows :**

Particulars	As on 1st april 2017	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31 st March 2018
Short Term Borrowings	3,220.88	3,144.24	-	6,365.12
Long Term Borrowings (including current maturities)	5,909.28	(3,026.83)	-	2,882.45
Debt component of preference shares	1,301.85	434.12	158.66	1,894.63

**Notes**

- 1 The Cash Flow statement has been prepared following the indirect method specified under Ind AS 7 - Statement of Cash Flows.
- 2 Figures in brackets indicate cash outflow.
- 3 Previous year's figures have been rearranged / regrouped wherever necessary.

The notes are an integral part of the these financial statements

**For GOKAK TEXTILES LIMITED**

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI** Director  
(DIN: 01757117)

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL** CEO & Managing Director  
(DIN: 07568951)

**KAUSHAL MEHTA**  
Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**KAIWAN D. KALYANIWALLA** Directors  
(DIN: 00060776)

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018**

₹ in Lakh

Statement of changes in equity for the year ended 31st March, 2018		Amount
<b>a. Equity share capital</b>		
Balance as at April 1, 2016		649.93
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2017</b>		<b>649.93</b>
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2018</b>		<b>649.93</b>

**Statement of changes in other equity for the year ended 31st March, 2018**

₹ in Lakh

b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus			Items of other comprehensive income		Total Equity Attributable to the Equity Holders of the Company
		General reserve	Retained earnings	Total	Other items of other comprehensive income	Total	
<b>Balance at April 1, 2016</b>	3,573.22	7,160.32	(11,368.18)	(4,207.86)	43.23	43.23	(591.41)
Profit for the year	-	-	(3,382.74)	(3,382.74)	-	-	(3,382.74)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	179.99	179.99	179.99
<b>Total comprehensive income for the year</b>	-	-	<b>(3,382.74)</b>	<b>(3,382.74)</b>	<b>179.99</b>	<b>179.99</b>	<b>(3,202.75)</b>
Issue of Non-cumulative, non-convertible Redeemable preference Shares	5,712.25	-	-	-	-	-	5,712.25
Transfer to retained earnings	-	-	-	-	-	-	-
<b>Balance at March 31, 2017</b>	<b>9,285.47</b>	<b>7,160.32</b>	<b>(14,750.92)</b>	<b>(7,590.61)</b>	<b>223.22</b>	<b>223.22</b>	<b>1,918.09</b>
Remeasurement of the net defined benefit liability/asset, net of income tax ( previous year balance transferred to retained earnings)	-	-	223.22	223.22	(223.22)	(223.22)	-
Profit for the year	-	-	(3,719.70)	(3,719.70)	-	-	(3,719.70)
Remeasurement of the net defined benefit liability/asset, net of income tax (current year)	-	-	(5.74)	(5.74)	-	-	(5.74)
<b>Total comprehensive income for the year</b>	-	-	<b>(3,725.44)</b>	<b>(3,725.44)</b>	-	-	<b>(3,725.44)</b>
Issue of Non-cumulative, non-convertible Redeemable preference Shares during the year	3,065.88	-	-	-	-	-	3,065.88
<b>Balance at March 31, 2018</b>	<b>12,351.35</b>	<b>7,160.32</b>	<b>(18,253.14)</b>	<b>(11,092.82)</b>	-	-	<b>1,258.53</b>

For GOKAK TEXTILES LIMITED

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI**  
(DIN: 01757117)

Director

**KAUSHAL MEHTA**  
Partner  
Membership No. 111749

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL**  
(DIN: 07568951)

CEO &  
Managing Director

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**KAIWAN D. KALYANIWALLA**  
(DIN: 00060776)

Directors

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018**

**1 Corporate Information**

The Company was incorporated under the Companies Act, 1956 under the name of ANS Textiles (Bangalore) Limited on March 27, 2006. The name was changed to Gokak Textiles Limited, with effect from January 23, 2007. As per the scheme of arrangement under the Companies Act, 1956, the Textile Division of erstwhile Forbes Gokak Limited (now known as Forbes & Company Limited) was transferred to Gokak Textiles Limited with effect from April 1, 2007. The Company is in the business of textile, manufacturing cotton yarn, blended yarn, industrial fabrics, terry towels, t-shirts, polos, undergarments, etc.

**2 Significant Accounting Policies**

**(a) Statement of Compliance :**

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 [the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereon] and on accrual basis.

The separate financial statements are presented in addition to the consolidated financial statements presented by the Company.

**(b) Basis of Preparation and presentation :**

- i. These separate financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act (to the extent notified).
- ii. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current .
- iii. "The financial statements have been prepared on a historical cost basis, except for the following:
  - (a) Certain financial assets and liabilities that are measured at fair value;
  - (b) Non-current assets held for sale - measured as lower of carrying value or fair value less cost to sale;
  - (c) Defined benefit plans - plan assets measured at fair value. "
- iv. All amounts disclosed in the financial statements and notes have been shown in lakh as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

**(c) Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**
**(d) Property, plant and equipment:**

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Freehold land is carried at cost and not depreciated. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013. Cost of leasehold land is amortised over the period of lease.

Sr. No.	Particulars	Useful Life In years
1	Factory Building & Structures	3 to 60
2	Residential Buildings	30 to 60
3	Plant & Machinery	10 to 30
4	Furniture, fixture	10
5	Office Equipment	3 to 15
6	Motor Vehicles	8 to 10

**(e) Intangible Assets:**

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortized over the estimated useful life of respective intangible assets on a straight line basis, from the date they are available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer Software - 6 Years

**(f) Investment property :**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognised.

**(g) Investments in Subsidiary :**

Investments in subsidiary are recognised at cost as per Ind AS 27.

**(h) Financial instruments:**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are recognised 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**(a) Financial assets :**

The Company classifies its financial assets in the following categories:

- (i) those to be measured subsequently at fair value (either through other comprehensive income or through the statement of profit and loss), and
- (ii) those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**Equity instruments:** The Company measures its equity instruments (other than in subsidiaries) at fair value through profit and loss.

**Impairment of financial asstes:** The Company measures the expected credit loss associated with its assets based on historical trends, industrial practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(b) Financial liabilities and equity :****Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**(i) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

**(ii) Equity**

An equity is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

**(i) Inventories :**

Inventories are valued at lower of cost and net realisable value. Cost is determined as follows:

Sr. No	Particulars	Method of determining cost
1	Stores, Spares and Loose Tools	Weighted average for Mills unit and FIFO basis for Knitwear Division.
2	Raw Materials: (i) Cotton and Other Fibers (ii) Others	Specific identification for Mills unit and FIFO basis for Knitwear Division. Weighted average
3	Stock-in-Process	Aggregate of material cost and production overheads and other attributable expenses up to stage of completion.
4	Finished Goods:	
	(i) Produced	Aggregate of material cost and production overheads.

Provision is made for the cost of obsolescence and other anticipated losses, wherever considered necessary.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

### (j) **Borrowing Cost :**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised for the period until the asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### (k) **Revenue Recognition :**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of sales returns. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company.

Sales are recognised on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract. Export incentives under various schemes are accounted in the year of contract. Dividend Income is recognised when the right to receive the same is established. Interest Income is recognised on time proportion basis.

Revenue in respect of insurance/other claims is recognised only when it is reasonably certain that the ultimate collection will be made.

### (l) **Manufacturing and Operating Expenses :**

Manufacturing expenses and operating expenses are charged to revenue on accrual basis.

### (m) **Foreign Exchange Transactions :**

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees. Foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at the year-end rate and difference in translation and realised gains and losses on foreign exchange transactions are recognised in the statement of profit and loss.

### (n) **Provisions and Contingent Liability :**

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation can not be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made.

### (o) **Grants :**

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

### (p) **Accounting for Taxes on Income :**

Tax expense for the year comprises of current tax and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act.

Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Deferred tax assets and liabilities are determined for all temporary timing difference arising between the taxable income and accounting income. Deferred tax assets are recognised for all deductible temporary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it related to the items recognised in other comprehensive income or directly in equity.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(q) Earnings per Share :**

Basic earnings per share is calculated by dividing the net profit / (loss) attributable to the owners of the Company by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

**(r) Impairment of non-financial assets :**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition exists, the Company estimates the recoverable amount of the assets. If the recoverable amount of such assets or recoverable amount of cash generating units to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

**(s) Borrowings :**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Preference shares, which are mandatorily redeemable on a specific date are classified as liabilities or equity or both as per the terms attached.

**(t) Leases :**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company, as lessee, are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

**(u) Cash and cash equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, bank overdraft, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(v) Non-current assets held for sale :**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Non-current assets are not depreciated or amortised while they are classified as held for sale.

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(w) Employee Benefits :**

**(i) Short-term Obligations :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

**(ii) Other long-term employee benefit obligations**

Long-term compensated absence of permanent employees is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. Compensated absence of badli workers is provided on accrual basis.

**(iii) Defined Contribution Plans:**

Employee benefits in the form of Provident Fund and Superannuation are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

**(iv) Defined Benefit Plan**

Retirements benefits in the form of Gratuity for eligible permanent employees is considered as defined benefit obligations and are provided on the basis of actuarial valuation, using the projected unit credit method. Gratuity of badli workers is determined on accrual basis. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**(x) Recent accounting pronouncements:**

**(i) Ind AS 115 – Revenue from Contracts with customers:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard has come into force from April 1, 2018. As per the evaluation of the management of the company, the effect on adoption of Ind AS 115 will not be material.

**(ii) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment has come into force from April 1, 2018. As per the evaluation of the management of the company, the effect of this amendment will not be material

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 3. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Building and structures - Factory Building	Building and structures - Residential Building	Plant and machinery	Furniture & Fixtures And Office equipments	Vehicles	Total
<b>Cost or Deemed cost</b>							
<b>Balance at April 1, 2016</b>	11.10	1,946.35	399.56	7,002.03	225.26	12.59	9,596.89
Additions	-	-	-	-	4.27	-	4.27
Disposal	-	-	4.07	6.38	0.87	0.06	11.38
Reclassified as held for sale	-	-	1.63	-	-	-	1.63
Others	-	-	-	-	-	-	-
<b>Balance at March 31, 2017</b>	11.10	1,946.35	393.86	6,995.65	228.66	12.55	9,588.15
Additions	-	-	-	3.41	0.97	0.57	4.95
Disposal	-	1.51	6.11	6.68	-	0.83	15.13
Reclassified as held for sale	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Balance at March 31, 2018</b>	11.10	1,944.84	387.75	6,992.38	229.63	12.27	9,577.97
<b>Accumulated depreciation and impairment</b>							
<b>Balance at April 1, 2016</b>	-	55.11	12.00	250.04	23.05	1.71	341.91
Eliminated on disposals of assets	-	-	-	-	-	-	-
Depreciation expense	-	118.20	25.70	487.74	51.92	1.96	685.52
Others	-	-	-	-	-	-	-
<b>Balance at March 31, 2017</b>	-	173.31	37.70	737.78	74.97	3.67	1,027.43
Eliminated on disposals of assets	-	(0.02)	(0.28)	(0.06)	-	(0.10)	0.46
Depreciation expense	-	105.94	25.25	451.04	43.76	0.04	626.03
Others	-	-	-	-	-	-	-
<b>Balance at March 31, 2018</b>	-	279.23	62.67	1,188.76	118.73	3.61	1,653.00
<b>Carrying Amount</b>							
<b>Balance at April 1, 2016</b>	11.10	1,891.24	387.56	6,751.99	202.21	10.88	9,254.98
<b>Balance at March 31, 2017</b>	11.10	1,773.04	356.16	6,257.87	153.69	8.86	8,560.73
<b>Balance at March 31, 2018</b>	11.10	1,665.61	325.08	5,803.62	110.90	8.66	7,924.97

## 4. Investment property

(₹ In Lakhs)

	As at 31st March 2018	As at 31st March 2017
Freehold land	11.35	11.35
<b>Total</b>	<b>11.35</b>	<b>11.35</b>

Cost or Deemed Cost	As at 31st March 2018	As at 31st March 2017
Balance at beginning of year	11.35	11.35
<b>Balance at end of year</b>	<b>11.35</b>	<b>11.35</b>

Accumulated depreciation and impairment	As at 31st March 2018	As at 31st March 2017
Balance at beginning of year	-	-
Additions	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**Fair Value :-**

<b>As at March 2018</b>	<b>411.00</b>
<b>As at March 2017</b>	<b>402.00</b>

**Estimation of Fair value --**

The fair valuation is based on current marked prices of similar properties. This valuation is based on valuation performed by independent valuers. fair valuation is based on sales comparison method based on market approach. The fair value measurement is categorised in level 2 fair value hierarchy.

There were no rental income or direct operating expenses arising from investment property

**5. Other intangible assets --**

(₹ In Lakhs)

Particulars	Computer Software
<b>Cost or Deemed cost</b>	
<b>Balance as at 1st Apr, 2016</b>	<b>71.38</b>
Additions	-
Deletion	-
<b>Balance as at 31st Mar, 2017</b>	<b>71.38</b>
Addition	
Deletion	
<b>Balance as at 31st Mar, 2018</b>	<b>71.38</b>
<b>Accumulated depreciation and impairment</b>	
<b>Balance as at 1st Apr, 2016</b>	<b>12.98</b>
Depreciation expense	25.90
<b>Balance as at 31st Mar., 2017</b>	<b>38.88</b>
Depreciation expense	24.77
<b>Balance as at 31st Mar., 2018</b>	<b>63.65</b>
<b>Carrying Amount</b>	
<b>Balance as at 1st April, 2016</b>	<b>58.40</b>
<b>Balance as at 31st March, 2017</b>	<b>32.50</b>
<b>Balance as at 31st March, 2018</b>	<b>7.73</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 6. Non Current Investments

(₹ in lakhs)

6A. Break-up of investments Particulars	GTL			
	As at 31st March 2018		As at 31st March 2017	
	Qty	Amount	Qty	Amount
<b>a) In subsidiary companies ( at cost)</b>				
<b>Unquoted Investments</b>				
<b>i) Equity Instruments</b>				
1. Equity shares of ₹ 10 each fully paid up of Gokak Power & Energy Limited	2,49,90,000	2,499.00	2,49,90,000	2,499.00
<b>Total of Unquoted Investments in subsidiary</b>	<b>2,49,90,000</b>	<b>2,499.00</b>	<b>2,49,90,000</b>	<b>2,499.00</b>
<b>b) Other Investments ( FVTPL)</b>				
<b>Unquoted Investments (all fully paid)</b>				
<b>i) Equity Instruments</b>				
1 Equity shares of ₹ 10/- each of New India Co-Operative Bank	5,000	0.50	5,000	0.50
2 Equity shares of ₹ 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
<b>Total of Unquoted Investments</b>	<b>5,250</b>	<b>0.53</b>	<b>5,250</b>	<b>0.53</b>
<b>TOTAL OF UNQUOTED INVESTMENTS</b>		<b>2,499.53</b>		<b>2,499.53</b>

Of the above, 58.82%, equivalent to 14,700,000 equity shares at a carrying cost of ₹1470 lakh of Gokak Power & Energy Limited have been pledged with a bank by the Company against the term loan borrowed by the Gokak Power & Energy Limited.

## 6B Category-wise other investments – as per Ind AS 109 classification

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Investments carried at fair value through profit or loss (FVTPL)</b>		
1. In unquoted equity shares of New India Co-operative Bank limited	0.50	0.50
2. In unquoted equity shares of Zoroastrian Co-Operative Bank limited.*	0.03	0.03
	0.53	0.53

\* Value of these shares is ₹ 2,500/-

## 7. Trade receivables

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Trade receivables</b>		
a) Unsecured, considered good	1,313.81	664.87
b) Doubtful	633.26	611.10
Less : Allowance for doubtful debts (expected credit loss allowance)	(633.26)	(611.10)
<b>Total</b>	<b>1,313.81</b>	<b>664.87</b>

## 7.1 Trade receivables

Average credit period on sales is between 30 to 90 days. No interest is charged on trade receivables overdue. The Company has recognised an allowance for doubtful debts as per the ageing of overdue debts as standard policy. In addition to this, the Company has determined allowance for doubtful debts on specific identification.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

The Company has determined expected doubtful debts based on historical trend, industry practices and the business environment in which the entity operates. Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because the amounts are still considered recoverable to this extent.

### Age of receivables that are past due but not impaired :-

Particulars	As at 31st March 2018	As at 31st March 2017
Not Due		
0 - 60	1,196.46	556.60
61 - 180	80.14	33.14
181 - 365	28.70	18.33
Above 365 Days	8.51	56.80
<b>Total</b>	<b>1,313.81</b>	<b>664.87</b>

### Movement in the allowance for doubtful debts

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Balance at beginning of the year	611.10	666.42
Impairment losses recognised on receivables	25.92	-
Amounts written off during the year as uncollectible	(1.44)	-
Amounts recovered during the year	(2.32)	(55.32)
<b>Balance at end of the year</b>	<b>633.26</b>	<b>611.10</b>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

## 8. Other financial assets

### 8A Non current

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Security deposits		
- Unsecured, considered good	242.20	265.36
- Doubtful	-	3.57
Less : Allowance for bad and doubtful loans	-	3.57
<b>Total</b>	<b>242.20</b>	<b>265.36</b>

### 8B Current

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Other current receivables		
- Staff advance - Unsecured, considered good	14.49	31.65
- Doubtful	-	4.71
Less : Allowance for doubtful debts	-	4.71
<b>Toal</b>	<b>14.49</b>	<b>31.65</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 9. Inventories

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Inventories (lower of cost and net realisable value)		
Raw materials	426.41	512.43
Work-in-progress	682.22	650.18
Finished goods	1,368.81	1,577.72
Stores and spares including packing materials	293.86	373.23
<b>Total (a)</b>	<b>2,771.30</b>	<b>3,113.56</b>
b) Goods-in-transit	-	32.59
<b>Total (a)</b>	<b>2,771.30</b>	<b>3,146.15</b>

## 10. Cash and Bank Balances

## 10a Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Balances with Banks</b>		
a) In current accounts	44.60	38.20
	44.60	38.20
<b>Cash on hand</b>	<b>1.78</b>	<b>3.51</b>
<b>Total</b>	<b>46.38</b>	<b>41.71</b>

## 10b Other Bank balances

(₹ in lakhs)

a) Balances held as margin money / under lien with remaining maturity of less than 12 months	3.92	3.25
<b>Total</b>	<b>3.92</b>	<b>3.25</b>

## 11. Other assets

## 11a Non Current

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Security Deposits	5.33	5.34
b) Prepaid expenses	6.50	8.49
c) Balances with statutory / government authorities - Unsecured, considered good	1,636.18	1,765.37
<b>Total</b>	<b>1,648.01</b>	<b>1,779.20</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**11b Current**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Employee Benefit plan Assets (Refer Note 36)	70.67	-
b) Advances for supply of goods and services		
- To others		
- Unsecured, considered good	12.49	26.01
- Doubtful	192.68	192.68
Less : Allowance for doubtful advances	192.68	192.68
	<b>12.49</b>	<b>26.01</b>
c) Prepaid expenses	28.91	33.47
d) Claims Receivable & Duty Drawback	236.77	255.38
e) Other Current Assets	-	23.70
f) Interest Subsidy Receivable	-	73.90
<b>Total</b>	<b>348.84</b>	<b>412.46</b>

**12. Assets classified as held for sale**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Assets Classified held for sale:-</b>		
Buildings	1.63	1.63
Plant and Machineries	68.15	68.15
<b>Total</b>	<b>69.78</b>	<b>69.78</b>

**13. Equity Share Capital**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Authorised Share capital :</b>		
70,00,000 fully paid equity shares of ₹ 10 each	700.00	700.00
17,50,00,000 Non Cumulative, non convertible Redemmmable preference shares of ₹ 10 each (as at March 31, 2017, 10,50,00,000,)	17,500.00	10,500.00
	<b>18,200.00</b>	<b>11,200.00</b>
<b>Issued, subscribed and paid-up share capital:</b>		
64,99,308 fully paid equity shares of ₹ 10 each (as at March 31, 2017: 64,99,308)	649.93	649.93
	-	-
	<b>649.93</b>	<b>649.93</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 13.1 Fully paid equity shares

Particulars	Number of shares	Share capital (₹ in Lakhs)
<b>Balance as at 31st March, 2016</b>	<b>64,99,308</b>	<b>649.93</b>
Movements	-	-
<b>Balance as at 31st March, 2017</b>	<b>64,99,308</b>	<b>649.93</b>
Movements	-	-
<b>Balance as at 31st March, 2018</b>	<b>64,99,308</b>	<b>649.93</b>

## Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. 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.

## 13.2 Details of shares held by the holding company, its subsidiaries and associates

Particulars	Fully paid ordinary shares	
	As at 31st March 2018	As at 31st March 2017
<b>Balance at the beginning of the period :</b>		
Shapoorji Pallonji and Company Private Limited, the holding company	47,80,845	47,80,845
<b>Total</b>	<b>47,80,845</b>	<b>47,80,845</b>

## 13.3 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b>				
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56
<b>Total</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>

13.4 The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

## 14. Other equity

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) General reserve (Refer Note 1)</b>		
Balance at beginning of the year	7,160.32	7,160.32
Movements	-	-
<b>Balance at end of the year</b>	<b>7,160.32</b>	<b>7,160.32</b>
<b>b) Equity Component of Preference Shares</b>		
7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	3,573.22	3,573.22
11% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	8,778.13	5,712.25
<b>Balance at end of the year</b>	<b>12,351.35</b>	<b>9,285.47</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Particulars		As at 31st March 2018	As at 31st March 2017
<b>c)</b>	<b>Retained earnings</b>		
	Balance at beginning of year	(14,750.92)	(11,368.18)
	Profit/(Loss) attributable to owners of the Company	(3,719.70)	(3,382.74)
	Transfer from OCI	223.22	-
	Acturial (Gain)/ Loss- Gratuity- OCI	(5.74)	-
	<b>Balance at end of the year</b>	<b>(18,253.14)</b>	<b>(14,750.92)</b>
<b>d)</b>	<b>Other Comprehensive Income</b>		
	Balance at beginning of year	223.22	43.23
	For the year	-	179.99
	Transfer to retained earnings	(223.22)	-
	<b>Total (d)</b>	<b>-</b>	<b>223.22</b>
	<b>Total</b>	<b>1,258.53</b>	<b>1,918.08</b>

Note 01 : General Reserve is transferred to the company at the time of demerger of Textile division from Forbes Gokak Limited.

15. Non-current Borrowings

(₹ in lakhs)

Particulars	Non-current portion		Current maturities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
<b>Secured – at amortised cost</b>				
<b>(a) Term loans - From Banks</b>				
<b>i) Ratnakar Bank Limited</b> - Secured by first exclusive charge on specific movable and immovable fixed assets.  [Repayable in Quarterly installments of ₹ 225 Lakhs of one and '450 of one each till MARCH 31, 2018. First installment was due in March, 2017 and last installment is due in December, 2018. Rate of interest 10.65% p.a. (Previous year 10.65% p.a.)]	-	2,649.47	2,694.91	1,575.00
<b>ii) Ratnakar Bank Limited</b> - Secured by first exclusive charge on specific movable and immovable fixed assets.  [Repayable in Quarterly installments of ₹ 139 Lakhs of one each till November 30, 2017. First installment was due in September, 2013 and last installment is due in November, 2017. Rate of interest 10.65% p.a. (Previous year 11.81% p.a.)]	-	-	-	1,111.11

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Particulars	Non-current portion		Current maturities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
iii) <b>New India Co operative Bank Long Term Working Capital Loan -I</b> - Secured by first hypothecation charge on specific movable and immovable fixed assets acquired. [Repayable in quarterly installments of ₹ 32 Lakhs each. First installment is due in January, 2013 and last installment is due in September, 2018. Rate of interest 14% p.a.(Previous year 14% p.a.)]	-	189.71	187.54	384.00
<b>Total</b>	-	<b>2,839.18</b>	<b>2,882.45</b>	<b>3,070.11</b>
Less: Amount disclosed under "Other current financial liabilities"	-	-	(2,882.45)	(3,070.11)
(b) Liability component Preference Shares	1,894.63	1,301.85	-	-
<b>Total Non-current borrowings</b>	<b>1,894.63</b>	<b>4,141.03</b>	-	-

## 16. Details of Non-cumulative, Non-Convertible, Redeemable Preference Shares issued by the Company:

Sr. No.	Face Value per Preference Share and Date of Allotment	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of ₹10 each - September 30, 2015	2,000	2,000	7%	Preference shares shall rank prior in respect of payment of dividend or redemption amount compared to equity shareholders of the Company and in the event of winding up, preferential right over the equity shareholders in participating of surplus funds, surplus assets and profits of the Company.
2	20,000,000 preference shares of ₹10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of ₹10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of ₹10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of ₹10 each - December 30, 2017	3,500	-	11%	
	<b>Total</b>	<b>14,000</b>	<b>10,500</b>		

16.1 As the preference shares are mandatorily redeemable at a fixed or determinable future date as may be determined by the board of the company and payment of dividend being discretionary, the instrument is compound financial instrument. In absence of market rate of interest, the management has determined the liability component on the basis of average rate of interest of its long term borrowings as at the date of allotment.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**17. Other financial liabilities**

**17 Current**

Particulars	As at 31st March 2018	As at 31st March 2017
a) Current maturities of long-term borrowings	2,882.45	3,070.11
b) Interest accrued but not due on borrowings	0.61	1.99
c) Interest accrued and due on borrowings	-	643.77
d) Others :-		
- Security deposits	20.71	39.04
- Payable to Capital Creditors	-	3.10
- Other Payables (Salary & Others)	775.95	687.75
<b>Total</b>	<b>3,679.72</b>	<b>4,445.76</b>

**18. Provisions**

**18A. Non current**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Employee benefits		
Compensated absences	82.81	71.98
Gratuity	314.13	63.04
b) Other provisions		
Provision for Contingencies	500.00	500.00
<b>Total</b>	<b>896.94</b>	<b>635.02</b>

**18B. Current**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Employee benefits		
Compensated absences	10.63	38.20
Gratuity	-	198.85
<b>Total</b>	<b>10.63</b>	<b>237.05</b>

**19. Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax assets	1,414.64	1,874.16
Deferred tax liabilities	1,414.64	1,774.22
<b>Net</b>	<b>-</b>	<b>99.94</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## Current Year ( 2017-2018)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(1,758.66)	344.02	-	-	-	(1,414.64)
b) Other liabilities & Provisions	144.19	(16.66)	-	-	-	127.53
c) Doubtful debts	188.82	(24.18)	-	-	-	164.64
d) Defined benefit obligation	131.00	(13.26)	(1.69)	-	-	116.05
e) Other financial Liabilities	(15.56)	16.89	-	-	-	1.33
f) MAT Credit	-	238.61	-	-	-	238.61
g) Provision for Contingencies	-	130.00	-	-	-	130.00
h) Provision for Advances	-	50.10	-	-	-	50.10
i) MAT Credit	238.61	(238.61)	-	-	-	-
j) Others	1,171.54	(585.16)	-	-	-	586.38
<b>Total</b>	<b>99.94</b>	<b>(98.25)</b>	<b>(1.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Previous Year ( 2016-2017)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(1,776.00)	17.34	-	-	-	(1,758.66)
b) Other financial liabilities & Provisions	146.00	(1.81)	-	-	-	144.19
c) Doubtful debts	206.00	(17.18)	-	-	-	188.82
d) Defined benefit obligation	29.00	183.00	(81.00)	-	-	131.00
e) Other financial Liabilities	(15.56)	-	-	-	-	(15.56)
i) MAT Credit	-	-	-	-	-	238.61
j) Others - Unabsorbed Depreciation	1,030.00	141.54	-	-	-	1,171.54
<b>Total</b>	<b>(380.56)</b>	<b>322.89</b>	<b>(81.00)</b>	<b>-</b>	<b>-</b>	<b>99.94</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**19.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
-tax losses (revenue in nature)	16,588.00	11,430.00
	<b>16,588.00</b>	<b>11,430.00</b>

Note: The unrecognised tax credits will expire in 8 years from the respective years in which tax losses are incurred.

**20. Other liabilities**

**Current**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Advances from customers	32.60	72.77
b) Advances from Related party against Goods & Services	97.50	-
c) Others		
Statutory remittances	98.13	167.90
- Other Payables	-	37.74
<b>Total</b>	<b>228.23</b>	<b>278.41</b>

**21. Current Borrowings**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Secured - at amortised cost</b>		
a) Loans repayable on demand		
- from banks		
<b>Repayable on demand</b> - Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. Rate of interest ranging between 10.65% per annum to 13.50% per annum	1,765.70	2,023.88
- From Holding Company (unsecured). Rate of interest for the loans from holding company is 11.50% per annum.	4,599.42	1,197.00
<b>Total</b>	<b>6,365.12</b>	<b>3,220.88</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 22. Trade payables

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Trade payables</b>		
- Related Parties	94.23	11.47
- Others		
(A) Total outstanding dues of micro enterprises, small enterprises and medium enterprises ( refer Note No. 38)''	6.80	4.20
(B) Total outstanding dues of creditors other than micro enterprises, small enterprises and medium enterprises''	1,891.54	2,139.51
<b>Total</b>	<b>1,992.57</b>	<b>2,155.18</b>

## 23. Current tax assets and liabilities

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Current tax assets</b>		
Tax refund receivable	56.15	46.33
	<b>56.15</b>	<b>46.33</b>

## 24. Revenue from operations

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>a) Sale of products</b>		
i) Manufactured Goods	16,386.62	6,844.46
ii) Traded Good	-	408.51
<b>Total (a)</b>	<b>16,386.62</b>	<b>7,252.97</b>
<b>b) Sale of services</b>		
i) Processing Income	64.44	18.03
<b>Total (b)</b>	<b>64.44</b>	<b>18.03</b>
<b>c) Other operating revenues</b>		
i) Scrap Sales	768.49	327.32
ii) Export incentives	85.00	41.10
iii) Other recoveries	-	118.45
<b>Total (c)</b>	<b>853.49</b>	<b>486.87</b>
<b>Total (a+b+c)</b>	<b>17,304.55</b>	<b>7,757.87</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

25. Other Income

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>a) Interest income earned on financial assets</b>		
i) Interest on Security Deposits (From subsidiary)	12.00	67.78
ii) Bank deposits	0.18	-
iv) Others	-	12.82
v) Interest on Security Deposits (From others)	20.38	-
<b>Total (a)</b>	<b>32.56</b>	<b>80.60</b>
<b>b) Dividend Income</b>		
i) from long-term investments	0.07	-
<b>Total (b)</b>	<b>0.07</b>	<b>-</b>
<b>c) Other Non-Operating Income (Net of expenses directly attributable to such income)</b>		
<b>i) Others</b>		
Credit balances / excess provision written back	56.19	969.34
Rent received	98.21	21.75
Miscellaneous income	4.65	-
<b>Total (i)</b>	<b>159.05</b>	<b>991.09</b>
<b>ii) Other gains and losses</b>		
Gain/(loss) on disposal of property, plant and equipment	45.71	218.24
Net foreign exchange gains/(losses)	60.01	-
<b>Total (c)</b>	<b>105.72</b>	<b>218.24</b>
<b>Total (a+b+c)</b>	<b>297.40</b>	<b>1,289.93</b>

26. Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Material Stocks at the Commencement of the Year	512.43	581.82
Purchases	11,710.46	4,297.72
	<b>12,222.89</b>	<b>4,879.54</b>
Less: Material Stocks at the Close of the Year	426.41	512.43
	<b>11,796.48</b>	<b>4,367.11</b>

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

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventories at the end of the year:</b>		
i) Finished goods (Including stock in transit)	1,368.81	1,610.32
ii) Work-in-progress	682.22	650.18
	<b>2,051.03</b>	<b>2,260.50</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>Inventories at the beginning of the year:</b>		
i) Finished goods (Including stock in transit)	1,610.32	1,997.77
ii) Work-in-progress	650.18	770.80
	<b>2,260.50</b>	<b>2,768.57</b>
<b>Net decrease/(increase)</b>	<b>209.47</b>	<b>508.07</b>

## 28. Trading Goods

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Purchase Of Trading Stock	-	348.75
<b>Total</b>	<b>0.00</b>	<b>348.75</b>

## 29. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Salaries and Wages	2,186.69	1,736.29
ii) Contribution to provident and other funds	349.39	585.05
iii) Staff Welfare Expenses	290.82	227.33
<b>Total</b>	<b>2,826.90</b>	<b>2,548.67</b>

## 30. Finance costs

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Interest costs of financial liabilities at amortised costs :-		
i) Interest on bank overdrafts and loans	227.51	310.46
ii) Interest on loans from related parties	403.37	391.62
iii) Interest on bank Term Loans	536.59	848.12
iv) Other interest	1.40	0.79
v) Bank Charges	24.14	42.09
vi) Interest on liability component of compound financial instruments	158.66	75.00
	<b>1,351.67</b>	<b>1,668.08</b>

## 31. Depreciation and Amortisation expenses

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Depreciation of property, plant equipment	626.03	685.52
ii) Amortisation of intangible assets	24.77	25.90
<b>Total depreciation and amortisation</b>	<b>650.80</b>	<b>711.42</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**
**32. Other expenses**

(₹ in lakhs)

<b>Particulars</b>	<b>Year Ended 31st March 2018</b>	<b>Year Ended 31st March 2017</b>
Consumption of stores and spare parts	94.85	64.44
Consumption of packing Material	273.51	105.89
Processing charges	4.39	10.31
Power and fuel	2,664.89	1,356.40
Transportation, freight, handling and other charges	197.19	125.61
Hank Yarn Obligation	27.19	7.90
Rent and hire charges	8.84	9.28
<b>Repairs to :</b>		
i) Buildings	17.50	21.32
ii) Plant and machinery	226.49	61.35
iii) Others	172.13	118.31
<b>Total</b>	<b>416.12</b>	<b>200.98</b>
Insurance	43.38	58.14
Rates and taxes (excluding taxes on income)	125.24	124.75
Brokerage and commission	166.35	42.07
Printing & Stationery	1.09	3.00
Communication	10.20	16.07
Legal and professional charges	123.41	144.66
Travelling and conveyance	30.49	36.25
Sundry Balances written off	11.20	140.67
Directors Sitting Fees	10.98	12.63
Provision for doubtful trade receivables	24.48	(55.32)
Provision for doubtful loans and advances	-	1.26
Bad Debts	1.44	-
Net foreign exchange gains/(losses)	-	13.95
Loss on sale of fixed assets (net)	7.00	-
Miscellaneous expenses	116.89	115.80
<b>Total</b>	<b>4,359.13</b>	<b>2,534.74</b>
<b>a) To Statutory auditors</b>		
i) For audit	14.06	22.50
ii) For tax audit fees	2.00	4.50
iii) For certification	8.75	12.25
iv) For branch auditors	-	0.50
<b>Total</b>	<b>24.81</b>	<b>39.75</b>
<b>b) To cost auditors for cost audit</b>	<b>3.00</b>	<b>3.00</b>
<b>c) Reimbursement of expenses</b>	<b>1.14</b>	<b>3.44</b>
<b>d) Service Tax</b>	<b>-</b>	<b>6.72</b>
<b>Total (a+b+c+d)</b>	<b>28.95</b>	<b>52.91</b>
<b>Total</b>	<b>4,388.08</b>	<b>2,587.65</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 33. Income taxes

## 33.1 Income tax recognised in profit or loss

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>Current tax</b>		
In respect of prior years	-	13.72
	-	<b>13.72</b>
<b>Deferred tax</b>		
In respect of the current year	98.25	(322.93)
	<b>98.25</b>	<b>(322.93)</b>
<b>Total income tax expense recognised in the current year</b>	<b>98.25</b>	<b>(309.20)</b>

## 34. Earnings per share

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Basic earnings per share	(57.23)	(52.05)

## 34.1 Basic Earnings per share

The earnings per share is calculated by dividing the Profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basis and diluted earning's are stated below :-

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(A) Profit/(loss) for the year attributable to owners of the Company	(3,719.70)	(3,382.74)
(B) Number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) ( Nominal value of ₹ 10/- each)	64.99	64.99
<b>Basic and diluted Earnings per share (A/B)</b>	<b>(57.23)</b>	<b>(52.05)</b>

## 35. Obligations under finance leases

## 35.1 Leasing arrangements

The Company has operating leases for premises. These lease arrangements ranging upto 5 years, which include both cancellable and non-cancellable leases. With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:

## 35.2 Finance lease liabilities

(₹ in lakhs)

Particulars	Minimum lease payments	
	As at 31st March 2018	As at 31st March 2017
Minimum Lease Payments:		
- Not Later than one year	-	3.00
- Later than one year and not later than five years	-	2.00
<b>Total</b>	<b>-</b>	<b>5.00</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

36. Gratuity

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
<b>a)</b>	<b>Change in Present Value of Obligation</b>		
	Present value of the obligation at the beginning of the year	1,601.92	1,688.24
	Current Service Cost	58.08	86.51
	Interest Cost	120.30	135.73
	Actuarial (Gain) / Loss on Obligation due to experience	(29.30)	(206.18)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(5.42)	54.29
	Benefits Paid	(103.87)	(156.67)
	Present value of the obligation at the end of the year	1,641.71	1,601.92
<b>b)</b>	<b>Change in Plan Assets</b>		
	Fair value of Plan Assets at the beginning of the year	1,719.30	1,706.77
	Interest Income	129.12	137.22
	Return on plan assets excluding interest income	(40.46)	(93.97)
	Contributions by Plan Participants	8.30	125.95
	Benefits Paid	(103.87)	(156.67)
	Fair value of Plan Assets at the end of the year	1,712.39	1,719.30
<b>c)</b>	<b>Amounts Recognised in the Balance Sheet</b>		
	Present value of Obligation at the end of the year	(1,641.71)	(1,601.92)
	Fair value of Plan Assets at the end of the year	1,712.39	1,719.30
	Net asset at the end of the year	70.68	117.38
<b>d)</b>	<b>Amounts Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	58.08	86.51
	Finance cost / (income)	(8.81)	(1.49)
	Past service cost	-	183.78
	Net impact on the loss before tax	49.27	268.80
<b>e)</b>	<b>Amounts Recognised in Other Comprehensive Income</b>		
	Actuarial (gains) / losses for the period	(34.72)	(335.67)
	Return on plan asset excluding interest income	40.46	93.98
	Net (income) / expenses for the period recognised in other comprehensive income	5.74	(241.69)
<b>f)</b>	<b>Actual return on Plan Assets</b>		
	Interest Income	129.12	137.22
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	129.12	137.22
<b>g)</b>	<b>Actuarial Assumptions</b>		
	i) Discount Rate	7.56%	7.51%
	ii) Expected Rate of Return on Plan Assets	7.56%	7.51%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Maturity Analysis of the benefit payments : from the fund	As at 31st March 2018	As at 31st March 2017
<b>Projected Benefits payable in future years from the date of reporting</b>		
1 St Following Year	164.52	164.09
2 nd Following Year	72.75	68.13
3 rd Following Year	195.56	170.18
4 th Following Year	158.63	185.45
5 th Following Year	139.16	159.38
Sum of years 6 th to 10 th	836.53	788.66
Sum of years 11 th and above	1,417.12	1,373.42

**Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.**

(₹ in lakhs)

Sensitivity Analysis	As at 31st March 2018	As at 31st March 2017
Projected Benefit obligation On Current Assumptions	1,641.71	1,601.92
Delta effect of +1% Change in rate of Discounting	(102.26)	(99.81)
Delta effect of -1% Change in rate of Discounting	114.45	111.84
Delta effect of +1% Change in rate of Salary increase	117.41	114.68
Delta effect of -1% Change in rate of Salary increase	(106.53)	(103.93)
Delta effect of +1% Change in rate of Employee Turnover	27.33	26.57
Delta effect of -1% Change in rate of Employee Turnover	(29.67)	(28.88)

Above disclosures have been made on the basis of certificate received from the actuary. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Management has made provision for gratuity payable to badli workers on the basis of actual valuation as in opinion of the management, the future expected service of badli workers could not be estimated. Provision for gratuity payable to badli workers on the basis of actual valuation as at March 31, 2018 is ₹ 314.13 lakh.

The assumptions with regards to salary escalation and attrition rates are the expectations of the entity based on the salary escalation that the entity will provide in future and the expected attrition rate in the future. Historical trends of these assumptions may or may not be suitable to be extrapolated for the future projections, as it is the entity's prerogative to decide on the expected future trends and thereby the assumptions given by the entity are accepted.

The assumptions with regards to discount rate has been considered as per the requirement of the standard. Since no separate analysis of the mortality rate of the entity was undertaken, has been considered the latest mortality table available.

The results are particularly sensitive to some assumptions, such as discount rate, level of salary inflation, level of employee turnover and mortality. Such as decrease in the assumed discount rate are an increase in salary inflation will lead to increase in reported liability.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**37. Related Party Disclosures**

**Current Year**

**(a) Name of the Related Parties and Description of Relationship:**

**Name of related party and descriptions of relationship :-**

**Holding Company**

Shapoorji Pallonji and Company Private Limited.

**Subsidiaries - Direct**

Gokak Power & Energy Limited.

**Fellow Subsidiaries**

**(where there are transactions)**

Forbes & Company Limited

Forvol International Services Limited

Suryoday One Energy Private Limited

Eureka Forbes Limited

**Trusts**

Gokak Falls Education and Medical Trust

**Key Management Personnel and their relatives:- (with whom there are transactions)**

Mr. Ramesh R. Patil - Chief Executive Officer & Managing Director

Mr. Vikram V. Nagar - Chief Financial Officer

Mr. Rakesh M. Nanwani - Company Secretary & Compliance Officer (w.e.f. May 26, 2017)

**Directors Sitting Fees**

Mr. Kaiwan D. Kalyaniwalla - Non-Executive Independent Director

Mr. Pradip N. Kapadia - Non-Executive Independent Director

Mr. D. G. Prasad - Non-Executive Independent Director

Mr. Vasant N. Sanzgiri - Non-Executive Non-Independent Director

Ms. Zarine K. Commissariat - Non-Executive Non-Independent Director (upto July 19, 2017)

Ms. Roopa V. Tarkhad - Non-Executive Non-Independent Director (w.e.f. August 11, 2017 to May 18, 2018)

**Particulars of transaction with Related Parties**

						(₹ in lakhs)
Year ended March 31 2018, (Previous Year March 31, 2017)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
<b>Nature of Transactions</b>						
<b>Interest Received</b>		<b>12.00</b>				<b>12.00</b>
Previous Year		67.78				67.78
<b>Rent paid</b>			<b>3.92</b>			<b>3.92</b>
Previous Year			3.61			3.61
<b>Services Received</b>	<b>36.54</b>		<b>2.98</b>			<b>39.52</b>
Previous Year	11.16		1.49			12.65
<b>Purchase of Electricity</b>		<b>863.00</b>				<b>863.00</b>
Previous Year		502.74				502.74
<b>Preference Shares Issued</b>	<b>3,500.00</b>					<b>3,500.00</b>
Previous Year	6,500.00					6,500.00
<b>Borrowings</b>	<b>5,865.00</b>					<b>5,865.00</b>
Previous Year	5,488.00					5,488.00

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Year ended March 31 2018, (Previous Year March 31, 2017)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
<b>Interest accrued</b>	<b>393.78</b>	-	-	-	-	<b>393.78</b>
Previous Year	391.62	-	-	-	-	391.62
<b>Expenses / Payments incurred on behalf</b>	-	<b>10.07</b>	-	-	-	<b>10.07</b>
Previous Year	-	1.14	-	-	-	1.14
<b>Receivables</b>	<b>8.89</b>	-	-	-	-	<b>8.89</b>
Previous Year	8.89	-	-	-	-	8.89
<b>Remuneration</b>	-	-	-	<b>80.60</b>	-	<b>80.60</b>
Previous Year	-	-	-	55.83	-	55.83
<b>Amount recovered on behalf</b>	-	-	-	-	<b>15.00</b>	<b>15.00</b>
Previous Year	-	-	-	-	14.13	14.13
<b>Amount received from trust</b>	-	-	-	-	<b>45.00</b>	<b>45.00</b>
Previous Year	-	-	-	-	869.50	869.50
<b>Deposits Receivables</b>	-	<b>100.00</b>	-	-	-	<b>100.00</b>
Previous Year	-	100.00	-	-	-	100.00
<b>Payables</b>	<b>4,630.00</b>	<b>68.00</b>	<b>8.00</b>	-	<b>1.00</b>	<b>4,707.00</b>
Previous Year	1,850.82	11.47	7.06	-	0.90	1,870.25
<b>Directors Siting Fees</b>	-	-	-	<b>10.98</b>	-	<b>10.98</b>
Previous Year	-	-	-	12.63	-	12.63
<b>Loan repayment</b>	<b>2,900.00</b>	-	-	-	-	<b>2,900.00</b>
Previous Year	-	-	-	-	-	-
<b>Interest payment</b>	<b>600.00</b>	-	-	-	-	<b>600</b>
Previous Year	-	-	-	-	-	-
<b>Advances against Goods and Services</b>	-	-	<b>97.50</b>	-	-	<b>97.50</b>
Previous Year	-	-	-	-	-	-

## 37A Details of Related Party Transactions

(₹ in lakhs)

Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017	Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sales</b>			<b>Amounts recovered on behalf</b>		
Shapoorji Pallonji & Company Limited			Gokak falls Education and medical Trust		14.13
Forbes & Company Limited	-	-	<b>KMP Remuneration</b>		
			Mr. Ramesh R. Patil	41.00	28.22
			Mr. Vikram V. Nagar	35.68	27.61
			Mr. Rakesh M. Nanwani	3.92	-
<b>Services Received</b>			<b>Deposit Receivable</b>		
Shapoorji Pallonji & Company Limited	36.54	11.16	Gokak Power & Energy Limited	100.00	100.00
Eureka Forbes Limited	-	0.06			
Forvol International Services Limited	2.98	1.48			

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

(₹ in lakhs)

Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017	Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
<b>Amount received from Trust</b>			<b>Receivables</b>		
Gokak Textiles Graituity Fund	45.00	869.50	Shapoorji Pallonji & Co. Pvt. Ltd.	8.89	8.89
<b>Interest Income</b>			<b>Payables</b>		
Gokak Power & Energy Limited	12.00	67.78	Shapoorji Pallonji & Co. Pvt. Ltd.	4,630.32	1,840.77
<b>Rent ( Expenses)</b>			Forbes & Co. Limited	7.38	6.56
Forbes & Co Limited	3.92	3.61	Gokak Falls Education and Medical Trust		0.90
<b>Purchase of Electricity</b>			Gokak Power & Energy Limited	98.23	11.47
Gokak Power & Energy Limited	863.00	502.74	Forvol International Services Limited	0.08	0.15
<b>Interest accrued</b>					
Shapoorji Pallonji & Co. Pvt. Ltd.	393.78	391.62			
<b>Loans Taken</b>					
Shapoorji Pallonji & Co. Pvt. Ltd.	5,865.00	5,488.00			
<b>Preference Shares Issued</b>					
Shapoorji Pallonji & Co. Pvt. Ltd.	3,500.00	6,500.00			
<b>Loan repayment</b>					
Shapoorji Pallonji & Co. Pvt. Ltd.	2,900	3,500			
<b>Interest paid</b>					
Shapoorji Pallonji & Co. Pvt. Ltd.	600	-			
<b>Rent ( Income )</b>					
Suryoday One Energy Pvt. Ltd.	10.40	-			
Gokak Power & Energy Limited	1.00	1.14			
<b>Advances against Goods and Services</b>					
Suryoday One Energy Pvt. Ltd.	97.50	-			

**38 Micro, Small and Medium Enterprises**

Under the Micro, Small and Medium Enterprises Development Act , 2006, which came into force on October 2, 2006, the Company is required to make certain disclosures relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling and assimilating the relevant information from its suppliers about thier coverage under the Act. Since the relevant information is not readily available for all the suppliers, the disclosueres have been made to the extent of information available with the Company.

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	6.80	4.20
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	2.34	6.15
3	Principal amount paid during the year beyond the appointed day	32.03	63.12
4	Interest paid during the year beyond the appointed day	-	-
5	The amount of interest due and payable for the year	2.34	6.15
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	2.34	6.15

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	0.09	0.05

\*The Company has not recorded the interest payable in the books of accounts.

**39 Fair Value Disclosures**

A)	Categories of Financial Instruments:	March 31, 2018			March 31, 2017		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	<b>Financial Assets</b>						
	Investments	0.53			0.53		
	Trade Receivables			1,313.81			664.87
	Cash & Bank Balances			46.38			41.71
	Bank balances other than above			3.92			3.25
	Other Financial Assets			256.69			297.01
		<b>0.53</b>	<b>-</b>	<b>1,620.80</b>	<b>0.53</b>	<b>-</b>	<b>1,006.84</b>
ii)	<b>Financial liabilities</b>						
	Borrowings			11,142.20			10,432.01
	Trade Payables			1,992.57			2,155.17
	Other Financial Liabilities			797.27			1,375.65
			<b>-</b>	<b>13,932.04</b>	<b>-</b>	<b>-</b>	<b>13,962.83</b>

(FVTPL: Fair value through profit and loss; FVOCI: Fair value through other comprehensive income)

**Fair Value Hierarchy and Method of Valuation**

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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 liabilities that are not based on observable market data (unobservable inputs).

B) Financial Assets	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL</b>						
<b>Investments</b>						
Investments in Equity Instruments (unquoted)	6(a)(i)	0.53	-	-	0.53	0.53

Financial Assets	March 31, 2017					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL</b>						
<b>Investments</b>						
Investments in Equity Instruments (unquoted)	6(a)(i)	0.53	-	-	0.53	0.53

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

- C) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2018.

### 40 Capital Management

The Company aims to optimise returns to shareholders and safeguard its ability to continue as a going concern and manage its capital effectively. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs and long-term operating plans. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics. The capital structure of the Company consists of net debt (borrowings as detailed in notes 15, 17 and 21 offset by cash and bank balances) and total equity and financial liability in respect of preference share capital of the Company.

(₹ in lakhs)

The capital components of the Company are as given below:	As at March 31, 2018	As at March 31, 2017
<b>Total Equity</b>	<b>1,908.46</b>	<b>2,568.01</b>
Short Term Borrowings	6,365.12	3,220.88
Long Term Borrowings	1,894.63	4,141.03
Current Maturities of Long Term Borrowings	2,882.45	3,070.11
<b>Total Debt</b>	<b>11,142.20</b>	<b>10,432.02</b>
Cash & Cash equivalents	46.38	41.71
Bank balances other than above	3.92	3.25
<b>Net Debt</b>	<b>11,091.90</b>	<b>10,387.05</b>
<b>Net Debt Equity ratio</b>		
Debt Equity Ratio = Net debt (Long term borrowings )/ Total Equity	<b>2.48</b>	<b>2.79</b>

### 41 Financial risk management objectives

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial assets include loans, trade receivables, cash and cash equivalents that comes directly from its operations and financial liabilities comprises of borrowings, trade and other payables, and financial guarantee contracts. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks.

### 42 Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, loans and borrowings.

The finance department undertakes management of cash resources, borrowing mechanism and ensuring compliance with market risk limits.

### 43 Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Export receivables in US \$	4.90	1.88
overseas payables in US \$	-	-
<b>Total</b>	<b>4.90</b>	<b>1.88</b>

**Foreign currency sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

Particulars	As at March 31, 2018	As at March 31, 2017
+1% increase in foreign exchange rates	3.19	1.22
-1% increase in foreign exchange rates	(3.19)	(1.22)
Net Increase/(decrease)	NIL	NIL

**44 Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and bank balance and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company's finance department is responsible for liquidity, funding as well as settlement management. The processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The Company has the following undrawn credit lines available as at the end of the reporting period.

(₹ in lakhs)

	March 31, 2018	March 31, 2017
- Expiring within one year (Bank CC Limits Sanctioned)	39.35	39.35
	<b>39.35</b>	<b>39.35</b>

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables shows Principal cash flows.

(₹ in lakhs)

Maturities of Financial Liabilities	March 31, 2018				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	11,142.20	9,247.57	-	-	1,894.63
Trade Payables	1,992.57	1,992.57	-	-	-
Other Financial Liabilities	797.27	797.27	-	-	-
	<b>13,932.04</b>	<b>12,037.41</b>	-	-	<b>1,894.63</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

Maturities of Financial Liabilities	March 31, 2017				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	10,432.01	6,290.98	2,839.18		1,301.85
Trade Payables	2,155.17	2,155.17	-	-	-
Other Financial Liabilities	1,375.66	1,375.66	-	-	-
	<b>13,962.84</b>	<b>9,821.81</b>	<b>2,839.18</b>	-	<b>1,301.85</b>

**45 Interest Rate Risk:-**

The company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate borrowings the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate borrowings has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's

- loss for the year ended 31st March, 2018 would decrease/increase by ₹ 17.66 lakhs. This is mainly attributable to the Company's exposure to borrowings at floating interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's

- loss for the year ended 31st March , 2017 would decrease/increase by ₹ 20.24 lakhs. This is mainly attributable to the Company's exposure to borrowings at floating interest rates.

**46** The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(₹ in lakhs)

Maturities of Financial Assets	March 31, 2018				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.53	-	-	-	2,499.53
Trade Receivables	1,313.81	1,313.81	-	-	-
Other Financial Assets	256.69	14.49	-	-	242.20
	<b>4,070.03</b>	<b>1,328.30</b>	-	-	<b>2,741.73</b>

(₹ in lakhs)

Maturities of Financial Assets	March 31, 2017				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.53	-	-	-	2,499.53
Trade Receivables	664.87	664.87	-	-	-
Other Financial Assets	297.01	31.65	-	-	265.36
	<b>3,461.41</b>	<b>696.52</b>	-	-	<b>2,764.89</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 47. Contingent liabilities:-

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>(a) Claims against the Company not acknowledged as debts</b>		
<b>1 Taxes in dispute:-</b>		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	-
<b>2 Labour matters:-</b>		
i) labour matter in dispute	69.36	52.00
ii) Customs duty (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
<b>(b) Bonds/ Guarantees :-</b>		
i) Bonds given by Company to Custom Authorities against EPCG Licenses.	3,276.61	4,629.22
<b>Total</b>	<b>3,635.65</b>	<b>4,966.91</b>

The above represents the best possible estimates is arrived at on the basis of available information. The Uncertainties and possible liabilities are dependent on the outcome of different legal processes which have been invoked by the company or the claimants as the case may be and therefore can not be prescribed accurately.

## 48. Bonus Payable :-

Liability towards bonus payable to employees upto March 31, 2016 is due on March 31, 2017. Hence, it is classified current financial liability. However, the Company has made request to the Labour Commissioner on February 13, 2017 to defer the payment of bonus for the periods October 2014 to September 2015 up to May 2018 and October 2015 to March 2016 up to November 2018.

## 49. Segment reporting :-

The Chief Operating Decision maker of the Company examines Company's performance as one operating segment only namely - textiles. Out of total Revenue, 16.28% of the Revenue belongs to one customer.

## 50. Details of provision for contingencies

Provision for contingencies is towards the estimated liability on account of non-fulfilment of export obligations under the Export Promotion Capital Goods Scheme. The details of which are given below:

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
1	Balance as at the beginning of the year	500.00	500.00
2	Add: Provision made during the year	-	-
3	Less: Utilisation/ Reveersal	-	-
4	Balance as at the end of the year	500.00	500.00

51. As there are no loans and advances in the nature of loans to subsidiaries, associates and companies in which Directors are interested, additional disclosure as required by Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.

52. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

53. Company has appointed Batliboi & Purohit Chartered accountants, in its 11th Annual General meeting in place of retiring Statutory Auditor Kalyaniwala & Mistry LLP. Previous years figures were audited by preceding auditors.
54. Approval of Financial Statements :- The financial statements were approved for issue by the board of directors on 18th May 2018.

The notes are an integral part of the these financial statements

**For GOKAK TEXTILES LIMITED**

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI** Director  
(DIN: 01757117)

**KAUSHAL MEHTA**  
Partner  
Membership No. 111749

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL** CEO & Managing Director  
(DIN: 07568951)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**KAIWAN D. KALYANIWALLA** Directors  
(DIN: 00060776)

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**Consolidated Financial  
Statements of  
Gokak Textiles Limited**



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of GOKAK TEXTILES LIMITED**

**Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Gokak Textiles Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated loss including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Emphasis of Matter**

In forming our opinion on the Consolidated Ind As Financial Statements, in view of the accumulated losses, we have considered and relied on the parent company's commitment to and the active involvement in the Group and based on above, the Consolidated Ind AS financial statements have been prepared on the Going Concern basis. Our opinion is not modified in respect of this matter.

### **Other Matters**

- a. The Consolidated financial Statements of the Group for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the Financial statements dated 26 May 2017 expressed an unmodified opinion.
- b. The consolidated financial statement also includes the group's share of net loss of ₹ 0.26 lakhs for the year ended 31 March, 2018, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. This financial statement has been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of the associate and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid associate is based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

### **Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit, 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with Indian Accounting Standards specified under section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, its subsidiary company and its associate incorporated in India, none of the directors of the Group's companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary company and its associate, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) 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 consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, Refer Note 49 to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts during the year ended 31 March 2018
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and its associate incorporated in India during the year ended March 31, 2018.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Reg. No.101048W

**Kaushal Mehta**  
Partner  
Membership No.111749

Place : Mumbai  
Date : 18 May, 2018

## ANNEXURE '1' TO INDEPENDENT AUDITOR'S REPORT

### **Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of GOKAK TEXTILES LIMITED**

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

In conjunction with our audit of the consolidated Ind AS Financial Statements of Gokak Textiles Limited as at and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Gokak Textiles Limited (hereinafter referred to as the "Holding Company"), its subsidiary company and its associate, as of that date.

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

The respective Board of Directors of the of the Holding Company, its subsidiary company and its associate, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

#### **Auditor's 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the Company, its subsidiary company and its associate.

#### **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 authorisations of management and directors of the company; and

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Holding Company, its subsidiary company and its associate, have maintained 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, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate, which is incorporated in India, is based on the corresponding report of the auditor of the associate incorporated in India. Our opinion is not modified in respect of this matter.

**For BATLIBOI & PUROHIT**

Chartered Accountants  
ICAI Firm Reg. No.101048W

**Kaushal Mehta**

Partner  
Membership No.111749

Place : Mumbai

Date : 18 May, 2018



**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 31, 2018**

Particulars	Note No.	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs
<b>Assets</b>			
<b>1 Non-current assets</b>			
a) Property, Plant and Equipment	4	10,656.03	11,383.70
b) Capital work-in-progress		27.79	30.90
c) Investment Property	5	11.35	11.35
d) Other Intangible assets	6	7.73	32.50
		10,702.90	11,458.45
e) <b>Financial Assets:</b>			
i) Investments			
a) Other Investments	7	0.53	0.53
		0.53	0.53
ii) Other financial assets	9A	142.20	165.36
		<b>142.73</b>	<b>165.89</b>
f) <b>Tax assets</b>			
i) Deferred tax assets (net)	20	-	934.48
ii) Income tax assets (net)	24	76.44	59.86
		76.44	994.34
g) Other non-current assets	12A	1,665.08	1,798.66
<b>Total Non-current assets</b>		<b>12,587.15</b>	<b>14,417.34</b>
<b>2 Current assets</b>			
a) Inventories	10	2,785.30	3,160.55
b) <b>Financial Assets:</b>			
i) Trade receivables	8	1,333.88	739.84
ii) Cash and cash equivalents	11A	105.68	77.59
iii) Bank balances other than (ii) above	11B	865.32	959.42
iv) Other financial assets	9B	14.49	31.65
		2,319.38	1,808.50
c) Other current assets	12B	447.59	872.46
Assets classified as held for sale	13	69.78	69.78
<b>Total Current assets</b>		<b>5,622.04</b>	<b>5,911.29</b>
<b>Total Assets</b>		<b>18,209.19</b>	<b>20,328.63</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity share capital	14	649.93	649.93
b) Other equity	15	(5,738.15)	(5,005.27)
Equity attributable to owners of the Company		(5,088.21)	(4,355.34)
<b>Total Equity</b>		<b>(5,088.21)</b>	<b>(4,355.34)</b>

Particulars	Note No.	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs
<b>Non Controlling Interest</b>		<b>(345.39)</b>	<b>542.32</b>
<b>Liabilities</b>			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	16	6,193.38	9,462.78
b) Provisions	19A	899.30	651.64
<b>Total Non-current liabilities</b>		<b>7,092.68</b>	<b>10,114.42</b>
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	22	9,634.23	6,000.10
ii) Trade payables	23	1,908.22	2,156.35
iii) Other financial liabilities	18	4,763.56	5,346.58
		<b>16,306.01</b>	<b>13,503.03</b>
b) Provisions	19B	13.40	237.73
c) Other current liabilities	21	230.70	286.47
<b>Total Current Liabilities</b>		<b>16,550.11</b>	<b>14,027.23</b>
<b>Total Liabilities</b>		<b>23,642.79</b>	<b>24,141.65</b>
<b>Total Equity and Liabilities</b>		<b>18,209.19</b>	<b>20,328.63</b>

See accompanying notes forming part of the financial statements 1 to 55

The notes are an integral part of the these financial statements

For GOKAK TEXTILES LIMITED

In terms of our report attached

**For BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI**

(DIN: 01757117)

Director

**VIKRAM V. NAGAR**

Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL**

(DIN: 07568951)

CEO &  
Managing Director

**Kaushal Mehta**

Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**RAKESH M. NANWANI**

Company Secretary  
Membership No. A45718

**PRADIP N. KAPADIA**

(DIN: 00078673)

**KAIWAN D. KALYANIWALLA**

(DIN: 00060776)

Directors

**D. G. PRASAD**

(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018**

Particulars		Note No.	Year ended 31st March, 2018 ₹ in Lakhs	Year ended 31st March, 2017 ₹ in Lakhs
I	Revenue from operations	25	17,733.75	8,309.04
II	Other income	26	346.60	1,297.51
III	<b>Total Income (I + II)</b>		<b>18,080.35</b>	<b>9,606.55</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	27	11,796.48	4,367.11
	Purchases of stock-in-trade	29	-	348.76
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	209.47	508.06
	Employee benefits expense	30	2,886.20	2,606.95
	Finance costs	31	2,278.65	2,622.82
	Depreciation and amortisation expense	32	754.42	815.32
	Other expenses	33	3,903.63	2,243.96
	<b>Total expenses</b>		<b>21,828.84</b>	<b>13,512.96</b>
V	<b>Profit / (Loss) before exceptional items and tax (III - IV)</b>		<b>(3,748.50)</b>	<b>(3,906.41)</b>
VI	Exceptional items - Income		-	-
VII	<b>Profit / (loss) before tax (V + VI)</b>		<b>(3,748.50)</b>	<b>(3,906.41)</b>
VIII	<b>Tax expense:</b>			
	(a) Current tax	34	-	13.72
	(b) Deferred tax	34	932.79	(776.45)
			<b>932.79</b>	<b>(762.73)</b>
IX	<b>Profit / (loss) for the year before share of profit / (loss) of associates (VII - VIII)</b>		<b>(4,681.29)</b>	<b>(3,143.68)</b>
	Add: Share of profit / (loss) of associates		(0.26)	-
XIII	<b>Profit / (loss) for the year (IX + XII)</b>		<b>(4,681.55)</b>	<b>(3,143.68)</b>
XIV	<b>Other Comprehensive Income</b>			
	(a) Remeasurement of the defined benefit plans (net of taxes)		(4.92)	180.53
	<b>Other Comprehensive Income A</b>		<b>(4.92)</b>	<b>180.53</b>
XV	<b>Total Comprehensive Income for the period (XIII + XIV)</b>		<b>(4,686.47)</b>	<b>(2,963.15)</b>
XVI	<b>Profit for the year attributable to:</b>			
	- Owners of the Company		(3,793.84)	(3,046.06)
	- Non-controlling interests		(887.71)	(97.62)
			<b>(4,681.55)</b>	<b>(3,143.68)</b>
XVII	<b>Other comprehensive income for the year attributable to:</b>			
	- Owners of the Company		(4.92)	180.53
	- Non-controlling interests		-	-
			<b>(4.92)</b>	<b>180.53</b>

Particulars		Note No.	Year ended 31st March, 2018 ₹ in Lakhs	Year ended 31st March, 2017 ₹ in Lakhs
XVIII	<b>Total comprehensive income for the year attributable to:</b>			
	- Owners of the Company		(3,798.76)	(2,865.52)
	- Non-controlling interests		(887.71)	(97.62)
			<b>(4,686.46)</b>	<b>(2,963.14)</b>
XVI	<b>Earning per equity share (for continuing operation):</b>	35		
	Basic and diluted earnings per equity share (in Rs)		₹ (58.36)	₹ (46.88)

See accompanying notes forming part of the financial statements 1 to 55

The notes are an integral part of the these financial statements

For GOKAK TEXTILES LIMITED

As per our report of even date

**For BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI**  
(DIN: 01757117)

Director

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL**  
(DIN: 07568951)

CEO &  
Managing Director

**Kaushal Mehta**

Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**KAIWAN D. KALYANIWALLA**  
(DIN: 00060776)

Directors

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018**

	Year ended March 31, 2018 ₹ in lakh	Year ended March 31, 2017 ₹ in lakh
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	(3,748.50)	(3,906.41)
<b>Adjustments for:</b>		
Depreciation	754.42	815.32
Interest income	(74.75)	(62.07)
Interest and financial charges	2,278.65	2,690.60
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(38.71)	(218.24)
Credit balances / excess provision written back	(59.82)	(969.34)
Provision for Doubtful Debts	22.16	(55.32)
Trade and other receivable advance written off	9.34	140.67
Provision for Doubtful Advances	-	1.26
Operating loss before working capital changes	<b>(857.21)</b>	<b>(1,563.53)</b>
Adjustments for :		
(Increase)/ Decrease in Inventories	375.24	688.49
(Increase)/ Decrease in Trade and other receivables	(26.77)	742.64
(Increase)/ Decrease in Provisions	23.32	1,128.51
Increase/ (Decrease) in Trade payables and other liabilities	(180.80)	(1,255.35)
Cash generated from operations	<b>(666.22)</b>	<b>(259.24)</b>
Direct Taxes (paid) / refund	(16.58)	8.61
<b>Net cash (used in) / from operating activities</b>	<b>(682.80)</b>	<b>(250.63)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(0.26)	-
Purchase of fixed assets	(13.52)	(2.09)
Sale of Fixed Assets	53.38	245.67
Net Movement in bank balance not considered as cash and cash equivalents	94.10	-
Interest received	74.75	62.07
<b>Net cash (used in)/ from investing activities</b>	<b>208.45</b>	<b>305.65</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Preference Shares	3,500.00	6,500.00
Change in Borrowings	(228.06)	(4,494.10)
Interest paid	(2,769.48)	(2,615.61)
<b>Net cash (used in)/from financing activities</b>	<b>502.44</b>	<b>(609.71)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>28.09</b>	<b>(554.69)</b>
Cash and Cash equivalents at the beginning of the year	77.59	632.28
<b>Cash and Cash equivalents at the end of the year</b>	<b>105.68</b>	<b>77.59</b>

		Year ended March 31, 2018 ₹ in lakh	Year ended March 31, 2017 ₹ in lakh
<b>D.</b>	<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
	Cash on Hand	1.80	3.90
	<b>Balances with banks:</b>		
	- In current accounts	103.88	73.69
		<b>105.68</b>	<b>77.59</b>

**Movement in financial liabilities included under financing activities in statement of cash flows :**

Particulars	As on 1st april 2017	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31st March 2017
Short Term Borrowings	6,000.10	193.28	-	6,193.38
Long Term Borrowings	13,393.14	(3,294.31)	-	10,098.83
Debt component of preference shares	1,301.85	434.12	158.66	1,894.63

**Notes**

- The Cash Flow statement has been prepared following the indirect method as specified in IND AS- 7.
- Previous year's figures have been rearranged / regrouped wherever necessary.

The notes are an integral part of the these financial statements

**For GOKAK TEXTILES LIMITED**

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI**                      Director  
(DIN: 01757117)

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL**                      CEO &  
(DIN: 07568951)                      Managing Director

**Kaushal Mehta**  
Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**KAIWAN D. KALYANIWALLA**                      Directors  
(DIN: 00060776)

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lakh)

Consolidated Statement of changes in equity for the year ended 31st March, 2018		Amount
<b>a. Equity share capital</b>		
<b>Balance as at 31st March, 2016</b>		<b>649.93</b>
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2017</b>		<b>649.93</b>
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2018</b>		<b>649.93</b>

**Consolidated Statement of changes in other equity for the year ended 31st March, 2018**

b. Other equity	Reserves and surplus						Total Equity Attributable to the Equity Holders of the Company
	Equity Components of Compound Financial Instruments	General reserve	Retained earnings	Total	Other items of other comprehensive income	Total	
<b>Balance at April 1, 2016</b>	<b>3,573.22</b>	<b>7,160.32</b>	<b>(18,630.95)</b>	<b>(7,897.41)</b>	<b>45.42</b>	<b>45.42</b>	<b>(7,851.99)</b>
Profit for the year (Attributable to the owners)	-	-	(3,046.06)	(3,046.06)	-	-	(3,046.06)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	180.53	180.53	180.53
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,046.06)</b>	<b>(3,046.06)</b>	<b>180.53</b>	<b>180.53</b>	<b>(2,865.53)</b>
Issue of Non-cumulative, non-convertible Redeemable preference Shares	5,712.25	-	-	5,712.25	-	-	5,712.25
<b>Balance at March 31, 2017</b>	<b>9,285.47</b>	<b>7,160.32</b>	<b>(21,677.01)</b>	<b>(5,231.22)</b>	<b>225.95</b>	<b>225.95</b>	<b>(5,005.27)</b>
Remeasurement of the net defined benefit liability/asset, net of income tax ( previous year balance transferred to retained earnings)	-	-	225.95	225.95	(225.95)	(225.95)	-
Profit for the year (Attributable to the owners)	-	-	(3,793.84)	(3,793.84)	-	-	(3,793.84)
Remeasurement of the net defined benefit liability/asset, net of income tax ( current year )	-	-	(4.92)	(4.92)	-	-	(4.92)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,798.76)</b>	<b>(3,798.76)</b>	<b>-</b>	<b>-</b>	<b>(3,798.76)</b>
Equity Component of Non-cumulative, non-convertible Redeemable preference Shares during the year	3,065.88	-	-	3,065.88	-	-	3,065.88
<b>Balance at March 31, 2018</b>	<b>12,351.35</b>	<b>7,160.32</b>	<b>(25,249.81)</b>	<b>(5,738.15)</b>	<b>-</b>	<b>-</b>	<b>(5,738.15)</b>

The notes are an integral part of the these financial statements

For GOKAK TEXTILES LIMITED

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI**  
(DIN: 01757117) Director

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Chief Financial Officer  
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Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

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**KAIWAN D. KALYANIWALLA**  
(DIN: 00060776)

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

} Directors

**GOKAK TEXTILES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018**

**1 Corporate Information**

The company was incorporated under the Companies Act, 1956 under the name of ANS Textiles (Bangalore) Limited on March 27, 2006. The name was changed to Gokak Textiles Limited, with effect from January 23, 2007. As per the scheme of arrangement under the Companies Act, 1956 the Textile Division of erstwhile Forbes Gokak Limited (now known as Forbes & Company Limited) was transferred to Gokak Textiles Limited with effect from April 1, 2007. The group is in the business of textile, manufacturing cotton yarn, blended yarn, industrial fabrics, terry towels, t-shirts, polos, undergarments, sweaters, etc., and generation of Hydro Power.

**2 Basis of Consolidation****(i) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(ii) Non - controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**(iii) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

**(iv) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(v) Transactions eliminated on consolidation**

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(vi) Subsidiaries and associate companies considered in the consolidated financial statements:**

Name of the company	Relationship	Country of incorporation	Ownership Interest (in %)	
			31-Mar-18	31-Mar-17
Gokak Power & Energy Limited	Subsidiary	India	51%	51%
Suryoday One Energy Pvt. Ltd.	Associate	India	26%	-

**(vii) Principles of consolidation**

These consolidated financial statements have been prepared by consolidation of the financial statements of the group and its subsidiaries on a line-by-line basis after fully eliminating the inter-group transactions.

**a) Statement of Compliance :**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 [the Companies (Indian Accounting Standards) Rules, 2015 as amended thereon] and on accrual basis.

**b) Basis of Preparation and presentation :**

- i. The Consolidated financial statements of the group have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 as amended thereon and other relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).
- ii. All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the group and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current .
- iii. The consolidated financial statements have been prepared on a historical cost basis, except for the following:
  - (a) Certain financial assets and liabilities that are measured at fair value;
  - (b) Non-current assets held for sale - measured as lower of carrying value or fair value less cost to sale;
  - (c) Defined benefit plans - plan assets measured at fair value.
- iv. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**3 Accounting Policies****(a) Use of Estimates :**

The preparation of the consolidated financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**(b) Property, plant and equipment:**

The group has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. October 1, 2015 as the deemed cost under Ind AS. Hence, regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013. Cost of leasehold land are amortised over the period of lease.

Sr. No.	Particulars	Useful Life In years
1	Factory Building & Structures	3 to 60 years
2	Residential Buildings	30 to 60 years
3	Plant & Machinery	10 to 30 years
4	Furniture, Fixtures	10 years
5	Office Equipments	3 to 15 years
6	Motor Vehicles	8 to 10 years

**(c) Intangible Assets:**

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortized over the estimated useful life of respective intangible assets on a straight line basis, from the date they are available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows: Computer Software - 6 Years

**(d) Investment property :**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognised.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(e) Financial instruments :**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are recognised 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets :**

The group classifies its financial assets in the following categories:

- (i) those to be measured subsequently at fair value (either through other comprehensive income or through the statement of profit and loss), and
- (ii) those measured at amortised cost The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

Equity instruments: The group measures its equity instruments at fair value through profit and loss.

**Financial liabilities and equity :**

**Classification as debt or equity**

Debt and equity instruments issued by a group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

**Equity**

An equity is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**(f) Inventories :**

Inventories are valued at lower of cost and net realisable value. Cost is determined as follows:

Sr. No.	Particulars	Method of determining cost
1	Stores, Spares and Loose Tools	Weighted average and FIFO basis for Knitwear Division.
2	Raw Materials:	
	(i) Cotton & Other Fibers	Specific identification for Mills unit and FIFO basis for Knitwear unit.
	(ii) Others	Weighted average
3	Stock-in-Process	Aggregate of material cost and production overheads and other attributable expenses up to stage of completion.
4	Finished Goods:	
	(i) Produced	Aggregate of material cost and production overheads.
	(ii) Traded Goods	
	(a)Yarn	First-In-First-Out
	(b)Textile	Weighted average

Provision is made for the cost of obsolescence and other anticipated losses, wherever considered necessary.

**(g) Borrowing Cost :**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(h) Revenue Recognition :**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of sales returns. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group.

Sales are recognised on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract.

Income from power generation of the Subsidiary group is recognised on the transmission of power to the customers and are net of taxes. Revenue from renewable energy certificates is recognised on accrual basis.

Export incentives under various schemes are accounted in the year of contract.

Dividend Income is recognised when the right to receive the same is established.

Interest Income is recognised on time proportion basis.

Revenue in respect of insurance/other claims, interest etc is recognised only when it is reasonably certain that the ultimate collection will be made.

**(i) Manufacturing and Operating Expenses :**

Operating expenses and standing charges are charged to revenue on accrual basis.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(j) Foreign Exchange Transactions :**

The functional currency of the group is the Indian rupee. These consolidated financial statements are presented in Indian rupees (rounded off to lakh).

Foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at the year-end rate and difference in translation and realised gains and losses on foreign exchange transactions are recognised in the statement of profit and loss.

**(k) Provisions and Contingent Liability :**

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or where any present obligation can not be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made.

**(l) Grants :**

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions.

**(m) Accounting for Taxes on Income :**

Tax expense for the year comprises of current tax and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act.

Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Deferred tax assets and liabilities are determined for all temporary timing difference arising between the taxable income and accounting income. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if it probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it related to the items recognised in other comprehensive income or directly in equity.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. The group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that group will pay normal income tax during the specified period.

**(n) Earnings per Share :**

Basic earnings per share is calculated by dividing the net profit / (loss) attributable to the owners of the group by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(o) Impairment of non-financial assets :**

The group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition exists, the group estimates the recoverable amount of the assets. If the recoverable amount of such assets or recoverable amount of cash generating units to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

**(p) Borrowings :**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Preference shares, which are mandatorily redeemable on a specific date are classified as liabilities or equity or both as per the terms attached.

**(q) Leases :**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group, as lessee, are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the group's expected inflationary cost increases.

**(r) Cash and cash equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, bank overdraft, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(s) Non-current assets held for sale :**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Non-current assets are not depreciated or amortised while they are classified as held for sale.

**(t) Segment reporting :**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(u) Employee Benefits :**

**Short-term Obligations :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**Other long-term employee benefit obligations**

Long-term compensated absence of permanent employees is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. Compensated absence of badli workers is provided on accrual basis.

**Defined Contribution Plans:**

Employee benefits in the form of Provident Fund and Superannuation are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

**Defined Benefit Plan**

Retirements benefits in the form of Gratuity for eligible permanent employees is considered as defined benefit obligations and are provided on the basis of actuarial valuation, using the projected unit credit method. Gratuity of badli workers is determined on accrual basis.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**(v) Recent accounting pronouncements:**

Ind AS 115 – Revenue from Contracts with customers:

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard will come into force from April 1, 2018. As per the evaluation of the management of the group, the effect on adoption of Ind AS 115 will not be material.

**(w) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the group, the effect of this amendment will not be material

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 4. Property, plant and equipment

Particulars	Land	Building and structures	Plant and machinery	Furniture & Fixtures And Office equipments	Vehicles	Total
<b>Cost or Deemed cost</b>						
<b>Balance at April 1, 2016</b>	<b>11.10</b>	<b>3,871.59</b>	<b>8,454.67</b>	<b>225.86</b>	<b>12.59</b>	<b>12,575.81</b>
Additions	-	-	-	4.28	-	4.28
Disposal	-	4.07	6.38	0.87	0.06	11.38
Reclassified as held for sale	-	1.63	-	-	-	1.63
<b>Balance at March 31, 2017</b>	<b>11.10</b>	<b>3,865.89</b>	<b>8,448.29</b>	<b>229.27</b>	<b>12.53</b>	<b>12,567.08</b>
Additions	-	-	15.10	0.97	0.57	16.63
Disposal	-	7.62	6.68	-	0.83	15.13
<b>Balance at March 31, 2018</b>	<b>11.10</b>	<b>3,858.27</b>	<b>8,456.71</b>	<b>230.24</b>	<b>12.27</b>	<b>12,568.60</b>
<b>Accumulated depreciation and impairment</b>						
<b>Balance at April 1, 2016</b>	-	<b>100.35</b>	<b>268.77</b>	<b>23.13</b>	<b>1.71</b>	<b>393.96</b>
Depreciation expense	-	210.29	525.11	52.06	1.96	789.42
<b>Balance at March 31, 2017</b>	-	<b>310.64</b>	<b>793.88</b>	<b>75.19</b>	<b>3.67</b>	<b>1,183.38</b>
Eliminated on disposals of assets	-	0.30	0.06	-	0.10	0.46
Depreciation expense	-	197.56	488.19	43.86	0.04	729.65
<b>Balance at March 31, 2018</b>	-	<b>507.90</b>	<b>1,282.01</b>	<b>119.05</b>	<b>3.61</b>	<b>1,912.57</b>
<b>Carrying Amount</b>						
<b>Balance at April 01, 2016</b>	<b>11.10</b>	<b>3,771.24</b>	<b>8,185.90</b>	<b>202.73</b>	<b>10.88</b>	<b>12,181.85</b>
<b>Balance at March 31, 2017</b>	<b>11.10</b>	<b>3,555.25</b>	<b>7,654.41</b>	<b>154.08</b>	<b>8.86</b>	<b>11,383.70</b>
<b>Balance at March 31, 2018</b>	<b>11.10</b>	<b>3,350.37</b>	<b>7,174.71</b>	<b>111.18</b>	<b>8.66</b>	<b>10,656.03</b>

## 5. Investment property

(₹ In Lakhs)

	As at 31st March 2018	As at 31st March 2017
Free hold Land	11.35	11.35
<b>Total</b>	<b>11.35</b>	<b>11.35</b>

<b>Cost or Deemed Cost</b>	As at 31st March 2018	As at 31st March 2017
Balance at beginning of year	11.35	11.35
Additions	-	-
Balance at end of year	11.35	11.35

<b>Accumulated depreciation and impairment</b>	As at 31st March 2018	As at 31st March 2017
Balance at beginning of year		-
Additions		
Balance at end of year	-	-



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**Fair Value :-**

<b>As at March, 31, 2018</b>	<b>411.00</b>
<b>As at March, 31, 2017</b>	<b>402.00</b>

**Estimation of Fair value --**

The fair valuation is based on current marked prices of similar properties. This valuation is based on valuations performed by independent valuers. fair valuation is based on sales comparison method based on market approach. The fair value measurement is categorised in level 2 fair value hierarchy.

There were no rental income or direct operating expenses arising from investment property

**6. Other intangible assets**

(₹ In Lakhs)

Particulars	Computer Software
<b>Cost or Deemed cost</b>	
<b>Balance as at 1st Apr, 2016</b>	<b>71.38</b>
<b>Balance as at 31st Mar, 2017</b>	<b>71.38</b>
<b>Balance as at 31st Mar, 2018</b>	<b>71.38</b>
<b>Accumulated depreciation and impairment</b>	
<b>Balance as at 1st Apr, 2016</b>	<b>12.98</b>
Depreciation expense	25.90
<b>Balance as at 31st Mar., 2017</b>	<b>38.88</b>
Depreciation expense	24.77
<b>Balance as at 31st Mar., 2018</b>	<b>63.65</b>
<b>Carrying Amount</b>	
<b>Balance as at 1st Apr, 2016</b>	<b>58.40</b>
<b>Balance as at 31st Mar., 2017</b>	<b>32.50</b>
<b>Balance as at 31st Mar., 2018</b>	<b>7.73</b>

**7. Non Current Investments**

(₹ in lakhs)

Break-up of investments Particulars	GTL			
	As at 31st March 2018		As at 31st March 2017	
	Qty	Amount	Qty	Amount
<b>a) Other than trade investments</b>				
<b>Unquoted Investments (all fully paid)</b>				
<b>In equity shares</b>				
1. In unquoted equity shares of New India Co-Operative Bank	5,000	0.50	5,000	0.50
2. In unquoted equity shares of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
<b>b) In Associate companies</b>				
<b>Unquoted Investments (all fully paid)</b>				
<b>In Equity Instruments</b>				
1 In unquoted 2600 equity shares of ₹ 10 each fully paid up of Suryoday One Energy Pvt. Ltd	2,600	0.26	-	-
Less: Share of loss during the year		(0.26)	-	-
<b>TOTAL AGGREGATE OF UNQUOTED INVESTMENTS</b>		<b>0.53</b>		<b>0.53</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 7.1 Category-wise other investments – as per Ind AS 109 classification

Particulars	As at 31st March 2018	As at 31st March 2017
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of New India Co-operative Bank limited	0.50	0.50
2. In unquoted equity shares of Zoroastrian Co-Operative Bank limited.*	0.03	0.03
	<b>0.53</b>	<b>0.53</b>

\* Value of these shares is ₹ 2,500/-

## 8 Trade Receivables

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Trade receivables</b>		
a) Unsecured, considered good	1,333.88	739.84
b) Doubtful	633.26	611.10
less: Allowance for doubtful debts (expected credit loss allowance)	633.26	611.10
<b>Total</b>	<b>1,333.88</b>	<b>739.84</b>

## 8.1 Trade receivables

Average credit period on sales is between 30 to 90 days. No interest is charged on trade receivables overdue. The Company has recognised an allowance for doubtful debts as per the ageing of overdue debts as standard policy. In addition to this, the Company has determined allowance for doubtful debts on specific identification.

The Company has determined expected doubtful debts based on historical trend, industry practices and the business environment in which the entity operates. Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because the amounts are still considered recoverable to this extent.

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Not Due		
0 - 60	1,216.53	631.57
61 - 180	80.14	33.14
181 - 365	28.70	18.33
Above 365 Days	8.51	56.80
<b>Total</b>	<b>1,333.88</b>	<b>739.84</b>

## Movement in the allowance for doubtful debts

(₹ in lakhs)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Balance at beginning of the year	611.10	666.42
Impairment losses recognised on receivables	25.92	-
Amounts written off during the year as uncollectible	(1.44)	-
Amounts recovered during the year	(2.32)	(55.32)
<b>Balance at end of the year</b>	<b>633.26</b>	<b>611.10</b>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**
**9 Other financial assets**
**9A Non current**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) Security deposits</b>		
- Unsecured, considered good	142.20	165.36
- Doubtful	-	3.57
Less : Allowance for bad and doubtful loans	-	3.57
<b>Total</b>	<b>142.20</b>	<b>165.36</b>

**9B. Current Assets**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) Other current receivables</b>		
- Other advances - Unsecured, considered good	14.49	31.65
- Doubtful	-	4.71
Less : Allowance for doubtful debts	-	4.71
<b>Total</b>	<b>14.49</b>	<b>31.65</b>

**10 Inventories**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) Inventories (lower of cost or net realisable value)</b>		
Raw materials	426.41	512.43
Work-in-progress	682.22	650.18
Finished goods	1,368.81	1,577.72
Stores and spares including packing materials	307.86	387.63
	2,785.30	3,127.96
<b>b) Goods in Transit</b>	-	32.59
<b>Total</b>	<b>2,785.30</b>	<b>3,160.55</b>

**11 Cash and cash equivalents**

(₹ in lakhs)

**11A.**

Particulars	As at 31st March 2018	As at 31st March 2017
Balances with Banks In current accounts	103.88	73.69
	<b>103.88</b>	<b>73.69</b>
Cash in hand	1.80	3.90
<b>Total</b>	<b>105.68</b>	<b>77.59</b>

**11B. Other bank balances**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI Bank under lien.	861.40	956.17
b) Balances held as margin money / under lien with remaining maturity of less than 12 months	3.92	3.25
<b>Total</b>	<b>865.32</b>	<b>959.42</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 12 Other assets

## 12A. Non Current Assets

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Security Deposits	5.34	5.34
b) Prepaid expenses	23.56	27.95
c) Balances with statutory / government authorities - Unsecured, considered good	1,636.18	1,765.37
<b>Total</b>	<b>1,665.08</b>	<b>1,798.66</b>

## 12B. Current

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) Employee Benefit plan Assets (Refer Note 37)	70.67	-
b) Advances for supply of goods and services - To others - Unsecured, considered good - Doubtful Less : Allowance for doubtful advances	15.37 192.68 192.68	29.35 192.68 192.68
c) Security Deposits	0.22	0.22
d) Prepaid expenses	28.90	33.47
e) REC Receivables	95.01	455.90
f) Claims Receivable & Duty Drawback - Detailed Note to be given	236.77	255.38
g) Other Current Assets	0.65	24.24
h) Interest Subsidy Receivable	-	73.90
<b>Total</b>	<b>447.59</b>	<b>872.46</b>

## 13 Assets classified as held for sale

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Assets Classified held for sale:--</b>		
Buildings	1.63	1.63
Plant and Machineries	68.15	68.15
<b>Total</b>	<b>69.78</b>	<b>69.78</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

14. Equity Share Capital

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Authorised Share capital :</b>		
70,00,000 fully paid equity shares of ₹ 10 each	700.00	700.00
17,50,00,000 Non Cumulative, non convertible Redemmmable preference shares of ₹ 10 each (as at March 31, 2017, 10,50,00,000,)	1,7500.00	10,500.00
<b>Total</b>	<b>18,200.00</b>	<b>11,200.00</b>
<b>Issued, subscribed and paid-up share capital:</b>		
64,99,308 fully paid equity shares of ₹ 10 each (as at March 31, 2017: 64,99,308)	649.93	649.93
<b>Total</b>	<b>649.93</b>	<b>649.93</b>

14A Fully paid equity shares

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
	Number of shares	Share capital
Balance as at 1st Oct., 2015	64,99,308	649.93
Movements	-	-
Balance as at 31st Mar., 2016	64,99,308	649.93
Movements	-	-
<b>Balance as at 31st Mar., 2017</b>	<b>64,99,308</b>	<b>649.93</b>

14B Details of shares held by the holding company

(₹ in lakhs)

Particulars	Fully paid ordinary shares	
	As at 31st March 2018	As at 31st March 2017
<b>Balance at the beginning of the period :</b>		
Shapoorji Pallonji and Company Private Limited	47,80,845	47,80,845
<b>Total</b>	<b>47,80,845</b>	<b>47,80,845</b>

14C Details of shares held by each shareholder holding more than 5% shares

(₹ in lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b>				
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56
<b>Total</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 15. Other equity

(₹ in lakhs)

Particulars	GTL	
	As at 31st March 2018	As at 31st March 2017
<b>a) General reserve (Refer Note 1)</b>		
Balance at beginning of the year	7,160.32	7,160.32
Movements	-	-
<b>Balance at end of the year</b>	<b>7,160.32</b>	<b>7,160.32</b>
<b>b) Equity Component of Preference Shares</b>		
7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	3,573.22	3,573.22
11% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	8,778.13	5,712.25
<b>Balance at end of the year</b>	<b>12,351.35</b>	<b>9,285.47</b>
<b>c) Retained earnings</b>		
Balance at beginning of year	(21,677.01)	(18,630.95)
Profit/(Loss) attributable to owners of the Company	(3,793.84)	(3,046.06)
Transfer from OCI	225.95	-
Actuarial (Gain)/ Loss- Gratuity- OCI	(4.92)	-
<b>Balance at end of the year</b>	<b>(25,249.82)</b>	<b>(21,677.01)</b>
<b>d) Other Comprehensive Income</b>		
Balance at beginning of year	225.95	45.42
For the year	-	180.53
Transfer to retained earnings	(225.95)	-
<b>Balance at end of the year</b>	<b>-</b>	<b>225.95</b>
<b>Total</b>	<b>(5,738.15)</b>	<b>(5,005.27)</b>

**Note 01 :** General Reserve is transferred to the company at the time of demerger of Textiles division from Forbes Gokak Limited.

## 16. Non-current Borrowings

Particulars	Non-current portion		Current maturities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
<b>Secured – at amortised cost</b>				
<b>(a) Term loans - From Banks</b>				
<b>i) ICICI Bank Ltd</b>	4,298.75	5,321.75	1,023.00	860.25
ICICI BANK LIMITED - First ranking mortgage/hypothecation/assignment/security interest /charge/pledge on all the moveable, immovable both present and future, all rights, titles, permits, approvals and interests of the company in, to and in respect of all the assets of the company, all clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares.				

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

Particulars	Non-current portion		Current maturities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
ii) <b>Ratnakar Bank Limited</b> - Secured by first exclusive charge on specific movable and immovable fixed assets. [Repayable in Quarterly installments of ₹ 225 Lakhs of one and '450 of one each till MArch 31, 2018. First installment was due in March, 2017 and last installment is due in December, 2018. Rate of interest 10.65% p.a. (Previous year 10.65% p.a.)]	-	2,649.47	2,694.91	1,575.00
iii) <b>Ratnakar Bank Limited</b> - Secured by first exclusive charge on specific movable and immovable fixed assets. [Repayable in Quarterly installments of ₹ 139 Lakhs of one each till November 30, 2017. First installment was due in September, 2013 and last installment is due in November, 2017. Rate of interest 10.65% p.a. (Previous year 11.81% p.a.)]	-	-	-	1,111.11
iv) <b>New India Co operative Bank Long Term Working Capital Loan -I</b> - Secured by first hypothecation charge on specific movable and immovable fixed assets acquired. [Repayable in quarterly installments of ₹ 32 Lakhs each. First installment is due in January, 2013 and last installment is due in September, 2018. Rate of interest 14% p.a.(Previous year 14% p.a.)]	-	189.71	187.54	384.00
	<b>4,298.75</b>	<b>8,160.93</b>	<b>3,905.45</b>	<b>3,930.36</b>
Less: Amount disclosed under "Other current financial liabilities"	-	-	(3,905.45)	(3,930.36)
	<b>4,298.75</b>	<b>8,160.93</b>	-	-
(b) Liability component of preference shares	1,894.63	1,301.85	-	-
<b>Total</b>	<b>6,193.38</b>	<b>9,462.78</b>	-	-

**17. Details of Non-cumulative, Non-Convertible, Redeemable Preference Shares issued by the Company:**

Sr. No.	Face Value per Preference Share and Date of Allotment	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of ₹10 each - September 30, 2015	2,000	2,000	7%	Preference shares shall rank prior in respect of payment of dividend or redemption amount compared to equity shareholders of the Company and in the event of winding up, preferential right over the equity shareholders in participating of surplus funds, surplus assets and profits of the Company.
2	20,000,000 preference shares of ₹10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of ₹10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of ₹10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of ₹10 each - December 30, 2017	3,500	-	11%	
	<b>Total</b>	<b>14,000</b>	<b>10,500</b>		

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

17.1 As the preference shares are mandatorily redeemable at a fixed or determinable future date as may be determined by the board of the company and payment of dividend being discretionary, the instrument is compound financial instrument. In absence of market rate of interest, the management has determined the liability component on the basis of average rate of interest of its long term borrowings as at the date of allotment.

**18. Other Current financial liabilities**

Particulars	As at 31st March 2018	As at 31st March 2017
a) Current maturities of long-term borrowings	3,905.45	3,930.36
b) Interest accrued but not due on borrowings	24.92	30.64
c) Interest accrued and due on borrowings	-	643.77
d) Others :-		
- Security deposits	20.71	39.05
- Payable to Capital Creditors	-	3.10
- Other Payables Salary & Others	812.48	699.66
<b>Total</b>	<b>4,763.56</b>	<b>5,346.58</b>

**19. Provisions****19A. Non current**

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) Employee benefits</b>		
Compensated absences	85.16	74.91
Gratuity	314.13	76.73
<b>b) Other provisions</b>		
Provision for Contingencies	500.00	500.00
<b>Total</b>	<b>899.30</b>	<b>651.64</b>

**19B. Current**

Particulars	As at 31st March 2018	As at 31st March 2017
<b>a) Employee benefits</b>		
Compensated absences	11.10	38.50
Gratuity	2.30	199.23
<b>Total</b>	<b>13.40</b>	<b>237.72</b>

**20. Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax assets	2,593.29	5,187.37
Deferred tax liabilities	2,593.29	4,252.89
<b>Net</b>	<b>-</b>	<b>934.48</b>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

Current Year ( 2017-2018)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(4,237.32)	1,644.04	-	-	-	(2,593.29)
b) Other liabilities & Provisions	157.17	(28.31)	-	-	-	128.86
c) Doubtful debts	188.82	(24.18)	-	-	-	164.64
d) Defined benefit obligation	131.00	(13.26)	(1.69)	-	-	116.05
e) Other financial Liabilities	(15.56)	16.89	-	-	-	1.33
f) MAT Credit	-	238.61	-	-	-	238.61
g) Provision for Contingencies	-	130.00	-	-	-	130.00
h) Provision for Advances	-	50.10	-	-	-	50.10
i) MAT Credit	289.64	(289.64)	-	-	-	-
j) Others	4,420.74	(2,657.04)	-	-	-	1,763.70
<b>Total</b>	<b>934.49</b>	<b>(932.79)</b>	-	-	-	-

Previous Year (2016-2017)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(2,867.24)	(1,370.09)	-	-	-	(4,237.33)
b) Other liabilities & Provisions	153.10	4.07	-	-	-	157.17
c) Doubtful debts	206.00	(17.18)	-	-	-	188.82
d) Defined benefit obligation	29.00	183.00	(81.00)	-	-	131.00
e) Other financial Liabilities	(15.56)	-	-	-	-	(15.56)
f) Others	2,444.12	1,976.62	-	-	-	4,420.74
g) Mat Credit	289.64	-	-	-	-	289.64
<b>Total</b>	<b>239.06</b>	<b>776.42</b>	<b>(81.00)</b>	-	-	<b>934.48</b>

20.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Particulars	As at 31st March 2018	As at 31st March 2017
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses (revenue in nature)	16,588.00	11,430.00
	<b>16,588.00</b>	<b>11,430.00</b>

Note: The unrecognised tax credits will expire in 8 years from the respective years in which tax losses are incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**21. Other liabilities**  
**Current**

Particulars	As at 31st March 2018	As at 31st March 2017
a) Advances from customers	32.60	72.77
b) Advances from Related party against Goods & Services	97.50	-
c) Statutory remittances	100.61	175.86
d) Others - Other Payables	-	37.84
<b>Total</b>	<b>230.71</b>	<b>286.47</b>

**22. Current Borrowings**

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Secured - at amortised cost</b>		
a) Loans repayable on demand <b>- from banks</b>		
<b>Repayable on demand</b> - Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables.	1,765.70	2,023.88
<b>Repayable on demand</b> - From Holding Company	7,868.53	3,976.22
<b>Total</b>	<b>9,634.23</b>	<b>6,000.10</b>

**23. Trade payables**

Particulars	As at 31st March 2018	As at 31st March 2017
Trade payables - Others		
(A) Total outstanding dues of micro enterprises and small enterprises	6.80	4.20
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,901.42	2,152.15
<b>Total</b>	<b>1,908.22</b>	<b>2,156.35</b>

**24. Current tax assets and liabilities**

Particulars	As at 31st March 2018	As at 31st March 2017
Current tax assets		
Tax refund receivable	76.44	59.86
<b>Total</b>	<b>76.44</b>	<b>59.86</b>

**25. Revenue from operations**

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
a) <b>Sale of products</b>		
i) Manufactured Goods	16,386.62	6,844.46
ii) Traded Good	-	408.51
iii) Electricity	230.72	551.17
	<b>16,617.34</b>	<b>7,804.14</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

<b>b) Sale of services</b>		
i) Processing Income	64.44	18.03
	<b>64.44</b>	<b>18.03</b>
<b>c) Other operating revenues</b>		
i) Scrap Sales	768.48	327.32
ii) Export incentives	85.00	41.10
iii) Sale of REC's	198.49	-
iv) Other recoveries	-	118.45
	<b>1,051.98</b>	<b>486.87</b>
<b>Total</b>	<b>17,733.75</b>	<b>8,309.04</b>

**26. Other Income**

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>a) Interest income earned on financial assets that measured at amortised cost</b>		
i) Bank deposits	54.37	66.94
ii) Others	-	12.82
iii) Interest on Security Deposits	20.38	-
iv) Income Tax Refund	-	8.32
<b>Total (a)</b>	<b>74.75</b>	<b>88.08</b>
<b>b) Dividend Income</b>		
i) from long-term investments	0.07	0.07
<b>Total (b)</b>	<b>0.07</b>	<b>0.07</b>
<b>c) Other Non-Operating Income (Net of expenses directly attributable to such income)</b>		
Credit balances / excess provision written back	59.82	969.34
Rent received	98.21	21.79
Miscellaneous income	8.03	-
<b>Total (c)</b>	<b>166.06</b>	<b>991.13</b>
<b>d) Other gains and losses</b>		
i) Gain on disposal of property, plant and equipment	45.71	218.24
iii) Net foreign exchange gains/(losses)	60.00	-
<b>Total (d)</b>	<b>105.72</b>	<b>218.24</b>
<b>Total (a+b+c+d)</b>	<b>346.60</b>	<b>1,297.51</b>

**27. Cost of materials consumed**

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Material Stocks at the Commencement of the Year	512.43	581.82
Purchases	11,710.46	4,297.72
	<b>12,222.89</b>	<b>4,879.54</b>
Less: Material Stocks at the Close of the Year	426.41	512.43
	<b>11,796.48</b>	<b>4,367.11</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 28. Changes in inventories of finished goods and work-in-progress.

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventories at the end of the year:</b>		
i) Finished goods	1,368.81	1,610.32
ii) Work-in-progress	682.22	650.18
	<b>2,051.03</b>	<b>2,260.50</b>
<b>Inventories at the beginning of the year:</b>		
i) Finished goods	1,610.32	1,997.77
ii) Work-in-progress	650.18	770.79
	<b>2,260.50</b>	<b>2,768.56</b>
<b>Net decrease/(increase)</b>	<b>209.47</b>	<b>508.06</b>

## 29. Trading Goods

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Purchase Of Trading Stock	0.00	348.76
<b>Total</b>	<b>0.00</b>	<b>348.76</b>

## 30. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Salaries and Wages	2,237.01	1,786.19
ii) Contribution to provident and other funds	356.48	591.36
iii) Staff Welfare Expenses	292.71	229.40
<b>Total</b>	<b>2,886.20</b>	<b>2,606.95</b>

## 31. Finance costs

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Interest on bank overdrafts and loans	227.51	242.68
ii) Interest on loans from related parties	703.57	684.66
iii) Interest on bank Term Loans	1,163.37	1,577.59
iv) Other interest	1.39	0.79
v) Bank Charges	24.15	42.10
vi) Interest on liability component of compound financial instruments	158.66	75.00
<b>Total</b>	<b>2,278.65</b>	<b>2,622.82</b>

## 32. Depreciation and amortisation expense

(₹ in lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Depreciation of property, plant and equipment	729.65	789.42
ii) Amortisation of intangible assets	24.77	25.90
<b>Total depreciation and amortisation</b>	<b>754.42</b>	<b>815.32</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**33. Other expenses**

(₹ in lakhs)

<b>Particulars</b>	<b>Year Ended 31st March 2018</b>	<b>Year Ended 31st March 2017</b>
Consumption of stores and spare parts	112.24	80.74
Consumption of packing Material	273.51	105.89
Processing charges	4.39	10.31
Power and fuel	1,802.44	855.01
Water Royalty Charges	60.41	61.10
Revaluation Loss on REC	218.22	-
Transportation, freight, handling and other charges	197.27	125.64
Hank Yarn Obligation	27.19	7.90
Rent and hire charges	8.84	9.28
<b>Repairs to :</b>		
i) Buildings	18.15	27.92
ii) Plant and machinery	239.87	68.93
iii) Others	183.83	128.86
	<b>441.85</b>	<b>225.71</b>
Insurance	67.11	86.54
Rates and taxes (excluding taxes on income)	126.85	126.64
Brokerage, commission, discount and other selling expenses	166.45	42.07
Printing & Stationery	1.12	3.06
Communication	10.20	16.07
Legal and professional charges	143.28	163.22
Travelling and conveyance	31.42	37.41
Trade receivables / advances written off	7.90	140.67
Directors Sitting Fees	17.77	15.85
Provision for doubtful trade receivables	22.16	(55.32)
Provision for doubtful loans and advances	-	1.26
Bad Debts	1.44	-
Net foreign exchange gains/(losses)	-	13.95
Loss on sale of fixed assets (net)	7.00	-
Miscellaneous expenses	123.24	115.97
<b>a) To Statutory auditors</b>		
i) For audit	15.50	24.57
ii) For tax audit fees	2.94	4.50
iii) For certification	8.75	12.25
iv) For branch auditors	-	0.50
	<b>27.19</b>	<b>41.82</b>
<b>b) To cost auditors for cost audit</b>	3.00	3.00
<b>c) For reimbursement of expenses</b>	1.14	3.44
<b>d) Service Tax</b>	-	6.72
<b>Total (a+b+c+d)</b>	<b>31.33</b>	<b>54.98</b>
<b>Total</b>	<b>3,903.63</b>	<b>2,243.96</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 34. Income taxes

## 34.1 Income tax recognised in profit or loss

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>Current tax</b>		
In respect of prior years	-	13.72
	-	<b>13.72</b>
<b>Deferred tax</b>		
In respect of the current year	932.79	(776.45)
<b>Total Deferred tax</b>	<b>932.79</b>	<b>(776.45)</b>
<b>Total income tax expense recognised in the current year relating to continuing Operations</b>	<b>932.79</b>	<b>(762.73)</b>

## 35. Earnings per share

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Basic earnings per share	(58.36)	(46.88)

## 35.1 Basic Earnings per share

The earnings per share is calculated by dividing the Profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basis and diluted earnings are stated below :-

( ₹ in lakhs )

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Profit/(loss) for the year attributable to owners of the Company (A)	(3,793.84)	(3,046.06)
Number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B) ( Nominal value of ₹ 10/- each)	64.99	64.99
<b>Basic &amp; diluted Earnings per share (A/B)</b>	<b>(58.36)</b>	<b>(46.88)</b>

## 36. Obligations under finance leases

## 36.1 Leasing arrangements

The Company has operating leases for premises. These lease arrangements ranging upto 5 years, which include both cancellable and non-cancellable leases. With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:

## 36.2 Finance lease liabilities

( ₹ in lakhs )

Particulars	Minimum lease payments	
	As at 31st March 2018	As at 31st March 2017
Minimum Lease Payments:		
- Not Later than one year	-	3.00
- Later than one year and not later than five years	-	2.00
<b>Total</b>	<b>-</b>	<b>5.00</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

37. Gratuity

( ₹ in lakhs )

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
<b>a)</b>	<b>Change in Present Value of Obligation</b>		
	Present value of the obligation at the beginning of the year	1,620.05	1,707.62
	Current Service Cost	59.07	87.47
	Interest Cost	121.69	137.30
	Actuarial (Gain) / Loss on Obligation due to experience	(29.66)	(205.34)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(5.69)	52.96
	Benefits Paid	(103.87)	(159.96)
	Present value of the obligation at the end of the year	1,661.59	1,620.05
<b>b)</b>	<b>Change in Plan Assets</b>		
	Fair value of Plan Assets at the beginning of the year	1,723.36	1,706.77
	Interest Income	129.43	137.22
	Return on plan assets excluding interest income	(40.26)	(93.91)
	Contributions by Plan Participants	21.31	129.95
	Benefits Paid	(103.87)	(156.67)
	Fair value of Plan Assets at the end of the year	1,729.97	1,723.36
<b>c)</b>	<b>Amounts Recognised in the Balance Sheet</b>		
	Present value of Obligation at the end of the year	(1,661.59)	(1,620.05)
	Fair value of Plan Assets at the end of the year	1,729.97	1,723.36
	Net asset at the end of the year	68.38	131.45
<b>d)</b>	<b>Amounts Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	59.07	87.47
	Finance cost / (income)	(7.73)	0.08
	Past service cost	-	183.78
	Net impact on the loss before tax	51.34	271.33
<b>e)</b>	<b>Amounts Recognised in Other Comprehensive Income</b>		
	Actuarial (gains) / losses for the period	(35.34)	(336.16)
	Return on plan asset excluding interest income	40.26	93.92
	Net (income) / expenses for the period recognised in other comprehensive income	4.92	(242.24)
<b>f)</b>	<b>Actual return on Plan Assets</b>		
	Interest Income	129.43	137.22
	Actuarial Gain / (Loss) on Plan Assets		
	Actual return on Plan Assets	129.43	137.22
<b>g)</b>	<b>Actuarial Assumptions</b>		
	i) Discount Rate	7.56%	7.51%
	ii) Expected Rate of Return on Plan Assets	7.56%	7.51%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality		
		Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

(₹ in lakhs)

<b>Maturity Analysis of the benefit payments : from the fund</b>	<b>As at 31st March 2018</b>	<b>As at 31st March 2017</b>
<b>Projected Benefits payable in future years from the date of reporting</b>		
1 St Following Year	171.56	164.47
2 nd Following Year	73.05	72.74
3 rd Following Year	195.87	172.78
4 th Following Year	163.20	185.75
5 th Following Year	139.41	163.33
Sum of years 6 th to 10 th	839.65	791.66
Sum of years 11 th and above	1,443.59	1,399.50

Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

(₹ in lakhs)

<b>Sensitivity Analysis</b>	<b>As at 31st March 2018</b>	<b>As at 31st March 2017</b>
Projected Benefit obligation On Current Assumptions	1,661.59	1,620.05
Delta effect of +1% Change in rate of Discounting	(103.41)	(100.45)
Delta effect of -1% Change in rate of Discounting	115.81	112.54
Delta effect of +1% Change in rate of Salary increase	118.81	115.40
Delta effect of -1% Change in rate of Salary increase	(107.73)	(104.60)
Delta effect of +1% Change in rate of Employee Turnover	27.86	26.84
Delta effect of -1% Change in rate of Employee Turnover	(89.67)	(29.17)

Above disclosures have been made on the basis of certificate received from the actuary. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Management has made provision for gratuity payable to badli workers on the basis of actual valuation as in opinion of the management, the future expected service of badli workers could not be estimated. Provision for gratuity payable to badli workers on the basis of actual valuation as at March 31, 2018 is ₹ 314.13 lakh.

The assumptions with regards to salary escalation and attrition rates are the expectations of the entity based on the salary escalation that the entity will provide in future and the expected attrition rate in the future. Historical trends of these assumptions may or may not be suitable to be extrapolated for the future projections, as it is the entity's prerogative to decide on the expected future trends and thereby the assumptions given by the entity are accepted.

The assumptions with regards to discount rate has been considered as per the requirement of the standard. Since no separate analysis of the mortality rate of the entity was undertaken, we have considered the latest mortality table available.

The results are particularly sensitive to some assumptions, such as discount rate, level of salary inflation, level of employee turnover and mortality. Such as decrease in the assumed discount rate are an increase in salary inflation will lead to increase in reported liability.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**38. Related Party Disclosures  
Current Year**

**(a) Name of the Related Parties and Description of Relationship:**

**Name of related party and descriptions of relationship :-**

**Holding Company**

Shapoorji Pallonji and Company Private Limited.

**Fellow Subsidiaries**

**(where there are transactions)**

Forbes & Company Limited

Forvol International Services Limited

Eureka Forbes Limited

Shapoorji Pallonji Infrastructure Capital Company Private Limited

Shapoorji Pallonji Energy (Gujarat) Private Limited

**Associates**

Suryoday One Energy Private Limited

**Trusts**

Gokak Falls Education and Medical Trust

**Key Management Personnel and their relatives:-**

Mr. Ramesh R. Patil - Chief Executive Officer and Managing Director

Mr. Vikram V. Nagar - Chief Financial Officer

Mr. Rakesh M. Nanwani - Company Secretary & Compliance Officer

Mr. Vasant N. Sanzgiri - Director

Mr. Mukundan Srinivasan - Director

Mr. D. G. Prasad - Director

Mr. Kaiwan D. Kalyaniwalla - Director

Mr. Pradip N. Kapadia - Director

Mr. Chandrakant G. Shah - Director

**Particulars of transaction with Related Parties**

<b>Year ended March 31 2018, (Previous Year March 31, 2017)</b>	<b>Holding Company</b>	<b>Associates</b>	<b>Fellow Subsidiaries</b>	<b>Key Managerial Personnel</b>	<b>Trust</b>	<b>Total</b>
<b>Nature of Transactions</b>						
<b>Rent income</b>	-	<b>10.40</b>	-	-	-	<b>10.40</b>
Previous Year	-	-	-	-	-	-
<b>Rent paid</b>	-	-	<b>3.92</b>	-	-	<b>3.92</b>
Previous Year	-	-	3.61	-	-	3.61
<b>Services Rendered</b>	<b>2.62</b>	-	-	-	-	<b>2.62</b>
Previous Year	-	-	-	-	-	-
<b>Services Received</b>	<b>36.54</b>	-	<b>2.98</b>	-	-	<b>39.52</b>
Previous Year	11.16	-	1.49	-	-	12.65
<b>Preference Shares Issued</b>	<b>3,500.00</b>	-	-	-	-	<b>3,500.00</b>
Previous Year	6,500.00	-	-	-	-	6,500.00
Borrowings	6,110.00	-	-	-	-	6,110.00
Previous Year	6,646.00	-	-	-	-	6,646.00
<b>Interest accrued</b>	<b>653.86</b>	-	<b>40.11</b>	-	-	<b>693.97</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

Year ended March 31 2018, (Previous Year March 31, 2017)	Holding Company	Associates	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
<b>Nature of Transactions</b>						
Previous Year	576.15	-	40.74	-	-	616.89
<b>Expenses/Payments incurred on behalf</b>	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Receivables</b>	<b>8.89</b>	-	-	-	-	<b>8.89</b>
Previous Year	8.89	-	-	-	-	8.89
<b>Director's sitting fees</b>	-	-	-	<b>17.77</b>	-	<b>17.77</b>
Previous Year	-	-	-	15.85	-	15.85
<b>Remuneration</b>	-	-	-	<b>80.60</b>	-	<b>80.60</b>
Previous Year	-	-	-	55.83	-	55.83
<b>Amount recovered on behalf</b>	-	-	-	-	<b>15.00</b>	<b>15.00</b>
Previous Year	-	-	-	-	14.13	14.13
<b>Amount received from trust</b>	-	-	-	-	<b>45.00</b>	<b>45.00</b>
Previous Year	-	-	-	-	869.50	869.50
<b>Deposits Receivables</b>	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Payables</b>	<b>7,471.63</b>	-	<b>435.48</b>	-	<b>1.00</b>	<b>7,908.11</b>
Previous Year	4,188.67	-	448.43	-	0.93	4,638.03
<b>Loan repayment</b>	<b>2,900.00</b>	-	-	-	-	<b>2,900.00</b>
Previous Year	-	-	-	-	-	-
<b>Interest Paid</b>	<b>600.00</b>	-	-	-	-	<b>600.00</b>
Previous Year	-	-	-	-	-	-
<b>Investments in Equity Shares of Associate Company</b>	-	<b>0.26</b>	-	-	-	<b>0.26</b>
Previous Year	-	-	-	-	-	-
<b>Advances against Goods and Services</b>	-	<b>97.50</b>	<b>0</b>	-	-	<b>97.50</b>
Previous Year	-	-	-	-	-	-

## 38A Details of Related Party Transactions

(₹ in lakhs)

Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017	Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sales</b>			<b>Amounts recovered on behalf</b>		
Shapoorji Pallonji & Company Private Limited	-	-	Gokak Falls Education and Medical Trust	15.00	14.13
Forbes & Company Limited	-	-	<b>KMP Remuneration</b>		
<b>Services Received</b>			Ramesh R. Patil	41.00	28.22
Shapoorji Pallonji & Company Private Limited	36.54	11.16	Vikram V. Nagar	35.68	27.61
Forvol International Services Limited	2.98	1.49	Rakesh M Nanwani	3.92	-
<b>Amount received from Trust</b>			<b>Receivables</b>		
Gokak Textiles Graituity Fund	45.00	869.50	Shapoorji Pallonji & Company Private Limited	8.89	8.89
<b>Rent (Expenses)</b>			<b>Payables</b>		
			Shapoorji Pallonji & Company Private Limited	7,471.95	4,188.62

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

Forbes & Company Limited	3.92	3.61	Forbes & Company Limited	7.38	6.56
<b>Interest accrued</b>			Gokak Falls Education and Medical Trust	-	0.90
Shapoorji Pallonji & Company Private Limited	653.86	576.15	Forvol International Services Limited	0.08	0.15
Shapoorji Pallonji Infrastructure Capital Company Private Limited	32.78	31.54	Shapoorji Pallonji Infrastructure Capital Company Private Limited	382.56	353.06
Shapoorji Pallonji Energy (Gujarat) Private Limited	7.34	9.20	Shapoorji Pallonji Energy (Gujarat) Private Limited	44.91	88.31
<b>Borrowings taken</b>			<b>Investment in equity</b>		
Shapoorji Pallonji & Company Private Limited	6,110.00	6,646.00	Suryoday One Energy Private Limited	0.26	-
<b>Loans /Advances taken</b>					
Shapoorji Pallonji & Company Private Limited	-	-			
<b>Preference Shares Issued</b>					
Shapoorji Pallonji & Company Private Limited	3,500.00	6,500.00			
<b>Loan repayment</b>					
Shapoorji Pallonji & Company Private Limited	2,900.00	3,500.00			
<b>Interest paid</b>					
Shapoorji Pallonji & Company Private Limited	600.00	-			
<b>Rent (Income)</b>					
Suryoday One Energy Private Limited	10.40	-			
<b>Advances against Goods and Services</b>					
Suryoday One Energy Private Limited	97.50	-			

**39 Micro, Small and Medium Enterprises**

Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on October 2, 2006, the Company is required to make certain disclosures relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling and assimilating the relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available for all the suppliers, the disclosures have been made to the extent of information available with the Company.

(₹ in lakhs)

Sr. No.	Particulars	As at 31-Mar-18	As at 31-Mar-17
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	6.80	4.20
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	2.34	6.15
3	Principal amount paid during the year beyond the appointed day	32.03	63.12
4	Interest paid during the year beyond the appointed day	-	-
5	The amount of interest due and payable for the year	2.34	6.15
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	2.34	6.15
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	0.09	0.05

\*The Company has not recorded the interest payable in the books for the current year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 40 Fair Value Disclosures

	Categories of Financial Instruments:	March 31, 2018			March 31, 2017		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	<b>Financial Assets</b>						
	Investments	0.53			0.53		
	Loans						
	Trade Receivables			1,333.88			739.84
	Cash & Bank Balances			105.68			77.59
	Bank balances other than above			865.32			959.42
	Other Financial Assets			156.69			197.01
		<b>0.53</b>	<b>-</b>	<b>2,461.57</b>	<b>0.53</b>	<b>-</b>	<b>1,973.86</b>
ii)	<b>Financial liabilities</b>						
	Borrowings			19,733.06			19,393.24
	Trade Payables			1,908.22			2,156.35
	Other Financial Liabilities			858.11			1,416.22
				<b>-</b>	<b>-</b>	<b>-</b>	<b>22,965.81</b>

(FVTPL: Fair value through profit and loss; FVOCI: Fair value through other comprehensive income)

**Fair Value Hierarchy and Method of Valuation**

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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 liabilities that are not based on observable market data (unobservable inputs).

B)

Financial Assets	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL						
Investments						
Investments in Equity Instruments (unquoted)	7(a)	0.53	-	-	0.53	0.53

Financial Assets	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL						
Investments						
Investments in Equity Instruments (unquoted)	7(a)	0.53	-	-	0.53	0.53

C) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2018.

**41 Capital Management**

The Company aims to optimise returns to shareholders and safeguard its ability to continue as a going concern and manage its capital effectively. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs and long-term operating plans. We consider the amount

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics. The capital structure of the Company consists of net debt (borrowings as detailed in notes 15, 17 and 21 offset by cash and bank balances) and total equity and financial liability in respect of preference share capital of the Company.

( ₹ in lakhs )

The capital components of the Company are as given below:	As at March 31, 2018	As at March 31, 2017
<b>Total Equity</b>	<b>(5,088.21)</b>	<b>(4,355.34)</b>
Short Term Borrowings	9,634.23	6,000.10
Long Term Borrowings	6,193.38	9,462.78
Current Maturities of Long Term Borrowings	3,905.45	3,930.36
<b>Total Debt</b>	<b>19,733.06</b>	<b>19,393.24</b>
Cash & Cash equivalents	105.68	77.59
Bank balances other than above	865.32	959.42
<b>Net Debt</b>	<b>18,762.05</b>	<b>18,356.23</b>
<b>Net Debt Equity ratio</b>	<b>(1.79)</b>	<b>(2.84)</b>
Debt Equity Ratio = Net debt / Total Equity		

**42 Financial risk management objectives**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial assets include loans, trade receivables, cash and cash equivalents that comes directly from its operations and financial liabilities comprises of borrowings, trade and other payables, and financial guarantee contracts. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks.

**43 Market Risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, loans and borrowings.

The finance department undertakes management of cash resources, borrowing mechanism and ensuring compliance with market risk limits.

**44 Currency risk**

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Export receivables in US \$	4.90	1.88
overseas payables in US \$	-	-
<b>Total</b>	<b>4.90</b>	<b>1.88</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

**Foreign currency sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
+1% increase in foreign exchange rates	3.19	1.22
-1% increase in foreign exchange rates	-3.19	-1.22
Net Increase/(decrease)	-	-

**45 Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and bank balance and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company's finance department is responsible for liquidity, funding as well as settlement management. The processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The Company has the following undrawn credit lines available as at the end of the reporting period.

(₹ in lakhs)

	March 31, 2018	March 31, 2017
- Expiring within one year (Bank CC Limits Sanctioned)	39.35	39.35
	<b>39.35</b>	<b>39.35</b>

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables shows Principal cash flows.

(₹ in lakhs)

Maturities of Financial Liabilities	March 31, 2018				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	19,733.06	13,539.68	-	2,325.00	3,868.38
Trade Payables	1,908.22	1,908.22	-	-	-
Other Financial Liabilities	858.11	858.11	-	-	-
	<b>22,499.40</b>	<b>16,306.01</b>	-	<b>2,325.00</b>	<b>3,868.38</b>

(₹ in lakhs)

Maturities of Financial Liabilities	March 31, 2017				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	19,393.24	9,930.46	4,978.18	2,511.00	1,973.60
Trade Payables	2,156.35	2,156.35	-	-	-
Other Financial Liabilities	1,416.22	1,416.22	-	-	-
	<b>22,965.81</b>	<b>13,503.04</b>	<b>4,978.18</b>	<b>2,511.00</b>	<b>1,973.60</b>

**46 Interest Rate Risk:-**

The company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate borrowings the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate borrowings has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 31st March, 2018 would decrease/increase by ₹ 17.66 lakhs. This is mainly attributable to the Company's exposure to borrowings at floating interest rates. If interest rates had been 100 basis points higher/lower and all other

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

variables were held constant, the Company's loss for the year ended 31st March, 2017 would decrease/increase by ₹ 20.24 lakhs. This is mainly attributable to the Company's exposure to borrowings at floating interest rates.

- 47 The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

( ₹ in lakhs )

Maturities of Financial Assets	March 31, 2018				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.53	-	-	-	0.53
Trade Receivables	1,333.88	1,333.88	-	-	-
Other Financial Assets	372.50	130.30	-	-	242.20
	<b>1,706.91</b>	<b>1,464.18</b>	-	-	<b>242.73</b>

( ₹ in lakhs )

Maturities of Financial Assets	March 31, 2018				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.53	-	-	-	0.53
Trade Receivables	739.84	739.84	-	-	-
Other Financial Assets	297.01	31.65	-	-	265.36
	<b>1,037.38</b>	<b>771.49</b>	-	-	<b>265.89</b>

48 **Segment reporting :-**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. the managing Director and Chief executive officer of the Company who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision - maker.

**Reporting of Segment wise Revenue, Results, Assets And Liabilities**

(Rs in Lakhs)

Particulars	Consolidated	
	Year ended 31.03.2018 Audited	Year ended 31.03.2017 Audited
<b>1) Segment Revenue</b>		
a) Textile	16,386.62	7,252.97
b) Electricity and Power	1,292.21	1,054.00
c) Others	346.59	88.00
<b>Less: Inter-segment eliminations</b>	<b>54.92</b>	<b>1,211.58</b>
<b>Income from Operations</b>	<b>18,080.35</b>	<b>9,606.55</b>
<b>2) Segment Result:</b>		
<b>Profit / (Loss) before Tax and Interest</b>		
a) Textile	(2,268.18)	(2,104.00)
b) Electricity and Power	561.40	411.00
<b>Total</b>	<b>(1,706.78)</b>	<b>(1,693.00)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

Less: Inter-segment eliminations	(237.00)	(318.00)
<b>Total</b>	<b>(1,469.78)</b>	<b>(1,375.00)</b>
Less : Interest	(2,278.65)	(2,622.82)
<b>Total Profit before Tax</b>	<b>(3,748.43)</b>	<b>(3,997.82)</b>
<b>3) Segment Assets</b>		
a) Textile	16,976.30	17,416.00
b) Electricity and Power	11,712.00	11,454.00
c) Others	-	2,244.00
Less: Intersegment elimination	(10,479.00)	(10,647.00)
	<b>18,209.30</b>	<b>20,467.00</b>
<b>4) Segment Liabilities</b>		
a) Textile	15,067.84	7,256.00
b) Electricity and Power	8,769.19	2,929.00
c) Others	-	14,206.00
Less: Intersegment elimination	(194.23)	(111.00)
	<b>23,642.80</b>	<b>24,280.00</b>
<b>5) Capital Employed</b>	<b>(5,433.50)</b>	<b>(3,813.00)</b>
<b>6) Capital Expenditure</b>		
a) Textile	4.95	4.27
b) Electricity and Power	11.69	0.01
c) Others	-	-
Less: Intersegment elimination	-	-
	<b>16.63</b>	<b>4.28</b>
<b>7) Depreciation and Amortisation expense</b>		
a) Textile	650.80	711.42
b) Electricity and Power	103.62	103.90
c) Others	-	-
Less: Intersegment elimination	-	-
	<b>754.42</b>	<b>815.32</b>

**Notes:**

- Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management. Expenses not directly allocable to the segments are treated as "Unallocated Expenses".
- Segment revenues, expenses and results include transfers between business segments. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**48.1 Out of the total revenue, 15.85% of the revenue pertains to one customer.**

**49. Contingent liabilities:-**

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>(a) Claims against the Company not acknowledged as debts</b>		
<b>1 Taxes in dispute:-</b>		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	-
<b>2 Labour matters:-</b>		
i) labour matter in dispute	69.36	52.00
ii) Customs duty (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
<b>(b) Bonds/ Guarantees :-</b>		
i) Bonds given by Company to Custom Authorities against EPCG Licenses.	3,276.61	4,629.22
<b>Total</b>	<b>3,635.65</b>	<b>4,966.91</b>

The above represents the best possible estimates is arrived at on the basis of available information. The Uncertainties and possible liabilities are dependent on the outcome of different legal processes which have been invoked by the company or the claimants as the case may be and therefore can not be prescribed accurately.

**50. Bonus Payable :-**

Liability towards bonus payable to employees upto March 31, 2016 is due on March 31, 2017. Hence, it is classified as financil current liability. However, the Company has made request to the Labour Commissioner on February 13, 2017 to defer the payment of bonus for the periods October 2014 to September 2015 up to May 2018 and October 2015 to March 2016 up to November 2018.

**51. Details of provision for contingencies**

Provision for contingencies is towards the estimated liability on account of non-fulfilment of export obligations under the Export Promotion Capital Goods Scheme. The details of which are given below:

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
1	Balance as at the beginning of the year	500.00	500.00
2	Add: Provision made during the year	-	-
3	Less: Utilisation/ Reveersal	-	-
4	Balance as at the end of the year	500.00	500.00

**52.** As there are no loans and advances in the nature of loans to subsidiaries, associates and companies in which Directors are interested, additional disclosure as required by Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.

**53.** Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classificaton / disclosure.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

- 54.** Company has appointed Batliboi & Purohit Chartered Accountants, in its 11th Annual General meeting in place of retiring Statutory Auditor Kalyaniwala & Mistry LLP for Gokak Textiles Limited and Murugesh & Co. for Gokak Power & Energy Limited. Previous year figures were audited by the preceeding auditors.
- 55.** Approval of Financial Statements :- The financial statements were approved for issue by the board of directors on 18th May 2018.

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**VASANT N. SANZGIRI** Director  
(DIN: 01757117)

**VIKRAM V. NAGAR**  
Chief Financial Officer  
Membership No. M25783

**RAMESH R. PATIL** CEO &  
(DIN: 07568951) Managing Director

**KAUSHAL MEHTA**  
Partner  
Membership No. 111749  
Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**RAKESH M. NANWANI**  
Company Secretary  
Membership No. A45718

**PRADIP N. KAPADIA**  
(DIN: 00078673)

**KAIWAN D. KALYANIWALLA** Directors  
(DIN: 00060776)

**D. G. PRASAD**  
(DIN: 00160408)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018



# **Financial Statements of Gokak Power & Energy Limited**



DIRECTORS	:	MUKUNDAN SRINIVASAN – Chairman RAMESH R. PATIL – Wholetime Director PRADIP N. KAPADIA KAIWAN D. KALYANIWALLA CHANDRAKANT G. SHAH
CHIEF FINANCIAL OFFICER	:	VIKRAM V. NAGAR
COMPANY SECRETARY & COMPLIANCE OFFICER	:	RAKESH M. NANWANI
STATUTORY AUDITORS	:	BATLIBOI & PUROHIT, CHARTERED ACCOUNTANTS
BANKERS	:	ICICI BANK LIMITED
HYDRO POWER HOUSE	:	GOKAK FALLS-591 308 (DISTRICT BELAGAVI-KARNATAKA)
D J MADAN POWER HOUSE	:	DUPDHAL TALUKA : GOKAK DIST. BELAGAVI KARNATAKA
REGISTERED OFFICE	:	#1, 2 <sup>ND</sup> FLOOR, 12 <sup>TH</sup> CROSS, IDEAL HOMES, NEAR JAYANNA CIRCLE, RAJARAJESHWARI NAGAR, BENGALURU – 560 098
CIN	:	U40103KA2012PLC062107
GSTIN	:	29AAECG7331B1ZU

**BOARDS REPORT**

To,  
The Members of  
**Gokak Power & Energy Limited**

Your Directors present their Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2018.

**1. Financial Results and State of Company's Affairs**

(₹ In Lakhs)

	<b>Particulars</b>	<b>For the Financial Year 01.04.2017 to 31.03.2018</b>	<b>For the Financial Year 01.04.2016 to 31.03.2017</b>
(a)	Gross Revenue	1353.40	1128.98
	Less: Costs	437.72	220.35
(b)	Balance	915.68	908.08
	Less: Interest	938.98	1022.53
(c)	Cash Profit/(Loss)	(23.30)	(114.45)
	Less: Depreciation	354.82	354.64
(d)	Profit /(Loss) after depreciation carried to Balance Sheet	(377.58)	(469.09)
	Less : Deferred Tax	834.54	453.53
	Other Comprehensive (Income) / Expenses	(0.82)	(0.54)
(e)	Net Profit/ (Loss)	<b>(1211.30)</b>	<b>(15.02)</b>

**2. Operations**

During the year under review, your Company has recorded gross income of ₹ 1353.40 lakhs (previous period ₹ 1128.98 lakhs) and cash loss for the year of ₹ 23.30 lakhs (previous period cash loss ₹ 114.45 lakhs). The Regulatory Authorities have made several changes to the Renewal Energy Certificate mechanism, as applicable to the Company resulted in negative impact of ₹ 218 lakhs, despite higher generation of electricity during the year the results have not been positive. The Company is qualified for the Renewal Energy Certificate, for its 4.5 MW generation. During the period overall flow of water from various sources (Dams, rivers and canal) was better as compared to previous period, as a result of which, generation of electricity has improved.

**3. Outlook**

As per the forecast by India Meteorological Department, it is hoped that rains will be good in this coming year, also the Company will put all efforts to maximize the power generation through efficient management and proper maintenance.

**4. Share Capital**

The paid up equity share capital of the Company as on March 31, 2018 was ₹ 49 Crores. During the year under review, the Company has not issued any shares with differential voting rights or 'sweat equity shares' and has not granted any stock options.

**5. Dividend and Transfer to Reserves**

In view of the results for the year, no dividend has been recommend for the year. No amount has been transferred to the Reserves during the year.

**6. Material changes and commitments**

There were no material changes and commitments affecting the financial position of the Company which have occurred, between the end of the financial year of the company to which the financial statements relate and the date of the Report, except the floor price of Renewal Energy Certificate has gone down from ₹ 1500 to ₹ 1000 per certificate, which has resulted in negative impact of ₹ 218 lakhs. This has affected the Company's profitability for the current Financial Year and will also affect the profitability of future Financial Years.

**7. Subsidiary Company/Joint venture/Associate****Associate Company – Suryoday One Energy Private Limited (SOEPL)**

The Company made investment in the equity share capital of SOEPL on September 7, 2017. SOEPL is engaged in generation, transmission, distribution, trading of Solar power.

During the year under review, SOEPL has recorded net loss of ₹ 0.64 lakhs.

Details of SOEPL are set out in the statement in Form AOC-1, pursuant to section 129 of the Companies Act, 2013 and is attached, herewith, as **Annexure I** to this Report.

The Company does not have any subsidiary or joint venture Companies.

Consequent upon, increase in its paid up share capital by issue of equity shares, SOEPL ceased to be associate Company of GPEL w.e.f April 16, 2018.

**8. Deposits**

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and Rules framed there under and there is no outstanding deposit.

**9. Board of Directors and Key Managerial Personnel**

The composition of Board of Directors of the Company is as under:

Sr. No	Name of the Director	Designation	Category
1	Mr. Mukundan Srinivasan (DIN:00276429)	Chairman	Non-Executive Non-Independent
2	Mr. Chandrakant G Shah (DIN: 00002358)	Director	Non-Executive Non-Independent
3	Mr. Kaiwan D Kalyaniwalla (DIN: 00060776)	Director	Non-Executive Independent
4	Mr. Pradip N Kapadia (DIN:00078673)	Director	Non-Executive Independent
5	Mr. Ramesh R Patil (DIN:07568951)	Wholetime Director	Executive Non-Independent

Mr. Chandrakant G. Shah is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommend his re-appointment as Director of the Company.

Key Managerial Personnel of the Company are Mr Ramesh R Patil, Wholetime Director and Mr. Vikram Nagar, Chief Financial Officer. Mr. Rakesh M. Nanwani, who was appointed the Company Secretary with effect from June 1, 2017.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances, which may affect their status as the Independent Directors during the year.

**10. Meetings of the Board of Directors and Attendance**

The Board met at least once in each quarter. 5 Meetings were held during the financial year ended March 31, 2018 i.e. on May 09, 2017; May 26, 2017; August 11, 2017; November 13, 2017 and February 07, 2018. The number of meetings held and attended during the year are as under:





Sr. No	Name of the Directors	Number of Board Meetings during the Financial year ended March 31, 2018	
		Held	Attended
1.	Mr. Mukundan Srinivasan	5	4
2.	Mr. Chandrakant G. Shah	5	5
3.	Mr. Kaiwan D. Kalyaniwalla	5	5
4.	Mr. Pradip N. Kapadia	5	5
5.	Mr. Ramesh R. Patil	5	5

## 11. Committees of the Board

### a. Audit Committee

The Company has an Audit Committee at the Board level which acts as the link between the Management and the Statutory and Internal Auditors and the Board of Directors. It interacts with statutory and internal auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information, so as to enable it to carry out its function effectively.

The composition of Audit Committee of the Company is as under:

Sr. No	Name of the Director	Category
1	Mr. Kaiwan D. Kalyaniwalla - Chairman (DIN: 00060776)	Non-Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non-Executive Non-Independent
3	Mr. Pradip N. Kapadia (DIN:00078673)	Non-Executive Independent

The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial Management. The Wholtime Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings.

The Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. Discussions with the Management and the Statutory Auditors, the audit plan for the financial year and a joint post-audit review of the same are held at regular intervals.

The Company places all the relevant details before the Audit Committee periodically.

The Committee meets at least once in each quarter. 5 Meetings were held during the financial year ended March 31, 2018 i.e. on May 09, 2017; May 26, 2017; August 11, 2017; November 13, 2017 and February 07, 2018.

The number of meetings held and attended during the year are as under:

Sr. No	Name of the Directors	Number of Audit Committee Meetings held during the Financial year ended March 31, 2018	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - Chairman	5	5
2.	Mr. Chandrakant G. Shah	5	5
3.	Mr. Pradip N. Kapadia	5	5

### b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for determining the compensation payable to Directors, Executive Director and the Senior Management Personnel, based on industry practices and performance of individuals.

Brief description of terms of reference:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulating the criteria for evaluation of Independent Directors and the Board as a whole.
4. Devising a policy on Board diversity.
5. Approving the remuneration after taking into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
6. Reviewing and determining all elements of remuneration package striking the balance between the interest of the Company and the shareholders
7. All information about the Directors/Managing Director/ Whole time Director/ Key Managerial Personnel i.e background details, past remuneration, recognition or awards, job profile, etc., shall be considered and disclosed to Shareholders, whenever required.

The composition of Nomination and Remuneration Committee of the Company is as under:

Sr. No	Name of the Director	Category
1	Mr. Kaiwan D. Kalyaniwalla - Chairman (DIN: 00060776)	Non-Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non-Executive Non-Independent
3	Mr. Pradip N. Kapadia (DIN:00078673)	Non-Executive Independent

One (1) Meeting was held during the financial year ended March 31, 2018 i.e. on May 09, 2017.

The number of meetings held and attended during the year are as under:

Sr. No	Name of the Directors	Number of Nomination and Remuneration Committee Meetings held during the Financial year ended March 31, 2018	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - Chairman	1	1
2.	Mr. Chandrakant G. Shah	1	1
3.	Mr. Pradip N. Kapadia	1	1

## 12. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as, the evaluation of the working of its Audit and Nomination and Remuneration Committees.

In a separate meeting of Independent Directors, performance of Non- Independent Directors of the Board as a whole and the performance of the Chairman were evaluated.



### 13. Particulars of Employees

During the financial year 2017 -18, the Company did not have any employee who was in receipt of remuneration in aggregate not less than ₹ 1.02 crores p.a if employed through the financial year and in aggregate not less than ₹ 8.50 lakhs p.m if employed for part of financial year.

### 14. Auditors and Auditors Report :

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration no. 101048W) were appointed as the Statutory Auditors of the Company for a term of 5 (five) years to hold office from the conclusion of the 6<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 11<sup>th</sup> Annual General Meeting of the Company.

The Audit Report of the Statutory Auditors forms part of the Annual Report. The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments

### 15. Particulars of loans, guarantees or investments under section 186

Particulars of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements, as applicable.

### 16. Particulars of contracts or arrangements with related parties:

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

During the year under review, there were no materially significant related party transactions with the Promoter, Directors, Key Managerial Personnel or the Designated Persons, which may have a potential conflict with the interest of Company at large except sale of power to the holding company, which have been approved by the shareholders.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature. The transactions entered pursuant to the omnibus approval so granted are placed before the Audit Committee on a quarterly basis.

The particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been disclosed in Form No. AOC-2 as **Annexure II** to this report.

### 17. Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is forming a part of this Annual Report as **Annexure III**

### 18. Statutory Disclosures :

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status and Company's operations in future.

### 19. Obligation of Company under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 :

The Company has adopted a policy as per the provisions of Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for prevention, prohibition and redressal of complaints of sexual harassment at workplace.

During the year under review, no complaints on sexual harassment were received.

**20. Conservation of energy, technology absorption and foreign exchange earnings and outgo :**

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

**a) Conservation of energy :**

(i)	the steps taken or impact on conservation of energy	a. Switching off the exhaust fans at night. b. Water leakages in the canal were repaired to stop wastage of water, thereby using the same water for power generation. c. Replacing of old sodium vapour lamp & tube lights by LED lamps in all our power plants.
(ii)	the steps taken by the Company for utilizing alternate sources of energy	The Company has its own Hydro-Generation. The Company is in the process of exploring solar option.
(iii)	the capital investment on energy conservation equipment's	NIL

**(b) Technology absorption :**

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

**(c) Foreign exchange earnings and outgo : NIL****21. Human Resources :**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an ongoing basis.

The employee relations continued to be cordial and productive with several significant changes boosting capacity utilization, efficiency and productivity in the plants.

**22. Directors' Responsibility Statement :**

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the representations received from the operating management, the Directors hereby confirm :-

- that in the preparation of the annual accounts for the financial year from 01.04.2017 to 31.03.2018 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- d. that they have prepared the annual accounts for the financial year from 01.04.2017 to 31.03.2018 on a 'going concern' basis
- e. that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **23. Acknowledgements :**

Your Directors wish to place on record their sincere appreciation for the assistance given by the Company's Bankers and acknowledge that their support has been a source of considerable strength. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead.

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

Place : Mumbai,  
Date : May 18, 2018

**S Mukundan**

Chairman

**Registered Office:**  
#1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru- 560 098

## Form AOC-I

[ Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part A: Subsidiaries : NIL

Part B: Associates and Joint Ventures

₹ in Lakhs

Name of the Associate Company	Suryoday One Energy Private Limited *
Latest audited balance sheet	31-Mar-2018
Share Capital	1.00
Reserves & Surplus	NIL
Total Assets	23199.93
Total Liabilities	23240.44
Investments	NIL
Turnover	NIL
Profit before taxation	(0.86105)
Provision for taxation including Deferred Tax	(0.22172)
Profit after taxation	(0.64)
Proposed Dividend	--
% of shareholding	26 %

\*Ceased to be associate Company of GPEL w.e.f April 16, 2018.

For and on behalf of the Board of Directors

Place : Mumbai,  
Date : May 18, 2018**S Mukundan**  
Chairman



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

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

1.	Details of contracts / arrangements or transactions not at arm's length basis	NIL
2.	Details of material contracts / arrangements or transactions at arm's length basis	01-April-2017 to 31-March-2018
	a. Name of related party and nature of relationship	Gokak Textiles Limited (Holding Company)
	b. Nature of contracts / arrangements /transactions	Agreement for transfer of power between Gokak Power & Energy Limited and Gokak Textiles Limited, Holding Company captive user for consumption.
	c. Duration of contracts / arrangements/ transactions	20 years w.e.f. 27.09.2012
	d. Salient terms of the contracts / arrangements/ transactions including Value, if any	Captive user agrees to pay ₹ 4.01 for every unit of power transferred, subject to conditions laid out in the agreement
	e. Dates of Approval by the Board, if any	22.05.2012
	f. Amount paid as advance, if any	Security Deposit – Rupees One Crore

For and on behalf of the Board of Directors

Place : Mumbai,  
Date : May 18, 2018

**S Mukundan**  
Chairman

**Form No.MGT-9**  
**EXTRACT OF ANNUAL REPORT**  
**For the financial year ended 31st March, 2018**

[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**

1.	CIN	U40103KA2012PLC062107
2.	Date of Incorporation	27.03.2012
3.	Name of the Company	Gokak Power & Energy Limited
4.	Category	Company Limited by Shares
5.	Sub-Category of the Company	Indian Non-Government Company
6.	Address of the Registered Office	#1, 2 <sup>nd</sup> Floor, 12 <sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Benagluru - 560 098 Ph : +91 80 29744077 ; +91 80 29744078
7.	Whether Listed or not	No
8.	Name, Address and Contact details of the Registrar and Transfer Agent, if any	NA

**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

Sl. No.	Name/Description of Main Products/ Services	NIC Code of Product/Service	% to Total Turnover of the Company
1	Hydro Electric Power	35101	100%

**III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Gokak Textiles Limited #1, 2 <sup>nd</sup> Floor, 12 <sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Benagluru - 560 098	L17116KA2006PLC038839	Holding	51%	2 (46)
2.	Suryoday One Energy Private Limited * SP Centre, 41/44, Minoo Desai Marg, Colaba Mumbai, Mumbai City MH 400005	U40101MH2017PTC291189	Associate	26% *	2 (6)

\*Ceased to be associate Company of GPEL w.e.f April 16, 2018.





**VI) Shareholding Pattern (Equity share capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

	Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2017				No. of Shares held at the end of the year i.e 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(1)</b>	<b>A. Promoters</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	24,989,940	0	24,989,940	51.00	24,989,940	0	24,989,940	51.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	24,010,000	0	24,010,000	49.00	24,010,000	0	24,010,000	49.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	60	60	0.00	0	60	60	0.00	0.00
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	OCBs/Foreign Cos	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B) (2)</b>	<b>24,010,000</b>	<b>0</b>	<b>24,010,000</b>	<b>49.00</b>	<b>24,010,000</b>	<b>0</b>	<b>24,010,000</b>	<b>49.00</b>	<b>0.00</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>24,010,000</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>0.00</b>

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Gokak Textiles Limited	2,49,90,000	51%	-	2,49,90,000	51%	-	-
2.	Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd.	2,40,10,000	49%	-	2,40,10,000	49%	-	-
	<b>Total</b>	<b>4,90,00,000</b>	<b>100%</b>	<b>-</b>	<b>4,90,00,000</b>	<b>100%</b>	<b>-</b>	<b>-</b>

iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No	Particulars	Shareholding at the beginning of the year as on 01.04.2017		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	There is no Promoters' Shareholding between 01.04.2017 to 31.03.2018			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3	At the end of the year				

iv) Shareholding Pattern of Top 10 Shareholders (Other than Director, Promoters and Holders of GDRS and ADRs):

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
1	Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd.	24,010,000	49.00	-	No Change	-	-	24,010,000	49.00
				-	-	0	0.00	0.00	
				31.03.2018	At the end of the year	-	-	24,010,000	49.00
2	Shapoor P. Mistry JT1 Gokak Textiles Ltd	10	0.00	-	No Change	0	0.00	10	0.00
				-	-	-	-	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
3	Mukundan Srinivasan	10	0.00	-	No Change	0	0.00	10	0.00
				-	-	-	-	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
4	Firoze kavshah Bhatehna JT1 Gokak Textiles Ltd	10	0.00	-	No Change	0	0.00	10	0.00
				-	-	-	-	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
5	Kamal Kumar Goyal	10	0.00	-	No Change	0	0.00	10	0.00
				-	-	-	-	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
6	Rahul Adeshwar Jain JT1 Gokak Textiles Ltd	7	0.00	-	No Change	0	0.00	7	0.00
				-	-	-	-	7	0.00
				31.03.2018	At the end of the year	-	-	7	0.00
7	K S Ballal JT1 Gokak Textiles Ltd	1	0.00	-	No Change	1	0.00	1	0.00
				-	-	-	-	1	0.00
				31.03.2018	At the end of the year	-	-	1	0.00
8	Ramesh R. Patil JT1 Gokak Textiles Ltd	0	0.00	23.09.2017	Transfer	10	0.00	0	0.00
				-	-	-	-	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00



Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2017		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
9	Vikram V. Nagar JT1 Gokak Textiles Ltd	0	0.00				0.00	0	0.00
				23.09.2017	Transfer	1	0.00	1	0.00
		-		31.03.2018	At the end of the year	-	-	1	0.00
10	Pradeep P. Andhare JT1 Gokak Textiles Ltd	0	0.00				0.00	0	0.00
				23.09.2017	Transfer	1	0.00	1	0.00
		-		31.03.2018	At the end of the year	-	-	1	0.00
11	Sachin Kulkarni JT1 Gokak Textiles Ltd *	10	0.00				0.00	0	0.00
				23.09.2017	Transfer	10	0.00	0	0.00
		-		31.03.2018	At the end of the year	-	-	0	0.00
12	Mohan Ketkar JT1 Gokak Textiles Ltd #	1	0.00				0.00	0	0.00
				23.09.2017	Transfer	1	0.00	0	0.00
		-		31.03.2018	At the end of the year	-	-	0	0.00
13	Ramananda Pai JT1 Gokak Textiles Ltd @	1	0.00				0.00	0	0.00
				23.09.2017	Transfer	1	0.00	0	0.00
		-		31.03.2018	At the end of the year	-	-	0	0.00

\* Ceased to be Shareholder as on March 31<sup>st</sup>, 2018

# Ceased to be Shareholder as on March 31<sup>st</sup>, 2018

@ Ceased to be Shareholder as on March 31<sup>st</sup>, 2018

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No.of Shares	% of total Shares of the company
1	Ramesh R. Patil - JT 1 Gokak Textiles Limited	0	0.00		At the end of the year			0	0.00
				-	Increase	10	0.00	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
2	Mukundan Srinivasan - JT 1 Gokak Textiles Limited	10	0.00				0.00	10	0.00
				-	No Change	0	0.00	10	0.00
				31.03.2018	At the end of the year	-	-	10	0.00
3	Vikram Nagar - JT 1 Gokak Textiles Limited	0	0.00				0.00	0	0.00
				-	Increase	1	0.00	1	0.00
				31.03.2018	At the end of the year	-	-	1	0.00
4	Kaiwan D. Kalyaniwalla	0	0.00				0.00	0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
5	Pradip N. Kapadia	0	0.00				0.00	0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
6	Chandrakant G. Shah	0	0.00				0.00	0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00
7	Rakesh M. Nanwani	0	0.00				0.00	0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2018	At the end of the year	-	-	0	0.00

**V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	6182.00	2779.22	100	9061.22
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	28.66	-	-	28.66
<b>Total (i+ii+iii)</b>	<b>6210.66</b>	<b>2779.22</b>	<b>100</b>	<b>9089.88</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	489.89	-	489.89
• Reduction	864.60	-	-	864.60
<b>Net Change</b>	<b>864.60</b>	<b>489.89</b>	<b>-</b>	<b>(374.71)</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	5321.75	3269.11	100	8690.86
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	24.31	-	-	24.31
<b>Total (i+ii+iii)</b>	<b>5346.06</b>	<b>3269.11</b>	<b>100</b>	<b>8715.17</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others please specify	Total
1.	Mr. S. Mukundan	80,000	-	-	80,000
2.	Mr. C. G. Shah	1,60,000	-	-	1,60,000
3.	Mr. Pradip N. Kapadia	1,70,000	-	-	1,70,000
4.	Mr. Kaiwan D. Kalyaniwala	1,70,000	-	-	1,70,000
	<b>Total</b>	<b>5,80,000</b>	<b>-</b>	<b>-</b>	<b>5,80,000</b>

Note : None of the Key Managerial Personnel are receiving any remuneration from the Company.

**VII. PENALTIES / PUNISHMENTS/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding / Fees imposed	Authority [RD/ NCLT/ COURT]	Appeals made if any
<b>A.</b>	<b>Company</b> Penalty Punishment Compounding		None and Not Applicable		
<b>B.</b>	<b>Directors</b> Penalty Punishment Compounding		None and Not Applicable		
<b>C.</b>	<b>Other Officers in Default</b> Penalty Punishment Compounding		None and Not Applicable		



## INDEPENDENT AUDITOR'S REPORT

### To the Members of GOKAK POWER & ENERGY LTD

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of Gokak Power & Energy Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of Changes in Equity for the year ended and a summary of the Significant Accounting Policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

#### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An Audit involves performing procedures to obtain Audit Evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers Internal Financial Control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March, 2018, and its loss (financial performance including other including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other Matter**

The financial Statements of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the Financial statements dated 09 May 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

**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 of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) On the basis of the Written Representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations that would impact its financial position in its Ind AS financial statements.
    - ii. The Company does not have any material foreseeable losses on long term contracts including derivative contracts requiring provision under the applicable law or Indian Accounting Standards.
    - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

**Kaushal Mehta**

Partner  
Membership No: 111749

Place : Mumbai  
Date : 18 May, 2018



## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS Financial Statements for the year ended 31 March 2018, we report that:

- i.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
  - b) As informed to us, the Company has a regular program for physical verification of fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, certain fixed assets have been verified by the Company as per the program and we were informed that no material discrepancies were noticed on such verification.
  - c) In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the Company the title deeds of immovable properties are held in the name of the Company.
- ii. The management has conducted physical verification of inventory of stores and spares at the year end. In our opinion the frequency of such verification is reasonable. Discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted loans, secured or unsecured to bodies corporate, Firms, Limited Liability Partnership covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') Accordingly paragraph 3(iii) of the order is not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to loan and investments made.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the Company. Accordingly, paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the records, the Company, is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, duty of excise, service tax, Goods and service tax, cess and other material statutory dues to the appropriate authorities.  
  
There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, goods and service tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.  
  
According to the information and explanations given to us by the Company and on the basis of our examination of the books of account and the record, there are no dues of Income Tax, Sales Tax, Service Tax, Goods and service tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute.
- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to Banks. There are no outstanding loans or borrowings from any financial institutions, Government and debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.

- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The company has not paid / provided any managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act. Accordingly, the paragraph 3(xi) of the Order is not applicable
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the Related Parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Hence, the provision of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

**Kaushal Mehta**

Partner  
Membership No: 111749

Place : Mumbai  
Date : 18 May, 2018





## **Annexure - B to the Auditors' Report**

### **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 Gokak Power & Energy Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 Ind AS 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that

the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, 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 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Reg. No.: 101048W

**Kaushal Mehta**

Partner  
Membership No: 111749

Place : Mumbai  
Date : 18 May, 2018



**GOKAK POWER & ENERGY LIMITED  
BALANCE SHEET AS AT 31 ST MARCH, 2018**

(₹ in lakhs)

Particulars	Note No.	As at 31 st March 2018	As at 31st March 2017
<b>Assets</b>			
<b>1 Non-current assets</b>			
a) Property, Plant and Equipment	3	10,516.59	10,859.18
b) Capital work-in-progress		10.09	14.26
		<b>10,526.68</b>	<b>10,873.44</b>
c) Financial Assets:			
i) Investments			
a) Investments in Associates	4	0.26	-
d) Tax assets			
i) Deferred tax assets (net)	14	-	834.54
ii) Income tax assets (net)	-	20.29	13.53
		<b>20.29</b>	<b>848.07</b>
e) Other non-current assets	8A	17.07	19.46
<b>Total Non-current assets</b>		<b>10,564.30</b>	<b>11,740.97</b>
<b>2 Current assets</b>			
a) Inventories	6	14.00	14.40
b) Financial Assets:			
i) Trade receivables	5	114.30	86.44
ii) Cash and cash equivalents	7A	59.30	35.88
iii) Bank balances other than (ii) above	7B	861.40	956.17
		<b>1,049.00</b>	<b>1,092.89</b>
c) Current tax assets (net)			
d) Other current assets	8B	98.74	459.99
<b>Total Current assets</b>		<b>1,147.74</b>	<b>1,552.88</b>
<b>Total Assets</b>		<b>11,712.04</b>	<b>13,293.85</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity share capital	9	4,900.00	4,900.00
b) Other equity	10	(1,957.15)	(745.85)
Equity attributable to owners of the Company		2,942.85	4,154.15
<b>Total Equity</b>		<b>2,942.85</b>	<b>4,154.15</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities:			
i) Borrowings	11	4,298.75	5,321.75
ii) Other financial liabilities	12A	100.00	100.00
		<b>4,398.75</b>	<b>5,421.75</b>
b) Provisions	13A	2.35	16.63
<b>Total Non-current liabilities</b>		<b>4,401.10</b>	<b>5,438.38</b>

(₹ in lakhs)

Particulars	Note No.	As at 31 st March 2018	As at 31st March 2017
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	16	3,269.11	2,779.23
ii) Trade payables	17	9.88	12.64
iii) Other financial liabilities	12B	1,083.85	900.82
		<b>4,362.84</b>	<b>3,692.69</b>
b) Provisions	13B	2.77	0.67
c) Other current liabilities	15	2.48	7.96
<b>Total current liabilities</b>		<b>4,368.09</b>	<b>3,701.32</b>
<b>Total Liabilities</b>		<b>8,769.19</b>	<b>9,139.70</b>
<b>Total Equity and Liabilities</b>		<b>11,712.04</b>	<b>13,293.85</b>

See accompanying notes forming part of the financial statements 1 to 36

The notes are an integral part of the these financial statements

As per our report of even date

For GOKAK POWER & ENERGY LIMITED

For BATLIBOI & PUROHIT

Chartered Accountants  
Firm Reg No. 101048W

Mukundan Srinivasan  
(DIN: 00276429)

Chairman

Kaushal Mehta

Partner  
Membership No. 111749

Vikram V. Nagar

Chief Financial Officer  
Membership No. M25783

Ramesh R. Patil  
(DIN: 07568951)

Whole-time Director

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

Kaiwan D. Kalyaniwalla  
(DIN: 00060776)

Rakesh M. Nanwani  
Company Secretary  
Membership No. A45718

Pradip N. Kapadia  
(DIN: 00078673)

Director

Chandrakant G. Shah  
(DIN: 00002358)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018



**GOKAK POWER & ENERGY LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2018**

(₹ in Lakhs)

Particulars		Note No.	Year Ended 31st March 2018	Year Ended 31st March 2017
I	Revenue from operations	18	1,292.21	1,053.91
II	Other income	19	54.19	75.07
III	Other Non Operating Income	19	7.01	-
IV	<b>Total Income</b>		<b>1,353.40</b>	<b>1,128.98</b>
V	<b>Expenses:</b>			
	Employee benefits expense	20	59.30	58.29
	Finance costs	21	938.98	1,022.53
	Depreciation and amortisation expense	22	354.28	354.64
	Other expenses	23	378.42	159.04
	<b>Total expenses</b>		<b>1,730.98</b>	<b>1,594.49</b>
VI	<b>Profit / (Loss) before exceptional items and tax</b>		<b>(377.58)</b>	<b>(465.51)</b>
VII	<b>Profit / (loss) before tax</b>		<b>(377.58)</b>	<b>(465.51)</b>
VIII	<b>Tax expense:</b>			
	(a) Deferred tax		834.54	(453.53)
			<b>834.54</b>	<b>(453.53)</b>
IX	<b>Profit /(loss) for the year</b>		<b>(1,212.12)</b>	<b>(11.99)</b>
X	<b>Other Comprehensive Income</b>			
	<b>A (i) Items that will not be reclassified to profit or loss</b>			
	Remeasurement of the defined benefit plans	24	0.82	0.54
	<b>Other Comprehensive Income, net of tax</b>		<b>0.82</b>	<b>0.54</b>
XI	<b>Total Comprehensive Income / (loss) for the year</b>		<b>(1,211.30)</b>	<b>(11.44)</b>
XII	<b>Earning per equity share</b>			
	Basic and diluted earnings per equity share ( refer Note No. 25)		₹ (2.47)	₹ (0.02)

See accompanying notes forming part of the financial statements 1 to 36

The notes are an integral part of the these financial statements

**As per our report of even date**

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**Vikram V. Nagar**  
Chief Financial Officer  
Membership No. M25783

**Rakesh M. Nanwani**  
Company Secretary  
Membership No. A45718

**For GOKAK POWER & ENERGY LIMITED**

**Mukundan Srinivasan** Chairman  
(DIN: 00276429)

**Ramesh R. Patil** Whole-time Director  
(DIN: 07568951)

**Kaiwan D. Kalyaniwalla**  
(DIN: 00060776)

**Pradip N. Kapadia** Director  
(DIN: 00078673)

**Chandrakant G. Shah**  
(DIN: 00002358)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK POWER & ENERGY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2018**

(₹ in Lakhs)

PARTICULARS	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit \ (Loss) before tax for the year	(377.58)	(468.54)
<b>Adjustments for:</b>		-
Depreciation expenses	354.28	354.64
Finance Cost	938.98	1,022.53
Balances written off	(3.63)	-
acturail gain/loss on defined benefit obligations	0.82	-
Interest Income	(54.19)	(75.07)
<b>Cash Generated from operations before working capital changes</b>	<b>858.69</b>	<b>833.56</b>
<b>Adjustments for:</b>		
(Increase)/decrease in trade receivables	(27.86)	(73.99)
(Increase)/decrease in inventories	0.40	3.42
(Increase)/decrease in Other Assets	363.64	288.77
(Increase)/decrease in trade payables	0.87	12.64
Increase / (Decrease) in Provision	(12.18)	(5.67)
Increase / (Decrease) in other Liabilities	181.90	(1,177.88)
<b>Cash generated from operations</b>	<b>1,365.45</b>	<b>(119.15)</b>
Taxes paid (net of refunds)	(6.76)	-
<b>Net cash generated from operating activities - [A]</b>	<b>1,358.69</b>	<b>(119.15)</b>
<b>B. Cash Flow from Investing Activities :</b>		
Investment in Associate Companies	(0.26)	-
Purchase of tangible assets	(11.69)	8.08
Net Movement in Bank Balance other than Cash and Cash equipments	94.77	(60.44)
Net Movement in borrowings	(1,476.45)	-
Change in CWIP	4.17	-
Interest received	54.19	75.07
<b>Net cash flow from/ (used in) investing activities [B]</b>	<b>141.18</b>	<b>83.16</b>
<b>C. Cash Flow from Financing Activities :</b>		
Finance Cost	(943.33)	(1,022.53)
Net movement in borrowings	(533.12)	625.65
<b>Net cash flow from/ (used in) financing activities [C]</b>	<b>(1,476.45)</b>	<b>(396.88)</b>
<b>Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]</b>	<b>23.42</b>	<b>(493.30)</b>
<b>Cash and cash equivalents as at beginning [E]</b>	<b>35.88</b>	<b>529.18</b>
<b>Cash and cash equivalents as at closing [D]+[E]</b>	<b>59.30</b>	<b>35.88</b>



PARTICULARS		Year ended 31st March, 2018	Year ended 31st March, 2017
<b>D</b>	<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
	Cash on Hand	0.02	0.39
	<b>Balances with banks:</b>		
	- In current accounts	59.28	35.48
		<b>59.30</b>	<b>35.88</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS-7), "Cash Flow Statements".
- Change in Borrowings are shown net of receipts and payments.
- Previous year figures have been rearranged/regrouped wherever necessary.

As per our report of even date

For GOKAK POWER &amp; ENERGY LIMITED

For **BATLIBOI & PUROHIT**Chartered Accountants  
Firm Reg No. 101048W**Mukundan Srinivasan**  
(DIN: 00276429)

Chairman

**Kaushal Mehta**Partner  
Membership No. 111749**Vikram V. Nagar**  
Chief Financial Officer  
Membership No. M25783**Ramesh R. Patil**  
(DIN: 07568951)

Whole-time Director

Place : Mumbai  
Date : 18<sup>th</sup> May 2018**Kaiwan D. Kalyaniwalla**  
(DIN: 00060776)**Rakesh M. Nanwani**  
Company Secretary  
Membership No. A45718**Pradip N. Kapadia**  
(DIN: 00078673)

Director

**Chandrakant G. Shah**  
(DIN: 00002358)Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**GOKAK POWER & ENERGY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 ST MARCH, 2018**

₹ In Lakhs

Statement of changes in equity for the year ended 31st March, 2018		Amount
<b>a. Equity share capital</b>		
Balance as at 1st April, 2016		4,900
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2017</b>		<b>4,900</b>
Changes in equity share capital during the year		-
<b>Balance as at 31st March, 2018</b>		<b>4,900</b>

**Statement of changes in equity for the year ended 31st March, 2018 – continued**

₹ in Lakhs

b. Other equity	Reserves and surplus	
	Retained earnings	Total
<b>Balance at April 1, 2016</b>	<b>(731.38)</b>	<b>(731.38)</b>
Profit for the year	(15.01)	(15.01)
Other comprehensive income for the year, net of income tax	0.54	0.54
<b>Total comprehensive income for the year</b>	<b>(14.47)</b>	<b>(14.47)</b>
<b>Balance at March 31, 2017</b>	<b>(745.85)</b>	<b>(745.85)</b>
Profit for the year	(1,212.12)	(1,212.12)
Other comprehensive income for the year, net of income tax	0.82	0.82
<b>Total comprehensive income for the year</b>	<b>(1,211.30)</b>	<b>(1,211.30)</b>
<b>Balance at March 31, 2018</b>	<b>(1,957.15)</b>	<b>(1,957.15)</b>

As per our report of even date

For GOKAK POWER &amp; ENERGY LIMITED

For **BATLIBOI & PUROHIT**Chartered Accountants  
Firm Reg No. 101048W**Mukundan Srinivasan**  
(DIN: 00276429)

Chairman

**Kaushal Mehta**  
Partner

Membership No. 111749

**Vikram V. Nagar**  
Chief Financial Officer

Membership No. M25783

**Ramesh R. Patil**  
(DIN: 07568951)

Whole-time Director

Place : Mumbai  
Date : 18<sup>th</sup> May 2018**Kaiwan D. Kalyaniwalla**  
(DIN: 00060776)**Rakesh M. Nanwani**  
Company Secretary  
Membership No. A45718**Pradip N. Kapadia**  
(DIN: 00078673)

Director

**Chandrakant G. Shah**  
(DIN: 00002358)Place : Mumbai  
Date : 18<sup>th</sup> May 2018





**GOKAK POWER & ENERGY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018**

**1 Corporate Information**

Gokak Power & Energy Limited is public company incorporated on 17th January 2012 under the provisions of Companies Act, 1956. The company is in the business of generation/producing hydro power. The Company has 10.8 MW of Hydro power plant. Its registered office is at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle ,Rajarajeshwari Nagar, Bangalore 560098, Karnataka.

**2 Basis of preparation**

**(a) Statement of Compliance -**

The financial statements have been prepared in accordance with Indian Accounting standards ( IND AS ) notified under section 133 of the Companies Act 2013, the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Details of the Company's accounting policies are included in below Note 3.

**(b) Functional and presentation currency:-**

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

<b>Items</b>	<b>Measurement basis</b>
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**(d) Use of Estimates :**

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Assumptions and estimation of uncertainties**

Information about assumptions and estimations of uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 14 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 27 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(b) - useful life of property, plant and equipment
- Notes 3(d) - Financial Instruments

**(e) Measurement of fair values**

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

The Company has an established control framework with respect to the measurement of fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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 a 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.

Further information about the assumptions made in the measuring fair values is included in the following notes: Note 32 - financial instruments.

**3 Significant accounting policies****(a) Property, plant and equipment:**

Items of property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from the exchange rates variances relating to liabilities attributable to fixed assets are expensed out.

**(b) Depreciation /Amortisation:**

Depreciation is provided on a pro-rata basis on the straight line method at the rates prescribed under Schedule II to the Companies Act, 2013.

Sr. No.	Particulars	Useful Life In years
1	Building & Structures	30
2	Plant & Machinery	40
3	Furniture & Fixtures	10
4	Office Equipments	5

**(c) Borrowing cost :**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(d) Financial instruments****i. Recognition and initial measurement**

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue 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. Regular way purchase and sale of financial assets are accounted for at trade date.



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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**ii. Classification and subsequent measurement**

**Financial assets**

**(a) Financial assets carried at amortised cost**

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

**(b) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

**(c) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**iii. De-recognition**

**(a) Financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets 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 assets.

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 de-recognised.

**(b) Financial liabilities**

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also de-recognises 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 a new financial liability with modified terms is recognised in the statement of profit and loss.

**iv. Off setting**

Financial assets and financial liabilities are off set 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 realise the asset and settle the liability simultaneously.

**(e) Revenue recognition :**

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Income from Power Generation: Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and net of taxes and duties.

Revenue from renewable energy certificates is recognised on an accrual basis.

**(f) Provisions and Contingent Liability**

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty. Contingent Assets are not recognised.

**(g) Income tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

**Deferred tax is not recognised for:**

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company off sets, the current tax assets and liabilities (on year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

### (h) Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with IND AS 33, on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

### (i) Impairment

#### (a) Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

#### (b) Non -financial assets

##### Intangible assets and property, plant and equipment

(a) Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

#### (j) Inventories :

Inventories are valued at lower of cost and net realisable value. Stores, Spares and loose Tools cost is determined on weighted average method.

#### (k) Investments in Associate :

Investment in Equity shares of Suryoday One Energy Pvt. Ltd, which is an associate company, is recognised at cost.

#### (l) Employee Benefits :

##### (a) Short - term obligations

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

##### (b) Other long term Employee benefit obligation

Long-term compensated absence of permanent employees is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued****Defined Contribution Plans:**

Employee benefits in the form of Provident Fund and Superannuation are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

**Defined Benefit Plan**

Retirements benefits in the form of Gratuity for eligible employees is considered as defined benefit obligations and are provided on the basis of actuarial valuation, using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**(m) Segment reporting :**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(n) Cash and Cash equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, bank balance, deposits held at call with financial institutions.

**(o) Cash flow statement**

Cash flows are reported using indirect method, whereby net profits 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**(p) Recent accounting pronouncements****Standards issued but not yet effective:****- Ind AS 115 – Revenue from Contracts with customers:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect on adoption of Ind AS 115 will not be material.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**- Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect of this amendment will not be material

**3. Property, plant and equipment**

(₹ in lakhs)

Particulars	Building and structures	Plant and machinery	Furniture, Fixtures & Office Equipments	Data processing equipments	Total
<b>Cost or Deemed cost</b>					
Balance at April 1, 2016	6,777.64	4,628.97	0.83	-	11,407.44
Additions	-	-	0.01	-	0.01
Balance at April 1, 2017	6,777.64	4,628.97	0.84	-	11,407.45
Additions	-	11.69	-	-	11.69
Balance at 31 st March, 2018	6,777.64	4,640.67	0.84	-	11,419.15
<b>Accumulated depreciation and impairment</b>					
<b>Balance at April 1, 2016</b>	<b>127.66</b>	<b>65.92</b>	<b>0.06</b>	-	<b>193.64</b>
Depreciation expense	236.89	117.62	0.13	-	354.64
Others					
Balance at April 1, 2017	364.55	183.53	0.19	-	548.28
Depreciation expense	236.55	117.61	0.12	-	354.28
Balance at 31 st March, 2018	601.10	301.14	0.31	-	902.55
<b>Carrying Amount</b>	-	-	-	-	-
<b>Balance at April 1, 2016</b>	<b>6,649.98</b>	<b>4,563.06</b>	<b>0.78</b>	-	<b>11,213.82</b>
<b>Balance at April 1, 2017</b>	<b>6,413.09</b>	<b>4,445.44</b>	<b>0.65</b>	-	<b>10,859.18</b>
<b>Balance at 31 st March, 2018</b>	<b>6,176.54</b>	<b>4,339.52</b>	<b>0.53</b>	-	<b>10,516.59</b>

**4. Non Current Investments**

**Break-up of investments in associates (at cost)**

(₹ in lakhs)

Particulars	As at 31 st March 2018		As at 31st March 2017	
	Qty	Amount	Qty	Amount
<b>In Associate companies</b>				
<b>Unquoted Investments (all fully paid)</b>				
<b>Equity Instruments</b>				
1. In unquoted 2600 equity shares of ₹ 10 each fully paid up of Suryoday One Energy Pvt. Ltd.	2,600	0.26	-	-
<b>TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A)</b>	<b>2600</b>	<b>0.26</b>	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 5. Trade receivables

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>Trade receivables</b>		
a) Secured, considered good	20.07	74.97
b) Related Parties	94.23	11.47
<b>Total</b>	<b>114.30</b>	<b>86.44</b>

## 6. Inventories

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>Inventories (lower of cost and net realisable value)</b>		
Stores and spares	14.00	14.40
<b>Total</b>	<b>14.00</b>	<b>14.40</b>

## 7. Cash and Cash equivalents

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>(7A) Balances with Banks</b>		
(i) In current accounts	59.28	35.48
(ii) Cash on hand	0.02	0.39
<b>Cash and cash equivalents</b>	<b>59.30</b>	<b>35.88</b>
<b>(7B) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI under lien.</b>	<b>861.40</b>	<b>956.17</b>
<b>Total</b>	<b>861.40</b>	<b>956.17</b>

## 8. Other assets

(₹ in lakhs)

<b>8A. Non Current</b>		
Particulars	As at 31 st March 2018	As at 31st March 2017
Advance other than Capital Assets :		
a) Prepaid expenses	17.07	19.46
<b>Total</b>	<b>17.07</b>	<b>19.46</b>

**8B. Current**

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>Advances other than Capital Advances :</b>		
a) Advances to Employees	0.64	0.54
b) Advances for supply of goods and services -Unsecured considered good	2.88	3.33
c) REC Receivable	95.01	455.90
d) Security Deposits	0.22	0.22
<b>Total</b>	<b>98.74</b>	<b>459.99</b>





**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**9. Equity Share Capital**

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>Authorised Share capital :</b>		
5,00,00,000 fully paid equity shares of ₹ 10 each	5,000.00	5,000.00
<b>Issued, subscribed and paid-up share capital:</b>		
4,90,00,000 fully paid equity shares of ₹ 10 each (as at March 31, 2016: 4,900.00)	4,900.00	4,900.00
	<b>4,900.00</b>	<b>4,900.00</b>

**9.1 Fully paid equity shares**

(₹ in lakhs)

Particulars	Number of shares	Share capital (₹ in Lakhs)
Balance as at 1st April, 2016	4,90,00,000	4,900.00
Movements	-	-
Balance as at 1st April, 2017	4,90,00,000	4,900.00
Movements	-	-
<b>Balance as at 31st March, 2018</b>	<b>4,90,00,000</b>	<b>4,900.00</b>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

**9.2 Details of shares held by the holding company, its subsidiaries and associates**

Particulars	Fully paid ordinary shares	
	As at 31st March, 2018	As at 31st March, 2017
<b>Balance at the beginning of the period :</b>		
Gokak Textiles Limited - Holding Company	2,49,90,000	2,49,90,000
<b>Total</b>	<b>2,49,90,000</b>	<b>2,49,90,000</b>

**9.3 Details of shares held by each shareholder holding more than 5% shares**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
Fully paid equity shares Shapoorji Pallonji Infrastructure Capital Company Private limited.	2,40,10,000	49%	2,40,10,000	49%
<b>Total</b>	<b>2,40,10,000</b>	<b>49%</b>	<b>2,40,10,000</b>	<b>49%</b>

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

**10. Other Equity**

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Surplus/ Deficit in retained earnings</b>		
Balance at beginning of the year	(745.85)	(730.84)
Profit / (loss ) during the year	(1,211.30)	(15.01)
<b>Balance at end of the year</b>	<b>(1,957.15)</b>	<b>(745.85)</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 11. Non-current Borrowings

(₹ in lakhs)

Particulars	Non Current maturities		Current maturities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
<b>Secured – at amortised cost</b>				
(a) Term loans				
From banks				
i) ICICI Bank Ltd	4,298.75	5,321.75	1,023.00	860.25
ICICI BANK LIMITED - First ranking mortgage/hypothecation/assignment/security interest /charge/pledge on all the moveable, immovable both present and future, all rights, titles, permits, approvals and interests of the company in, to and in respect of all the assets of the company, all clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares.	-			
<b>Total Non-current borrowings</b>	<b>4,298.75</b>	<b>5,321.75</b>	<b>1,023.00</b>	<b>860.25</b>

## 12. Other financial liabilities

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>12A. Non Current</b>		
Other than advances :		
Security deposits	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>12B. Current</b>		
a) Current maturities of long-term borrowings	1,023.00	860.25
b) Interest accrued but not due on borrowings	24.31	28.66
c) Others :-		
- Other Payables Salary & Others	36.54	11.91
<b>Total</b>	<b>1,083.85</b>	<b>900.82</b>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

13. Provisions

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>13a. Non current</b>		
a) Employee benefits		
Compensated absences	2.35	2.93
Gratuity	-	13.70
<b>Total</b>	<b>2.35</b>	<b>16.63</b>

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>13b. Current</b>		
a) Employee benefits		
Compensated absences	0.47	0.30
Gratuity	2.30	0.38
<b>Total</b>	<b>2.77</b>	<b>0.67</b>

14. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
Deferred tax assets	1,178.64	3,313.21
Deferred tax liabilities	1,178.64	2,478.67
<b>Total</b>	<b>0.00</b>	<b>834.54</b>

Current Year ( 2017-2018)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(2,478.66)	1,300.02				(1,178.64)
b) Other liabilities & Provisions	12.98	(11.65)				1.33
<b>Total (A) ...</b>	<b>(2,465.68)</b>	<b>1,288.37</b>				<b>(1,177.31)</b>
a) MAT Credit	51.03	(51.03)				-
b) Others	3,249.20	(2,071.89)				1,177.31
<b>Total (B) ...</b>	<b>3,300.23</b>	<b>(2,122.92)</b>				<b>1,177.31</b>
<b>Total (A+B) ...</b>	<b>834.55</b>	<b>(834.55)</b>				<b>-</b>

Previous Year ( 2016-2017)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>						
a) Property, plant and equipment	(1,091.24)	(1,387.43)				(2,478.67)
b) Other liabilities & Provisions	7.10	5.88				12.98
<b>Total (A) ...</b>	<b>(1,084.14)</b>	<b>(1,381.55)</b>				<b>(2,465.69)</b>
a) MAT Credit	51.03	-				51.03
b) Others	1,414.12	1,835.08				3,249.20
<b>Total (B) ...</b>	<b>1,465.15</b>	<b>1,835.08</b>				<b>3,300.23</b>
<b>Total (A+B) ...</b>	<b>381.01</b>	<b>453.53</b>				<b>834.54</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 15. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
a) Statutory remittances	2.48	7.96
<b>Total</b>	<b>2.48</b>	<b>7.96</b>

## 16. Current Borrowings

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
<b>Unsecured - at amortised cost</b>		
<b>a) Loans from related parties</b>		
loans from Holding Company	382.56	353.06
loans from Related party	2,886.54	2,426.16
<b>Total</b>	<b>3,269.11</b>	<b>2,779.22</b>

## 17. Trade

## Current payables

(₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
Trade payables		
Others	9.88	12.64
<b>Total</b>	<b>9.88</b>	<b>12.64</b>

Note - There are no dues outstanding to Micro, Small and Medium enterprises as per MSMED Act 2006.

## 18. Revenue from operations

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
a) Income from Sale of Power	1,093.72	1,053.91
<b>Total (a)</b>	<b>1,093.72</b>	<b>1,053.91</b>
b) Other operating revenues		
i) Sale of RECs	198.49	-
<b>Total (b)</b>	<b>198.49</b>	<b>-</b>
<b>Total (a+b)</b>	<b>1,292.21</b>	<b>1,053.91</b>

## 19. Other Income

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
a) Interest on deposits with bank		
i) Bank deposits	54.19	66.76
ii) Income Tax refund	-	8.32
<b>Total (a)</b>	<b>54.19</b>	<b>75.07</b>
<b>b) Other Non-Operating Income (Net of expenses directly attributable to such income)</b>		
i) Credit balances / excess provision written back	3.63	-
ii) Miscellaneous income	3.38	-
<b>Total (b)</b>	<b>7.01</b>	<b>-</b>
<b>Total (a+b)</b>	<b>61.20</b>	<b>75.07</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**20. Employee benefits expense**

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
i) Salaries and Wages	50.32	49.91
ii) Contribution to provident and other funds	7.09	6.31
iii) Staff Welfare Expenses	1.90	2.07
<b>Total</b>	<b>59.31</b>	<b>58.29</b>

**21. Finance Costs**

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
<b>(a) Interest costs measured at amortised costs</b>		
i) Interest on Security Deposits	12.00	-
ii) Interest on bank Term Loans	626.78	729.47
iv) Interest on Inter Corporate Deposits	300.19	293.05
<b>Total</b>	<b>938.97</b>	<b>1,022.52</b>

**22. Depreciation and amortisation expense**

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
i) Depreciation of property, plant and equipment	354.28	354.64
<b>Total depreciation and amortisation</b>	<b>354.28</b>	<b>354.64</b>

**23. Other expenses**

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
a) Consumption of stores and spare parts	17.39	16.31
b) Power and fuel	0.54	1.35
c) Freight and Handling	0.08	0.03
d) Directors Sitting fees	6.79	3.22
<b>e) Repairs to :</b>		
i) Buildings	0.65	6.59
ii) Plant and machinery	13.39	7.58
iii) Others	11.71	10.55
f) Insurance	23.73	28.40
g) Rates and taxes	1.61	1.89
h) Administrative Expenses	0.73	-
i) Printing & Stationery	0.03	0.06
j) Legal and professional charges	19.86	18.56
k) Travelling and conveyance	0.93	1.16
l) Water Royalty Charges	60.41	61.10
m) Revaluation Loss on REC	218.22	-
n) Miscellaneous expenses	-	0.17
<b>Total (a to n)</b>	<b>376.04</b>	<b>156.97</b>
<b>o) To Statutory auditors</b>		
i) For audit fee	1.44	2.07
ii) For tax audit fee	0.94	-
<b>Total (o)</b>	<b>2.38</b>	<b>2.07</b>
<b>Total (a to o)</b>	<b>378.42</b>	<b>159.04</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

## 24. Other comprehensive income

(₹ in lakhs)

Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Re-measurement of defined benefit obligation	0.82	0.54
<b>Total</b>	<b>0.82</b>	<b>0.54</b>

## 25. Earnings per share :

## Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows. (₹ in lakhs)

Particulars	As at 31 st March 2018	As at 31st March 2017
Profit for the year attributable to owners of the Company (A)	(1,212.12)	(11.99)
Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B)	490.00	490.00
<b>Basic &amp; Diluted Earnings per share (A/B)</b>	<b>(2.47)</b>	<b>(0.02)</b>

## 26. Lease Transactions :

Company do not have any operating & financial Lease. Hence there is no future minimum lease payment.

## 27. Employee benefits obligations :

## Defined-contribution plans:

The Company has recognised the following amounts in the statement of profit and loss in note 20, "Contributions to provident and other funds": (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provident fund	5.73	6.31
Superannuation fund	0.16	-
Total contribution	5.89	6.31

Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>a)</b>	<b>Change in Present Value of Obligation</b>		
	Present value of the obligation at the beginning of the year	18.13	19.38
	Current Service Cost	0.99	0.96
	Interest Cost	1.39	1.57
	Actuarial (Gain) / Loss on Obligation due to experience	(0.36)	0.84
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(0.27)	(1.33)
	Benefits Paid	-	(3.29)
	Present value of the obligation at the end of the year	19.88	18.13
<b>b)</b>	<b>Change in Plan Assets</b>		
	Fair value of Plan Assets at the beginning of the year	4.06	-
	Interest Income	0.31	-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
	Return on plan assets excluding interest income	0.20	0.06
	Contributions by Employer	13.01	4.00
	Fair value of Plan Assets at the end of the year	17.58	4.06
<b>c)</b>	<b>Amounts Recognised in the Balance Sheet</b>		
	Present value of Obligation at the end of the year	(19.88)	(18.13)
	Fair value of Plan Assets at the end of the year	17.58	4.06
	Funded Status	(2.30)	14.07
	Net asset at the end of the year	(2.30)	14.07
<b>d)</b>	<b>Amounts Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	0.99	0.96
	Finance cost / (income)	1.08	1.57
	Net impact on the loss before tax	2.07	2.53
<b>e)</b>	<b>Amounts Recognised in Other Comprehensive Income</b>		
	Actuarial (gains) / losses for the period	(0.62)	(0.49)
	Return on plan asset excluding interest income	(0.20)	(0.06)
	Net (income) / expenses for the period recognised in other comprehensive income	(0.82)	(0.55)
<b>f)</b>	<b>Actual return on Plan Assets</b>		
	Interest Income	0.31	-
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	0.31	-
<b>g)</b>	<b>Actuarial Assumptions</b>		
	i) Discount Rate	7.87%	7.66%
	ii) Expected Rate of Return on Plan Assets	7.87%	7.66%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00%	2.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

<b>Maturity Analysis of the benefit payments : from the fund</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
<b>Projected Benefits payable in future years from the date of reporting</b>		
1 St Following Year	7.04	0.38
2 nd Following Year	0.30	4.61
3 rd Following Year	0.31	2.60
4 th Following Year	4.57	0.30
5 th Following Year	0.25	3.95
Sum of years 6 th to 10 th	3.12	3.00
Sum of years 11 th and above	26.47	26.08

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

Maturity Analysis of the benefit payments : from the fund	As at 31st March, 2018	As at 31st March, 2017
Projected Benefit obligation On Current Assumptions	19.88	18.13
Delta effect of +1% Change in rate of Discounting	(1.15)	(0.64)
Delta effect of -1% Change in rate of Discounting	1.36	0.70
Delta effect of +1% Change in rate of Salary increase	1.40	0.72
Delta effect of -1% Change in rate of Salary increase	(1.20)	(0.67)
Delta effect of +1% Change in rate of Employee Turnover	0.53	0.27
Delta effect of -1% Change in rate of Employee Turnover	(60.00)	(0.29)

Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Above disclosures have been made on the basis of certificate received from actuary.

The assumptions with regards to salary escalation and attrition rates are the expectations of the entity based on the salary escalation that the entity will provide in future and the expected attrition rate in the future. Historical trends of these assumptions may or may not be suitable to be extrapolated for the future projections, as it is the entity's prerogative to decide on the expected future trends and thereby the assumptions given by the entity are accepted.

The assumptions with regards to discount rate has been considered as per the requirement of the standard. Since no separate analysis of the mortality rate of the entity was undertaken, we have considered the latest mortality table available.

The results are particularly sensitive to some assumptions, such as discount rate, level of salary inflation, level of employee turnover and mortality. Such as decrease in the assumed discount rate are an increase in salary inflation will lead to increase in reported liability.

## 28. Related Party Disclosures :

### Current Year

#### (a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity
Holding Company	Gokak Textiles Limited
Ultimate Holding Company	Shapoorji Pallonji & Company Private Limited
Associate Companies	Suryoday One Energy Private Limited
Fellow Subsidiaries	Shapoorji Pallonji Infrastructure Capital Company Private Limited Shapoorji Pallonji Energy (Gujarat) Private Limited
Key Management Personnel and their relatives ("KMP")	Mr. Ramesh R. Patil - Whole Time Director Mr. Vikram V. Nagar - Chief Financial Officer Mr. Rakesh M. Nanwani - Company Secretary Mr. Mukundan Srinivasan - Chairman Mr. Kaiwan D. Kalyaniwalla - Director Mr. Pradip N. Kapadia - Director Mr. Chandrakant G. Shah - Director.
Trusts	Gokak Falls Education & Medical Trust





**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued**

**(b) transactions/ balances with above mentioned related parties (mentioned in note 28 above)**

Nature of Transactions	Holding Company	Ultimate Holding Company	Associate Companies	Fellow Subsidiary	Key Managerial Personnel	Trust	Total
<b>Sales (including Electricity Tax)</b>	<b>863.00</b>	-	-	-	-	-	<b>863.00</b>
Previous Year (including Electricity Tax)	502.74	-	-	-	-	-	502.74
<b>Interest Accrued</b>	<b>12.00</b>	<b>260.08</b>	-	<b>40.11</b>	-	-	<b>312.19</b>
Previous Year	67.78	184.53	-	40.74	-	-	293.04
<b>Services received</b>	-	<b>2.62</b>	-	-	-	-	<b>2.62</b>
Previous Year	-	-	-	-	-	-	-
<b>Director sitting fees</b>	-	-	-	-	<b>6.79</b>	-	<b>6.79</b>
Previous Year	-	-	-	-	3.22	-	3.22
<b>Borrowings</b>	-	<b>245.00</b>	-	-	-	-	<b>245.00</b>
Previous Year	-	1,158.00	-	-	-	-	1,158.00
<b>Refund Received</b>	<b>2.73</b>	-	-	-	-	-	<b>2.73</b>
Previous Year	-	-	-	-	-	-	-
<b>Reimbursement of Expenditure</b>	<b>0.97</b>	-	-	-	-	-	<b>0.97</b>
Previous Year	1.14	-	-	-	-	0.76	1.90
<b>Deposit Payable</b>	<b>100.00</b>	-	-	-	-	-	<b>100.00</b>
Previous Year	100.00	-	-	-	-	-	100.00
<b>Receivables</b>	<b>94.23</b>	-	-	-	-	-	<b>94.23</b>
Previous Year	11.46	-	-	-	-	-	11.46
<b>Payables</b>	-	<b>2,841.63</b>	-	<b>427.48</b>	-	-	<b>3,269.11</b>
Previous Year	-	2,337.85	-	441.37	-	0.03	2,779.25
<b>Investments in Equity Shares of Associate Company</b>	-	-	<b>0.26</b>	-	-	-	<b>0.26</b>
Previous Year	-	-	-	-	-	-	-

**(c) Details of Related Party Transactions (mentioned in note 28 above)**

Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017	Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of Electricity</b>			<b>Deposit Payable</b>		
Gokak Textiles limited	863.00	502.74	Gokak Power & Energy Limited	100.00	100.00
<b>Services Received</b>			<b>Receivables</b>		
Shapoorji Pallonji & Company Private Limited	2.62	-	Gokak Textiles Limited	94.23	11.46
<b>Interest accrued</b>			<b>Payables</b>		
Gokak Textiles Limited	12.00	67.78	Gokak Falls Education & Medical Trust	-	0.03
Shapoorji Pallonji & Company Private Limited	260.08	184.53	Shapoorji Pallonji & Company Private Limited	2,841.63	2,337.85

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017	Nature Of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
Shapoorji Pallonji Infrastructure Capital Company Private Limited	32.78	31.56	Shapoorji Pallonji Infrastructure Capital Company Private Limited	382.57	353.06
Shapoorji Pallonji Energy (Gujarat) Private Limited	7.34	9.18	Shapoorji Pallonji Energy (Gujarat) Private Limited	44.91	88.31
<b>Loans Taken</b>					
Shapoorji Pallonji & Company Private Limited	245.00	1,158.00			
<b>Refund received</b>					
Gokak Textiles Limited	2.73	-			
<b>Reimbursement of Expenditure</b>					
Gokak Textiles Limited	0.97	1.14			
Gokak Falls Education & Medical Trust	-	0.76			
<b>Investments in Equity Shares of Associate Company</b>					
Suryoday One Energy Private Limited	0.26	-			

**29 Capital Management :**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans. The funding requirements are met through short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below :

Particulars	March 31, 2018	March 31, 2017
<b>Total Equity</b>	<b>2,942.85</b>	<b>4,154.15</b>
Short Term Borrowings	3,269.11	2,779.23
Long Term Borrowings	4,298.75	5,321.75
Current Maturities of Long Term Borrowings	1,023.00	860.25
<b>Total Debt</b>	<b>8,590.86</b>	<b>8,961.23</b>
Cash & Cash equivalents	59.30	35.88
Bank balances other than above	861.40	956.17
<b>Total Cash and Cash Equivalents</b>	<b>920.71</b>	<b>992.04</b>
<b>Net Debt</b>	<b>4,401.04</b>	<b>5,189.96</b>
<b>Debt Equity ratio</b>	<b>1.50</b>	<b>1.25</b>
Debt Equity Ratio = Net debt / Total Equity		

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued****30 Financial risk management objectives :**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial assets include trade receivables, cash and cash equivalents that comes directly from its operations and financial liabilities comprises of borrowings, trade and other payables, and financial guarantee contracts. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Company is exposed to market risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks.

**(a) Market Risk :**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price. Market risk is attributable to all market risk sensitive financial instruments, loans and borrowings.

The finance department undertakes management of cash resources, borrowing mechanism and ensuring compliance with market risk limits.

**Currency risk**

The company is not exposed to currency risk, since there are not transaction in foreign currency.

**Interest Risk and Sensitivity Analysis :**

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The company manages its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The company is not exposed to interest rate risks.

**(b) Liquidity Risk :**

Prudent liquidity risk management implies maintaining sufficient cash and bank balance and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company's finance department is responsible for liquidity, funding as well as settlement management and then processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The Company do not have credit lines as at the end of the reporting period.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables shows principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹ in Lakhs

Maturities of Financial Liabilities	March 31, 2018			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings ( Long term and Short term)	8,590.86	2,325.00	1,973.75	-
Trade Payables	9.88	-	-	-
Other Financial Liabilities ( Including current maturities of long term borrowings )	1,083.85	-	-	-
<b>Total</b>	<b>9,684.59</b>	<b>2,325.00</b>	<b>1,973.75</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2018 - Continued

₹ in Lakhs

Maturities of Financial Liabilities	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings ( Long term and Short term)	2,779.22	2,139.00	2,511.00	671.75
Trade Payables	12.64	-	-	-
Other Financial Liabilities (Including current maturities of long term borrowings )	900.82	-	-	-
<b>Total</b>	<b>3,692.68</b>	<b>2,139.00</b>	<b>2,511.00</b>	<b>671.75</b>

**(c) Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

**Trade and other receivables**

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Financial assets that potentially expose the Company to credit risks are listed below:

Particulars	March 31, 2018	March 31, 2017
Trade receivables	114.30	86.44
Other financial assets	115.81	479.45
<b>Total</b>	<b>230.11</b>	<b>565.89</b>

The above receivables are pertaining to only two customers i.e. the holding company and a State government, hence the company's credit risk is significantly low.

**31 Movement in financial liabilities included under financing activities in statement of cash flows :**

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

Particulars	As on 1st April 2017	Cash in flow/ (out flow)	As on 31st March 2018
Short Term Borrowings	2,779.23	489.88	3,269.11
Long Term Borrowings	5,321.75	(1,023.00)	4,298.75
Current maturities of long term borrowings	860.25	162.75	1,023.00



**32 Financial Instrument - Fair Value & Risk management:**

Categories of Financial Instruments:	March 31, 2018			March 31, 2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i) Financial Assets						
Trade Receivables			114.30			86.44
Cash & Bank Balances			59.30			35.88
Bank balances other than above			861.40			956.17
Other Financial Assets			95.01			455.90
	-	-	<b>1,130.01</b>	-	-	<b>1,534.37</b>
ii) Financial liabilities						
Borrowings			4,298.75			5,321.75
Trade Payables			9.88			12.64
Other Financial Liabilities			1,083.85			900.82
		-	<b>5,392.48</b>	-	-	<b>6,235.21</b>

**33 Segment reporting :-**

The Chief Operating Decision maker of the Company examines Company's performance as one operating segment only namely - Power Out of the total revenue, 85% of the revenue pertains to only two customers i.e. the holding company and a State government.

**34** Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**35** Company has appointed Batliboi & Purohit Chartered accountants, in its 6<sup>th</sup> Annual General meeting in place of retiring Statutory Auditor Murugesh & Co., Chartered Accountants.

**36** Approval of Financial Statements :- The financial statements were approved for issue by the board of directors on 18<sup>th</sup> May 2018.

The notes are an integral part of the these financial statements

**As per our report of even date**

**For GOKAK POWER & ENERGY LIMITED**

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No. 101048W

**Mukundan Srinivasan** *Chairman*  
(DIN: 00276429)

**Kaushal Mehta**  
*Partner*  
Membership No. 111749

**Vikram V. Nagar**  
*Chief Financial Officer*  
Membership No. M25783

**Ramesh R. Patil** *Whole-time Director*  
(DIN: 07568951)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018

**Kaiwan D. Kalyaniwalla**  
(DIN: 00060776)

**Rakesh M. Nanwani**  
*Company Secretary*  
Membership No. A45718

**Pradip N. Kapadia**  
(DIN: 00078673)

} *Director*

**Chandrakant G. Shah**  
(DIN: 00002358)

Place : Mumbai  
Date : 18<sup>th</sup> May 2018



**GOKAK TEXTILES LIMITED**

**Registered Office:** #1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098  
**Tel:** +91 80 2974 4077, +91 80 2974 4078, +91 80 2974 4066  
**E-mail:** secretarial@gokaktextiles.com **Website:** www.gokakmills.com  
**CIN:** L17116KA2006PLC038839

**PROXY FORM**

Name of the Member(s) :  
Registered address :  
E-mail ID :  
Folio No/DP ID & Client ID :

I/We being the member(s) holding \_\_\_\_\_ equity shares of Gokak Textiles Limited hereby appoint;

- 1. Name :  
Address :  
E-mail Id :  
Signature: \_\_\_\_\_ or failing him
- 2. Name :  
Address :  
E-mail Id :  
Signature: \_\_\_\_\_ or failing him
- 3. Name :  
Address :  
E-mail Id :  
Signature:

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 12th Annual General Meeting of Gokak Textiles Limited, to be held on Tuesday, September 18, 2018 at 11.30 a.m. at the Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

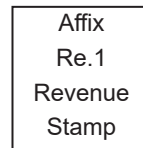
**Ordinary Business:**

- 1. Adoption of the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, including Consolidated Financial Statement, Balance Sheet as at March 31, 2018 and the Statement of Profit & Loss account for the financial year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
- 2. To appoint a Director in place of Mr. Vasant N. Sanzgiri (DIN:01757117), who retires by rotation and being eligible seeks re-appointment.

**Special Business:**

- 3. Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2018-19.
- 4. Appointment of Ms. Tripti J. Navani (DIN: 08190106) as a Director of the Company
- 5. Approval of Material Related Party Transactions with Suryoday One Energy Private Limited

Signed this ..... day of ..... 2018



Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

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



## **Gokak Textiles Limited**

#1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes.  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru - 560 098