



General Manager,
Department of Corporate Services,
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

August 26, 2019

Security Code : 532957
Security ID : GOKAKTEX

Subject: Annual Report of the Company for the financial year 2018-19.

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith 13th Annual Report of the Company for the Financial Year 2018-19.

The Annual Report for the Financial Year 2018-19 is also available on the website of the Company, www.gokakmills.com

Kindly acknowledge receipt.

Yours faithfully,
For Gokak Textiles Limited

Rakesh M. Nanwani
Company Secretary & Compliance Officer

Encl: As above





GOKAK TEXTILES LIMITED

13th Annual Report
2018-2019



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Thirteenth Annual General Meeting of Gokak Textiles Limited will be held on Friday, September 20, 2019 at 12.00 Noon at Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001

The Annual Report can be accessed at www.gokakmills.com

To support 'green initiative', copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.

Directors	: Ramesh R. Patil - Chief Executive Officer & Managing Director Pradip N. Kapadia - Independent Director Kaiwan D. Kalyaniwalla - Independent Director (<i>upto March 31, 2019</i>) Vasant N. Sanzgiri - Non-Executive Director D. G. Prasad - Independent Director Tripti J. Navani - Non-Executive Director Nikhil J. Bhatia - Independent Director (<i>w.e.f. May 22, 2019</i>)
Chief Financial Officer	: Vikram V. Nagar (<i>upto February 01, 2019</i>) Avadhut Sarnaik (<i>w.e.f. February 02, 2019</i>)
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 Consultants Private Limited (Formerly known as 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 : csg-unit@tsrdarashaw.com Website : www.tsrdarashaw.com
Branch	: TSR Darashaw Consultants Private Limited (Formerly known as 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, 2 nd Floor, 12 th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098 Email: secretarial@gokaktextiles.com Website: www.gokakmills.com
CIN	: L17116KA2006PLC038839
GSTIN	: 29AACCG8244P1ZX

NOTICE

NOTICE is hereby given that the Thirteenth 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 Friday, September 20, 2019 at 12.00 Noon 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, 2019 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, 2019 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 2019-20.

To consider and, if thought fit, to pass, with or without modification(s) 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 (Rupees Two Lakhs Only) plus out of pocket expenses and taxes as applicable payable 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, 2020 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. Re-appointment of Mr. Ramesh R. Patil (DIN:07568951) as Chief Executive Officer & Managing Director

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

“Resolved that pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Ramesh R. Patil, (DIN:07568951) as Chief Executive Officer & Managing Director of the Company with effect from July 18, 2019 for a period of three years and payment of salary, perquisites, allowances and other benefits (hereinafter referred to as “remuneration”) for aforesaid period as per terms and conditions as detailed in the explanatory statement to Item No. 4 of this Notice with authority to the Board of Directors (hereinafter referred to as “the Board” which term shall include any duly constituted Committee thereof) to alter and/or vary the terms and conditions of the said appointment and / or remuneration and /or agreement in such manner as may be agreed to between the Board of Directors and Mr. Ramesh R. Patil.

Resolved further that in the event in any financial year, the Company does not earn any profits or earns inadequate profits, the Company shall pay to Mr. Ramesh R. Patil, the remuneration as detailed in the explanatory statement to Item No. 4 of this Notice as the minimum remuneration.

Resolved further that the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

5. Re-appointment of Mr. Pradip N. Kapadia (DIN: 00078673) as Independent Director of the Company.

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

“**Resolved that** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) (including any statutory modification or re-enactment thereof for the time being in force), Mr. Pradip N. Kapadia (DIN: 00078673) who has been appointed an Independent Director for a term upto December 28, 2019, and who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR and who has submitted a declaration to that effect, and who is eligible for re-appointment as an Independent Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five years commencing from December 29, 2019 and whose office shall not be liable to retire by rotation.

Resolved further that any one Director or the Company Secretary be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. Re-appointment of Mr. D G Prasad (DIN: 00160408) as Independent Director of the Company.

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

“**Resolved that** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) (including any statutory modification or re-enactment thereof for the time being in force), Mr. D G Prasad (DIN: 00160408) who has been appointed an Independent Director for a term upto December 28, 2019, and who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR and who has submitted a declaration to that effect, and who is eligible for re-appointment as an Independent Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five years commencing from December 29, 2019 and whose office shall not be liable to retire by rotation.

Resolved further that pursuant to Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the consent of the members be and is hereby accorded to appoint / continue the directorship of Mr. D G Prasad (DIN: 00160408), who is being re-appointed for a second term of five years commencing from December 29, 2019.

Resolved further that any one Director or the Company Secretary be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. Appointment of Mr. Nikhil J. Bhatia (DIN: 00414281) as Independent Director of the Company.

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

“**Resolved that** pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), (including any statutory modification or re-enactment thereof for the time being in force), Mr. Nikhil Bhatia (DIN: 00414281), who has been appointed as an Additional and Independent Director of the Company and who meets the criteria for independence as provided in Section 149(6) of the

Act and Regulation 16(1)(b) of SEBI LODR and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five years from May 22, 2019 and whose office shall not be liable to retire by rotation.

Resolved further that any one Director or the Company Secretary be and is hereby authorized to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. Increasing the Authorised Share Capital and Alteration of Capital Clause of Memorandum of Association.

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

“Resolved that pursuant to the provisions of Sections 13, 61 and all other applicable provisions, if any, under the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) the existing Authorised Share Capital of the Company of ₹1,82,00,00,000 (Rupees One Hundred Eighty Two Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of ₹ 10 (Rupees Ten) each and 17,50,00,000 (Seventeen Crores Fifty lakhs) Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10 (Rupees Ten) each be and is hereby increased to Rs 2,27,00,00,000 (Rupees Two Hundred Twenty Seven Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of ₹ 10 each and 22,00,00,000 (Twenty Two Crore) Non-cumulative Non-convertible Redeemable Preference Shares of ₹10 (Rupees Ten) each.

Resolved further that the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. *“The Authorized Share Capital of the Company is ₹ 227,00,00,000 (Rupees Two hundred Twenty Seven crores) divided into 70,00,000 (Seventy lakhs) Equity Shares of ₹ 10 (Rupees Ten) each and 22,00,00,000 (Twenty two crores) Non-Cumulative, Non-convertible, Redeemable Preference Shares of ₹ 10 (Rupees Ten) each with the power to increase or reduce, subdivide, consolidate, convert the Share Capital for the time being into several classes, and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 2013 for the time being in force and regulations of the Company and to vary, modify or abrogate such rights”.*

Resolved further that the Directors/Chief Financial Officer/Company Secretary of the Company each of them severally, be and is hereby authorized to do all acts, deeds, things and matters as may be deemed expedient, desirable and necessary to give effect to this resolution and /or incidental thereto.”

9. Issue and Offer of Non-cumulative, Non-convertible, Redeemable Preference Shares on a Private Placement basis.

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

“Resolved that in accordance with the provisions of Sections 42, 55 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Rules framed there under, as may be amended from time to time, and the Articles of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof constituted/ to be constituted for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer or invite to subscribe, issue and allot, such number of Preference Shares of the Company of the face value of ₹10 each, on such terms and conditions, for an aggregate value not exceeding ₹45 crores, in one or more tranches under this offer, as may be decided by the Board of Directors under this offer, for cash at par or otherwise viz., including but not limited to by way of conversion of loan into Non-cumulative, Non-convertible, Redeemable Preference Shares (“NCRPS”) on a private placement basis, to Promoter, Shapoorji Pallonji and Company Private Limited and / or any other Promoter Group Company and in such proportion and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

Resolved further that the said Non-cumulative, Non-convertible, Redeemable Preference Shares (“NCRPS”) shall not be listed with any Stock Exchanges.

Resolved further that the Non-cumulative, Non-convertible, Redeemable Preference Shares (“NCRPS”) shall be non-participating, carry a preferential right, vis –a-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital.

Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to 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 including issuance of ‘Offer Document’ as may be prescribed under the Act and the Rules made thereunder and to resolve all questions of doubts and to do all acts, deeds and things and execute all such deeds, documents, writings, in connection therewith and incidental thereto and the Board in its absolute discretion without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive and also to pay such fees and incur such expenses in relation thereto as it may deem appropriate.”

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, July 30, 2019

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 that 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 Saturday, September 14, 2019 to Friday, September 20, 2019 (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 2018-19 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 addresses 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 Tuesday, September 17, 2019 (9:00 am) and ends on Thursday, September 19, 2019 (5:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, September 13, 2019 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.nsdl.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.nsdl.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.nsdl.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:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - 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.
 - How to retrieve your 'initial password'?
 - 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'.
 - 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:
- 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.
 - "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - Member can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
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?

- 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.
- 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.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- 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.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- 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.nsd.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.nsd.com or call on toll free no.: 1800-22-990 or send a request at evoting@nsdl.co.in

B. Other Instructions

- I. The e-voting period commences on Tuesday, September 17, 2019 at 9:00 a.m (IST) and ends on Thursday, September 19, 2019 at 5:00 p.m (IST) (both days inclusive). During this period, Members of the Company, holding shares in physical form or in dematerialized form, may cast their vote electronically. The e-voting Module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently. (Note: e-voting shall not be allowed beyond the said time).
- 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 Friday, September 13, 2019 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. Friday, September 13, 2019 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.nsd.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 20, 2019.

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 special business set out in the accompanying Notice of the Annual General Meeting (AGM) :

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, 2020.

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, 2020.

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

Mr. Ramesh R. Patil was appointed as Chief Executive Officer & Managing Director of the Company w.e.f July 18, 2016 for a period of three years. His term of office expired on July 17, 2019. As per the provisions of section 161 of the Companies Act, 2013, The Board of Directors (hereinafter referred to as “the Board” which term shall include any duly constituted Committee thereof) of the Company at their meeting held on May 23, 2019 on the recommendation of Nomination and Remuneration Committee had approved the re-appointment of Mr. Ramesh R. Patil as Chief Executive Officer & Managing Director on the Board of the Company with effect from July 18, 2019 for a period of three years. Approval of the members is required by way of Special Resolution for appointment and payment of remuneration.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Ramesh R. Patil and the terms and conditions of the appointment are given below:

Scale of Basic Salary per month	₹ 100000 to 250000
Perquisites, allowances and Incentives *	Not exceeding 250 % of Basic Salary

* Perquisites, allowances and other benefits shall be interchangeable.

In addition Mr. Ramesh R. Patil would be entitled to Company’s contribution to Provident Fund and other perquisites/facilities/benefits (including Company’s car with driver, Telephone/Mobile Allowance and Leave encasement and other benefits) per the Company Policies applicable from time to time.

The Board may revise the terms and conditions of appointment and/ or remuneration of Mr. Ramesh R. Patil as may be deemed fit by it.

The draft of proposed supplementary agreement to be entered by the Company with Mr. Ramesh R. Patil containing the other terms and conditions of his re-appointment as Chief Executive Officer & Managing Director shall be open for inspection at the Registered Office of the Company during normal business hours on any working day (Monday to Friday).

Mr. Ramesh R. Patil is functioning in a professional capacity possessing expertise and specialized knowledge beyond the graduate level qualification and is not having any interest in the capital of the Company or any of its subsidiary companies. Mr. Ramesh R. Patil does not have any direct or indirect personal interest nor he is related to the directors or promoters of the Company or its holding or subsidiary companies.

Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Ramesh R. Patil as Chief Executive Officer & Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay aforesaid remuneration as minimum remuneration.

The details as required under Schedule V to the Companies Act, 2013, Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided as Annexure to this Notice.

The Board recommends the passing of this Resolution at Item No. 4 of the accompanying Notice in the interest of the Company.

Except Mr. Ramesh R. Patil and his relatives, none of the Directors or Key Managerial Personnel and their relatives are concerned or interested financially or otherwise, in passing of the Special Resolution at Item No. 4 of the Notice.

Item No. 5

Mr. Pradip N. Kapadia was appointed as an Independent Director of the Company by the members at the 8th AGM of the Company held on December 29, 2014 for a period of five consecutive years commencing from December 29, 2014.

Pursuant to provision of Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company. Mr. Pradip N. Kapadia, being eligible for re-appointment as an Independent Director offers himself for re-appointment.

The Company has received a declaration from Mr. Pradip N. Kapadia confirming that he meets the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). He has also confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act.

In the opinion of the Board, Mr. Pradip N. Kapadia fulfills the conditions specified in the Companies Act 2013, Rules made thereunder and the SEBI LODR for his appointment as an Independent Director of the Company and he is independent of the management of the Company.

The Board has evaluated the performance of Mr. Pradip N. Kapadia as an Independent Director and is of the opinion that his continued association would be immensely beneficial to the Company and it is therefore desirable to continue Mr. Pradip N. Kapadia as an Independent Director. The Board based on recommendations of Nomination and Remuneration Committee and the evaluation of performance of Mr. Pradip N. Kapadia recommends re-appointment of Mr. Pradip N. Kapadia as an independent Director for second term of five years.

The details as required under Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided as Annexure to this Notice.

The Board recommends the passing of this Resolution at Item No. 5 of the accompanying Notice in the interest of the Company. Except Mr. Pradip N. Kapadia and his relatives, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the Special Resolution at Item No. 5 of the Notice.

Item No. 6

Mr. D G Prasad was appointed as an Independent Director of the Company by the members at the 8th AGM of the Company held on December 29, 2014 for a period of five consecutive years commencing from December 29, 2014.

Pursuant to provision of Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company.

In accordance with the regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, Mr. D G Prasad will be completing seventy five (75) years of age on June 30, 2023. It is therefore proposed to obtain the approval of Members by way of special resolution for his re-appointment.

Mr. D G Prasad is a Corporate Advisor and a practicing Chartered Accountant. He has wide and varied experience commercial banking, project finance, treasury management, trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions, loan syndications, international negotiations and co-financing with Multilateral Funded Agencies, etc.

Mr. D G Prasad, being eligible for re-appointment as an Independent Director offers himself for re-appointment.

The Company has received a declaration from Mr. D G Prasad confirming that he meets the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). He has also confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act.

In the opinion of the Board, Mr. D G Prasad fulfills the conditions specified in the Companies Act 2013, Rules made thereunder and the SEBI LODR for his appointment as an Independent Director of the Company and he is independent of the management of the Company.

The Board has evaluated the performance of Mr. D G Prasad as an Independent Director and is of the opinion that his continued association would be immensely beneficial to the Company and it is therefore desirable to continue Mr. D G Prasad as an Independent Director. The Board based on recommendations of Nomination and Remuneration Committee and the evaluation of performance of Mr. D G Prasad recommends re-appointment of Mr. D G Prasad as an independent Director for second term of five years.

The details as required under Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided as Annexure to this Notice.

The Board recommends the passing of this Resolution at Item No. 6 of the accompanying Notice in the interest of the Company. Except Mr. D G Prasad and his relatives, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the Special Resolution at Item No. 6 of the Notice.

Item No. 7

The Board of Directors on the recommendations of Nomination and Remuneration Committee of the Company have appointed Mr. Nikhil J. Bhatia, as an Additional and Independent Director of the Company with effect from May 22, 2019.

Mr. Nikhil J. Bhatia (DIN: 00414281) is a Chartered Accountant with over 35 years of experience inter-alia in the areas of Corporate Tax, Transfer Pricing, Business Restructuring, Expatriate Taxation, Company Law and Foreign Exchange Regulations and Foreign Direct investments. Mr. Nikhil Bhatia is presently the Partner of CNK & Associates LLP, Chartered Accountants. Prior to joining CNK & Associates LLP, Mr. Bhatia has been with KPMG for 13+ years and with PwC for 10+ years.

Mr. Nikhil J. Bhatia is a regular speaker on Direct Tax topics at seminars and has co-authored a book for BCAS titled FEMA and Taxation for Non-Residents.

The Company has received a declaration from Mr. Nikhil J. Bhatia confirming that he meets the criteria of independence as prescribed under the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). He has also confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act.

In the opinion of the Board, Mr. Nikhil J. Bhatia fulfills the conditions specified in the Companies Act, 2013, Rules made thereunder and SEBI LODR for his appointment as an Independent Director of the Company and he is independent of the management of the Company.

A Notice under section 160 (1) of the Act has been received from member proposing appointment of Mr. Nikhil J. Bhatia as Director of the Company. The details as required under Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided as Annexure to this Notice.

The Board recommends the appointment of Mr. Nikhil J. Bhatia as an Independent Director, for a period of 5 years having regard to his knowledge and experience.

Except Mr. Nikhil J. Bhatia and his relatives none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the Resolution at Item No. 7 of the Notice.

Item No. 8

The present Authorised Share Capital of the Company as on March 31, 2019 is ₹ 1,82,00,00,000 (Rupees One Hundred Eighty Two Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of ₹ 10 (Rupees Ten) each and 17,50,00,000 (Seventeen Crore Fifty Lakhs) Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10 (Rupees Ten) each.

The Paid up Share Capital of the Company as on March 31, 2019 is ₹ 1,81,49,93,080 divided into 64,99,308 (Sixty four Lakhs ninety nine thousand three hundred eight) Equity Shares of ₹ 10 (Rupees Ten) each and 17,50,00,000 (Seventeen Crore Fifty Lakhs) Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10 (Rupees Ten) each .

It is proposed to increase the Authorised Share Capital of the Company as ₹ 2,27,00,00,000 (Rupees Two Hundred Twenty Seven Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of ₹ 10 each and 22,00,00,000 (Twenty Two crore) Non-cumulative Non-convertible Redeemable Preference Shares of ₹10 (Rupees Ten) each.

The Board recommends the passing of resolution at Item No. 8 of the accompanying Notice, in the interest of the Company. None of the Directors and / or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution set out at Item No. 8 of the Notice.

Item No. 9

As per Section 42 of the Companies Act, 2013 and Rules framed thereunder, a Company shall not make a Private Placement of Securities unless the proposed offer of securities or invitation to subscribe to securities have been previously approved by the Members of the Company by a Special Resolution.

The Board of Directors have taken decision to implement certain business strategies viz., re-organization of business divisions, productivity improvement, cost reduction measure etc., to implement these decisions on a timely and effective manner, it is proposed to raise long term funds through issue of Preference Shares on Private Placement Basis and it will also help to increase the Net worth of the Company. Shapoorji Pallonji and Company Private Limited, Promoter of the Company have consented to subscribe the entire issue of Non-cumulative, Non-convertible, Redeemable, Preference Shares (NCRPS) of ₹45 Crores in one or more tranches under this offer.

Accordingly, approval of the Members is being sought by way of Special Resolution under Section 42, 55 and other applicable provisions read with Rules made there under for issue of Non-cumulative, Non-convertible, Redeemable, Preference Shares (NCRPS) aggregating to an amount not exceeding ₹45 crores in one or more tranches under this offer and allot the 'NCRPS' on a Private Placement basis to Promoter, Shapoorji Pallonji and Company Private Limited and / or any other Promoter Group Company on the terms and conditions as set hereunder:

Name of Proposed Allottee / Class or class of persons to whom allotment is proposed to be made	Shapoorji Pallonji and Company Private Limited and / or any other Promoter Group Company
Intention of Promoters, Directors or Key Managerial Personnel to subscribe to the Offer	Promoter / Promoter Group Company would subscribe to the offer
% of Subscription by Proposed Allottee	100 %

Size of the issue	₹45 crores in one or more tranches under this offer.
No. of Preference shares	4,50,00,000
Nominal value /Price at which allotment is proposed	₹10 per preference share
Basis on which the price has been arrived	N.A. Issue is AT PAR
Tenure	Not exceeding 20 years from the date of their issue with or without a put / call option as may be determined by the Board
Nature of Preference shares	Non-cumulative, Non-convertible, Non-participating, Redeemable Preference Shares
Object of the issue	To raise long term funds for the business of the Company.
Manner of issue of shares	Offer on private placement basis to the Shapoorji Pallonji and Company Private Limited and/or any other Promoters Group Company in one or more tranches as may be decided by the Board of Directors under the offer.
Offer period	To be determined by the Board
Terms of Issue	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.
Rate of Dividend	11 %
Manner and mode of redemption	To be determined by the Board
Terms of redemption including tenure of redemption, redemption of shares at premium	Redeemable at par in accordance with Section 55 of the Companies Act, 2013 out of profits available for distribution as dividend or out of fresh issue of shares made for the purpose of redemption.

Current equity shareholding pattern	Mentioned below
Expected dilution in equity share capital upon conversion of preference shares	Nil. Since the Redeemable Preference Shares are non-convertible
No subsisting default in the redemption of existing preference shares	Not Applicable

Current and post issue Preference Shareholding Pattern of the Company	As given below
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Sr. No	Category	Pre-issue		Post-issue	
		No. of Preference Shares held	% of Shareholding	No. of Preference Shares held	% of Shareholding
A	Promoter' Holding				
1.	Indian:				
	Individual	0	0	0	0
	Bodies corporate	17,50,00,000	100	22,00,00,000	100
	Sub total	17,50,00,000	100	22,00,00,000	100
2.	Foreign Promoters	0	0	0	0
	Sub total A	17,50,00,000	100	22,00,00,000	100

Sr. No	Category	Pre-Issue		Post-Issue	
		No. of Preference Shares held	% of Shareholding	No. of Preference Shares held	% of Shareholding
B	Non-Promoters' Holding				
1.	Institutional Investor	0	0	0	0
2.	Non-Institutional Investors	0	0	0	0
	Sub total B	0	0	0	0
	Grand Total	17,50,00,000	100	22,00,00,000	100

Equity shareholding pattern as on 31.03.2019:

Sl. No.	Name of the shareholder	Percentage to Paid-up Capital (%)
1	Shapoorji Pallonji and Company Private Limited (Promoter)	73.56
2	Central/State Government(s)	0.85
3	Nationalised Banks	0.15
4	Bodies Corporate	1.83
5	Insurance Companies	4.56
6	Mutual Funds / UTI	0.00
7	FII's/ NRI's/ OCB/ Foreign Company	3.32
8	Public	15.73
	Total	100.00

The Board recommends the passing of Special Resolution at Item No.9 of the accompanying Notice, in the interest of the Company.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution set out at Item No. 9 of the Notice.

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, July 30, 2019

Disclosures as required under Schedule V to the Companies Act, 2013 are as follows:

Annexure

1. General Information:

Nature of Industry	Textile Industry Engaged in manufacture of Cotton Yarn and Knitwear Garments
Date or expected date of Commercial Production	The Company was incorporated on March 27, 2016 consequent upon the scheme of Arrangement for the demerger of the Textiles under taking of Forbes Gokak Limited into Gokak Textiles Limited, Approved by High Court, Bombay & High Court of Karnataka at Bangalore, the Textiles and the Knitwear Business of the Textiles under taking of Forbes Gokak Limited was transferred to Gokak Textiles Limited.
In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable

2. a) Standalone Financial Performance (₹ In Lakhs)

	FY 2016 - 2017	FY 2017 - 2018	FY 2018 - 2019
Total Income from Operations	7757.87	17304.55	17300.46
Total Expenses	12739.75	21223.40	21632.71
Other Income	1289.93	297.40	701.20
Profit / (Loss) before tax	(3691.95)	(3621.45)	(3631.05)
Profit / Loss after tax	(3202.75)	(3725.44)	(3568.62)

2. b) Consolidated Financial Performance (₹ In Lakhs)

	FY 2016 - 2017	FY 2017 - 2018	FY 2018 - 2019
Total Income from Operations	8309.04	17733.75	17931.62
Total Expenses	13512.96	21828.85	21980.36
Other Income	1297.51	346.60	753.54
Profit / Loss before tax	(3906.41)	(3748.50)	(3295.20)
Profit / Loss after tax	(2963.14)	(4686.46)	(3228.86)

3. **Foreign Investment or Collaborators, if any.:** - There is no direct foreign investment in the Company except to the extent shares held by Foreign institutional Investors (FII) acquired through secondary market. There is no foreign collaboration in the Company.

4. Information about Mr. Ramesh R. Patil (Chief Executive Officer & Managing Director)

a. Background Details	Mr. Ramesh R. Patil aged 61 years has over 37 years of strong experience in Textile Industry and has worked in senior level positions in leading Textile Companies in India. He is B. TEXT, D. B. M., EXIM(IMC)								
b. Past Remuneration	<p>Remuneration comprises monthly salary, perquisites, contributions and incentives, the details of which are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: right;">(₹ In Lakhs)</th> </tr> </thead> <tbody> <tr> <td>FY 2016 - 2017</td> <td style="text-align: right;">28.22</td> </tr> <tr> <td>FY 2017 - 2018</td> <td style="text-align: right;">41.00</td> </tr> <tr> <td>FY 2018 - 2019</td> <td style="text-align: right;">52.14</td> </tr> </tbody> </table> <p>*Appointed Chief Executive Officer & Managing Director with effect from July 18, 2016. Annual Performance Incentive for the year is paid in next year.</p>	(₹ In Lakhs)		FY 2016 - 2017	28.22	FY 2017 - 2018	41.00	FY 2018 - 2019	52.14
(₹ In Lakhs)									
FY 2016 - 2017	28.22								
FY 2017 - 2018	41.00								
FY 2018 - 2019	52.14								

c.	Recognition or Award	For serving more than 37 years in Textile Industry, Mr. Patil was nominated on All India basis by The Textile Association (India), Mumbai Unit and received Appreciation Certificate (Service Memento) in recognition of his Meritorious Services to the Association and the Textile Industry at the All India Textile Conference held in the month of December 2018 at Coimbatore.
d.	Job profile and his suitability	Mr. Ramesh R. Patil has over 37 years of strong experience in Textile Industry and has worked in senior level positions in leading Textile Companies in India.
e.	Remuneration proposed	As mentioned in the explanatory statement
f.	Comparative remuneration profile with respect of Industry, size of the Company, profile of the position and position (in case of expatriates the relevant details would be with reference to the country of his origin.)	Taking into account the size of the Company, industry benchmark in general, profile, position, responsibility, the proposed remuneration is in line with the current remuneration structure of the industry.
g.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Ramesh R. Patil is not holding any shares of the Company. Apart from receiving managerial remuneration there is no other pecuniary relationship with the Company or the Managerial Personnel.

5. Other information:

Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:

Since past few years Indian Textile industry is running with lots of challenges which has resulted in to stiff competition in Domestic and Export market along with International players. With challenges of increase in input costs such as Cotton, Power, labour cost and working capital constraints, overall sales revenue and margins have reduced. The above conditions have resulted in a considerable decline in the revenue / profits of the company. The Company has been working on various strategies according to market dynamics to improve its performance. The implemented strategies have resulted into strict cost control, various internal control systems. Company has initiated steps to improve the quality of production, introduction of new products in the market. The results of these initiatives are likely to be felt in the coming years.

6. Other Disclosures

The necessary disclosures required under Para IV of Section II of Part II of Schedule V to the Companies Act, 2013 have been disclosed in the Corporate Governance report and explanatory statement sent along with the Annual Report of the Company.

Notes:

1. In F.Y. 2019-2020, 2 (Two) Board Meetings have been held till date which were attended by Mr. Vasant N. Sanzgiri, Mr. Nikhil J. Bhatia, Mr. Pradip N. Kapadia, Mr. D G Prasad and Mr. Ramesh R. Patil.
2. The terms and conditions for appointment of Director shall be open for inspection at the Registered Office of the Company during normal business hours on any working week day (Monday to Friday) and are also available on the website of the Company viz. www.gokakmills.com

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, July 30, 2019

Report of Board and Management Discussion & Analysis

Dear Members,

The Board of Directors (hereinafter referred to as “the Board”) 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, 2019. 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 18-19	FY 17-18	FY 18-19	FY 17-18
Revenue from Operations and Other Income (Total Revenues)	18,001.66	17,601.96	18,685.16	18,080.35
Earnings before Interest, Depreciation, & Taxation (EBIDT)	(1,602.54)	(1,618.98)	(320.05)	(715.43)
Profit / (Loss) after Interest and before Depreciation and Tax	(3,009.50)	(2,970.65)	(2,569.75)	(2,994.08)
Depreciation	621.55	650.80	725.46	754.42
Profit before tax (PBT)	(3,631.05)	(3,621.45)	(3,295.20)	(3,748.50)
Profit after tax (PAT) - Owners of the Company	(3,631.05)	(3,719.70)	(3,055.63)	(3,793.84)
Profit after tax (PAT) - Non controlling interest	-	-	(239.57)	(887.71)
Other Comprehensive Income	62.43	(5.74)	66.34	(4.92)
Total comprehensive income attributable to owners of the Company	(3,568.62)	(3,725.44)	(2,991.20)	(3,798.76)
Total comprehensive income attributable - Non controlling interest	-	-	(237.66)	(887.71)

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 in India is largest industry after agriculture and is also highly labour intensive, offering the largest volume of employment. This industry plays a very vital role in the Indian economy. It is one of the largest contributors to the economy accounting for 4% of the GDP.

The industry has two broad segments. First, the unorganized sector which consists of handloom, handicraft and sericulture, generally operated on a small scale and through traditional tools and methods. The second is the organised sector comprising spinning, apparel and garment segments which apply modern machinery and techniques to achieve economies of scale and global-level competition.

There are also major challenges faced by the Indian cotton, mainly related to the need for continuous improvement in ginning, bale identification system and data management, high moisture content, improvement in bale packaging, branding of Indian cotton, high inland cost, problems of admixture making grading and testing difficult with mills compelled to engage expensive bale management to maintain the yarn quality. There are various challenges to the textile industry viz. extensive use of intensive labour, lack of technology, rising costs, lack of availability of quality cotton, etc. Biggest challenge to this industry for export is from neighbouring countries like China, Vietnam, Bangladesh and Pakistan.

The size of India’s textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 300 billion market by 2025.

General Outlook:

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India’s GDP is estimated to

be in the range of 7 to 7.5 % over the next few years. As per various research reports, Global growth is expected to remain at around 3 per cent in the years 2019 and 2020.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behavior and expenditure pattern, according to a Boston Consulting Group (BCG) report; is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2050.

India presently is going through a very interesting phase in the political and economic scenario. The political stability now established since May 23, 2019 and given the stated intent, we believe that the Government will now strongly focus on economic development starting with Infrastructure development and India manufacturing focus, thereby creating employment and excellent business opportunities.

The year 2018 saw modest single digit growth in overall apparel and textile consumption globally. Bangladesh and Vietnam are the 2nd and 3rd largest exports after China respectively. Bangladesh accounts for over 6% of the global apparel exports while Indian exports continue to de-grow. Other than cotton yarn exports, most other categories – especially Indian apparel exports are clearly seeing de-growth.

Indian textile industry continues to be dominated by cotton, which accounts for nearly 3/4th of the total fibre consumption in the country. Globally fibre consumption is dominated by manmade fibres having 70 per cent of share in total fibre consumption. Contrary to the global trend, in India natural fibers consumption is around 65 per cent of the total consumption, especially cotton.

Area under Cotton cultivation in India in 2018-19 remained nearly the same as previous season. Cotton production in India is estimated at 330 +/- lakh bales of 170 kg each in 2018-19, down from 360+ lakh bales produced in 2017-18. Reduced production is primarily due to weaker rainfall pattern compared to the previous year. In 2018-19, total supply of cotton including carry forward inventory from previous year and imports in the current year is likely to be 395 lakhs bales vis-à-vis 410 lakhs bales in 2017-18. Reduced supply has led to prices remaining firm in the India compared to other Cotton producing countries. Cotton prices remained volatile throughout the year. Indian Cotton price traded well above the new MSP level, announced by Government of India based on the recommendation by Commission for Agricultural Costs & Prices (CACP).

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. Compared to previous year export of yarn has improved. During the year there was high rise in cotton prices but sales prices did not increased proportionately. To reduce the impact of price hike of raw material, product mix has been changed based on better contribution. In coming year, Company is planning to introduce new yarn product with linen fiber for value addition.

Last year the Company exported yarn approximately amounting ₹ 23.72 crores to countries like Thailand, Pakistan, Sri Lanka, Portugal, etc.

Knitwear Division

New products developed in previous years have been commercialized successfully. Further production capacity has been increased for direct market sale which has increased overall sales compared to previous yea. Efforts are going on to increase customer base.

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 Market risks, 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 ₹ 1,536.26 lakhs (previous year ₹ 1353.41 lakhs) and net profit for the year of ₹ 89.27 lakhs (previous year net loss ₹ 1211.29 lakhs). Details of GPEL is set out in the statement in form AOC-I, pursuant to section 129 of the Companies Act, 2013 and is attach herewith as **Annexure I** to this Report

Financial Performance

The Consolidated Financial Statements of the Company and its subsidiary are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Companies Act, 2013. The Notes to Consolidated Financial Statements are disclosed and forms part of the Consolidated Financial Statements.

Key Financial performance, Operational Information and Ratio Analysis

Key Ratio / Indicators	Standalone		Explanation for change of 25% or more
	FY 2018-19	FY 2017-18	
Debtors Turnover (in days)	17.61	27.24	The decrease in days is mainly due to old dues collected
Inventory Turnover * (times)	50.13	57.47	-
Interest Coverage Ratio	(1.58)	(1.68)	-
Current Ratio	0.14	0.14	-
Debt Equity Ratio	1.82	0.99	Bank Loan repaid
Operating Profit Margin %	- 9 %	- 9 %	-
Net Profit Margin %	- 20 %	- 21 %	-
Return on Net Worth	- 2.54 %	- 1.95 %	Accumulated losses increased

Key Ratio / Indicators	Consolidated		Explanation for change of 25% or more
	FY 2018-19	FY 2017-18	
Operating Profit Margin %	-0.02%	-0.04%	-
Net Profit Margin %	-0.18%	-0.21%	-
Return on Net Worth	0.66%	0.74%	-

Revenue

During the year, standalone revenue was ₹.18001.66 Lakhs (previous year ₹ 17601.96 Lakhs). There is no major increase/decrease as compared to previous year. Consolidated revenue was ₹ 18685.16 Lakhs (previous year ₹ 18080.35 Lakhs). There is no major increase/decrease as compared to previous year.

Earnings before Interest, Depreciation, Taxation and Amortization (“EBIDTA”)

During the year, standalone EBIDTA (loss) decreased to ₹ (1602.54) Lakhs (previous year ₹ (1618.98) Lakhs). Consolidated EBIDTA (loss) decreased to ₹ (320.05) Lakhs (previous year ₹ (715.43) Lakhs).

Profit Before Tax (“PBT”)

During the year, standalone PBT (loss) decreased to ₹ (3631.05) Lakhs (previous year ₹ (3621.45) Lakhs). Consolidated PBT (loss) decreased to ₹ (3295.20) Lakhs (previous year ₹ (3748.50) Lakhs).

Fixed Assets

The standalone year-end Gross Block increased to ₹ 32865.35 Lakhs (previous year ₹ 32853.75 Lakhs) mainly due to addition in plant & machinery, vehicles and office equipment. The consolidated year-end Gross Block increased to ₹ 45663.52 Lakhs (previous year ₹ 45651.30 Lakhs) mainly due to addition in plant & machinery, vehicles and office equipment.

Profit/(Loss)

During the year, standalone loss decreased to ₹(3568.62) Lakhs (previous year ₹ (3725.44) Lakhs). Consolidated loss decreased to ₹ (3295.20) Lakhs (previous year ₹ (3748.50) Lakhs).

Current Liabilities

The standalone current liabilities decreased to ₹ 10145.17 Lakhs (previous year ₹ 12276.27 Lakhs) primarily due to decrease in “current maturities of long term borrowings”. The consolidated current liabilities decreased to ₹ 15277.59 Lakhs (previous year ₹ 16550.11 Lakhs) primarily due to decrease in “current maturities of long term borrowings”.

Loan Funds

During the year, standalone loan funds increased to ₹ 6481.73 Lakhs (previous year ₹ 6365.12 Lakhs) primarily on account of increase in long term borrowings from parent company. The consolidated loan funds increased to ₹ 10475.64 Lakhs (previous year ₹ 9634.23 Lakhs) primarily on account of increase in long term borrowings from parent company.

Share Capital and Preference Shares

The Paid up Share Capital of the Company, during the year under review, has been increased from ₹ 14649.93 lakhs to ₹ 18149.93 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, 2019 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.

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. Tripti J. Navani was appointed as Non-independent Woman Director of the Company with effect from August 01, 2018.

Mr. Kaiwan D. Kalyaniwalla, an Independent Director of the Company on account of his other professional commitments resigned from the Directorship of the Company with effect from the close on business hours of March 31, 2019. The Board places on record its appreciation for the invaluable services rendered by Mr. Kaiwan D. Kalyaniwalla to the Board and the Company during their tenure as Member of the Board / Committees of the Board.

Mr. Nikhil J. Bhatia has been appointed as an Additional and Independent Director of the Company with effect from May 22, 2019. The appointment is for a period of 5 years subject to approval of Shareholders at the ensuing Annual General Meeting.

Based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the shareholders at the ensuing Annual General Meeting, the Board of Director approved the re-appointment of Mr. Pradip N. Kapadia and Mr. D G Prasad as Independent Directors for second term of 5 years commencing from December 29, 2019.

Based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the shareholders at the ensuing Annual General Meeting, the Board of Director approved the re-appointment of Mr. Ramesh R. Patil as Chief Executive Officer & Managing Director for a further term of 3 years commencing from July 18, 2019.

Mr. Vikram V. Nagar, ceased to be Chief Financial Officer of the Company w.e.f the close of business hours of February 01, 2019. Mr. Avadhut A. Sarnaik was appointed as Chief Financial Officer of the Company w.e.f February 02, 2019.

Key Managerial Personnel of the Company are Mr. Ramesh R Patil, Chief Executive Officer & Managing Director, Mr. Rakesh M. Nanwani, Company Secretary and Mr. Avadhut Sarnaik, Chief Financial Officer.

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 and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees for attending meetings of Board/ Committee of the Company.

Independent Directors are familiarized with their roles, rights and responsibilities in the Company through presentation made to them from time to time. The details of familiarization programmes conducted have been hosted on the website of the Company and can be accessed at www.gokakmills.com

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 5 (five) 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, Nomination and Remuneration, Stakeholders' Relationship Committees.

The performance of the Board was evaluated by the Board on the basis of the parameters/criteria, such as, degree of fulfillment of key responsibility by the Board, Board Structures and Composition, establishment and delineation of responsibilities to the Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics and quality of relationship between the Board and the Management.

The performance of the committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Stakeholders Relationship Committee was evaluated by the Board on the basis of parameters/criteria such as degree of fulfillment of key responsibilities, adequacy of committee composition, effectiveness of meetings, committee dynamics and, quality of relationship of the committee with the Board and the Management.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors (without the concerned director being present).

In a separate meeting of Independent Directors, the 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.

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 cost accounts of the Company are required to be audited by a Cost Accountant. The Board of Directors of the Company on the recommendation of the Audit Committee, appointed Mr. Mukesh R. Dekhtawala, Cost Accountant as Cost Auditor for the financial year 2019 – 2020 on a remuneration of ₹ 2.00 lakhs plus out of pocket expenses. As required under the Companies Act, 2013 necessary resolution seeking Shareholders ratification for the remuneration to Cost Auditor is included in the Notice convening the 13th Annual General Meeting of the Company.

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. There was a delay in processing of one of the transmission request, the delay was due to time taken by Registrar & Transfer Agents to reasonably satisfy itself about genuineness before processing transmission.

The Secretarial Audit of Gokak Power & Energy Limited, (Material Subsidiary) for the FY 2018-19 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Report of the Secretarial Auditor of Gokak Power & Energy Limited does not contain any qualification, reservation or adverse remark or disclaimer.

Corporate Social Responsibility

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility were not applicable to the Company for the FY 2018-19. 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, as per the provisions of the Companies Act, 2013 and Rules thereto is annexed herewith as **Annexure V** and forms part of this Report. The said extract is also available on the website of the Company viz. www.gokakmills.com

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.

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.

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority 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 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 with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints & Committee (ICC) has been setup to redress complaints received regarding sexual harassment as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the ICC includes external member. During FY 2018-19, 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 that :-

- a. in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. 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. 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. they have prepared the annual accounts on a going concern basis;
- e. 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. 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 has got strong base of human resource and employees continue to serve the company for good number of years in view of opportunity to grow, competence development, facility of good education to children etc.

The company believes in hiring fresh talented resource and whenever the need arises for hiring an experienced talent priority is given to successor to grow in the line function. The employees are also given opportunity to learn and grow in the other areas also so as make them versatile.

The company has strong induction program, good appraisal system for reward and recognition, enhancement of skill development opportunity and company has been successful in retaining the human talent for self and organizational development.

The employee relations continued to be cordial and Management is able to achieve flexibility in the operations in the challenging hours of business with stiff competition and market volatility.

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 & 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 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

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)

Name of the Subsidiary	Gokak Power & Energy Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-April-2018 to 31-Mar-2019
Share Capital	4900.00
Reserves & Surplus	(1,867.89)
Total Assets	11,488.09
Total Liabilities	11,488.09
Investments	0.26
Turnover	1,536.26
Profit before taxation	85.36
Provision for taxation including Deferred Tax	-
Profit after taxation	85.36
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 - NIL

For and on behalf of the Board of Directors

Place : Mumbai,
Date : May 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

Nomination and Remuneration Policy

Regulatory Framework

I. Section 178 of the Companies Act, 2013

- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management 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.
- The Nomination and Remuneration Committee shall 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.
- The Nomination and Remuneration Committee shall, while formulating the policy as aforesaid shall ensure that:
 - (a) 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;
 - (b) relationship of remuneration to performance is clear and meet appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

II. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Schedule II Part D of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that role of Nomination and Remuneration Committee shall, inter alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- 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.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

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.

- Adetailed 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.

For and on behalf of the Board of Directors

Place : Mumbai,
Date : May 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

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, 2019 as follows:

Director (Non-Executive)	Sitting Fees (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Pradip N. Kapadia	4.75	2.56 : 1
Mr. Kaiwan D. Kalyaniwalla #	3.50	1.89 : 1
Mr. Vasant N. Sanzgiri	1.70	0.92 : 1
Mr. D.G. Prasad	4.00	2.16 : 1
Ms. Tripti J. Navani @	0.50	0.27 : 1

Ceased to be Director with effect from the close of business hours of March 31, 2019.

@ Appointed with effect from August 01, 2018

Remuneration to Executive Director

Director (Non-Executive)	Gross Remuneration (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Ramesh R Patil (Chief Executive Officer & Managing Director)	52.14	28.15 : 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: NIL
3. Percentage increase in the median remuneration of employees in the financial year: 3% to 6%.
4. Number of permanent employees on the pay roll of Company as on 31st March, 2019 were 1248 and in previous year were 1349
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: 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 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

Form No.MR-3
SECRETARIAL AUDIT REPORT

Annexure IV

[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: 31st March, 2019

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** (CIN: L17116KA2006PLC038839) (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 31st March, 2019 (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
- 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;
 - 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 except delay of 4 days in transmission of shares in one particular instance.

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 18th September 2018;
- 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.

Two Investors have lodged complaints against the Company before The Securities and Exchange Board of India (SEBI) with regard to transmission of shares. After seeking reply from the Company complaints have been disposed by the SEBI.

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 20, 2019
Place: Bangalore

For **KDSH & Associates LLP**

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

* This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report

Annexure A

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. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of 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 20, 2019
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, 2nd Floor, 12th 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 Consultants Private Limited (Formerly 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, 2nd Floor, 12th Cross Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru - 560098	U40103KA2012PLC062107	Subsidiary	51%	2 (87)

IV) 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 01.04.2018				No. of Shares held at the end of the year .i.e 30.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	A. Promoters									
(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
	Sub-Total (A) (1)	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(2)	Foreign									
(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
	Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	71	125	196	0.00	71	125	196	0.00	0.00
(b)	Financial Institutions / Banks	5,930	3,843	9,773	0.15	5,930	3,843	9,773	0.15	0.00
(c)	Central Government / State Governments(s)	15,231	39,990	55,221	0.85	15,181	39,990	55,171	0.85	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	2,95,807	250	2,96,057	4.56	2,95,807	250	2,96,057	4.56	0.00
(f)	Foreign Institutional Investors	0	25	25	0.00	200610	25	2,00,635	3.09	3.09
(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)									
	Sub-Total (B) (1)	3,17,039	44,233	3,61,272	5.56	5,17,599	44,233	5,61,832	8.64	3.09
(2)	Non-Institutions									
(a)	Bodies Corporate	3,92,932	5,216	3,98,148	6.13	1,13,599	5,208	1,18,807	1.83	-4.30
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,07,419	2,19,618	8,27,037	12.73	6,73,143	2,06,644	8,79,787	13.54	0.81
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,30,896	0	1,30,896	2.01	1,56,927	0	1,56,927	2.41	0.40
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other				0.00					
(i)	Trust	320	0	320	0.00	320	0	320	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	790	790	0.01	0	790	790	0.01	0.00

Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2018				No. of Shares held at the end of the year .i.e 30.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B) (2)	11,31,567	2,25,624	13,57,191	20.88	9,43,989	2,12,642	11,56,631	17.80	-3.09
Total Public Shareholding (B) = (B)(1)+(B)(2)	14,48,606	2,69,857	17,18,463	26.44	14,61,588	2,56,875	17,18,463	26.44	0.00
TOTAL (A)+(B)	62,29,451	2,69,857	64,99,308	100.00	62,42,433	2,56,875	64,99,308	100.00	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued									
(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
GRAND TOTAL (A)+(B)+(C)	62,29,451	2,69,857	64,99,308	100.00	62,42,433	2,56,875	64,99,308	100.00	0.00

ii) Share Holding of Promoters

Serial no	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 30.03.2019			% 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 01.04.2018		Date	Reason	Increase/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	Shapoorji Pallonji And Company Private Limited	47,80,845	73.56	30.03.2019	-	No Change	0	0.00	47,80,845	73.56
					-	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 01.04.2018		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	Life Insurance Corporation Of India	2,95,807	4.55	30-Mar-2019	At the beginning of the year			2,95,807	4.55	
					-	No Change	0	0.00	2,95,807	4.55
						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	

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2018		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
				-	No Change	0	0.00	2,00,610	3.09
				30-Mar-2019	At the end of the year			2,00,610	3.09
3	Ghanshyam Shares & Stock Brokers Pvt. Ltd.	33,148	0.51		At the beginning of the year		0.00	33,148	0.51
				06-Apr-2018	Increase	680	0.01	33,828	0.52
				13-Apr-2018	Increase	10,126	0.16	43,954	0.68
				11-May-2018	Decrease	-500	-0.01	43,454	0.67
				18-May-2018	Increase	659	0.01	44,113	0.68
				01-Jun-2018	Increase	58	0.00	44,171	0.68
				15-Jun-2018	Decrease	-51	0.00	44,120	0.68
				22-Jun-2018	Increase	533	0.01	44,653	0.69
				06-Jul-2018	Increase	50	0.00	44,703	0.69
				27-Jul-2018	Increase	15	0.00	44,718	0.69
				03-Aug-2018	Decrease	-515	-0.01	44,203	0.68
				03-Aug-2018	Increase	199	0.00	44,402	0.68
				10-Aug-2018	Decrease	-199	0.00	44,203	0.68
				07-Sep-2018	Decrease	-97	0.00	44,106	0.68
				07-Sep-2018	Increase	97	0.00	44,203	0.68
				11-Sep-2018	Increase	945	0.01	45,148	0.69
				11-Sep-2018	Decrease	-97	0.00	45,051	0.69
				18-Sep-2018	Increase	100	0.00	45,151	0.69
				21-Sep-2018	Decrease	-664	-0.01	44,487	0.68
				28-Sep-2018	Increase	287	0.00	44,774	0.69
				05-Oct-2018	Increase	300	0.00	45,074	0.69
				12-Oct-2018	Increase	100	0.00	45,174	0.70
				26-Oct-2018	Decrease	-1	0.00	45,173	0.70
				30-Nov-2018	Increase	233	0.00	45,406	0.70
				07-Dec-2018	Increase	250	0.00	45,656	0.70
				21-Dec-2018	Decrease	-5	0.00	45,651	0.70
				31-Dec-2018	Increase	100	0.00	45,751	0.70
				04-Jan-2019	Increase	100	0.00	45,851	0.71
				04-Jan-2019	Decrease	-2	0.00	45,849	0.71
				11-Jan-2019	Increase	373	0.01	46,222	0.71
				30-Mar-2019	At the end of the year			46,222	0.71
4	Governor Of Kerala	39,990	0.615296275		At the beginning of the year		0.00	39,990	0.62
					No Change		0.00	39,990	0.62
				30-Mar-2019	At the end of the year			39,990	0.62
5	Vijay Krishan Gupta	24063	0.37		At the beginning of the year			24,063	0.37
				06-Apr-2018	Increase	1,800	0.03	25,863	0.40
				13-Apr-2018	Increase	570	0.01	26,433	0.41
				20-Apr-2018	Increase	250	0.00	26,683	0.41
				04-May-2018	Increase	2	0.00	26,685	0.41
				25-May-2018	Increase	20	0.00	26,705	0.41
				15-Jun-2018	Increase	100	0.00	26,805	0.41
				22-Jun-2018	Increase	600	0.01	27,405	0.42
				29-Jun-2018	Increase	2	0.00	27,407	0.42
				06-Jul-2018	Increase	613	0.01	28,020	0.43

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2018		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
				13-Jul-2018	Increase	137	0.00	28,157	0.43
				20-Jul-2018	Increase	239	0.00	28,396	0.44
				27-Jul-2018	Increase	800	0.01	29,196	0.45
				03-Aug-2018	Increase	189	0.00	29,385	0.45
				10-Aug-2018	Increase	20	0.00	29,405	0.45
				17-Aug-2018	Increase	50	0.00	29,455	0.45
				24-Aug-2018	Increase	235	0.00	29,690	0.46
				31-Aug-2018	Increase	533	0.01	30,223	0.47
				07-Sep-2018	Increase	489	0.01	30,712	0.47
				14-Sep-2018	Increase	70	0.00	30,782	0.47
				18-Sep-2018	Increase	2,518	0.04	33,300	0.51
				05-Oct-2018	Increase	200	0.00	33,500	0.52
				12-Oct-2018	Increase	180	0.00	33,680	0.52
				23-Nov-2018	Increase	100	0.00	33,780	0.52
				30-Nov-2018	Increase	100	0.00	33,880	0.52
				07-Dec-2018	Increase	40	0.00	33,920	0.52
				25-Jan-2019	Increase	5	0.00	33,925	0.52
29-Mar-2019	Increase	3	0.00	33,928	0.52				
30-Mar-2019	At the end of the year	0		33,928	0.52				
6	Kamal Kumar Goyal	27,646	0.43		At the beginning of the year		0.00	27,646	0.43
				29-Jun-2018	Decrease	-20,000	-0.31	7,646	0.12
				31-Aug-2018	Increase	20,000	0.31	27,646	0.43
				07-Sep-2018	Decrease	-20,000	-0.31	7,646	0.12
				28-Sep-2018	Increase	20,000	0.31	27,646	0.43
				25-Jan-2019	Decrease	-20,000	-0.31	7,646	0.12
				29-Mar-2019	Increase	20,000	0.31	27,646	0.43
30-Mar-2019	At the end of the year			27,646	0.43				
7	Ashootosh Kothari	20,100	0.31		At the beginning of the year			20,100	0.31
				15-Jun-2018	Increase	3,900	0.06	24,000	0.37
				11-Sep-2018	Increase	1,000	0.02	25,000	0.38
				30-Mar-2019	At the end of the year			25,000	0.38
8	Savitridevi Radhakishan Jaipuria	22,486	0.35		At the beginning of the year			22,486	0.35
				27-Jul-2018	Increase	100	0.00	22,586	0.35
				03-Aug-2018	Increase	183	0.00	22,769	0.35
				10-Aug-2018	Decrease	-100	0.00	22,669	0.35
				30-Nov-2018	Increase	36	0.00	22,705	0.35
				28-Dec-2018	Increase	99	0.00	22,804	0.35
				04-Jan-2019	Increase	103	0.00	22,907	0.35
				25-Jan-2019	Increase	18	0.00	22,925	0.35
				15-Feb-2019	Increase	74	0.00	22,999	0.35
30-Mar-2019	At the end of the year			22,999	0.35				
9	Madhu Gupta *	0	0.00		At the beginning of the year			0	0.00
				20-Apr-2018	Increase	20,000	0.31	20,000	0.31
				27-Apr-2018	Increase	1,000	0.02	21,000	0.32

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2018		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-Mar-2019	At the end of the year			21,000	0.32
10	Manpreet Kaur Sidana	18000	0.28		At the beginning of the year			18,000	0.28
				-	No Change	0	0.00	18,000	0.28
				30-Mar-2019	At the end of the year			18,000	0.28
11	Harcharan Singh Sidana (Huf) **	16000	0.25		At the beginning of the year			16,000	0.25
				-	No Change	0	0.00	16,000	0.25
				30-Mar-2019	At the end of the year			16,000	0.25

* Not in the list of top 10 shareholders as on April 1, 2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2019.

** Ceased to be in the list of top 10 as on March 31, 2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2018.

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2018		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(Chief Executive Officer & Managing Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
2	Mr. Kaiwan D. Kalyaniwalla (upto March 31, 2019) (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
3	Mr. Pradip N. Kapadia (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
4	Mr. Vasant N. Sanzgiri (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
5	Mr. D. G. Prasad (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2018		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
6	Ms. Roopa V. Tarkhad (upto May 18, 2018) (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
7	Ms. Tripti J. Navani (w.e.f August 01, 2018)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
8	Mr. Vikram V. Nagar (upto February 01, 2019)(Chief Financial Officer)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
9	Mr. Rakesh M. Nanwani (Company Secretary & Compliance Officer)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	At the end of the year	-	-	0	0.00
10	Mr. Avadhut A. Sarnaik (w.e.f February 02, 2019) (Chief Financial Officer)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				30.03.2019	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
Indebtedness at the beginning of the financial year				
i. Principal Amount	4648.76	4599.42	-	9248.18
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4648.76	4599.42	-	9248.18
Change in Indebtedness during the financial year				
• Addition	-	1,254.01	-	1,254.01
• Reduction	4,020.46	-	-	4,020.46
Net Change	(4,020.46)	1,254.01	-	(2,766.45)
Indebtedness at the end of the financial year				
i. Principal Amount	628.30	5,853.43	-	6,481.73
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	628.30	5,853.43	-	6,481.73

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	52.14
	(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	52.14
7.	Ceiling as per the Act, 2013	N.A

B. Remuneration To Other Director

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others please specify	Total
1.	Independent Directors -				
	Mr. Pradip N. Kapadia	4.75	-	-	4.75
	Mr. Kaiwan D. Kalyaniwalla #	3.50	-	-	3.50
	Mr. D.G. Prasad	4.00	-	-	4.00
	Total (1)	12.25	-	-	12.25
2.	Other Non-Executive Directors				
	Mr. Vasant N. Sanzgiri	1.70	-	-	1.70
	Ms. Tripti J. Navani @	0.50	-	-	0.50
	Total (2)	2.20	-	-	2.20
	Total (B)=(1+2)	14.45	-	-	14.45

Ceased to be Director with effect from the close of business hours on March 31, 2019

@ Appointed with effect from August 01, 2018

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr. Rakesh M. Nanwani 01.04.2018 to 01.02.2019	Chief Financial Officer Mr. Vikram V. Nagar #	Chief Financial Officer Mr. Avadhut Sarnaik 02.02.2019 to 31.03.2019 @
1.	Gross Salary	In ₹ Lakhs	In ₹ Lakhs	In ₹ Lakhs
	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961	4.88	31.83	5.63
	(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	4.88	31.83	5.63

Ceased to be CFO with effect from the close of business hours of February 01, 2019

@ Appointed with effect from February 02, 2019

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-2018 to 31-March-2019
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 ₹ 4.11 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 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

A. Conservation of energy-

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, 2019

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 0.76, But by taking initiatives on various energy conservation measures from last one year, the Company achieved remarkably 0.76 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.	Replacement of LED bulbs in place of sodium vapor lamps for street lights various locations.
		ii.	HT-06 CD reduced from 2400 to 2100 KVA,
		iii.	Mill No-7 Humidification energy consumption reduced from 14.92 to 12 %.
		vi.	HT-01, CD reduced from 9000 to 8000 KVA,
		v.	Mill No-2 Humd plant air balancing done and power saving 12.4 \kw
		vi.	Fluorescent tubes replaced with LED lamp 36 w to 18 watts,
		vii.	Mill No-2 Humd plant rotary air filter working reduced to 50%,
		viii.	Inverter drive installed for Auto coner No-7 at mill no-7
		ix.	Air Leakage identifying and fixing is on going activity.
		x.	Dyeing plant 2.5 MVA Transformer stopped for idle losses,
		xi.	To reduce line losses mill no-2 A/c load diverted
		xii.	Mill No-7, two transformers were stopped to reduce idle losses.
		xiii.	300 kvar APFC has been installed for improving the PF,
		xiv.	Mill No-1 & Dyeing plant Air Leakage study conducted ,
(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 and benefits derived as result of the below activities :	
a)	Contamination clearing machine added in blow room line involving Capital investment of ₹ 16.95 lakhs which will result if improvement in quality of products.	
b)	Upgraded Bale press to new technology to produce full pressed bale to get advantage in transport cost. Capital Investment ₹ 7.74 lakhs. Total savings ₹ 5,96,945	
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	As mentioned above (a) and (b)
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	(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	2372.27
2	Outgo	12.88

For and on behalf of the Board of Directors

Place : Mumbai,
Date : May 23, 2019

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN : 07568951

Vasant N. Sanzgiri
Director
DIN: 01757117

Report on Corporate Governance

Corporate Governance Policy:

The Company believes in the highest standards of good and ethical corporate governance practices. Good governance practices stem from the culture and mindset of the organization. It is therefore not merely about enacting policies regulations and procedures but also about establishing an environment of trust and confidence among various shareholders.

The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices 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.

Code of Conduct

The Company has strong and consistent legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for All Board Members 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. All Board members and senior management have confirmed compliance with the Code for the year ended March 31, 2019. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer & Managing Director.

Code of Practices and Procedures for Fair Disclosure and Conduct

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a Code for Prevention of Insider Trading & Code of Corporate Disclosure Practices ("Insider Trading Code") based on the principle that Directors, Officers, and Employees of the Company owe a fiduciary duty to the members of the Company to place the interest of the members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Insider Trading Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investors by the Company to enable them to take informed investment decisions with regard to the Company's securities. The Chief Financial Officer of the Company is responsible for implementation of the Insider Trading Code.

Board of Directors:

The Board of Directors are persons of integrity and having wide range of experience and skills. The Board of Directors as on March 31, 2019, 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 & Managing Director under the supervision, direction and control of the Board. The Chief Executive Officer & Managing Director is assisted by a team of qualified and experienced professional. None of the Independent Directors serve as an Independent Director in more than seven listed entities. None of the Directors of the Company are members in more than 10 mandatory committees nor act as a Chairman in more than 5 mandatory committees of public companies.

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, 5 (five) Board meetings were held on May 18, 2018; July 03, 2018; July 25, 2018; November 02, 2018 and February 01, 2019.

The terms and conditions of appointment of the Independent Directors and the details of familiarization programme to them are available on the website of the Company www.gokakmills.com

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI LODR and are independent of the Management.

All the information required to be placed before the Board of Directors under Regulation 17 (7) of SEBI LODR, has been duly placed. The Agenda along with explanatory notes are sent in advance to the Directors.

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, 2019 are as follows:

Sl. No.	Name of the Director	Category	Number of Board Meetings during 2018-2019		Attendance at AGM held on September 18, 2018	Number of shares held	Relationship with other Director	No. of Directorships in all Public Companies	No. of Committee Positions held in all Public Companies		Directorship in other listed entity (Category of Directorship)
			Held	Attended					Chairman	Member	
1	Mr. Ramesh R. Patil Chief Executive Officer and Managing Director DIN : 07568951	Executive Non-Independent	5	5	Yes	Nil	None	2	-	2	NIL
2	Mr. Pradip N. Kapadia DIN : 00078673	Non-Executive Independent	5	5	Yes	Nil	None	5	3	5	1. Mafatla Industries Limited (Independent Non-Executive) 2. Navin Fluorine International Limited (Independent Non-Executive)
3	Mr. Kaiwan D. Kalyaniwalla # DIN: 00060776	Non-Executive Independent	5	5	Yes	Nil	None	5	4	-	1. Modern India Limited (Independent Non-Executive) 2. Allcargo Logistics Limited (Non-Independent-Non-Executive)
4	Mr. D.G. Prasad DIN: 00160408	Non-Executive Independent	5	5	No	Nil	None	5	2	3	1. Moschip Technologies Ltd. (Independent Non-Executive) 2. Suven Life Sciences Ltd (Independent Non-Executive) 3. Natco Pharma Ltd (Independent Non-Executive)
5	Mr. Vasant N. Sanzgiri DIN: 01757117	Non-Executive Non-Independent	5	5	Yes	Nil	None	1	0	1	NIL
6	Ms. Tripti J. Navani @ DIN: 08190106	Non-Executive Non-Independent	5	2	No	Nil	None	1	-	-	NIL

Ceased to be Director with effect from the close of business hours of March 31, 2019.

@ Appointed with effect from August 01, 2018.

The Board has identified following skills/expertise/competencies for effective functioning of the Company which are currently available with the Board.

- Marketing, Sales and Synergies;
- Finance, Strategy and HR Management; and
- Corporate Governance and Administration

Familiarization Programme for Independent Directors

At the time of appointment of an Independent Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected from him/her as a Director of the Company. The Independent Directors of the Company were also provided with necessary documents/ brochures, reports and internal policies to familiarize them about the telecom industry, business operations and functioning of various divisions/departments of the Company. The details of familiarization programme imparted to the Independent Directors are available on the Company's website at www.gokakmills.com

Meeting of Independent Directors:

The Independent Directors met on May 23, 2019 to discuss:

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

The meeting was attended by all Independent Directors.

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. Avadhut Sarnaik, Chief Financial Officer is placed before the Board of Directors.

Audit Committee:

In compliance with section 177 of the Act and Regulation 18 of SEBI (LODR) 2015 the terms of reference of the Audit Committee were as under:

- I. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- II. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- III. examination of the financial statement and the auditors' report thereon;
- IV. approval or any subsequent modification of transactions of the Company with related parties;
- V. scrutiny of inter-corporate loans and investments;
- VI. valuation of undertakings or assets of the Company, wherever it is necessary;
- VII. evaluation of internal financial controls and risk management systems;
- VIII. monitoring the end use of funds raised through public offers and related matters;
- IX. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- X. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- XI. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- XII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- XIII. Discussion with internal auditors of any significant findings and follow up thereon;
- XIV. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- XV. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- XVI. To look into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders and creditors;
- XVII. To review the functioning of the Whistle Blower mechanism;
- XVIII. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- XIX. Reviewing, with the management, financial statements, with particular reference to:
- a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualification in the draft audit report.
- XX. Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding ₹ 100 crores or 10 % of the assets size of the subsidiary, whichever is lower including existing loans/advances/investments.
- XXI. Such other functions/duties as may be prescribed by the Act, or SEBI (LODR), 2015 (as amended from time to time); and such other functions/duties as may be entrusted by the Board from time to time.

In addition to the above the Audit Committee also reviews the information listed in Schedule II of Part C (B) of SEBI (LODR)

Composition of the Committee :

The Audit Committee of the Board has been constituted in compliance with the provision of Regulation 18 of SEBI LODR read with Section 177 of the Act. The Committee comprises of 3 members of whom 2 are Independent Non-Executive Directors and 1 Executive Director. The Chairman of the Audit Committee is an Independent Director.

All members are financially literate and at least one member has Accounting expertise. The Audit Committee meetings are attended by Chief Financial Officer, Statutory Auditors and Internal Auditors and the functional heads as and when required. The Company Secretary acts as the Secretary to the Committee. The gap between two consecutive meetings was not more than four months. During the year under review, the 5 (five) Audit Committee meetings were held on May 18, 2018; July 03, 2018; July 25, 2018; November 02, 2018 and February 01, 2019

The Composition of the Committee and details of meeting attended by its members is as follows:

Sr. No	Name	Description	Category	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
1.	Mr. D G Prasad	Chairman	Non-Executive Independent	5	5
2.	Mr. Pradip N. Kapadia	Member	Non-Executive Independent	5	5
3.	Mr. Ramesh R. Patil	Member	Executive Whole time Director	5	5

The Annual General Meeting / Extraordinary General Meeting is attended by the Chairman of the Committee / Member of the Committee authorized by the Chairman of the Committee.

Nomination and Remuneration Committee:

In compliance with Section 178 of the Act and Regulation 19 of SEBI (LODR), 2015, the Board had constituted Nomination and Remuneration Committee. The Committee comprises of 3 members of whom 2 are Independent Non-Executive Directors and functions under the Chairmanship of an Independent Director.

The terms of reference of Nomination and Remuneration Committee includes:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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;
- To recommend extending or continuing the terms of appointment of Independent Directors, on the basis of report of performance evaluation of Independent Director;
- Recommend to the Board, all remuneration, in whatever form payable to senior management and
- Such other functions/duties as may be entrusted by the Board from time to time

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Directors' Report.

The Committee determines and recommends to the Board the compensation of the Managing Director. The Committee makes periodic appraisal of the performance of the Managing Director. The Company does not have any stock options scheme.

Composition of the Committee :

The Nomination and Remuneration Committee comprises of three (3) members, of which 2 are Non-Executive Independent Directors and One (1) Non-Executive Non -Independent Director. During the year under review, three (3) meetings were held on May 18, 2018; July 25, 2018 and January 15, 2019. The composition of the Committee and details of meeting attended by the members is as follows:

Sl. No.	Name	Description	Category	No. of NRC Meetings held	No. of NRC Meetings attended
1.	Mr. Kaiwan D. Kalyaniwalla #	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

Ceased to be director and Member with effect from the close of business hours on March 31, 2019.

Details of Remuneration paid to Directors during the year ended March 31, 2019 are as follows:

A) Non – Executive Directors

(₹ in lakhs)

Name of Director	Sitting fees	Commission Paid	Total ₹
Mr. Pradip N. Kapadia	4.75	Nil	4.75
Mr. Kaiwan D. Kalyaniwalla #	3.50	Nil	3.50
Mr. D. G. Prasad	4.00	Nil	4.00
Mr. Vasant N. Sanzgiri	1.70	Nil	1.70
Ms. Tripti J. Navani @	0.50	Nil	0.50

Ceased to be Director with effect from the close of business hours of March 31, 2019

@ Appointed with effect from August 01, 2018.

No commission was paid to any Non – Executive Director during FY 2018 – 2019.

B) Remuneration paid to Chief Executive Officer & Managing Director

(₹ in lakhs)

Sr. No.	Particulars	Mr. Ramesh R. Patil
a	Salary and allowance	44.04
b	Pension contribution to PF	2.10
c	Annual Performance Incentive & Ex-Gratia	6.00
	Total	52.14
d	Breakup of fixed components and performance linked incentives with performance criteria	Item C is performance linked, others are fixed. Performance criteria include, reduction of costs, improvement of liquidity, steps taken for growth of business both the Company and its subsidiary.
e	Service contracts	July 18, 2016 to July 17, 2019 (subject to retirement policy of the Company)
f	Notice period	Six Months
g	Severance fees	Nil
h	Stock Option	Nil

Stakeholders Relationship Committee :

In compliance with the provisions of section 178 of the Act and Regulation 20 of SEBI (LODR), 2015, the terms of reference of the 'Stakeholders Relationship Committee' includes:

- Approval of Share Transfers / Deletion of Name/s / Transposition of Name/s, Dematerialization / Re-materialization of Shares;
- Approval of Transmission of Shares;
- Approval for issue of Duplicate/Replacement/Renewal of Share Certificates;
- Resolution of all the grievances of the security holders;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted in respect of various services being rendered by Registrar & Share Transfer Agents;
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company 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

The Company Secretary also functions as Compliance Officer.

During the year under review, the Company received 2 (two) shareholder's complaints which were resolved and there were no pending complaints at the end of the year. No transfers were pending as on March 31, 2019.

The Annual General Meeting / Extraordinary General Meeting is attended by the Chairman of the Committee / Member of the Committee authorized by the Chairman of the Committee.

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.

Mr. Kaiwan D. Kalyaniwalla ceased to be director and Member with effect from the close of business hours of March 31, 2019.

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 to the Companies Act, 2013. 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.

General Body Meetings

(a) the details of date, time and venue of the Annual General Meetings held during the last 3 years till March 31, 2019 are as follows:

AGM	Date of the AGM	Time	Venue
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
12th AGM	September 18, 2018	11.30 a.m	Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru - 560001

(b) Details of Special Resolutions passed in the previous three (3) Annual General Meetings :

September 02, 2016 (10th AGM)	(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.
September 26, 2017 (11th AGM)	(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
September 18, 2018 (12th AGM)		No Special Resolution was passed at the AGM held on September 18, 2018.

(c) Whether any special resolution passed through postal ballot : No**Vigil Mechanism/ Whistle Blower Policy**

Pursuant to Section 177 of the Act and Regulation 22 of SEBI (LODR), 2015, the Board has established a vigil mechanism for the Directors and employees of the Company to report genuine concerns about unethical behavior actual or suggested fraud or violation of the Company's Code of Conduct or ethics. The Company has in place Whistle Blower Policy to provide mechanism for Director or employee of the Company to approach the Chairman of the Audit Committee. The Policy is available on the Company's website viz. www.gokakmills.com

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. 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.

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 Board has approved policies for determining material subsidiaries and related party transaction's which has been uploaded on the Company's website viz. www.gokakmills.com

Statutory Compliances

The Company has ensured necessary compliance with the requirements of the Stock Exchange, SEBI and other authorities related to capital market and the details of non-compliance and penalties are not applicable. The Company follows all relevant Accounting Standards. The Company as compiled with all the Secretarial Standards (SS) issued by The Institute of Company Secretaries of India.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company has complied with all the mandatory requirements of SEBI (LODR), 2015. The status of compliance with discretionary requirements under Regulation 27(1) and Part E Schedule II of SEBI (LODR), 2015 is as follows:

- **Shareholders' Rights:** As the quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not sent to the shareholders.

- **Audit Qualifications:** The Statutory Auditors Report on the Company's standalone financial statement for the financial year 2018-19 does not contain any audit qualification.
- **Separate posts of Chairman and CEO:** The Board Members present at the meeting elect a Non- Executive Director to Chair the meeting. The Company has appointed Chief Executive Officer & Managing Director to take care of the day-to-day affairs of the Company.

Means of communication:

The quarterly, half yearly and annual results are generally published in the Business Standard (English daily) and Hosa Digantha (Kannada Daily - regional language newspaper). The financial results, shareholding patterns are also available on the website of the Company, i.e. www.gokakmills.com

The Company does not have a practice of making presentation to institutional investors and analysts. Management Discussion and Analysis forms part of Annual Report.

18. General Shareholder Information :

a	Annual General Meeting Date, time and venue	Next Annual General Meeting of the Company is scheduled on Friday, September 20, 2019 at 12:00 Noon 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 Saturday, September 14, 2019 to Friday, September 20, 2019.
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)

Equity shares of the Company are listed on BSE Limited only and Company has paid the annual listing fees before the due date.

Market Price Data for the Shares of Face Value ₹ 10 each is as under :

Month and Year	High ₹	Low ₹	No. of shares
April 2018	48.00	38.00	1,01,700
May 2018	43.05	32.70	14,568
June 2018	41.85	33.20	16,170
July 2018	36.55	31.40	5,535
August 2018	39.75	34.20	6,625
September 2018	37.00	30.40	14,847
October 2018	32.70	25.05	13,008
November 2018	32.55	24.05	4,891
December 2018	28.00	22.80	5,004
January 2019	23.85	18.25	12,013
February 2019	19.25	16.75	3,621
March 2019	17.10	15.10	3,103

Registrars and Share Transfer Agents:

The Company has appointed TSR Darashaw Consultants Private Ltd. (TSRDCPL) as its Registrar & Share Transfer Agents, Shareholders are requested to approach TSRDCPL on the following address for any query and problems related

to shares held in Physical form:
 TSR Darashaw Consultants Private Limited
 (Formerly TSR Darashaw Limited)
 Unit: Gokak Textiles Ltd.
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road, Near Famous Studio,
 Mahalaxmi, Mumbai 400011.
 Tel: +91 22 6656 8484, Fax: +91 22 6656 8494
 Email: cgs-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com

Share Transfer system:

The Stakeholders Relationship Committee of the Board of Directors of the Company inter alia monitors Share Transfers/ Deletion of Name/s/Transposition of Name/s, Transmission, dematerialization and re-materialization of shares. Shares of the Company are traded compulsorily in dematerialized form.

Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 has been amended, mandating transfer of securities in dematerialized form. The said restriction is not applicable to request received for effecting transmission or transposition, deletion of name in respect of shares held in physical form or transfer deeds once lodged prior to April 1, 2019 and returned due to deficiency in the document and re-lodged.

The shareholders holding shares in physical forms are requested to get their shares dematerialised to avoid any inconvenience in the future while transferring their shares.

Distribution of Shareholding as at March 31, 2019

Category	No. of Shares	Percentage to Paid-up capital
Promoters	47,80,845	73.56
Central/State Government(s)	55,171	0.85
Nationalised Banks	9,482	0.15
Bodies Corporate	1,18,797	1.83
Insurance Companies	2,96,057	4.56
Mutual Funds / UTI	196	0.00
FII's/ NRI's/ OCB/ Foreign Company	2,16,236	3.32
Public	10,22,524	15.73
Total	64,99,308	100.00

Distribution by size of holding as at March 31, 2019

Range Start	Range End	Total Shares	Percentage to capital	Total Number of Equity Shareholders	% of Total Paid-up Equity Capital
1	500	4,37,594	6.73	8,665	96.45
501	1000	1,22,162	1.88	161	1.79
1001	2000	1,10,305	1.70	78	0.87
2001	3000	68,210	1.05	27	0.30
3001	4000	37,662	0.58	11	0.12
4001	5000	40,547	0.62	9	0.10
5001	10000	1,35,006	2.08	19	0.21
10001	Above 10001	55,47,822	85.36	14	0.16
Total		64,99,308	100.00	8,984	100.00

Status of dematerialisation of shares and liquidity as on March 31, 2019:

Details	No. of shareholders	No. of shares	Percentage to paid up Capital
National Securities Depository Limited. (NSDL)	3,435	58,61,783	5.86
Central Depository Services (India) Limited. (CDSL)	1,242	3,80,650	90.19
Total Dematerialised	4,677	62,42,433	96.05
Physical	4,307	2,56,875	3.95
Total	8,984	64,99,308	100

Outstanding Employee Stock options, GDRs, ADRs, etc.

The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds ("FCCBs") and Employee Stock Options.

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.

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.

Credit rating by ICRA during FY 2018 - 2019

Facilities	Rating *
Fund Based facilities including Term Loan (Rated on long term scale)	[ICRA] B+ (Stable)
Fund Based (Rated on short term scale)	[ICRA] A4

* The ratings were re-affirmed by ICRA i.e no change in ratings during the FY 2018 – 2019.

Plant Locations:

Mills Division :

Gokak Falls – 59130, Dist. Belgaum, Karnataka State

Knitwear Unit:

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

Address for Correspondence:

Shareholders holding shares in physical mode are requested to direct all equity shares related correspondence /queries to TSRDCPL and only the non- shares related correspondence and complaints regarding TSRDCPL 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.

Secretarial Auditors' Certificate:

- (i) Certificate from the Practicing Company Secretary on compliances with the corporate governance requirements by the Company is annexed to this Report.
- (ii) Certificate from the Practicing Company Secretary that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors by the Board/Ministry of Corporate Affairs or any such statutory authority

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, 2019.

For **Gokak Textiles Limited**

Ramesh R.Patil
Chief Executive Officer & Managing Director
DIN : 07568951

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 1st April 2018 to 31st March, 2019.

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. Our 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 18, 2019
Place: Bangalore

For **KDSH & Associates LLP**

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

Annexure: A
CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of

GOKAK TEXTILES LIMITED
#1, 2nd Floor, 12th Cross Ideal Homes,
Near Jayanna Circle, Rajarajeshwari Nagar
Bangalore-560098

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gokak Textiles Limited having CIN L17116KA2006PLC038839 and having registered office at #1, 2nd Floor, 12th Cross Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bangalore-560098 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr NO	Name of the Director	DIN	Date of Appointment in the company
1	Pradip Narotam Kapadia	00078673	12/09/2008
2	Govinda Prasad Dasu	00160408	28/05/2012
3	Vasant Narayan Sanzgiri	01757117	22/05/2012
4	Ramesh Ramrao Patil	07568951	18/07/2016
5	Tripti Jagdish Navani	08190106	01/08/2018

Mrs.Roopa Vijay Tarkhad(DIN:07879587) and Mr. Kaiwan Dossabhoy Kalyaniwalla (DIN:00060776) directors of the company has resigned from the office with effect from 18th May 2018 and 31st March 2019 respectively.

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

Date : May 18, 2019
Place: Bangalore

For **KDSH & Associates LLP**

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

**STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS FORMING PART OF
ANNUAL REPORT OF
GOKAK TEXTILES LIMITED
FOR THE YEAR ENDED MARCH 31, 2019**

INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak Textiles Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Gokak Textiles Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

i. Provisions for Contingencies and Litigations and disclosure of Contingent liabilities

Description of Key Audit Matter:

At March 31, 2019, the Company held provisions of ₹ 751.75 lakhs in respect of legal claims and has disclosed total contingent liabilities of ₹ 10,218.02 lakhs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported loss and balance sheet position.

Refer Note 50 and Note 47 of financial statements for accounting policies for provisions and contingent liabilities and related disclosures.

Our response:

- We evaluated the design and tested the operating effectiveness of controls in respect of the determination of the provisions. We determined that the operation of the controls provided us with evidence over the completeness, accuracy and valuation of the provisions.

- We read the summary of litigation matters provided by management and held discussions with the management and their legal counsels. We requested legal letters from some of the Company's external legal advisors with respect to the matters included in the aforesaid disclosures. Where appropriate, we examined correspondence connected with the cases.
- For litigation provisions, we tested the calculation of the provisions, assessed the assumptions against third party data, where available and assessed the estimates against historical trends.
- We considered management's judgements on the level of provisioning and disclosures in respect of the aforesaid matters, which we considered to be appropriate.

ii. Going Concern Assessment

Description of Key Audit Matter:

During the year, the Company incurred loss before tax (including other comprehensive income) of ₹3,568.62 lakhs and had accumulated losses of ₹ 21,821.74 lakhs as on March 31, 2019. Its current liabilities exceeded its current assets by ₹6,180.09 lakhs as on that date. The aforesaid current liabilities include ₹ 5,853.43 lakhs payable to the holding company. These conditions indicate requirement of assessment of the Company's ability to continue as a going concern.

The Company's financial statements have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 52 of the financial statements.

Our response:

- We evaluated the appropriateness of management's use of going concern basis of accounting in the preparation of financial statements in accordance with Standard on Auditing issued by ICAI in this regard.
- We evaluated the management's plans for future actions in relation to its going concern assessment, to assess whether the outcome of those plans is likely to improve the situation and whether management's plans are feasible in the circumstances.
- We assessed the possible mitigating actions identified by management in the event that actual cash flows are below forecast.
- We assessed the prospects of renewal or repayment current borrowings based on past experience of the Company.
- We discussed and obtained a written letter from the holding company indicating its intention and ability to support the Company's financial and operating requirements through infusion of additional capital as and when necessary.

iii. Impairment testing of investment in subsidiary:

Description of Key Audit Matter:

The Company has investment of ₹ 2,499.00 lakhs in the equity shares of Gokak Power & Electricity ('GPEL') which represents 51% of its equity capital. GPEL is engaged in the business of generation and distribution of hydro power and significant portion of power generated by GPEL is used by the Company for its textile factory.

Investments in subsidiaries are valued at cost adjusted for impairment losses, if any. In line with "Ind AS 36 Impairment of assets", in the presence of an impairment indicator, the Company carries out an impairment test by comparing the recoverable amount of the investments, determined according to the value in use method and their carrying amount.

GPEL has accumulated losses of ₹ 1,867.88 lakhs as on March 31, 2019 which indicates that the investment in GPEL may be impaired and requires impairment testing.

The valuation process adopted by management is complex and is based on a series of assumptions, such as the forecast cash flows, the appropriate discounting rate (WACC) and the long-term growth rate. These assumptions are, by nature, influenced by future expectations regarding the evolution of external market conditions.

Our response:

We analysed the methods and assumptions applied by management to carry out the impairment test through following procedures:

- identification and understanding of the significant controls implemented by the Company over the impairment testing process;
- analysis of the reasonableness of the principal assumptions made to estimate their cash flows by obtaining information from management that we deemed to be significant;
- We also examined the adequacy of the information provided by the Company about the impairment test and its consistency with the requirements of Ind AS 36.
- analysis of actual data of the year and previous years in comparison with the original plan, in order to assess the nature of variances and the reliability of the planning process;
- assessment of the reasonableness of the discount rate (WACC) and the long-term growth rate;
- verification that the carrying amount of the investment was determined properly and comparison with the value in use resulting from the impairment test.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its director during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 financial statements. (refer note 47)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Date : 23 May, 2019

Annexure - A to the Auditors' Report

(referred to in paragraph 1 under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

- 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, 2019 ₹ in lakh	Net Block as on March 31, 2019 ₹ in lakh	Remarks
1.	Land	1	Freehold	11.35	11.35	<ul style="list-style-type: none"> • The title deeds of the property are in the name of erstwhile entities (Mills Division). • As per the government records, some portion of the land is neither in the name of the Company nor in the name of erstwhile entitles.
2.	Land	1	Freehold	11.10	11.10	The title deeds of the properties are in the name of erstwhile entity (Garment 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, 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, 2019 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 banks during the year. There were no dues to financial institutions, 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 : 23 May, 2019

Annexure - B to the Auditors' Report

(referred to in paragraph 2 under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

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 2019 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 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 2019, 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 :23 May, 2019

GOKAK TEXTILES LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2019

Particulars	Note No.	As at 31 st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	7,349.67	7,924.97
b) Capital work-in-progress		-	17.86
c) Investment Property	4	11.35	11.35
d) Intangible assets	5	0.28	7.73
		7,361.30	7,961.91
e) Financial Assets:			
i) Investments			
a) Investments in Subsidiaries	6	2,499.00	2,499.00
b) Other Investments	6	0.03	0.53
		2,499.03	2,499.53
ii) Other financial assets	8A	242.38	242.20
		2,741.41	2,741.73
f) Tax assets			
i) Deferred tax assets (net)	19	-	-
ii) Income tax assets (net)	23	64.57	56.15
		64.57	56.15
g) Other non-current assets	11A	1,161.23	1,648.01
Total Non-current assets		11,328.51	12,407.80
2 Current assets			
a) Inventories	9	2,472.21	2,771.30
b) Financial Assets:			
i) Trade receivables	7	868.44	1,313.81
ii) Cash and cash equivalents	10A	20.08	46.38
iii) Bank balances other than (ii) above	10B	4.00	3.92
iv) Other financial assets	8B	241.72	14.49
		1,134.24	1,378.60
c) Other current assets	11B	290.48	348.84
		1,424.72	1,727.44
Assets classified as held for sale	12	68.15	69.78
Total Current assets		3,965.08	4,568.52
Total Assets		15,293.59	16,976.32
Equity and Liabilities			
Equity			
a) Equity share capital	13	649.93	649.93
b) Other equity	14	755.81	1,258.55
Equity attributable to owners of the Company		1,405.74	1,908.48
Total Equity		1,405.74	1,908.48
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	15	2,556.15	1,894.63
		2,556.15	1,894.63

Particulars	Note No.	As at 31 st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
b) Provisions	18A	1,186.53	896.94
Total Non-current liabilities		3,742.68	2,791.57
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	21	6,481.73	6,365.12
ii) Trade Payables:			
- dues to Micro and Small Enterprises	22	1.49	6.80
- dues to other Creditors		2,980.82	1,985.77
iii) Other financial liabilities	17	597.60	3,679.72
		10,061.64	12,037.41
b) Provisions	18B	10.76	10.63
c) Other current liabilities	20	72.77	228.23
		10,145.17	12,276.27
Total Current Liabilities		10,145.17	12,276.27
Total Liabilities		13,887.85	15,067.84
Total Equity and Liabilities		15,293.59	16,976.32

See accompanying notes forming part of the financial statements **1 to 54**

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place : Mumbai
Date : 23rd May 2019

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

	Particulars	Note No.	Year ended 31 st March, 2019 ₹ in Lakhs	Year ended 31 st March, 2018 ₹ in Lakhs
I	Revenue from operations	24	17,300.46	17,304.55
II	Other income	25	701.20	297.40
III	Total Income		18,001.66	17,601.96
IV	Expenses:			
	Cost of materials consumed	26	12,127.69	11,796.48
	Changes in inventories of finished goods and work-in-progress	27	58.61	209.47
	Employee benefits expense	29	3,192.30	2,826.90
	Finance costs	30	1,406.96	1,351.67
	Depreciation and amortisation expense	31	621.55	650.80
	Other expenses	32	4,225.60	4,388.08
	Total expenses		21,632.71	21,223.40
V	Profit / (Loss) before exceptional items and tax		(3,631.05)	(3,621.45)
VI	Exceptional items - Income		-	-
VII	Profit / (Loss) before tax		(3,631.05)	(3,621.45)
VIII	Tax expense:			
	(a) Current tax	33	-	-
	(b) Deferred tax	33	-	98.25
			-	98.25
IX	Profit / (Loss) for the year		(3,631.05)	(3,719.70)
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		62.43	(5.74)
	Other Comprehensive Income		62.43	(5.74)
XI	Total Comprehensive Income for the year		(3,568.62)	(3,725.44)
XII	Earning per equity share :	34		
	Basic and diluted earnings per equity share		₹ (55.87)	₹ (57.23)

See accompanying notes forming part of the financial statements

1 to 54

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

	Year ended March 31, 2019 ₹ in lakh	Year ended March 31, 2018 ₹ in lakh
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(3,631.07)	(3,621.44)
Adjustments for:		
Depreciation and amortisation	621.55	650.80
Interest income	(20.10)	(32.56)
Finance cost	1,406.96	1,351.67
Net Loss / (Profit) on sale of fixed assets	(53.98)	(38.71)
Foreign Exchnage (gain)/ losses	(8.41)	-
Credit balances / excess provision written back	(73.74)	(56.19)
Divident Income	(0.04)	(0.07)
Provision for Doubtful Debts (net of recoveries)	-	22.16
Balances written off	39.95	12.64
Operating loss before working capital changes	(1,718.87)	(1,711.70)
Adjustments for :		
(Increase)/ Decrease in Inventories	299.09	374.85
(Increase)/ Decrease in Trade and other receivables	413.83	(683.74)
(Increase)/ Decrease in Other Financial Assets	(227.41)	40.32
(Increase)/ Decrease in Other assest	546.77	194.81
Increase/ (Decrease) in Trade payables, other liabilities and provisions	1,061.10	(58.38)
Cash generated from operations	374.51	(1,843.84)
Direct Taxes (paid) / refund	(8.42)	(9.82)
Net cash (used in) / from operating activities	366.09	(1,853.66)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP	(21.88)	(6.26)
Sale of Fixed Assets	54.91	53.38
Net Movement in bank balance not considered as cash and cash equivalents	(0.08)	(0.67)
Interest received	20.10	32.56
Dividend Received	0.04	0.07
Sale of Investment	0.50	-
Net cash (used in)/ from investing activities	53.59	79.08
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Preference Shares	3,500.00	3,500.00
Proceeds / (repayment) of Borrowings (net)	(2,765.84)	117.40
Interest paid	(1,180.15)	(1,838.16)
Interest income	-	-
Net cash (used in)/from financing activities	(445.99)	1,779.25
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(26.32)	4.67
Cash and Cash equivalents at the beginning of the year	46.38	41.71
Cash and Cash equivalents at the end of the year	20.08	46.38
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	2.35	1.78
Balances with banks:		
- In current accounts	17.73	44.60
	20.08	46.38

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

₹ in Lakhs

Particulars	As on 1st april 2018	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31 st March 2019
Short Term Borrowings	6,365.12	116.61	-	6,481.73
Long Term Borrowings (including current maturities)	2,882.45	(2,882.45)	-	-
Debt component of preference shares	1,894.63	434.12	227.41	2,556.15

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.

As per our report of even date

For and on behalf of the Board of Directors
For BATLIBOI & PUROHIT

 Chartered Accountants
 Firm Reg No. 101048W

Avadhut Sarnaik
 Chief Financial Officer
 Membership No.A27260

Vasant N. Sanzgiri

 Director
 (DIN: 01757117)

Kaushal Mehta

 Partner
 Membership No. 111749

Ramesh R. Patil
 CEO & Managing Director
 (DIN: 07568951)

Rakesh M. Nanwani
 Company Secretary
 Membership No. A45718

 Place : Mumbai
 Date : 23rd May 2019

 Place : Mumbai
 Date : 23rd May 2019

GOKAK TEXTILES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Lakhs

Statement of changes in equity for the year ended 31st March, 2019		Amount
a. Equity share capital		
Balance as at 01st April 2017		649.93
Changes in equity share capital during the year		-
Balance as at 31st March 2018		649.93
Changes in equity share capital during the year		-
Balance as at 31st March, 2019		649.93

Statement of changes in equity for the year ended 31st March, 2019

₹ in Lakhs

b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus			Item 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	
Balance at April 01, 2017	9,285.47	7,160.32	(14,750.90)	(7,590.58)	223.22	223.22	1,918.11
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	-	-	(5.74)	(5.74)	-	-	(5.74)
Total comprehensive income for the year	-	-	(3,725.44)	(3,725.44)	-	-	(3,725.44)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	3,065.88	-	-	-	-	-	3,065.88
Transfer to retained earnings	-	-	-	-	-	-	-
Balance at March 31, 2018	12,351.35	7,160.32	(18,253.12)	(11,092.80)			1,258.55
Profit for the year	-	-	(3,631.05)	(3,631.05)	-	-	(3,631.05)
Remeasurement of the net defined benefit liability/ asset, net of income tax (current year)	-	-	62.43	62.43	-	-	62.43
Total comprehensive income for the year	-	-	(3,568.62)	(3,568.62)	-	-	(3,568.62)
Issue of Non-cumulative, non-convertible Redeemable preference Shares during the year	3,065.88	-	-	-	-	-	3,065.88
Balance at March 31, 2019	15,417.23	7,160.32	(21,821.74)	(14,661.41)	-	-	755.81

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHITChartered Accountants
Firm Reg No. 101048W**Avadhut Sarnaik**
Chief Financial Officer
Membership No. A27260**Vasant N. Sanzgiri**Director
(DIN: 01757117)**Kaushal Mehta**Partner
Membership No. 111749**Ramesh R. Patil**CEO & Managing Director
(DIN: 07568951)**Rakesh M. Nanwani**Company Secretary
Membership No. A45718Place : Mumbai
Date : 23rd May 2019Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019

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, 2019 - 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 years
2	Residential Buildings	30 to 60 years
3	Plant & Machinery	10 to 30 years
4	Furniture, fixture	10 years
5	Office Equipment	3 to 15 years
6	Motor Vehicles	8 to 10 years

(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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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 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.

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.

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.

(i) Inventories :

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Sr. No	Particulars	Method of determining cost
1	Stores, Spares and Loose Tools	Weighted average for Mills unit and FIFO basis for Garment Division.
2	Raw Materials:	
	(i) Cotton and Other Fibers	Specific identification for Mills unit and FIFO basis for Garment Division.
	(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.

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

(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 :

The Company has adopted Ind AS 115 - 'Revenue from contracts with customers' with effect from April 01, 2018. Revenue from the sale of goods in the course of ordinary activities is recognised at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The goods are considered as 'transferred' when the customer obtains control of those goods.

Revenue from services are recognised in the accounting period in which service are rendered. For fixed price contracts, revenue is recognised based on actual services provided to the end of the reporting period as a proportion of the total services to be provided.

There is no impact on account of applying the Ind AS 115 Revenue from contract with customers instead of erstwhile Ind AS 18 Revenue on the financials Statements of the Company for the year ended and as at March 31, 2019.

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued**(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.

(w) 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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

(x) Recent accounting pronouncements:

(i) Ind AS 116 Leases :

Ministry of Corporate Affairs has notified Ind AS 116, Leases on March 30, 2019. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The adoption of this Ind AS will not have any material impact on the Financials.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would result in an increase in Right of use asset and an increase in lease liability

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The adoption of Ind AS 12 Appendix C would not have any material impact on the financial statements

(iii) Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. There is no material impact in the financials of the company

(iv) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', on 30 March, 2019 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Factory Building	Residential Building	Plant and machinery	Furniture & Fixtures And Office equipments	Vehicles	Total
Cost or Deemed cost							
Balance at April 1, 2017	11.10	1,946.35	393.86	6,995.65	228.66	12.53	9,588.15
Additions	-	-	-	3.41	0.97	0.57	4.95
Disposal	-	1.51	6.11	6.68	-	0.83	15.13
Others	-	-	-	-	-	-	-
Balance at March 31, 2018	11.10	1,944.84	387.75	6,992.38	229.63	12.27	9,577.97
Additions	-	-	-	28.02	2.85	8.70	39.57
Disposal	-	-	-	0.16	-	0.93	1.09
Balance at March 31, 2019	11.10	1,944.84	387.75	7,020.24	232.48	20.04	9,616.45
Accumulated depreciation and impairment							
Balance at April 1, 2017	-	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
Balance at March 31, 2018	-	279.23	62.67	1,188.76	118.73	3.61	1,653.00
Eliminated on disposals of assets	-	-	-	0.19	-	-	0.19
Depreciation expense	-	106.00	23.84	453.18	30.63	0.33	613.98
Balance at March 31, 2019	-	385.23	86.51	1,641.75	149.36	3.94	2,266.79
Carrying Amount							
Balance at March 31, 2017	11.10	1,773.04	356.16	6,257.87	153.70	8.86	8,560.72
Balance at March 31, 2018	11.10	1,665.61	325.08	5,803.62	110.90	8.66	7,924.97
Balance at March 31, 2019	11.10	1,559.61	301.24	5,378.49	83.12	16.10	7,349.67

4. Investment property

(₹ In Lakhs)

At Cost	As at 31 st March 2019	As at 31st March 2018
	11.35	11.35
Total	11.35	11.35

Fair Value :-

As at March 2019	450.00
As at March 2018	411.00

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

5. Intangible assets:-

(₹ In Lakhs)

Particulars	Computer Software
Cost or Deemed cost	
Balance as at 1st Apr, 2017	71.38
Additions	-
Deletion	-
Balance as at 31st Mar, 2018	71.38
Additions	0.12
Deletion	-
Balance as at 31st Mar, 2019	71.50
Accumulated amortisation and impairment	
Balance as at 1st Apr, 2017	38.88
Depreciation expense	24.77
Balance as at 31st Mar, 2018	63.65
Depreciation expense	7.57
Balance as at 31st Mar, 2019	71.22
Carrying Amount	
Balance as at 1st Apr, 2017	32.50
Balance as at 31 st Mar 2018	7.73
Balance as at 31 st Mar 2019	0.28

6. Non Current Investments

(₹ in lakhs)

6A. Break-up of investments				
particulars	As at 31 st March 2019		As at 31st March 2018	
	Qty	Amount	Qty	Amount
a) In subsidiary companies (at cost)				
Unquoted Investments				
i) Equity Instruments				
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
Total of Unquoted Investments in subsidiary	2,49,90,000	2,499.00	2,49,90,000	2,499.00
b) Other Investments (FVTPL)				
Unquoted Investments (all fully paid)				
i) Equity Instruments				
1 Equity shares of ₹ 10/- each of New India Co-Operative Bank Ltd.	-	-	5,000	0.50
2 Equity shares of ₹ 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
Total of Unquoted Investments	250	0.03	5,250	0.53
TOTAL OF UNQUOTED INVESTMENTS		2,499.03		2,499.53

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of New India Co-operative Bank limited	-	0.50
2. In unquoted equity shares of Zoroastrian Co- Operative Bank limited.*	0.03	0.03
	0.03	0.53

* Value of these shares is ₹ 2,500/-

7. Trade receivables

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Trade receivables		
a) Unsecured, considered good	868.44	1,313.81
b) Doubtful	559.52	633.26
Less: Allowance for doubtful debts (expected credit loss allowance)	559.52	633.26
Total (B)	868.44	1,313.81

* There were no trade receivables which were credit impaired or had significant increase in credit risk during the year.

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.

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 :--

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
0 - 60	795.35	1,196.46
61 - 180	17.25	80.14
181 - 365	55.84	28.70
Above 365 Days	-	8.51
Total	868.44	1,313.81

Movement in the allowance for doubtful debts

(₹ in lakhs)

Particulars	Year ended 31 st March,2019	Year ended 31 st March,2018
Balance at beginning of the year	633.26	611.10
Impairment losses recognised / (reversed) on receivables	(73.74)	25.92
Amounts written off during the year as uncollectible	-	(1.44)
Amounts recovered during the year	-	(2.32)
Balance at end of the year	559.52	633.26

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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 31 st March 2019	As at 31st March 2018
Security deposits		
- Unsecured, considered good	242.38	242.20
Total	242.38	242.20

8B Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Other curent receivables		
- Staff advance - Unsecured, considered good	10.91	14.49
- Refund of electricity charges - Unsecured, considered good	230.81	-
Total	241.72	14.49

9 Inventories

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Inventories (lower of cost and net realisable value)		
Raw materials	236.38	426.41
Work-in-progress	684.02	682.22
Finished goods	1,308.40	1,368.81
Stores and spares including packing materials	243.41	293.86
Total	2,472.21	2,771.30

10 Cash and Bank Balances

10A Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Balances with Banks		
In current accounts	17.73	44.59
b) Fixed Depoist with Banks		
	-	-
	17.73	44.59
Cash on hand	2.35	1.79
Total	20.08	46.38

10B Other Bank balances

(₹ in lakhs)

	As at 31 st March 2019	As at 31st March 2018
a) Balances held as margin money / under lien with remaining maturity of less than 12 months	4.00	3.92
Total	4.00	3.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

11 Other assets

11A. Non Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Unsecured considered good		
a) Security Deposits	5.43	5.34
b) Prepaid expenses	2.72	6.49
c) Balances with statutory / government authorities	1,153.08	1,636.18
Total	1,161.23	1,648.01

11B. Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Employee Benefit plan Assets (Refer Note 36)	8.83	70.67
b) Advances for supply of goods and services		
-To others		
- Unsecured, considered good	22.82	12.49
- Doubtful	80.11	192.68
Less : Allowance for doubtful advances	80.11	192.68
	22.82	12.49
c) Prepaid expenses	25.28	28.91
d) Claims Receivable & Duty Drawback	233.55	236.77
Total	290.48	348.84

12 Assets classified as held for sale

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Buildings	-	1.63
Plant and Machineries	68.15	68.15
Total	68.15	69.78

13. Equity Share Capital

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Authorised Share capital :		
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, 2018, 17,50,00,000)	1,750.00	1,750.00
	2,450.00	2,450.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of ₹10 each (as at March 31, 2018: 64,99,308)	649.93	649.93
	-	-
	649.93	649.93

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued
13.1 Fully paid equity shares

Particulars	Number of shares	Share capital (₹ in Lakhs)
Balance as at 31st March, 2017	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2018	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2019	64,99,308	649.93

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 31 st March 2019	As at 31st March 2018
Balance at the beginning of the period :		
Shapoorji Pallonji and Company Private Limited, the holding company	47,80,845	47,80,845
Total	47,80,845	47,80,845

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

Particulars	As at 31 st March 2019		As at 31st March 2018	
	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 and Company Private Limited	47,80,845	73.56	47,80,845	73.56
Total	47,80,845	73.56	47,80,845	73.56

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 31 st March 2019	As at 31st March 2018
a)	General reserve (Refer Note 1)		
	Balance at beginning of the year	7,160.32	7,160.32
	Movements during the year	-	-
	Balance at end of the year	7,160.32	7,160.32
b)	Equity component of Preference Shares		
	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	11,844.01	8,778.13
	Balance at end of the year	15,417.23	12,351.35

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars		As at 31 st March 2019	As at 31st March 2018
c)	Retained earnings		
	Balance at beginning of year	(18,253.12)	(14,750.90)
	Profit/(Loss) attributable to owners of the Company	(3,631.05)	(3,719.70)
	Transfer from OCI	-	223.22
	Actuarial (Gain)/ Loss- Gratuity- OCI	62.43	(5.74)
	Add: Other comprehensive income arising from re-measurement of defined benefit	-	-
	Adjustments pertaining to earlier period	-	-
	Opening Ind AS adjustment	-	-
	Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	-
	Balance at end of the year	(21,821.74)	(18,253.12)
d)	Other Comprehensive Income		
	Balance at beginning of year	-	223.22
	For the year	-	-
	Transfer to retained earnings	-	(223.22)
		-	-
	Total	755.81	1,258.55

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

15. Non-current Borrowings

(₹ in lakhs)

Particulars	Non-current portion		Current maturities	
	As at 31 st March 2019	As at 31st March 2018	As at 31 st March 2019	As at 31st March 2018
Secured – at amortised cost				
(a) Term loans - From Banks				
i) Ratnakar Bank Limited - 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.)]	-	-	-	2,694.91
ii) New India Co operative Bank Long Term Working Capital Loan -I - 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.)]	-	-	-	187.54
Total	-	-	-	2,882.45
Less: Amount disclosed under "Other current financial liabilities"	-	-	-	(2,882.45)
(b) Liability component of preference shares	2,556.15	1,894.63	-	-
Total Non-current borrowings	2,556.15	1,894.63	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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 31.03.2019 in Lakhs	As at 31.03.2018 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	3,500	11%	
6	35,000,000 preference shares of ₹10 each - December 12, 2018	3,500	-	11%	
	Total	17,500	14,000		

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.

17. Other financial liabilities

17 Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Current maturities of long-term borrowings	-	2,882.45
b) Interest accrued but not due on borrowings	-	0.61
c) Others :-		
-Security deposits	20.48	20.70
-Other Payables (Salary & Others)	577.12	775.96
Total	597.60	3,679.72

18. Provisions

18A.Non current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Employee benefits		
Compensated absences	86.95	82.81
Gratuity	347.83	314.13
b) Other provisions		
Provision for Contingencies	751.75	500.00
Total	1,186.53	896.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

18B. Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Employee benefits		
Compensated absences	10.76	10.63
Gratuity	-	-
Total	10.76	10.63

19. 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 2019	As at 31st March 2018
Deferred tax assets	1,283.27	1,414.64
Deferred tax liabilities	1,283.27	1,414.64
Net	-	-

Current Year (2018-2019)

(₹ in lakhs)

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
Deferred tax (liabilities)/assets in relation to:						
a) Property, plant and equipment	(1,414.64)	(131.37)	-	-	-	(1,283.27)
b) Other liabilities & Provisions	127.53	75.60	-	-	-	51.93
c) Doubtful debts	164.64	19.16	-	-	-	145.48
d) Defined benefit obligation	116.05	(37.85)	-	-	-	153.90
e) Other financial Liabilities	1.33	1.33	-	-	-	-
f) Provision for Contingencies	130.00	(65.45)	-	-	-	195.45
g) Provision for Advances	50.10	29.27	-	-	-	20.83
h) MAT Credit	238.61	-	-	-	-	238.61
i) Others - Unabsorbed Depreciation and losses	586.38	109.31	-	-	-	477.07
Total	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Previous Year (2017-2018)

(₹ in lakhs)

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
Deferred tax (liabilities)/assets in relation to:						
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) Provision for Contingencies	-	130.00	-	-	-	130.00
g) Provision for Advances	-	50.10	-	-	-	50.10
h) MAT Credit	238.61	-	-	-	-	238.61
i) Others - Unabsorbed Depreciation and losses	1,171.54	(585.16)	-	-	-	586.38
Total	99.94	(98.25)	(1.69)		-	-

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

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
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)	16,018.99	16,588.00
	16,018.99	16,588.00

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

20. Other liabilities

20 Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Advances from customers	54.06	32.60
b) Advances from Related party against Goods & Services	-	97.50
c) Statutory remittances	18.71	98.13
Total	72.77	228.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

21. Current Borrowings

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Secured - at amortised cost		
a) Loans repayable on demand		
- from banks (Secured)		
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.	628.30	1,765.70
- “From Holding Company (unsecured).		
Rate of interest for the loans from holding company is 11.50% per annum.”	5,853.43	4,599.42
Total	6,481.73	6,365.12

22. Trade payables

22 Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Trade payables		
(A) Total outstanding dues of micro enterprises, small enterprises and medium enterprises (refer Note No. 38)”	1.49	6.80
(B) Total outstanding dues of creditors other than micro enterprises, small enterprises and medium enterprises”	2,980.82	1,985.77
Total	2,982.31	1,992.57

23. Income tax assets

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Tax refund receivable	64.57	56.15
Total	64.57	56.15

24. Revenue from operations

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
A) Revenue from contracts with customers		
a) Sale of products		
Manufactured Goods	16,706.14	16,386.62
b) Sale of services		
Processing Income	54.67	64.44
B) Other operating income		
i) Scrap Sales	507.66	768.49
ii) Export incentives	31.99	85.00
Total	17,300.46	17,304.55

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

24.1. Reconciliation of revenue recognised with contract price:

	Year Ended 31st March 2019	Year Ended 31st March 2018
Total contract price with customers	16,854.24	16,480.33
Less: adjusted for discounts and rebates	31.38	29.27
Less: adjusted for sales retruns	62.06	-
Revenue recognised (Goods and Services)	16,760.80	16,451.06

25. Other Income

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
a) Interest income earned on financial assets measured at amortised cost		
i) Interest on Security Deposits (From subsidiary)	12.00	12.00
ii) Bank deposits	-	0.18
iii) Interest on Security Deposits (From others)	8.10	20.38
Total (a)	20.10	32.56
b) Dividend Income		
i) from long-term investments	0.04	0.07
Total (b)	0.04	0.07
c) Other Non-Operating Income		
Credit balances / excess provision written back	73.74	56.19
Rent income	87.69	98.21
Miscellaneous income	452.56	4.66
Total (c)	613.99	159.06
d) Other gains and losses		
i) Gain/(loss) on disposal of property, plant and equipment	53.98	45.71
ii) Net foreign exchange gains/(losses)	13.09	60.00
Total (d)	67.07	105.71
Total (a+b+c+d)	701.20	297.40

26. Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Material Stocks at the Commencement of the Year	426.41	512.43
Purchases	11,937.66	11,710.46
	12,364.07	12,222.89
Less: Material Stocks at the Close of the Year	236.38	426.41
	12,127.69	11,796.48

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

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (including stock in transit)	1,308.40	1,368.81
ii) Work-in-progress	684.02	682.22
	1,992.42	2,051.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Inventories at the beginning of the year:		
i) Finished goods (including stock in transit)	1,368.81	1,610.32
ii) Work-in-progress	682.22	650.18
	2,051.03	2,260.50
Net decrease/(increase)	58.61	209.47

28. Trading Goods

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
i) Purchase Of Trading Stock	-	-
Total	-	-

29. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
i) Salaries and Wages	2,416.22	2,186.69
ii) Contribution to provident and other funds	490.32	349.39
iii) Staff Welfare Expenses	285.76	290.82
Total	3,192.30	2,826.90

30. Finance costs

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
(a) Interest costs of financial liabilities at amortised costs :-		
i) Interest on bank overdrafts and loans	150.58	227.51
ii) Interest on loans from related parties	840.79	403.37
iii) Interest on bank Term Loans	170.39	536.59
iv) Other interest	-	1.39
v) Bank Charges	17.79	24.15
vi) Interest on liability component of compound financial instruments	227.41	158.66
Total	1,406.96	1,351.67

31. Depreciation and Amortisation expenses

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
i) Depreciation of property, plant equipment	613.97	626.03
ii) Amortisation of intangible assets	7.58	24.77
Total depreciation and amortisation	621.55	650.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

32. Other expenses

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Consumption of stores and spare parts	83.11	94.85
Consumption of packing Material	275.07	273.51
Processing charges	10.90	4.39
Power and fuel	2,598.79	2,664.89
Transportation, freight, handling and other charges	207.66	197.19
Hank Yarn Obligation	46.15	27.19
Rent and hire charges	7.89	8.84
Repairs to :		
i) Buildings	31.56	17.49
ii) Plant and machinery	197.19	226.48
iii) Others	149.32	172.13
	378.07	416.10
Insurance	39.41	43.38
Rates and taxes (excluding taxes on income)	137.25	125.24
Brokerage and commission	131.44	166.35
Printing & Stationery	0.71	1.09
Communication	10.47	10.20
Legal and professional charges	94.44	123.41
Travelling and conveyance	28.15	30.49
Sundry Balances written off	7.27	11.20
Directors Sitting Fees	14.45	10.98
Provision for doubtful trade receivables	-	24.48
Bad Debts	32.68	1.44
Loss on sale of fixed assets	-	7.00
Miscellaneous expenses	94.31	116.91
Total	4,198.22	4,359.13
a) To Statutory auditors		
i) For audit	12.00	14.06
ii) For tax audit fees	2.00	2.00
iii) For certification	10.00	8.75
	24.00	24.81
b) To cost auditors for cost audit	2.00	3.00
c) For reimbursement of expenses	1.38	1.14
Total (a+b+c)	27.38	28.95
Total	4,225.60	4,388.08

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

33. Income taxes

33.1 Income tax recognised in profit or loss

(₹ in lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
	-	-
Deferred tax		
In respect of the current year	-	98.25
	-	-
	-	98.25
Total income tax expense recognised in the current year	-	98.25

34. Earnings per share

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Basic earnings per share	(55.87)	(57.23)

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 earnings are stated below :-

(₹ in lakhs)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
A) Profit/(loss) for the year attributable to owners of the Company	(3,631.05)	(3,719.70)
B) Number of equity shares for the purposes of basic/diluted earnings per share (Quantity in Lakhs) (Nominal value of ₹ 10/- each)	64.99	64.99
Basic and diluted Earnings per share (A/B)	(55.87)	(57.23)

35. Leases

The Company has operating leases for premises. These lease arrangements ranging upto 5 years, which are cancellable. In the lease agreements there are no terms for purchase options or any restrictions such as those concerning dividend and additional debts

36. Employee benefits obligations :

Defined-contribution plans:

The Company's provident fund scheme is a defined contribution plan. The Company's contribution paid/payable under the schemes is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund. The contribution towards Provident Fund is deposited with the Regional Provident Fund Commissioner

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provident fund	460.51	429.41
Superannuation fund	16.99	16.74
Total contribution	477.50	446.15

Defined Benefit Plan:

The Company's gratuity scheme is a defined benefit scheme. The Company maintains its plan assets with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,641.71	1,601.92
	Current Service Cost	58.67	58.08
	Interest Cost	124.11	120.30
	Actuarial (Gain) / Loss on Obligation due to experience	(70.40)	(29.30)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(2.97)	(5.42)
	Benefits Paid	(145.62)	(103.87)
	Present value of the obligation of Marihal unit	70.95	-
	Present value of the obligation at the end of the year	1,676.46	1,641.71
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	1,712.39	1,719.30
	Interest Income	129.46	129.12
	Return on plan assets excluding interest income	(10.94)	(40.46)
	Contributions by Plan Participants	-	8.30
	Benefits Paid	(145.62)	(103.87)
	Fair value of Plan Assets at the end of the year	1,685.29	1,712.39
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,676.46)	(1,641.71)
	Fair value of Plan Assets at the end of the year	1,685.29	1,712.39
	Net asset at the end of the year	8.83	70.68
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	58.67	58.08
	Finance cost / (income)	(5.34)	(8.81)
	Past service cost	-	-
	Net impact on the loss before tax	53.33	49.27
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	(73.37)	(34.72)
	Return on plan asset excluding interest income	10.94	40.46
	Net (income) / expenses for the period recognised in other comprehensive income	(62.43)	5.74

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018
f)	Actual return on Plan Assets		
	Interest Income	129.46	129.12
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	129.46	129.12
g)	Actuarial Assumptions		
	i) Discount Rate	7.59%	7.56%
	ii) Expected Rate of Return on Plan Assets	7.59%	7.56%
	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

(₹ in lakhs)

Maturity Analysis of the benefit payments : from the fund	As at 31st March 2019	As at 31st March 2018
Projected Benefits payable in future years from the date of reporting		
1 St Following Year	202.17	164.52
2 nd Following Year	83.53	72.75
3 rd Following Year	169.25	196.55
4 th Following Year	147.90	158.63
5 th Following Year	150.57	139.16
Sum of years 6 th to 10 th	902.82	836.53
Sum of years 11 th and above	1,311.82	1,417.12

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 2019	As at 31st March 2018
Projected Benefit obligation On Current Assumptions	1,605.51	1,641.71
Delta effect of +1% Change in rate of Discounting	(93.68)	(102.26)
Delta effect of -1% Change in rate of Discounting	104.30	114.45
Delta effect of +1% Change in rate of Salary increase	107.02	117.41
Delta effect of -1% Change in rate of Salary increase	(97.63)	(106.53)
Delta effect of +1% Change in rate of Employee Turnover	23.94	27.33
Delta effect of -1% Change in rate of Employee Turnover	(25.88)	(29.67)

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, 2019 is ₹ 347.83 lakh.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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, the latest mortality table available has been considered.

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.

37. Related Party Disclosures

Current Year

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

Holding Company

Shapoorji Pallonji and Company Private Limited.

Subsidiary - Direct

Gokak Power & Energy Limited.

Fellow Subsidiaries

(where there are transactions)

Forbes & Company Limited

Forvol International Services Limited

Suryoday One Energy Private Limited

Trusts

Gokak Falls Education and Medical Trust

Gokak Textiles Gratitude Fund

Key Management Personnel and their relatives:-

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

Chief Financial Officer, Mr. Vikram V. Nagar (ceased to be CFO w.e.f. close of business hours of February 01, 2019)

Chief Financial Officer, Mr. Avadhut Sarnaik (w.e.f. February 02, 2019)

Company Secretary, Mr. Rakesh M. Nanwani.

Directors:

Mr. Kaiwan D. Kalyaniwalla (ceased to be Director w.e.f. close of business hours of March 31, 2019)

Mr. Pradip N. Kapadia

Mr. D G Prasad

Mr. Vasant N. Sanzgiri

Ms. Tripti J. Navani (w.e.f August 01, 2018)

Ms. Zarine K. Commissariat (upto July 19, 2017)

Ms. Roopa V. Tarkhad (upto May 18, 2018)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars of transaction with Related Parties

(₹ in lakhs)

	Year ended March 31 2019 (Previous Year March 31, 2018)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions							
1 INCOME							
(i) Interest	-	-	12.00	-	-	-	12.00
Previous Year	-	-	12.00	-	-	-	12.00
(ii) Other Income				115.05			115.05
Previous Year				-			-
(iii) Rent				15.52			15.52
Previous Year				10.40			10.40
2 EXPENSES							
(i) Rent	-	-	-	3.70	-	-	3.70
Previous Year	-	-	-	3.92	-	-	3.92
(ii) Services	17.30	-	-	4.96	-	-	22.26
Previous Year	36.54	-	-	2.98	-	-	39.52
(iii) Purchase of Electricity	-	-	840.76	-	-	-	840.76
Previous Year	-	-	863.00	-	-	-	863.00
(iv) Director's sitting fees	-	-	-	-	14.45	-	14.45
Previous Year	-	-	-	-	10.98	-	10.98
(v) Interest	546.43	-	-	-	-	-	546.43
Previous Year	393.78	-	-	-	-	-	393.78
(vi) Expenses/Payments incurred on behalf	-	-	-	-	-	-	-
Previous Year	-	-	10.01	-	-	-	10.01
(vii) Remuneration	-	-	-	-	88.51	-	88.51
Previous Year	-	-	-	-	80.60	-	80.60
3 Reimbursements							
Amount recovered on behalf	-	-	-	-	-	16.04	16.04
Previous Year	-	-	-	-	-	15.00	15.00
4 Preference Shares Issued during the year	3,500.00	-	-	-	-	-	3,500.00
Previous Year	3,500.00	-	-	-	-	-	3,500.00
5 ICD Taken	4,210.00	-	-	-	-	-	4,210.00
Previous Year	5,865.00	-	-	-	-	-	5,865.00
6 ICD Repaid	3,065.00	-	-	-	-	-	3,065.00
Previous Year	2,900.00	-	-	-	-	-	2,900.00
7 Amount received from trust	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	45.00	45.00
8 OUTSTANDINGS							
Deposits Receivables	-	-	100.00	-	-	-	100.00
Previous Year	-	-	100.00	-	-	-	100.00
Receivables	8.89	-	-	35.22	-	-	44.11
Previous Year	8.89	-	-	10.07	-	-	18.96
Payables	5,853.43	38.09	8.04	-	0.87	-	5,900.43
Previous Year	4,630.00	94.23	7.46	-	1.00	-	4,732.69
Preference shares balance	175.00	-	-	-	-	-	175.00
Previous Year	140.00	-	-	-	-	-	140.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued
37A Details of Related Party Transactions

(₹ in lakhs)

Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018	Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018
Services Received			Amounts recovered on behalf		
Shapoorji Pallonji and Company Private Limited	17.30	36.54	Gokak falls Education and medical Trust	16.04	15.00
Eureka Forbes Limited	-	-	KMP Remuneration		
Forvol International Services Limited	4.96	2.98	R R Patil	46.17	41.00
			Vikram Nagar	31.83	35.68
Amount received from Trust			Avadhut Sarnaik	5.63	-
Gokak Textiles Graituity Fund	-	45.00	Rakesh Nanwani	4.88	3.92
			Sitting Fees		
Interest Income			Mr. Kaiwan D. Kalyaniwalla	3.50	2.00
Gokak Power & Energy Limited	12.00	12.00	Mr. Pradip Kapadia	4.75	3.10
			Mr. D G Prasad	4.00	2.80
Rent (Expenses)			Mr. Vasant Sanzgiri	1.70	1.60
Forbes & Co Limited	3.70	3.92	Ms. Tripti J. Navani	0.50	-
Expenses/Payments incurred on behalf			Ms. Zarine K Commissariat		0.20
Gokak Power & Energy Limited	-	10.01	Ms. Roopa V Tarkhad		1.10
Purchase of Electricity			Deposit Receivable		
Gokak Power & Energy Limited	840.76	863.00	Gokak Power & Energy Limited	100.00	100.00
Interest expense on ICD			Receivables		
Shapoorji Pallonji and Company Private Limited	546.43	393.78	Shapoorji Pallonji and Company Private Limited	8.89	8.89
			Suryoday One Energy P Limited	35.22	10.07
Loans Taken			Payables		
Shapoorji Pallonji and Company Private Limited	4,210.00	5,865.00	Shapoorji Pallonji and Company Private Limited (ICD)	5,853.43	4,630.32
			Forbes & Company Limited	6.77	7.38
Preference Shares Issued			Gokak falls Education and medical Trust	0.87	1.00
Shapoorji Pallonji and Company Private Limited	3,500.00	3,500.00	Gokak Power & Energy Limited	38.09	94.23
			Forvol International Services Limited	1.27	0.08
Loan repayment			Preference Shares Balance		
Shapoorji Pallonji and Company Private Limited	3,065.00	2,900.00	Shapoorji Pallonji and Company Private Limited	175.00	140.00
Rent (Income)					
Suryoday one Energy pvt Ltd	15.52	10.40			
Other Services (Income)					
Suryoday one Energy pvt Ltd	115.05	-			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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 2019	As at 31st March 2018
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.49	6.80
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	0.78	2.34
3	Principal amount paid during the year beyond the appointed day	58.06	32.03
4	Interest paid during the year beyond the appointed day	-	-
5	The amount of interest due and payable for the year	0.78	2.34
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	3.12	2.34
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.	0.50	0.09

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

39 Fair Value Disclosures

(₹ in lakhs)

A)	Categories of Financial Instruments:	March 31, 2019			March 31, 2018		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.03			0.53		
	Loans						
	Trade Receivables			868.44			1,313.81
	Cash & Bank Balances			20.08			46.38
	Bank balances other than above			4.00			3.92
	Other Financial Assets			484.10			256.69
		0.03	-	1,376.62	0.53	-	1,620.80
ii)	Financial liabilities						
	Borrowings			9,037.89			11,142.20
	Trade Payables			2,982.31			1,992.57
	Other Financial Liabilities			597.60			797.27
			-	12,617.80	-	-	13,932.03

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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, 2019					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL						
Investments						
Investments in Equity Instruments (unquoted)	6A(b)(i)	0.03	-	-	0.03	0.03

Financial Assets	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL						
Investments						
Investments in Equity Instruments (unquoted)	6A(b)(i)	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, 2019

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 cash equivalents) 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, 2019	As at March 31, 2018
Total Equity	1,405.74	1,908.48
Short Term Borrowings	6,481.73	6,365.12
Long Term Borrowings	2,556.15	1,894.63
Current Maturities of Long Term Borrowings	-	2,882.45
Total Debt	9,037.88	11,142.20
Cash & Cash equivalents	20.08	46.38
Net Debt	9,017.80	11,095.82
Net Debt Equity ratio		
Debt Equity Ratio = Net debt (Long term borrowings) / Total Equity	1.80	2.48

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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.

Exposure to currency risk

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Export receivables in US \$ (in lakhs)	2.29	4.90
Overseas payables in US \$ (in lakhs)	-	-
Total	2.29	4.90

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, 2019	As at March 31, 2018
+1% increase in foreign exchange rates	1.59	3.19
-1% increase in foreign exchange rates	-1.59	-3.19

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, 2019	March 31, 2018
- Expiring within one year (Bank CC Limits Sanctioned)	3,306.70	2,169.30
	3,306.70	2,169.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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, 2019				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	9,037.88	6,481.73	-	-	2,556.15
Trade Payables	2,982.31	2,982.31	-	-	-
Other Financial Liabilities	597.60	597.60	-	-	-
	12,617.80	10,061.64	-	-	2,556.15

(₹ 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	-	-	-
	13,932.04	12,037.41	-	-	1,894.63

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 , 2019 would decrease/increase by ₹ 99.13 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 , 2018 would decrease/increase by ₹17.66 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, 2019				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.03	-	-	-	2,499.03
Trade Receivables	868.44	868.44	-	-	-
Cash and Bank balances	24.08	24.08	-	-	-
Other Financial Assets	484.10	241.72	-	-	242.38
	3,875.65	1,134.24	-	-	2,741.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

(₹ 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	-	-	-
Cash and Bank balances	50.30	50.30	-	-	-
Other Financial Assets	256.69	14.49	-	-	242.20
	4,120.33	1,378.60	-	-	2,741.73

47. Contingent liabilities:-

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
(a) Claims against the Company not acknowledged as debts		
1 Taxes in dispute:-		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	3.99
2 Labour matters:-		
i) labour matter in dispute	69.36	69.36
ii) Customs duty (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
3 Other:		
i) Demand for increased lease rent (as per lease rent agreement, rent was supposed to be reviewed by the Government authorities; which was not reviewed and demand for the same is raised during the year 2018-19. The Company has disputed on the grounds of working and restrospective effect of the same)	9,858.98	-
(b) Bonds/ Guarantees :-		
i) Against bonds given by Company to Custom Authorities against EPCG Licenses.	-	3,276.61
Total	10,218.02	3,635.65

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, 2018 is due on March 31, 2019. Hence, it is classified as current financial liability. However, the Company has made request to the Labour Commissioner on November 17, 2018 to defer the 50% payment of bonus for the period 2017-18 as 50% is paid during the year 2018-19.

49. Segment reporting :-

The Chief Operating Decision maker of the Company examines Company's performance as one operating segment only namely - textiles.

"Out of the total revenue, no customer has revenue more than 10% in the current financial year (Previous year: 16.28%)"

During the year, revenue from customers within and outside India are as follows:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

	2018-19	2017-18
Revenue from domestic sales and Services	14,388.81	11,166.06
Revenue from export sales	2,372.00	5,285.00
Total	16,760.81	16,451.06

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 31 st March 2019	As at 31st March 2018
1	Balance as at the beginning of the year	500.00	500.00
2	Add: Provision made during the year	251.75	-
3	Less: Utilisation/ Reversal	-	-
4	Balance as at the end of the year	751.75	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. The Company has standalone accumulated losses of ₹21,821.74 lakhs and its current liabilities exceeded current assets by ₹6,180.09 lakhs as at the March 31, 2019. However, of the above, current liabilities of ₹5,853.43 lakhs are loans repayable to Shapoorji Pallonji and Company Private Limited ("the Holding Company") and as at March 31, 2019, the Company has a positive net worth of ₹1405.74 lakhs. In addition, the Holding Company has infused capital of ₹ 3,500 lakhs in the Company during the current year. The continuity of the operations of the Company is dependent upon the continued operational and financial support of the Holding Company. Based on the reasons stated above, and such operational and financial support from the Holding Company, the above financial results have been prepared on a going concern basis.
53. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
54. Approval of Financial Statements:- The financial statements were approved for issue by the board of directors on 23rd May 2019.

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Ramesh R. Patil
CEO & Managing Director
(DIN: 07568951)

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of GOKAK TEXTILES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **GOKAK TEXTILES LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

i. Provisions for Contingencies and Litigations and disclosure of Contingent liabilities

Description of Key Audit Matter:

At March 31, 2019, the Group held provisions of ₹ 751.75 lakhs in respect of legal claims and has disclosed total contingent liabilities of ₹ 10,218.02 lakhs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Group's reported loss and balance sheet position.

Refer Note 49 and Note 47 of financial statements for accounting policies for provisions and contingent liabilities and related disclosures.

Our response:

- We evaluated the design and tested the operating effectiveness of controls in respect of the determination of the provisions. We determined that the operation of the controls provided us with evidence over the completeness, accuracy and valuation of the provisions.
- We read the summary of litigation matters provided by management and held discussions with the management and their legal counsels. We requested legal letters from some of the Company's external legal advisors with respect to the matters included in the aforesaid disclosures. Where appropriate, we examined correspondence connected with the cases.
- For litigation provisions, we tested the calculation of the provisions, assessed the assumptions against third party data, where available and assessed the estimates against historical trends.
- We considered management's judgements on the level of provisioning and disclosures in respect of the aforesaid matters, which we considered to be appropriate.

ii. Going Concern Assessment

Description of Key Audit Matter:

During the year, the Group incurred loss before tax (including other comprehensive income) of ₹3,228.86 lakhs and had accumulated losses of ₹ 28,240.89 lakhs as on March 31, 2019. Its current liabilities exceeded its current assets by ₹10,067.11 lakhs as on that date. The aforesaid current liabilities include ₹ 9,387.26 lakhs payable to the holding company. These conditions indicate requirement of assessment of the Group's ability to continue as a going concern.

The Group's financial statements have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 52 of the Consolidated financial statements.

Our response:

- We evaluated the appropriateness of management's use of going concern basis of accounting in the preparation of financial statements in accordance with Standard on Auditing issued by ICAI in this regard.
- We evaluated the management's plans for future actions in relation to its going concern assessment, to assess whether the outcome of those plans is likely to improve the situation and whether management's plans are feasible in the circumstances.
- We assessed the possible mitigating actions identified by management in the event that actual cash flows are below forecast.
- We assessed the prospects of renewal or repayment current borrowings based on past experience of the Company.

We discussed and obtained a written letter from the holding company indicating its intention and ability to support the Group's financial and operating requirements through infusion of additional capital as and when necessary.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibility of Management for 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 consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law have been kept by the Company and its subsidiary incorporated in India and relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Company and reports other auditors.
- c) The consolidated balance sheet, the statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account maintained by the Company and its subsidiary incorporated in India including the relevant records relating to the preparation of the aforesaid consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India, none of the directors of the Company and its subsidiary incorporated in India is disqualified as on March 31, 2019 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 its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of such controls.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us the remuneration paid by the Company to the director during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. (Refer Note 47 of the consolidated financial statements.)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 23, 2019

Annexure - A 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **GOKAK TEXTILES LIMITED** ("the Holding Company") and its subsidiary incorporated in India (the Holding Company and its subsidiary incorporated in India collectively referred to as "the Company" or "the Group")

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 and its subsidiary incorporated in India have, 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, 2019 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 23, 2019

GOKAK TEXTILES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 31, 2019

Particulars	Note No.	As at 31st March 2019 (₹ In Lakhs)	As at 31st March 2018 (₹ In Lakhs)
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	4	9,977.39	10,656.03
b) Capital work-in-progress		10.11	27.92
c) Investment Property	5	11.35	11.35
d) Other Intangible assets	6	0.28	7.73
		9,999.13	10,703.03
e) Financial Assets:			
i) Investments			
a) Other Investments	7	0.03	0.53
		0.03	0.53
ii) Other financial assets	8A	142.38	142.20
		142.41	142.73
f) Tax assets			
i) Deferred tax assets (net)	9	-	-
ii) Income tax assets (net)	10	83.85	76.44
		83.85	76.44
g) Other non-current assets	11A	1,173.41	1,665.08
Total Non-current assets		11,398.80	12,587.28
2 Current assets			
a) Inventories	12	2,485.05	2,785.30
b) Financial Assets:			
i) Trade receivables	13	1,130.00	1,333.88
ii) Cash and cash equivalents	14A	31.68	105.68
iii) Bank balances other than (ii) above	14B	921.50	865.32
iv) Other financial assets	8B	241.72	14.49
		2,324.90	2,319.37
c) Other current assets	11B	332.38	447.59
		2,657.28	2,766.96
Assets classified as held for sale	15	68.15	69.78
Total Current assets		5,210.48	5,622.04
Total Assets		16,609.28	18,209.32
Equity and Liabilities			
Equity			
a) Equity share capital	16	649.93	649.93
b) Other equity	17	(5,663.34)	(5,738.01)
Equity attributable to owners of the Company		(5,013.41)	(5,088.08)
Total Equity		(5,013.41)	(5,088.08)
Non Controlling Interest			
		(583.05)	(345.39)
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	18	5,738.90	6,193.38
		5,738.90	6,193.38
b) Provisions	19A	1,189.25	899.30
Total Non-current liabilities		6,928.15	7,092.68

Particulars	Note No.	As at 31st March 2019 (₹ In Lakhs)	As at 31st March 2018 (₹ In Lakhs)
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	20	10,475.64	9,634.23
ii) Trade payables	21		
- Due to micro and small entities		1.49	6.80
- Due to other creditors		2,951.15	1,901.42
iii) Other financial liabilities	22	1,757.92	4,763.56
		15,186.20	16,306.01
b) Provisions	19B	11.03	13.40
c) Other current liabilities	23	80.36	230.70
		91.39	244.10
Total Current Liabilities		15,277.59	16,550.11
Total Liabilities		22,205.75	23,642.79
Total Equity and Liabilities		16,609.28	18,209.32

See accompanying notes forming part of the financial statements

1 to 53

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2019

Particulars		Note No.	Year ended 31 st March, 2019 (₹ In Lakhs)	Year ended 31 st March, 2018 (₹ In Lakhs)
I	Revenue from operations	24	17,931.62	17,733.75
II	Other income	25	753.54	346.60
III	Total Income (I + II)		18,685.16	18,080.35
IV	Expenses:			
	Cost of materials consumed	26	12,127.69	11,796.48
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	58.61	209.47
	Employee benefits expense	28	3,255.85	2,886.20
	Finance costs	29	2,249.70	2,278.65
	Depreciation and amortisation expense	30	725.46	754.42
	Other expenses	31	3,563.06	3,903.63
	Total expenses		21,980.36	21,828.85
V	Profit / (Loss) before exceptional items and tax (III - IV)		(3,295.20)	(3,748.50)
VI	Exceptional items - Income			
VII	Profit / (loss) before tax (V + VI)		(3,295.20)	(3,748.50)
VIII	Tax expense:			
	(a) Current tax	32	-	-
	(b) Deferred tax	32	-	932.79
			-	932.79
IX	Profit / (loss) for the year before share of profit / (loss) of associates (VII - VIII)		(3,295.20)	(4,681.29)
	Add: Share of profit / (loss) of associates		-	(0.26)
X	Profit / (loss) for the year (IX + XII)		(3,295.20)	(4,681.55)
XI	Other Comprehensive Income			
	(a) Remeasurement of the defined benefit plans (net of taxes)		66.34	(4.92)
			66.34	(4.92)
	Other Comprehensive Income A		66.34	(4.92)
XII	Total Comprehensive Income for the period (XIII + XIV)		(3,228.86)	(4,686.47)
XIII	Profit for the year attributable to:			
	- Owners of the Company		(3,055.63)	(3,793.84)
	- Non-controlling interests		(239.57)	(887.71)
			(3,295.20)	(4,681.55)
XIV	Other comprehensive income for the year attributable to:			
	- Owners of the Company		64.42	(4.92)
	- Non-controlling interests		1.92	-
			66.34	(4.92)

Particulars		Note No.	Year ended 31 st March, 2019 (₹ In Lakhs)	Year ended 31 st March, 2018 (₹ In Lakhs)
XVIII	Total comprehensive income for the year attributable to:			
	- Owners of the Company		(2,991.20)	(3,798.76)
	- Non-controlling interests		(237.66)	(887.71)
			(3,228.86)	(4,686.47)
XVI	Earning per equity share (for continuing operation):	33		
	Basic and diluted earnings per equity share (in ₹)		(47.01)	(58.36)

See accompanying notes forming part of the financial statements

1 to 53

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

		Year ended March 31, 2019 (₹ In Lakhs)	Year ended March 31, 2018 (₹ In Lakhs)
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (Loss) before tax	(3,295.20)	(3,748.50)
	Adjustments for:		
	Depreciation	725.46	754.42
	Dividend Income	(0.04)	-
	Interest income	(70.43)	(74.75)
	Interest and financial charges	1,086.49	2,278.65
	Loss / (Profit) on fixed assets / capital work in progress sold / written off	(53.98)	(38.71)
	Credit balances / excess provision written back	(73.76)	(59.82)
	Provision for Doubtful Debts	32.68	22.16
	Trade and other receivable advance written off	(7.27)	9.34
	Provision for Doubtful Advances	-	-
	Operating loss before working capital changes	(1,656.06)	(857.21)
	Adjustments for :		
	(Increase)/ Decrease in Inventories	300.25	375.24
	(Increase)/ Decrease in Trade and other receivables	557.93	(26.77)
	(Increase)/ Decrease in Provisions	353.92	23.32
	Increase/ (Decrease) in Trade payables and other liabilities	751.65	(180.80)
	Cash generated from operations	307.69	(666.22)
	Direct Taxes (paid) / refund	(7.42)	(16.58)
	Net cash (used in) / from operating activities	300.28	(682.80)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale of investments	0.50	-
	Dividend Income	0.04	-
	Purchase of investments	-	(0.26)
	Purchase of fixed assets	(22.52)	(13.52)
	Sale of Fixed Assets	56.57	53.38
	Net Movement in bank balance not considered as cash and cash equivalents	(56.18)	94.10
	Interest received	70.43	74.75
	Net cash (used in)/ from investing activities	48.85	208.45
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Preference Shares	3,499.98	3,500.00
	Change in Borrowings	-	(228.06)
	Proceeds of Short Term Borrowing	1,978.81	-
	Repayment of Long/Short Term Borrowing	(5,042.85)	-
	Interest paid	(859.09)	(2,769.48)
	Net cash (used in)/from financing activities	(423.14)	502.44
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(74.01)	28.09
	Cash and Cash equivalents at the beginning of the year	105.68	77.59
	Cash and Cash equivalents at the end of the year	31.68	105.68

		Year ended March 31, 2019 (₹ In Lakhs)	Year ended March 31, 2018 (₹ In Lakhs)
D.	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on Hand	2.38	1.80
	Balances with banks:		
	- In current accounts	29.30	103.88
	- In deposit accounts		
		31.68	105.68

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

Particulars	As on 1st April 2018	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31st March 2019
Short Term Borrowings	9,634.23	841.41	-	10,475.64
Long Term Borrowings	8,229.12	(3,930.37)	-	4,298.75
Debt component of preference shares	1,894.63	434.12	227.41	2,556.15

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.

As per our report of even date

For and on behalf of the Board of Directors**For BATLIBOI & PUROHIT**Chartered Accountants
Firm Reg No. 101048W**Avadhut Sarnaik**
Chief Financial Officer
Membership No.A27260**Vasant N. Sanzgiri**Director
(DIN: 01757117)**Kaushal Mehta**Partner
Membership No. 111749**Ramesh R. Patil**CEO & Managing Director
(DIN: 07568951)**Rakesh M. Nanwani**Company Secretary
Membership No. A45718Place : Mumbai
Date : 23rd May 2019Place : Mumbai
Date : 23rd May 2019

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ In Lakhs)

Statement of changes in equity for the year ended 31st March, 2019		Amount
a. Equity share capital		
Balance as at 01st April 2017		649.93
Changes in equity share capital during the year		-
Balance as at 31st March 2018		649.93
Changes in equity share capital during the year		-
Balance as at 31st March, 2019		649.93

(₹ In Lakhs)

Statement of changes in equity for the year ended 31st March, 2019							
b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus					Total Equity Attributable to the Equity Holders of the Company
		General reserve	Retained earnings	Total	Other items of other comprehensive income	Total	
Balance at April 01, 2017	9,285.47	7,160.32	(21,676.87)	(5,231.08)	225.95	225.95	(5,005.13)
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/(loss) for the year	-	-	(3,793.84)	(3,793.84)	-	-	(3,793.84)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	(4.92)	(4.92)	-	-	(4.92)
Total comprehensive income for the year	-	-	(3,798.76)	(3,798.76)	-	-	(3,798.76)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	3,065.88	-	-	3,065.88	-	-	3,065.88
Transfer to retained earnings	-	-	-	-	-	-	-
Balance at March 31, 2018	12,351.35	7,160.32	(25,249.68)	(5,738.01)			(5,738.01)
Profit/(loss) for the year	-	-	(3,055.63)	(3,055.63)	-	-	(3,055.63)
Remeasurement of the net defined benefit liability/asset, net of income tax (current year)	-	-	64.42	64.42	-	-	64.42
Total comprehensive income for the year	-	-	(2,991.21)	(2,991.20)	-	-	(2,991.20)
Issue of Non-cumulative, non-convertible Redeemable preference Shares during the year	3,065.88	-	-	3,065.88	-	-	3,065.88
Balance at March 31, 2019	15,417.23	7,160.32	(28,240.89)	(5,663.33)	-	-	(5,663.33)

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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.

(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-19	31-Mar-18
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, 2019 - 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 is 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, fixture	10 years
5	Office Equipment	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.

(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, 2019 - 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 for Garment Division
2	Raw Materials: (i) Cotton & Other Fibers (ii) Others	Specific identification for Mills unit and FIFO basis for garment unit. 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 (ii) Traded Goods (a) Yarn (b) Textile	Aggregate of material cost and production overheads. First-In-First-Out 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 :

The Group has adopted Ind AS 115 - 'Revenue from contracts with customers' with effect from April 01, 2018. Revenue from the sale of goods in the course of ordinary activities is recognised at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The goods are considered as 'transferred' when the customer obtains control of those goods.

Revenue from services are recognised in the accounting period in which service are rendered. For fixed price contracts, revenue is recognised based on actual services provided to the end of the reporting period as a proportion of the total services to be provided.

There is no impact on account of applying the Ind AS 115 Revenue from contract with customers instead of erstwhile Ind AS 18 Revenue on the financials Statements of the Company for the year ended and as at March 31, 2019.

(i) Manufacturing and Operating Expenses :

Operating expenses and standing charges are charged to revenue on accrual basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - 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 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 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, 2019 - 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.

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.”

(x) Recent accounting pronouncements:

(i) Ind AS 116 Leases :

Ministry of Corporate Affairs has notified Ind AS 116, Leases on March 30, 2019. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The adoption of this Ind AS will not have any material impact on the Financials.

On completion of evaluation of the effect of adoption of Ind AS 116, the Group is proposing to use the ‘Modified Retrospective Approach’ for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Group has elected certain available practical expedients on transition.

The effect of adoption as on transition date would result in an increase in Right of use asset and an increase in lease liability

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The adoption of Ind AS 12 Appendix C would not have any material impact on the financial statements

(iii) Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. There is no impact of the amendment on the financials.

(iv) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', on 30 March, 2019 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment"

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

4. Property, plant and equipment

(₹ In Lakhs)

Gross Block	Land	Building and structures	Plant and machinery	Furniture & Fixtures And Office equipments	Vehicles	Total
Gross Block						
Balance as at 31st March 2017	11.10	3,865.89	8,448.29	229.27	12.53	12,567.08
Additions	-	-	15.10	0.97	0.57	16.63
Disposal	-	(7.62)	(6.68)	-	(0.83)	(15.13)
Reclassified as held for sale	-	-	-	-	-	-
Balance as at 31st March 2018	11.10	3,858.27	8,456.71	230.24	12.27	12,568.60
Additions	-	-	28.02	2.85	9.33	40.20
Disposal	-	-	(0.16)	-	(0.93)	(1.09)
Balance as at 31st March 2019	11.10	3,858.27	8,484.57	233.09	20.67	12,607.71
Depreciation						
Balance as at 31st March 2017	-	310.64	793.88	75.19	3.67	1,183.38
Depreciation expense	-	197.56	488.19	43.86	0.04	729.65
Eliminated on disposals of assets	-	(0.30)	(0.06)	-	(0.10)	(0.46)
Balance as at 31st March 2018	-	507.90	1,282.01	119.05	3.61	1,912.57
Eliminated on disposals of assets	-	-	(0.14)	-	-	(0.14)
Depreciation expense	-	196.22	490.60	30.67	0.39	717.88
Balance as at 31st March 2019	-	704.11	1,772.47	149.73	4.00	2,630.31
Carrying Amount						
Balance at March 31, 2018	11.10	3,350.37	7,174.71	111.18	8.66	10,656.03
Balance at March 31, 2019	11.10	3,154.15	6,712.10	83.37	16.67	9,977.39

5. Investment property

(₹ In Lakhs)

	As at 31st March 2019	As at 31st March 2018
Freehold land	11.35	11.35
Total	11.35	11.35

Cost or Deemed Cost	As at 31st March 2019	As at 31st March 2018
Balance at beginning of year	11.35	11.35
Additions	-	-
Balance at end of year	11.35	11.35

Accumulated depreciation and impairment	As at 31st March 2019	As at 31st March 2018
Balance at beginning of year	-	-
Additions	-	-
Balance at end of year	-	-

Carrying amount	As at 31st March 2019	As at 31st March 2018
Balance at beginning of year	11.35	11.35
Additions	-	-
Balance at end of year	11.35	11.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Fair Value :-

As at 31st March 2019	450.00
As at 31st March 2018	411.00

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
Gross Block	
Balance as at 31st March 2017	71.38
Balance as at 31st March 2018	71.38
Addition	0.12
Deletion	-
Balance as at 31st March 2019	71.50
Accumulated depreciation and impairment	
Balance as at 31st March 2017	38.88
Eliminated on disposal of Assets	-
Depreciation expense	24.77
Balance as at 31st March 2018	63.65
Eliminated on disposal of Assets	-
Depreciation expense	7.57
Balance as at 31st March 2019	71.22
Carrying Amount	-
Balance as at 31st March, 2018	7.73
Balance as at 31st March, 2019	0.28

7. Non Current Investments

(₹ In Lakhs)

Break-up of investments				
Particulars	As at 31st March 2019		As at 31st March 2018	
	Qty	Amount	Qty	Amount
a) Other than trade investments				
Unquoted Investments (all fully paid)				
In equity shares				
In subsidiaries				
1. In Unquoted equity shares of New India Co-operative Bank	-	-	5,000.00	0.50
2. In Unquoted equity shares of Zorastrian Co-op Bank Ltd.	250.00	0.03	250.00	0.03
b) In Associate companies				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Break-up of investments				
Particulars	As at 31st March 2019		As at 31st March 2018	
	Qty	Amount	Qty	Amount
Unquoted Investments (all fully paid)				
In Equity Instruments				
1 In unquoted 2600 equity shares of ₹ 10 each fully paid up of Suryoday One Energy Pvt. Ltd.	2,600.00	0.26	2,600.00	0.26
Less: Share of loss during the year		(0.26)		(0.26)
TOTAL AGGREGATE OF UNQUOTED INVESTMENTS		0.03		0.53

7.1 Category-wise other investments – as per Ind AS 109 classification

Particulars	As at 31st March 2019	As at 31st March 2018
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of New India Co -operative Bank limited	-	0.50
2. In unquoted equity shares of Zoroastrian Co- Operative Bank limited.*	0.03	0.03
	0.03	0.53

* Value of these shares is ₹ 2,500/-

8 Other financial assets

8A Non current

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Security deposits		
- Unsecured, considered good	142.38	142.20
Total	142.38	142.20

8B Current Assets

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Other current receivables		
-Other advances - Unsecured, considered good	10.91	14.49
b) Refund of electricity charges	230.81	-
Total	241.72	14.49

9. 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 2019	As at 31st March 2018
Deferred tax assets	1,546.02	2,593.29
Deferred tax liabilities	1,546.02	2,593.29
Net	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Current Year (2018-2019)

(₹ In Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Closing Balance
Deferred tax (liabilities)/assets in relation to:					
a) Property, plant and equipment	(2,593.29)	1,047.27	-	-	(1,546.02)
b) Other liabilities & Provisions	128.86	74.27	-	-	203.13
c) Doubtful debts	164.64	19.16	-	-	183.80
d) Defined benefit obligation	116.05	(37.85)	-	-	78.20
e) Other financial Liabilities	1.33	1.33	-	-	2.66
f) MAT Credit	238.61	-	-	-	238.61
g) Provision for Contingencies	130.00	(65.45)	-	-	64.55
h) Provision for Advances	50.10	29.27	-	-	79.37
i) Others	1,763.70	(1,068.00)	-	-	695.70
Total	-	-	-	-	-

Previous Year (2017-2018)

(₹ In Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Closing Balance
Deferred tax (liabilities)/assets in relation to:					
a) Property, plant and equipment	(4,237.33)	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	289.64	(51.03)	-	-	238.61
g) Provision for Contingencies	-	130.00	-	-	130.00
h) Provision for Advances	-	50.10	-	-	50.10
i) Others	4,420.74	(2,657.04)	-	-	1,763.70
Total	934.48	(932.79)	(1.69)	-	-

9.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
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)	16,018.99	16,588.00
	16,018.99	16,588.00

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, 2019 - Continued

10. Current tax assets and liabilities

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current tax assets		
Tax refund receivable	83.85	76.44
Total	83.85	76.44

11 Other assets

11A Non Current Assets

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Security Deposits	5.43	5.34
b) Prepaid expenses	14.90	23.56
c) Balances with statutory / government authorities	-	-
-Unsecured, considered good	1,153.08	1,636.18
Total	1,173.41	1,665.08

11B Current

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Employee Benefit plan Assets (Refer Note 37)	8.83	70.67
b) Advances for supply of goods and services	-	-
-To others	-	-
- Unsecured, considered good	25.15	15.37
- Doubtful	80.11	192.68
Less : Allowance for doubtful advances	(80.11)	(192.68)
	25.15	15.37
c) Security Deposits	0.22	0.22
d) Prepaid expenses	25.28	28.90
e) REC Receivables	38.71	95.01
f) Claims Receivable & Duty Drawback	233.55	236.77
g) Advance to employees	0.04	0.65
h) Prepaid employee benefit plan	0.60	-
Total	332.38	447.59

12 Inventories

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Inventories (lower of cost and net realisable value)		
Raw materials	236.38	426.41
Work-in-progress	684.02	682.22
Finished goods	1,308.40	1,368.81
Stores and spares including packing materials	256.25	307.86
	2,485.05	2,785.30
Total	2,485.05	2,785.30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

13 Trade Receivables

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Trade receivables		
a) Unsecured, considered good	1,130.00	1,333.88
b) Doubtful	559.52	633.26
less: Allowance for doubtful debts (expected credit loss allowance)	(559.52)	(633.26)
Total	1,130.00	1,333.88

13.1 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.

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

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
0 - 60	1,056.91	1,216.53
61 - 180	17.25	80.14
181 - 365	55.84	28.70
Above 365 Days	-	8.51
Total	1,130.00	1,333.88

Movement in the allowance for doubtful debts

(₹ In Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31 st March, 2018
Balance at beginning of the year	633.26	611.10
Impairment losses recognised / (reversed) on receivables	(73.74)	25.92
Amounts written off during the year as uncollectible	-	(1.44)
Amounts recovered during the year	-	(2.32)
Balance at end of the year	559.52	633.26

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.

14 Cash and Bank Balances

14A Cash and Cash equivalents

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks		
a) In current accounts	29.30	103.88
	29.30	103.88
Cash in hand	2.38	1.80
Total	31.68	105.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

14B Other bank balances

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI Bank under lien.	917.50	861.40
b) Balances held as margin money / under lien with remaining maturity of less than 12 months	4.00	3.92
Total	921.50	865.32

15 Assets classified as held for sale

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Assets Classified held for sale:--		
Buildings	-	1.63
Plant and Machineries	68.15	68.15
Total	68.15	69.78

16. Equity Share Capital

(₹ In Lakhs)

Particulars	As at March 31,2019	As at March 31,2018
Authorised Share capital :		
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, 2018 17,50,00,000,)	17,500.00	17,500.00
Total	18,200.00	18,200.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of ₹ 10 each (as at March 31, 2018: 64,99,308)	649.93	649.93
Total	649.93	649.93

16A Fully paid equity shares

Particulars	As at March 31,2019	As at March 31,2018
	Number of shares	Number of shares
Balance as at 31st March, 2017	64,99,308.00	64,99,308.00
Movements	-	-
Balance as at 31st March, 2018	64,99,308.00	64,99,308.00
Movements	-	-
Balance as at 31st March, 2019	64,99,308.00	64,99,308.00

16B Details of shares held by the holding company, its subsidiaries and associates

Particulars	Fully paid ordinary shares	
	As at March 31,2019	As at March 31,2018
Balance at the beginning of the period :		
Shapoorji Pallonji and Company Private Limited, the holding company	47,80,845.00	47,80,845.00
Total	47,80,845.00	47,80,845.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

16C Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31,2019	
	Number of shares held	% holding in the class of shares
Fully paid equity shares		
Shapoorji Pallonji and Company Private Limited	47,80,845.00	73.56
Total	47,80,845.00	73.56

Particulars	As at March 31,2018	
	Number of shares held	% holding in the class of shares
Fully paid equity shares		
Shapoorji Pallonji and Company Private Limited	47,80,845.00	73.56
Total	47,80,845.00	73.56

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.

17. Other equity

(₹ In Lakhs)

Particulars		As at March 31,2019	As at March 31,2018
a)	General reserve (Refer Note 1)		
	Balance at beginning of the year	7,160.32	7,160.32
	Movements	-	-
	Balance at end of the year	7,160.32	7,160.32
b)	Equity Component of Preference Shares		
	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	11,844.01	8,778.13
	Balance at end of the year	15,417.23	12,351.35
c)	Retained earnings		
	Balance at beginning of year	(25,249.68)	(21,676.87)
	Profit/(Loss) attributable to owners of the Company	(3,055.63)	(3,793.84)
	Transfer from OCI	-	225.95
	Actuarial (Gain)/ Loss- Gratuity- OCI	64.42	(4.92)
	Balance at end of the year	(28,240.89)	(25,249.68)
d)	Other Comprehensive Income		
	Balance at beginning of year	-	225.95
	For the year	-	-
	Transfer to retained earnings	-	(225.95)
	Balance at end of the year	-	-
	Total	(5,663.34)	(5,738.01)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

18. Non-current Borrowings

(₹ In Lakhs)

18.1 Particulars	Non-current portion		Current maturities	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Secured – at amortised cost				
(a) Term loans - From Banks				
i) ICICI Bank Ltd "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 clearnces 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. Repayment is being made at ₹ 255.75 lakhs per quarter Interest rate during the year is 12.60% p.a. (Previous year 12.60% p.a.)"	3,182.75	4,298.75	1,116.00	1,023.00
ii) Ratnakar Bank Limited - 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.)]	-	-	-	2,694.91
iii) New India Co operative Bank Long Term Working Capital Loan -I - 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.)]	-	-	-	187.54
Less: Amount disclosed under "Other current financial liabilities"	-	-	(1,116.00)	(3,905.45)
	3,182.75	4,298.75	-	-
(b) Liability component of preference shares	2,556.15	1,894.63	-	-
Total	5,738.90	6,193.38	-	-

18.2 Details of Non-cumulative, Non-Convertible, Redeemable Preference Shares issued by the Company:

(₹ in lakhs)

Sr. No.	Face Value per Preference Share and Date of Allotment	As at 31st March 2019	As at 31st March 2018	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	3,500	11%	
6	35,000,000 preference shares of ₹10 each - December 12, 2018	3,500	-	11%	
	Total	17,500	14,000		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

18.3 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.

19. Provisions

19A. Non current

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Employee benefits		
Compensated absences	89.67	85.16
Gratuity	347.83	314.13
b) Other provisions		
Provision for Contingencies	751.75	500.00
Total	1,189.25	899.30

19B. Current

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Employee benefits		
Compensated absences	11.03	11.10
Gratuity	-	2.30
Total	11.03	13.40

20. Current Borrowings

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Secured - at amortised cost		
a) Loans repayable on demand		
i) from banks (secured)		
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.	628.30	1,765.70
ii) “From Holding Company (unsecured).		
Rate of interest for the loans from holding company is 11.50% per annum.”		
Buyers credit from Standard Chartered Bank Limited - Secured by hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables.	9,847.34	7,868.53
Total	10,475.64	9,634.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

21. Trade payables

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Trade payables		
(A) Total outstanding dues of micro enterprises and small enterprises	1.49	6.80
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises”	2,951.15	1,901.42
Total	2,952.64	1,908.22

22. Other Current financial liabilities

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Current maturities of long-term borrowings	1,116.00	3,905.45
b) Interest accrued but not due on borrowings	-	24.92
c) Others :-		
- Security deposits	20.48	20.71
- Other Payables (Salary & Others)	621.44	812.48
Total	1,757.92	4,763.56

23. Other Current liabilities

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Advances from customers	54.06	32.60
b) Advances from Related party against Goods & Services	-	97.50
c) Statutory remittances	26.30	100.60
Total	80.36	230.70

24. Revenue from operations

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Income from Sale of Yarn and Apparels		
Sales		
a) Sale of products		
i) Manufactured Goods	16,706.14	16,386.62
ii) Electricity	390.32	230.72
	17,096.46	16,617.34
b) Sale of services		
i) Processing Income	54.67	64.44
	54.67	64.44
c) Other operating revenues		
i) Scrap Sales	510.04	768.48
ii) Export incentives	31.99	85.00
iii) Sale of REC's	238.46	198.49
	780.49	1,051.97
Total	17,931.62	17,733.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

24.1 Reconciliation of revenue recognised with contract price:

	Year Ended 31st March 2019	Year Ended 31st March 2018
Total contract price with customers	17,244.56	16,711.05
Less: adjusted for discounts and rebates	31.38	29.27
Less: adjusted for sales retruns	62.06	-
Revenue recognised (Goods and Services)	17,151.13	16,681.78

25. Other Income

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
a) Interest income earned on financial assets that measured at amortised cost		
i) Bank deposits	62.33	54.37
ii) Interest on Security Deposits	8.10	20.38
Total (a)	70.43	74.75
b) Dividend Income		
i) from long-term investments	0.04	0.07
Total (b)	0.04	0.07
c) Other Non-Operating Income (Net of expenses directly attributable to such income)		
i) Operating lease rental income:		
Credit balances / excess provision written back	73.76	59.82
Rent received	87.69	98.21
Miscellaneous income	454.56	8.03
Total (c)	616.01	166.06
d) Other gains and losses		
i) Gain on disposal of property, plant and equipment	53.98	45.71
ii) Net foreign exchange gains/(losses)	13.08	60.00
Total (d)	67.06	105.72
Total (a+b+c+d)	753.54	346.60

26. Cost of materials consumed

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Material Stocks at the Commencement of the Year	426.41	512.43
Purchases	11,937.66	11,710.46
	12,364.07	12,222.89
Less: Material Stocks at the Close of the Year	236.38	426.41
Total	12,127.69	11,796.48

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

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (Including stock in transit)	1,308.40	1,368.81
ii) Work-in-progress	684.02	682.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Total	1,992.41	2,051.03
Inventories at the beginning of the year:		
i) Finished goods (Including stock in transit)	1,368.81	1,610.32
ii) Work-in-progress	682.22	650.18
Total	2,051.03	2,260.50
Net decrease/ (increase)	58.61	209.47

28. Employee benefits expense

(₹ In Lakhs)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i) Salaries and Wages	2,468.89	2,237.01
ii) Contribution to provident and other funds	499.27	356.48
iii) Staff Welfare Expenses	287.69	292.71
Total	3,255.85	2,886.20

29. Finance costs

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
i) Interest on bank overdrafts and loans	150.58	227.51
ii) Interest on loans from related parties	1,163.21	703.57
iii) Interest on bank Term Loans	690.71	1,163.37
iv) Other interest	-	1.39
v) Bank Charges	17.79	24.15
vi) Interest on liability component of compound financial instruments	227.41	158.66
Total	2,249.70	2,278.65

30. Depreciation and amortisation expense

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
i) Depreciation of property, plant and equipment pertaining to continuing operations	717.88	729.65
ii) Amortisation of intangible assets	7.58	24.77
Total depreciation and amortisation	725.46	754.42

31. Other expenses

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Consumption of stores and spare parts	103.00	112.24
Consumption of packing Material	275.07	273.51
Processing charges	10.90	4.39
Power and fuel	1,758.38	1,802.44
Water Royalty Charges	60.01	60.41
Revaluation Loss on REC	-	218.22
Transportation, freight, handling and other charges	207.76	197.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Hank Yarn Obligation	46.15	27.19
Rent and hire charges	7.89	8.84
Repairs to :		
i) Buildings	32.75	18.15
ii) Plant and machinery	220.01	239.87
iii) Others	158.99	183.83
	411.75	441.85
Insurance	58.85	67.11
Rates and taxes (excluding taxes on income)	148.22	126.85
Brokerage, commission, discount and other selling expenses	131.44	166.45
Printing & Stationery	0.71	1.12
Communication	10.47	10.20
Legal and professional charges	118.49	143.28
Travelling and conveyance	28.47	31.42
Trade receivables / advances written off	7.27	7.90
Less: Provision held	-	-
	915.67	996.18
Directors Sitting Fees	19.45	17.77
Provision for doubtful trade receivables	-	22.16
Bad Debts	32.68	1.44
Loss on sale of fixed assets (net)	-	7.00
Miscellaneous expenses	95.71	123.24
Total	1,063.52	1,167.79
a) To Statutory auditors		
i) For audit	14.25	15.50
ii) For tax audit fees	2.75	2.94
iii) For certification	10.00	8.75
	27.00	27.19
b) To cost auditors for cost audit	2.00	3.00
c) For reimbursement of expenses	1.38	1.14
d) Service Tax	-	-
Total (a+b+c+d)	30.38	31.33
Total	3,563.06	3,903.63

32. Income taxes

33.1 Income tax recognised in profit or loss

(₹ In Lakhs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
Deferred tax		
In respect of the current year	-	932.79
Total Deferred tax	-	932.79
Total income tax expense recognised in the current year	-	932.79

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

33. Earnings per share

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Basic earnings per share	(47.01)	(58.36)

33.1 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, 2019	Year ended 31 st March, 2018
Profit/(loss) for the year attributable to owners of the Company (A)	(3,055.63)	(3,793.84)
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
Basic and diluted Earnings per share (A/B)	(47.01)	(58.36)

34. Obligations under finance leases

Leasing arrangements

The Group has operating leases for premises. These lease arrangements ranging upto 5 years, which are cancellable. In the lease agreements there are no terms for purchase options or any restrictions such as those concerning dividend and additional debts

35. Gratuity

(₹ In Lakhs)

Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,661.59	1,620.05
	Current Service Cost	59.50	59.07
	Interest Cost	125.67	121.69
	Actuarial (Gain) / Loss on Obligation due to experience	(74.59)	(29.66)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(2.84)	(5.69)
	Benefits Paid	(149.99)	(103.87)
	Present value of the obligation of Marihal unit	70.95	-
	Present value of the obligation at the end of the year	1,690.32	1,661.59
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	1,729.97	1,723.36
	Interest Income	130.84	129.43
	Return on plan assets excluding interest income	(11.09)	(40.26)
	Contributions by Plan Participants	-	21.31
	Benefits Paid	(149.99)	(103.87)
	Fair value of Plan Assets at the end of the year	1,699.74	1,729.97
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,690.32)	(1,661.59)
	Fair value of Plan Assets at the end of the year	1,704.11	1,729.97
	Net asset at the end of the year	13.79	68.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	59.50	59.07
	Finance cost / (income)	(5.17)	(7.73)
	Net impact on the loss before tax	54.33	51.34
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	(77.43)	(35.34)
	Return on plan asset excluding interest income	11.09	40.26
	Net (income) / expenses for the period recognised in other comprehensive income	(66.34)	4.92
f)	Actual return on Plan Assets		
	Interest Income	130.84	129.43
	Actual return on Plan Assets	130.84	129.43
g)	Actuarial Assumptions		
	i) Discount Rate	7.59 % to 7.88%	7.56%
	ii) Expected Rate of Return on Plan Assets	7.59 % to 7.88%	7.56%
	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

(₹ In Lakhs)

Maturity Analysis of the benefit payments : from the fund	As at 31st March 2019	As at 31st March 2018
Projected Benefits payable in future years from the date of reporting		
1 St Following Year	202.46	171.56
2 nd Following Year	83.84	73.05
3 rd Following Year	173.87	195.87
4 th Following Year	148.14	163.20
5 th Following Year	150.83	139.41
Sum of years 6 th to 10 th	904.35	839.65
Sum of years 11 th and above	1,343.35	1,443.59

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 2019	As at 31st March 2018
Projected Benefit obligation On Current Assumptions	1,619.36	1,661.59
Delt effect of +1% Change in rate of Discounting	(94.96)	(103.41)
Delt effect of -1% Change in rate of Discounting	105.82	115.81
Delt effect of +1% Change in rate of Salary increase	108.59	118.81
Delt effect of -1% Change in rate of Salary increase	(98.96)	(107.73)
Delt effect of +1% Change in rate of Employee Turnover	24.55	27.86
Delt effect of -1% Change in rate of Employee Turnover	(26.56)	(89.67)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

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, 2019 is ₹347.83 lakh and as at March 31, 2018 is ₹ 314.13 lakhs.

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, the latest mortality table available has been considered.

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.

36. 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

Suryoday One Energy Private Limited (w.e.f. April 16, 2018)

Associates

Suryoday One Energy Private Limited (upto April 16, 2018)

Trusts

Gokak Falls Education and Medical Trust

Gokak Textiles Gratuity Fund

Key Management Personnel and their relatives:-

Mr. Ramesh R. Patil, Chief Executive officer & Managing Director

Mr. Vikram V. Nagar, Chief Financial Officer (ceased to be CFO w.e.f. close of business hours of February 01, 2019)

Mr. Avadhut Sarnaik, Chief Financial Officer (w.e.f. February 02, 2019)

Mr. Rakesh M. Nanwani, Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Directors

Mr. Vasant N. Sanzgiri, Director.

Mr. D G Prasad, Director.

Mr. Kaiwan D. Kalyaniwalla, Director (ceased to be Director w.e.f. close of business hours of March 31, 2019)

Mr. Pradip N. Kapadia, Director.

Mr. Chandrakant G. Shah, Director.

Ms. Tripti J Nanvani (w.e.f August 01, 2018)

Ms. Zarine K Commissariat (upto July 19, 2017)

Ms. Roopa V Tarkhad (upto May 18, 2018)

Mr. Mukundan Srinivasan

Particulars of transaction with Related Parties

(₹ In Lakhs)

Year ended March 31 2019, (Previous Year March 31, 2018)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions					
Rent income	-	15.52	-	-	15.52
Previous Year	-	10.40	-	-	10.40
Rent paid	-	3.70	-	-	3.70
Previous Year	-	3.92	-	-	3.92
Services Received	17.83	4.96	-	-	22.79
Previous Year	39.16	2.98	-	-	42.14
Preference Shares Issued	3,500.00	-	-	-	3,500.00
Previous Year	3,500.00	-	-	-	3,500.00
Borrowings	4,635.00	-	-	-	4,635.00
Previous Year	6,110.00	-	-	-	6,110.00
Interest accrued	832.62	36.23	-	-	868.85
Previous Year	653.86	40.11	-	-	693.97
Receivables	8.89	35.22	-	-	44.11
Previous Year	8.89	10.07	-	-	18.96
Director's sitting fees	-	-	19.45	-	19.45
Previous Year	-	-	16.60	-	16.60
Remuneration	-	-	88.51	-	88.51
Previous Year	-	-	80.60	-	80.60
Amount recovered on behalf	-	-	-	16.04	16.04
Previous Year	-	-	-	15.00	15.00
Reimbursement of Expenses	-	-	-	-	-
Previous Year	-	-	-	-	-
Amount received from trust	-	-	-	-	-
Previous Year	-	-	-	45.00	45.00
Payables	9,387.26	468.12	-	0.93	9,856.31
Previous Year	7,471.63	434.94	-	1.03	7,907.60
Loan repayment	3,065.00	-	-	-	3,065.00
Previous Year	2,900.00	-	-	-	2,900.00
Investments in Equity Shares of Associate Company	-	0.26	-	-	0.26
Previous Year	-	0.26	-	-	0.26
Preference shares balance	175.00	-	-	-	175.00
Previous Year	140.00	-	-	-	140.00
Other Services (Income)	-	115.05	-	-	115.05
Previous Year	-	97.50	-	-	97.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

36A Details of Related Party Transactions

(₹ In Lakhs)

Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018	Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018
Services Received			Amounts recovered on behalf		
Shapoorji Pallonji & Company Limited	17.83	39.16	Gokak falls Education and medical Trust	16.04	15.00
Forvol International Services Limited	4.96	2.98	KMP Remuneration		
Amount received from Trust			R R Patil	46.17	41.00
Gokak Textiles Graituity Fund	-	45.00	Vikram Nagar	31.83	35.68
Rent (Expenses)			Rakesh Nanwani	4.88	3.92
Forbes & Co Limited	3.70	3.92	Avadhut Sarnaik	5.63	-
Interest accrued			Receivables		
Shapoorji Pallonji & Co. Pvt. Ltd	832.62	653.86	Shapoorji Pallonji & Co. Pvt. Ltd	8.89	8.89
Shapoorji Pallonji infrastructure Capital Company private Limited	32.78	32.77	Suryoday One Energy P Limited	35.22	10.07
Shapoorji Pallonji Energy (Gujarat) private Limited	3.45	7.34	Payables		
Loans /Advances taken			Shapoorji Pallonji & Co. Pvt. Ltd	9,387.26	7,471.95
Shapoorji Pallonji & Co. Pvt. Ltd	4,635.00	6,110.00	Forbes & Company Limited	6.77	7.38
Reimbursement of Expenditure			Gokak falls Education and medical Trust	0.93	1.03
Gokak Falls Education & Medical Trust	0.77	0.76	Forvol International Services Limited	1.27	0.08
Preference Shares Issued			Shapoorji Pallonji infrastructure Capital Company private Limited	412.06	382.57
Shapoorji Pallonji & Co. Pvt. Ltd	3,500.00	3,500.00	Shapoorji Pallonji Energy (Gujarat) private Limited	48.02	44.91
Loan repayment			Investment in equity		
Shapoorji Pallonji & Co. Pvt. Ltd	3,065.00	2,900.00	Suryoday One Energy Private Limited	0.26	0.26
Rent (Income)			Preference Shares as at		
Suryoday one Energy pvt Ltd	15.52	10.40	Shapoorji Pallonji & Co. Pvt. Ltd	175	140
Other Services (Income)			Director's Sitting Fees		
Suryoday one Energy pvt Ltd	115.05	97.50	Mr. Kaiwan D. Kalyaniwalla	5.00	3.70
			Mr. Pradip Kapadia	6.25	4.80
			Mr. D G Prasad	4.00	2.80
			Mr. Vasant Sanzgiri	1.70	1.60
			Ms. Tripti J. Navani	0.50	-
			Ms. Zarine K Commissariat	-	0.20
			Ms. Roopa V Tarkhad	-	1.10
			Mr. S. Mukundan	0.60	0.80
			Mr. C. G. Shah	1.40	1.60

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

37 Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act , 2006, which came into force on October 2, 2006, the Group is required to make certain disclosures relating to Micro, Small and Medium Enterprises. The Group 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 Group.

(₹ In Lakhs)

Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018"
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.49	6.80
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	0.78	2.34
3	Principal amount paid during the year beyond the appointed day	58.06	32.03
4	Interest paid during the year beyond the appointed day	-	-
5	The amount of interest due and payable for the year	0.78	2.34
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	3.12	2.34
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.	0.50	0.09

*The Group has not recorded the interest payable in the books of account.

38 Fair Value Disclosures

(₹ In Lakhs)

A) Categories of Financial Instruments:	As at 31st March 2019			As at 31st March 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i) Financial Assets						
Investments	0.03	-	-	0.53	-	-
Loans	-	-	-	-	-	-
Trade Receivables	-	-	1,130.00	-	-	1,333.88
Cash & Bank Balances	-	-	31.68	-	-	105.68
Bank balances other than above	-	-	921.50	-	-	865.32
Other Financial Assets	-	-	384.10	-	-	156.69
	0.03	-	2,467.28	0.53	-	2,461.57
ii) Financial liabilities						
Borrowings (including current maturities)	-	-	17,330.54	-	-	19,733.06
Trade Payables	-	-	2,952.64	-	-	1,908.22
Other Financial Liabilities	-	-	641.92	-	-	858.11
	-	-	20,925.10	-	-	22,499.39

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued
Fair Value Hierarchy and Method of Valuation

Except as detailed in the following table, the Group 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).

(₹ In Lakhs)

B) Financial Assets	As at March 31, 2019					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL Investments Investments in Equity Instruments (unquoted)	7(a)	0.03	-	-	0.03	0.03

(₹ In Lakhs)

Financial Assets	Financial Assets					
	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, 2019.

39 Capital Management

The Group 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 Group 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 Group consists of net debt and total equity and financial liability in respect of preference share capital of the Group.

(₹ In Lakhs)

The capital components of the Group are as given below:	As at March 31, 2019	As at March 31, 2018
Total Equity	(5,013.41)	(5,088.08)
Short Term Borrowings	10,475.64	9,634.23
Long Term Borrowings	5,738.90	6,193.38
Current Maturities of Long Term Borrowings	1,116.00	3,905.45
Total Debt	17,330.54	19,733.06
Cash & Cash equivalents	31.68	105.68
Bank balances other than above	921.50	865.32
Net Debt	16,377.36	18,762.05
Net Debt Equity ratio	(1.18)	(1.79)
Debt Equity Ratio = Net debt (long term borrowings) / Total Equity		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

40 Financial risk management objectives

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group'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 Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks.

41 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.

42 Currency risk

The Group 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 Group. The Group has export sales primarily denominated in US dollars.

Exposure to currency risk

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

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Export receivables in US \$	2.29	4.90
Overseas payables in US \$	-	-
Total	2.29	4.90

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, 2019	As at March 31, 2018
+1% increase in foreign exchange rates	1.59	3.19
-1% increase in foreign exchange rates	-1.59	-3.19
Net Increase/(decrease)	-	-

43 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 Group's finance department is responsible for liquidity, funding as well as settlement management. The processes related

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows. The Group 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 Group has the following undrawn credit lines available as at the end of the reporting period.

(₹ In Lakhs)

	March 31, 2019	March 31, 2018
- Expiring within one year (Bank CC Limits Sanctioned)	3,306.70	2,169.30
	3,306.70	2,169.30

The following tables detail the Group'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 Group can be required to pay. The tables shows Principal cash flows.

(₹ In Lakhs)

Maturities of Financial Liabilities	As at March 31, 2019				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	17,330.54	10,475.64	2,903.75	1,395.00	2,556.15
Trade Payables	2,952.64	2,952.64	-	-	-
Other Financial Liabilities	641.92	641.92	-	-	-
	20,925.10	14,070.20	2,903.75	1,395.00	2,556.15

(₹ In Lakhs)

Maturities of Financial Liabilities	As at 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	-	-	-
	22,499.39	16,306.01	-	2,325.00	3,868.38

44 Interest Rate Risk:-

The Group 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 Group's

-loss for the year ended 31st March , 2019 would decrease/increase by ₹ 99.13 lakhs. This is mainly attributable to the Group'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 Group'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

45 The following table details the Group'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 Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(₹ In Lakhs)

Maturities of Financial Assets	As at March 31, 2019				
	Total	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.03				0.03
Trade Receivables	1,130.00	1,130.00			
Other Financial Assets	384.10	241.72			142.38
	1,514.13	1,371.72	-	-	142.41

(₹ in lakhs)

Maturities of Financial Assets	As at 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	156.69	142.20	-	-	14.49
	1,491.10	1,476.08	-	-	15.02

46 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

(₹ In Lakhs)

Particulars	Consolidated	
	Year ended 31.03.2019	Year ended 31.03.2018
	Audited	Audited
1) Segment Revenue		
a) Textile	18,001.66	16,386.62
b) Electricity and Power	1,536.26	1,292.21
c) Others	-	346.59
Less: Inter-segment eliminations	(852.76)	54.92
Income from Operations	18,685.16	18,080.35
2) Segment Result:		
Profit / (Loss) before Tax and Interest		
a) Textile	(3,631.05)	(2,268.18)
b) Electricity and Power	335.85	561.40
Total	(3,295.20)	(1,706.78)
Less: Inter-segment eliminations		(237.00)
Total	(3,295.20)	(1,469.78)
Less : Interest		(2,278.65)
Total Profit before Tax	(3,295.20)	(3,748.43)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

Particulars	Consolidated	
	Year ended 31.03.2019	Year ended 31.03.2018
	Audited	Audited
3) Segment Assets		
a) Textile	15,293.59	16,976.30
b) Electricity and Power	1,453.77	11,712.00
c) Others	-	-
Less: Intersegment elimination	(138.09)	(10,479.00)
	16,609.27	18,209.30
4) Segment Liabilities		
a) Textile	13,887.85	15,067.84
b) Electricity and Power	8,455.98	8,769.19
c) Others	-	-
Less: Intersegment elimination	(138.09)	(194.23)
	22,205.74	23,642.80
5) Capital Employed	(5,596.47)	(5,433.50)
6) Capital Expenditure		
a) Textile	39.56	4.95
b) Electricity and Power	0.63	11.69
c) Others	-	-
Less: Intersegment elimination	-	-
	40.19	16.63
7) Depreciation and Amortisation expense		
a) Textile	621.55	650.80
b) Electricity and Power	103.90	103.62
c) Others	-	-
Less: Intersegment elimination	-	-
	725.45	754.42

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.

46.1 Out of the total revenue, no customer has revenue more than 10% in the current financial year. (Previous year : 15.85%)

46.2 During the year, revenue from customers within and outside India are as follows:

	2018-19	2017-18
Revenue from domestic sales and Services	15,559.62	12,448.75
Revenue from export sales	2,372.00	5,285.00
Total	17,931.62	17,733.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

47. Contingent liabilities:-

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Claims against the Company not acknowledged as debts		
1 Taxes in dispute:-		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	3.99
2 Labour matters:-		
i) labour matter in dispute	69.36	69.36
ii) Customs duty (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
3 Other:-		
i) Demand for increased lease rent (as per lease rent agreement, rent was supposed to be reviewed by the Government authorities; which was not reviewed and demand for the same is raised during the year 2018-19. The Company has disputed on the grounds of working and restrospective effect of the same)	9,858.98	-
(b) Bonds/ Guarantees :-		
i) Bonds given by Company to Custom Authorities against EPCG Licenses.	-	3,276.61
Total	10,218.02	3,635.65

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, 2018 is due on March 31, 2019. Hence, it is classified as current financial liability. However, the Company has made request to the Labour Commissioner on November 17, 2018 to defer the 50% payment of bonus for the period 2017-18 as 50% is paid during the year 2018-19.

49. 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 2019	As at 31st March 2018
1	Balance as at the beginning of the year	500.00	500.00
2	Add: Provision made during the year	251.75	-
3	Less: Utilisation/ Reversal	-	-
4	Balance as at the end of the year	751.75	500.00

50. 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 - Continued

52. The Group has consolidated accumulated losses of ₹ 28,240.89 lakhs and its consolidated current liabilities exceeded consolidated capital assets by ₹ 10,067.11 lakhs as at March 31,2019. However of the above, current liabilities of ₹ 9,387.26 lakhs are loans repayable to Shapoorji Pallonji and Company Limited (“the Holding company”). In addition, the holding company has infused capital of ₹ 3,500 lakhs in the company during the current year. The continuity of the operations of the group is dependent upon the countinued operational and financial support of the holding company. Based on the reasons stated above and such operational and financial support from the Holding Company, the above consolidated financial results have been prepared on a going concern basis.

53. Approval of Financial Statements :-The Consolidated financial statements were approved for issue by the board of directors on 23rd May 2019.

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

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**BOARDS' REPORT
AND
FINANCIAL STATEMENTS OF
GOKAK POWER & ENERGY LIMITED
FOR THE YEAR ENDED MARCH 31, 2019**

Directors	:	Mukundan Srinivasan	- Chairman
		Ramesh R. Patil	- Wholetime Director
		Pradip N. Kapadia	- Independent Director
		Kaiwan D. Kalyaniwalla	- Independent Director (upto March 31,2019)
		Chandrakant G. Shah	- Non-Executive Director
		Nikhil J. Bhatia	- Independent Director (w.e.f. May 16, 2019)
Chief Financial Officer	:	Vikram V. Nagar (upto February 01, 2019)	
		Avadhut Sarnaik (w.e.f. February 04, 2019)	
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 nd Floor, 12 th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098	
CIN	:	U40103KA2012PLC062107	
GSTIN	:	29AAECG7331B1ZU	



Report of Board and Management Discussion & Analysis

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, 2019.

1. Financial Results and State of Company's Affairs

(₹ In Lakhs)

	Particulars	For the Financial Year 01.04.2018 to 31.03.2019	For the Financial Year 01.04.2017 to 31.03.2018
(a)	Gross Revenue	1,536.26	1,353.41
	Less: Costs	241.74	437.72
(b)	Balance	1,294.52	915.69
	Less: Interest	854.74	938.98
(c)	Cash Profit/(Loss)	439.78	(23.29)
	Less: Depreciation	354.42	354.28
(d)	Profit /(Loss) after depreciation carried to Balance Sheet	85.36	(377.57)
	Less : Deferred Tax	-	(834.54)
	Other Comprehensive (Income) / Expenses	(3.91)	(0.82)
(e)	Net Profit/ (Loss)	89.27	(1,211.29)

2. Operations

During the year under review, your Company has recorded gross income of ₹ 1,536.26 lakhs (previous year ₹ 1353.41 lakhs) and Net Profit for the year of ₹ 89.27 lakhs (previous year Net loss ₹ 1,211.29 lakhs). 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 and the financial results are positive.

3. Outlook

As per the forecast by India Meteorological Department, it is expected the monsoon will be normal. The reservoirs will be full and water will be available for the whole year for power generation, 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, 2019 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.

7. Subsidiary Company/Joint venture/Associate

The Company does not have any subsidiary / associate or joint venture Company.

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

Ceased to be director with effect from the close of business hours of March 31, 2019.

Mr. Mukundan Srinivasan 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.

Mr. Kaiwan D. Kalyaniwalla, an Independent Director of the Company on account of his other professional commitments resigned from the Directorship of the Company with effect from the close on business hours on March 31, 2019. The Board places on record its appreciation for the invaluable services rendered by Mr. Kaiwan D. Kalyaniwalla to the Board and the Company during their tenure as Member of the Board / Committees of the Board.

Mr. Nikhil J. Bhatia has been appointed as an Additional and Independent Director of the Company with effect from May 16, 2019. The appointment is for a period of 5 years subject to approval of Shareholders.

Based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the Shareholders at the ensuing Annual General Meeting, the Board of Directors approved re-appointment of Mr. Ramesh R. Patil as Whole-time Director for a further term of three years commencing from September 08, 2019.

Mr. Vikram V. Nagar, ceased to be Chief Financial Officer of the Company w.e.f the close of business hours on February 01, 2019.

Mr. Avadhut Sarnaik was appointed as Chief Financial Officer of the Company w.e.f February 04, 2019.

Key Managerial Personnel of the Company are Mr. Ramesh R Patil, Wholetime Director, Mr. Rakesh M. Nanwani, Company Secretary and Mr. Avadhut Sarnaik, Chief Financial Officer.

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. 4 Meetings were held during the financial year ended March 31, 2019 i.e. on May 18, 2018; July 25, 2018; November 02, 2018 and February 01, 2019. 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	4	3
2.	Mr. Chandrakant G. Shah	4	4
3.	Mr. Kaiwan D. Kalyaniwalla #	4	4
4.	Mr. Pradip N. Kapadia	4	4
5.	Mr. Ramesh R. Patil	4	4

Ceased to be director with effect from the close of business hours of March 31, 2019.

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

Ceased to be director with effect from the close of business hours of March 31, 2019.

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 Wholetime Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings. The Company secretary also function as Compliance Officer.

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. 4 Meetings were held during the financial year ended March 31, 2019 i.e. on May 18, 2018; July 25, 2018; November 02, 2018 and February 01, 2019.

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, 2019	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - Chairman #	4	4
2.	Mr. Chandrakant G. Shah	4	4
3.	Mr. Pradip N. Kapadia	4	4

Ceased to be director with effect from the close of business hours of March 31, 2019.

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

Ceased to be director with effect from the close of business hours on March 31, 2019.

Two (2) Meetings were held during the financial year ended March 31, 2019 i.e. on May 18, 2018 and February 01, 2019.



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, 2019	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - Chairman #	2	2
2.	Mr. Chandrakant G. Shah	2	2
3.	Mr. Pradip N. Kapadia	2	2

Ceased to be director with effect from the close of business hours on March 31, 2019.

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 2018 -19, 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 :

(a) 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 6th Annual General Meeting of the Company till the conclusion of the 11th 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.

(b) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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 I** to this Report. The Report of the Secretarial Auditor of the Company does not contain any qualification, reservation or adverse remark or disclaimer.

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.	Re-insulation done in one of the 500 kilowatt power generation set, which will result in improved efficiency of generator.
		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	Nil
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof and future plan of action		
(iv)	the expenditure incurred on Research and Development	

(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 :-

- a. in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. 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. 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. they have prepared the annual accounts, on a going concern basis;
- e. 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. 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 23, 2019

S Mukundan
Chairman
DIN: 00276429

Registered Office:

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

Form No.MR-3
SECRETARIAL AUDIT REPORT

Annexure I

[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: 31.03.2019

To,
The Members,
Gokak Power & Energy Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gokak Power & Energy 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, 2019 (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- **not applicable.**
- 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- **not applicable.**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') - **not applicable.**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **not applicable.**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **not applicable.**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **not applicable.**
 - d) The Securities and Exchange Board of India ((Share Based Employee Benefits) Regulations, 2014- **not applicable.**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **not applicable.**
 - 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- **not applicable.**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **not applicable.**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **not applicable.**
 - i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- **not applicable.**
- 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.

Power Sector Laws

- a) The Electricity Act, 2003
- b) National Tariff Policy
- c) Essential Commodities Act, 1955

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.

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 18th September 2018;
- 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 20, 2019
Place : Bangalore

For **KDSH & Associates LLP**

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

* This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report

'Annexure A'

To,
The Members,
GOKAK POWER & ENERGY LIMITED
CIN: U40103KA2012PLC062107
#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.



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-2018 to 31-March-2019
	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 ₹ 4.11 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 23, 2019

S Mukundan
Chairman
DIN: 00276429

Form No.MGT-9
EXTRACT OF ANNUAL REPORT
For the financial year ended 31st March, 2019
[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 nd Floor, 12 th 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 nd Floor, 12 th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Benagluru - 560 098	L17116KA2006PLC038839	Holding	51%	2 (46)



IV) 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 01.04.2018				No. of Shares held at the end of the year .i.e 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	A. Promoters									
(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
Sub-Total (A) (1)		24,989,940	0	24,989,940	51.00	24,989,940	0	24,989,940	51.00	0.00
(2)	Foreign									
(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
Sub-Total (A) (2)		0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)		24,989,940	0	24,989,940	51.00	24,989,940	0	24,989,940	51.00	0.00
(B)	Public Shareholding									
(1)	Institutions									
(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
Sub-Total (B) (1)		0	0	0	0.00	0	0	0	0.00	0.00
(2)	Non-Institutions									
(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
Sub-total (B) (2)		24,010,000	0	24,010,000	49.00	24,010,000	0	24,010,000	49.00	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)		24,010,000	60	24,010,060	49.00	24,010,000	60	24,010,060	49.00	0.00
TOTAL (A)+(B)		48,999,940	60	49,000,000	100.00	24,010,000	60	49,000,000	100.00	0.00

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% 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%	-	-
	Total	4,90,00,000	100%	-	4,90,00,000	100%	-	-

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 01.04.2018		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the company
1	At the beginning of the year				
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):	There is no Promoters' Shareholding between 01.04.2018 to 31.03.2019			
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 01.04.2018		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	Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd.	24,010,000	49.00			-	-	24,010,000	49.00
					No Change	0	0.00		0.00
				31.03.2019	At the end of the year	-	-	24,010,000	49.00
2	Shapoor P. Mistry JT1 Gokak Textiles Ltd	10	0.00					10	0.00
					No Change	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
3	Mukundan Srinivasan JT1 Gokak Textiles Ltd	10	0.00					10	0.00
					No Change	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
4	Firoze Kavshah Bhatehna JT1 Gokak Textiles Ltd	10	0.00					10	0.00
					No Change	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
5	Vasant N. Sanzgiri JT1 Gokak Textiles Ltd	10	0.00					10	0.00
					No Change	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
6	Rahul Adeshwar Jain JT1 Gokak Textiles Ltd	7	0.00					7	0.00
					No Change	0	0.00	7	0.00
				31.03.2019	At the end of the year	-	-	7	0.00
7	K S Ballal JT1 Gokak Textiles Ltd	1	0.00					1	0.00
					No Change	1	0.00	1	0.00
				31.03.2019	At the end of the year	-	-	1	0.00
8	Ramesh R. Patil JT1 Gokak Textiles Ltd	10	0.00					10	0.00
					No Change	10	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00



Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2018		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	1	0.00				0.00	1	0.00
					No Change	1	0.00	1	0.00
		-		31.03.2019	At the end of the year	-	-	1	0.00
10	Pradeep P. Andhare JT1 Gokak Textiles Ltd	1	0.00				0.00	1	0.00
					No Change	1	0.00	1	0.00
		-		31.03.2019	At the end of the year	-	-	1	0.00

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	10	0.00		At the end of the year			10	0.00
					Increase	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
2	Mukundan Srinivasan JT 1 Gokak Textiles Limited	10	0.00					10	0.00
					No Change	0	0.00	10	0.00
				31.03.2019	At the end of the year	-	-	10	0.00
3	Vikram Nagar JT 1 Gokak Textiles Limited (upto February 01, 2019)	1	0.00					1	0.00
					Increase	0	0.00	1	0.00
				31.03.2019	At the end of the year	-	-	1	0.00
4	Kaiwan D. Kalyaniwalla (upto March 31, 2019)	0	0.00						0.00
					No Change	0	0.00	0	0.00
				31.03.2019	At the end of the year	-	-	0	0.00
5	Pradip N. Kapadia	0	0.00						0.00
					No Change	0	0.00	0	0.00
				31.03.2019	At the end of the year	-	-	0	0.00
6	Chandrakant G. Shah	0	0.00						0.00
					No Change	0	0.00	0	0.00
				31.03.2019	At the end of the year	-	-	0	0.00
7	Rakesh M. Nanwani	0	0.00						0.00
					No Change	0	0.00	0	0.00
				31.03.2019	At the end of the year	-	-	0	0.00
8	Avadhut Sarnaik (w.e.f. February 04,2019)	0	0.00						0.00
					No Change	0	0.00	0	0.00
				31.03.2019	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
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	5346.06	3269.11	100	8715.17
Change in Indebtedness during the financial year				
• Addition	-	724.80	-	724.80
• Reduction	1047.31	-	-	1047.31
Net Change	(1047.31)	724.80	-	(322.51)
Indebtedness at the end of the financial year				
i. Principal Amount	4298.75	3993.91	100	8392.66
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4298.75	3993.91	100	8392.66

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	60,000	-	-	60,000
2.	Mr. C. G. Shah	1,40,000	-	-	1,40,000
3.	Mr. Pradip N. Kapadia	1,50,000	-	-	1,50,000
4.	Mr. Kaiwan D. Kalyaniwalla #	1,50,000	-	-	1,50,000
	Total	5,00,000	-	-	5,00,000

Ceased to be Director w.e.f. the close of business hours of March 31, 2019

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
A.	Company Penalty Punishment Compounding		None and Not Applicable		
B.	Directors Penalty Punishment Compounding		None and Not Applicable		
C.	Other Officers in Default Penalty Punishment Compounding		None and Not Applicable		



INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak power & Energy Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Gokak Power & Energy Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year under the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Date : 23 May, 2019



Annexure - A to the Auditors' Report

(referred to in paragraph 1 under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

- 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 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 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, duty of customs, employees' state insurance, 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, goods and service tax, customs duty, cess and other material statutory dues in arrears as at year end 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, Goods and service tax, Duty of Customs, 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 were no outstanding loans or borrowings from any financial institutions, 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 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 : 23 May, 2019



Annexure - B to the Auditors' Report

(referred to in paragraph 2 under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

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 2019 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 2019, 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 : 23 May, 2019



**GOKAK POWER & ENERGY LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2019**

(₹ in lakhs)

Particulars	Note No.	As at 31 st March 2019	As at 31st March 2018
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	10,162.80	10,516.59
b) Capital work-in-progress		10.08	10.09
		10,172.88	10,526.68
c) Financial Assets:			
i) Investments	4	0.26	0.26
d) Tax assets			
i) Deferred tax assets (net)	14	-	-
ii) Income tax assets (net)	-	19.28	20.29
		19.28	20.29
e) Other non-current assets	8A	12.18	17.07
Total Non-current assets		10,204.60	10,564.30
2 Current assets			
a) Inventories	6	12.84	14.00
b) Financial Assets:			
i) Trade receivables	5	299.65	114.30
ii) Cash and cash equivalents	7A	11.60	59.30
iii) Bank balances other than (ii) above	7B	917.50	861.40
		1,241.59	1,049.00
c) Current tax assets (net)			
d) Other current assets	8B.	41.90	98.74
Total Current assets		1,283.49	1,147.74
Total Assets		11,488.09	11,712.04
Equity and Liabilities			
Equity			
a) Equity share capital	9	4,900.00	4,900.00
b) Other equity	10	(1,867.88)	(1,957.15)
Equity attributable to owners of the Company		3,032.12	2,942.85
Total Equity		3,032.12	2,942.85
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	11	3,182.75	4,298.75
ii) Other financial liabilities	12A	100.00	100.00
		3,282.75	4,398.75
b) Provisions	13A	2.72	2.35
Total Non-current liabilities		3,285.47	4,401.10

Particulars	Note No.	As at 31 st March 2019	As at 31st March 2018
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	16	3,993.91	3,269.11
ii) Trade payables	17		
- dues to Micro and small enterprises		-	-
- dues to other Creditors		8.41	9.88
iii) Other financial liabilities	12B	1,160.33	1,083.85
		5,162.65	4,362.84
b) Provisions	13B	0.27	2.77
c) Other current liabilities	15	7.59	2.48
Total current liabilities		5,170.51	4,368.09
Total Liabilities		8,455.98	8,769.19
Total Equity and Liabilities		11,488.09	11,712.04

See accompanying notes forming part of the financial statements **1 to 35**

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place : Mumbai
Date : 23rd May 2019

Avadhut Sarnaik

Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019



GOKAK POWER & ENERGY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2019

(₹ in Lakhs)

Particulars		Note No.	Year Ended 31 st March 2019	Year Ended 31 st March 2018
I	Revenue from operations	18	1,471.92	1,292.21
II	Other income	19	64.34	61.20
III	Total Income		1,536.26	1,353.41
IV	Expenses:			
	Employee benefits expense	20	63.56	59.30
	Finance costs	21	854.74	938.98
	Depreciation and amortisation expense	22	354.42	354.28
	Other expenses	23	178.18	378.42
	Total expenses		1,450.90	1,730.98
V	Profit / (Loss) before exceptional items and tax		85.36	(377.57)
VI	Profit / (loss) before tax		85.36	(377.57)
VII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	834.54
			-	834.54
VIII	Profit /(loss) for the year		85.36	(1,212.11)
IX	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans	24	3.91	0.82
	Other Comprehensive Income, net of tax		3.91	0.82
X	Total Comprehensive Income / (loss) for the year		89.27	(1,211.29)
XI	Earning per equity share			
	Basic and diluted earnings per equity share (refer Note No. 25)		₹ 0.17	₹ (2.47)

See accompanying notes forming part of the financial statements

1 to 35

The notes are an integral part of the these financial statements

As per our report of even date

For and on behalf of the Board of Directors**For BATLIBOI & PUROHIT**Chartered Accountants
Firm Reg No. 101048W**Avadhut Sarnaik**
Chief Financial Officer
Membership No.A27260**Mukundan Srinivasan**Chairman
(DIN: 00276429)**Kaushal Mehta**Partner
Membership No. 111749**Ramesh R. Patil**Whole-time Director
(DIN: 07568951)**Rakesh M. Nanwani**
Company Secretary
Membership No. A45718Place : Mumbai
Date : 23rd May 2019Place : Mumbai
Date : 23rd May 2019

GOKAK POWER & ENERGY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2019

(₹ in lakhs)

PARTICULARS	Year ended 31st March, 2019	Year ended 31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit \ (Loss) before tax for the year	85.36	(377.58)
Adjustments for:		-
Depreciation expenses	354.42	354.28
Finance Cost	854.74	914.67
Balances written off / (back)	(0.02)	3.63
Interest Income	(62.33)	(54.19)
Cash Generated from operations before working capital changes	1,232.17	840.81
Adjustments for:		
(Increase)/decrease in trade receivables	(185.35)	(27.86)
(Increase)/decrease in inventories	1.16	0.40
(Increase)/decrease in Other Assets	61.76	363.64
(Increase)/decrease in trade payables	(1.47)	(6.39)
Increase / (Decrease) in Provision	1.77	(11.87)
Increase / (Decrease) in other Liabilities	12.90	202.37
Cash generated from operations	1,122.94	1,361.10
Taxes paid (net of refunds)	1.01	(6.76)
Net cash generated from operating activities - [A]	1,123.95	1,354.34
B. Cash Flow from Investing Activities :		
Investment in Associate Companies	-	(0.26)
Purchase of tangible assets (including CWIP)	(0.63)	(7.51)
Movements in other bank balances	(56.10)	94.77
Interest received	62.33	54.19
Net cash flow from/ (used in) investing activities [B]	5.60	141.19
C. Cash Flow from Financing Activities :		
Finance Cost	(879.05)	(938.98)
Repayment of Long-term borrowings	(1,023.00)	(1,023.00)
Proceeds from short term borrowings	724.80	489.88
Net cash flow from/ (used in) financing activities [C]	(1,177.25)	(1,472.10)
Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]	(47.70)	23.43
Cash and cash equivalents as at beginning [E]	59.30	35.87
Cash and cash equivalents as at closing [D]+[E]	11.60	59.30



PARTICULARS		Year ended 31st March, 2019	Year ended 31st March, 2018
D	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on Hand	0.03	0.02
	Balances with banks:		
	- In current accounts	11.57	59.28
		11.60	59.30

Notes:

- i) 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".
- ii) Previous year figures have been rearranged/regrouped wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Avadhut Sarnaik

Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019

GOKAK POWER & ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 ST MARCH, 2019

Statement of changes in equity for the year ended 31st March, 2019

(₹ in lakhs)

a. Equity share capital	Amount
Balance as at 1st April, 2017	4,900.00
Changes in equity share capital during the year	-
Balance as at 31st March, 2018	4,900.00
Changes in equity share capital during the year	-
Balance as at 31st March, 2019	4,900.00

Statement of changes in equity for the year ended 31st March, 2019

b. Other equity	Reserves and surplus	
	Retained earnings	Total Equity attributable to equity holders of the Company
Balance at April 1, 2017	(745.87)	(745.87)
Profit / (Loss) for the year	(1,212.11)	(1,212.11)
Other comprehensive income for the year, net of income tax	0.82	0.82
Total comprehensive income for the year	(1,211.29)	(1,211.29)
Balance at March 31, 2018	(1,957.15)	(1,957.15)
Profit for the year	85.36	85.36
Other comprehensive income for the year, net of income tax	3.91	3.91
Total comprehensive income for the year	89.27	89.27
Balance at March 31, 2019	(1,867.88)	(1,867.88)

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Avadhut Sarnaik

Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019



GOKAK POWER & ENERGY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019

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 of hydro power. The Company has 10.8 MW of Hydro power plant. Its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle ,Rajarajeshwari Nagar, Bangalore KA 560098 .

2 Basis of preparation

(a) Statement of Compliance -

The financial statement 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 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:

Items	Measurement basis
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

(e) Assumptions and estimations 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 2019 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
- Note 3(d) - Financial Instruments “

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

(f) 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.

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.

(g) 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.

(h) 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 and Fixture	10
4	Office Equipments	5

(i) 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

(j) 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.

ii. Classification and subsequent measurement

Financial assets

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.

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.

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

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued**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.

(k) Revenue recognition :

The Company has adopted Ind AS 115 - 'Revenue from contracts with customers' with effect from April 01, 2018. There is no impact on account of applying the Ind AS 115 Revenue from contract with customers instead of erstwhile Ind AS 18 Revenue on the financials Statements of the Company for the year ended and as at March 31, 2019."

Revenue from Generation, Transmission and Distribution of power is recognised net of cash discounts, for each unit of electricity delivered at the contracted rate.

Revenue from renewable energy certificates is recognised on accrual basis.

(l) 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.

(m) 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

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.

(n) 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.

(o) Impairment

(i) 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.

(ii) 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-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

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.

(p) Inventories :

Inventories are valued at lower of cost and net realisable value. Stores, Spares and loose Tools cost is determined on weighted average method.

(q) 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.

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.

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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

(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 balance, deposits held at call with financial institutions.

(s) 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.

(t) Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 116 Leases :

Ministry of Corporate Affairs has notified Ind AS 116, Leases in March 30, 2019. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The adoption of this Ind AS will not have any impact on the Financials, since the Company does not have any lease contracts.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The adoption of Ind AS 12 Appendix C would not have any material impact on the financial statements.

Amendment to Ind AS 12 – Income taxes :

“On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

There is no material impact of the amendment on the financial statements”

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

- The Ministry of Corporate Affairs issued amendments to Ind AS 19, ‘Employee Benefits’, on 30 March, 2019 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:
- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any material impact on account of this amendment.”

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Building and structures	Plant and machinery	Furniture, Fixtures & Office Equipments	Vehicle	Total
Cost or Deemed cost					
Balance at April 1, 2017	6,777.64	4,628.97	0.84	-	11,407.45
Additions	-	11.69	-	-	11.69
Disposal	-	-	-	-	-
Balance at April 1, 2018	6,777.64	4,640.66	0.84	-	11,419.14
Additions	-	-	-	0.63	0.63
Disposal	-	-	-	-	-
Balance at 31 st March, 2019	6,777.64	4,640.66	0.84	0.63	11,419.77
Accumulated depreciation and impairment					
Balance at April 1, 2017	364.55	183.53	0.19	-	548.27
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.55	117.61	0.12	-	354.28
Balance at April 1, 2018	601.10	301.14	0.31	-	902.55
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.55	117.70	0.12	0.06	354.42
Balance at 31 st March, 2019	837.64	418.84	0.43	0.06	1,256.97
Carrying Amount					
Balance at April 1, 2017	6,413.09	4,445.44	0.65	-	10,859.18
Balance at April 1, 2018	6,176.54	4,339.52	0.53	-	10,516.59
Balance at 31 st March, 2019	5,940.00	4,221.82	0.41	0.57	10,162.80

4. Non Current Investments

(₹ in lakhs)

Break-up of investments				
particulars	As at 31 st March 2019		As at 31st March 2018	
	Qty	Amount	Qty	Amount
Unquoted Investments at FVTPL				
a) Equity Instruments				
1. In unquoted 2600 equity shares of ₹ 10 each fully paid up of Suryodaya One Energy Pvt. Ltd	2,600	0.26	2,600	0.26
TOTAL	2,600	0.26	2,600	0.26



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

5. Trade receivables

(₹ in lakhs)

Current		
Particulars	As at 31 st March 2019	As at 31st March 2018
Trade receivables		
a) Unsecured, considered good	261.56	20.07
b) Related Parties	38.09	94.23
Total	299.65	114.30

* There were no trade receivables which were credit impaired or had significant increase in credit risk during the year.

5.1 Trade receivables

The average credit period on sales is 60 days. No interest is charged on trade receivables overdue.

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 there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired

Particulars	As at 31 st March 2019	As at 31st March 2018
0 - 60	299.65	114.30
61 - 180	-	-
181 - 365	-	-
Above 365 Days	-	-
Total	299.65	114.30

6. Inventories

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Inventories (lower of cost and net realisable value)		
Stores and spares	12.84	14.00
Total	12.84	14.00

7. Cash and Bank Balances

7A. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
In current accounts		
a) In current accounts	11.57	59.28
Cash on hand	0.03	0.02
Cash and cash equivalents	11.60	59.30
7B. Other Bank balances		
a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI under lien.	917.50	861.40
Total	917.50	861.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

8. Other assets

8A. Non Current

Particulars	As at 31 st March 2019	As at 31st March 2018
Prepaid expenses	12.18	17.07
Total	12.18	17.07

8B. Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
- Unsecured considered good		
a) Advances to Employees	0.04	0.63
b) Advances for supply of goods and services	2.33	2.88
c) REC Receivable	38.71	95.01
d) Security Deposits	0.22	0.22
e) Prepaid employee benefit plan	0.60	-
Total	41.90	98.74

9. Equity Share Capital

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Authorised Share capital : 5,00,00,000 fully paid equity shares of ₹ 10 each	5,000.00	5,000.00
Issued, subscribed and paid-up share capital: 4,90,00,000 fully paid equity shares of ₹ 10 each (as at March 31, 2018: 4,900.00)	4,900.00	4,900.00
Total	4,900.00	4,900.00

9.1 Fully paid equity shares

(₹ in lakhs)

Particulars	Number of shares	Share capital
Balance as at 1st April, 2017	4,90,00,000	4,900
Movements	-	-
Balance as at 1st April, 2018	4,90,00,000	4,900
Movements	-	-
Balance as at 31st March, 2019	4,90,00,000	4,900

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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

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

Particulars	Fully paid ordinary shares	
	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the period :		
Gokak Textile Limited - Holding Company (51%)	2,49,90,000	2,49,90,000
Total	2,49,90,000	2,49,90,000

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	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%
Total	2,40,10,000	49%	2,40,10,000	49%

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 31 st March 2019	As at 31st March 2018
Surplus/ Deficit in retained earnings		
Balance at beginning of the year	(1,957.15)	(745.87)
Profit / (loss) during the year	85.36	(1,212.11)
Other comprehensive income for the year, net of income tax	3.91	0.82
Balance at end of the year	(1,867.88)	(1,957.15)

11. Non-current Borrowings

(₹ in lakhs)

Particulars	Non Current maturities		Current maturities	
	As at 31 st March 019	As at 31st March 2018	As at 31 st March 2019	As at 31st March 2018
Secured – at amortised cost				
(a) Term loans				
From banks				
i) ICICI Bank Ltd	3,182.75	4,298.75	1,116.00	1,023.00
“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 compnay in, to and in respect of all the assets of the company, all clearnces in relation to the project as well as in the project documents, all contractor guarntees, performance bonds and any letter of credit provided to the compnay, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares. Repayment is being made at ₹ 255.75 per quarter”				
Interest rate during the year is 12.60% p.a. (Previous year 12.60% p.a.)				
Total Non-current borrowings	3,182.75	4,298.75	1,116.00	1,023.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

12. Other financial liabilities

12A.Non Current

Particulars	As at 31 st March 2019	As at 31st March 2018
Unsecured considered good		
Security deposits	100.00	100.00
Total	100.00	100.00

12B.Current

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Current maturities of long-term borrowings	1,116.00	1,023.00
b) Interest accrued but not due on borrowings	-	24.31
c) Others :- - Other Payables Salary & Others	44.33	36.54
Total	1,160.33	1,083.85

13. Provisions

13A.Non current

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Employee benefits		
Compensated absences	2.72	2.35
Total	2.72	2.35

13B.Current

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Employee benefits		
Compensated absences	0.27	0.47
Gratuity	-	2.30
Total	0.27	2.77

14. Deferred tax balances

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

Particulars	As at 31 st March 2019	As at 31st March 2018
Deferred tax assets	-	-
MAT Credit	-	-
Total	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

Current Year (2018-2019)

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
Deferred tax (liabilities)/assets in relation to:						
a) Property, plant and equipment	(1,178.64)	1,178.64	-	-	-	-
b) Other liabilities & Provisions	1.33	(1.33)	-	-	-	-
c) Unabsorbed depreciation and business loss	1,177.31	(1,177.31)				-
Total	-	-	-	-	-	-

Previous 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
Deferred tax (liabilities)/assets in relation to:						
a) Property, plant and equipment	(2,478.66)	1,300.02				(1,178.64)
b) Other liabilities & Provisions	12.98	(11.65)				1.33
c) MAT Credit	51.03	(51.03)				-
d) Unabsorbed depreciation and business loss	3,249.20	(2,071.89)				1,177.31
Total	834.55	(834.55)	-	-	-	-

15. Other Current Liabilities

Particulars	As at 31 st March 2019	As at 31st March 2018
a) Statutory remittances	7.59	2.48
Total	7.59	2.48

16. Current Borrowings

(₹ in lakhs)

Particulars	As at 31 st March 2019	As at 31st March 2018
Unsecured - at amortised cost		
a) Loans from related parties - loans from Related party	3,993.91	3,269.11
Total	3,993.91	3,269.11

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

17. Trade payables

Current		
Particulars	As at 31 st March 2019	As at 31st March 2018
Trade payables		
- dues to Micro and small enterprises	-	-
- dues to other Creditors	8.41	9.88
Total	8.41	9.88

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 2019	Year Ended 31 st March 2018
Revenue from Contracts with customers		
a) Income from Sale of Power	1,231.08	1,093.72
Total (a)	1,231.08	1,093.72
b) Other operating revenues		
i) Sale of RECs	238.46	198.49
ii) Scrap Sales	2.38	-
Total (b)	240.84	198.49
Total (a+b)	1,471.92	1,292.21

* There are no adjustments during the year to the contract price for revenue recognition

19. Other Income

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
a) Interest on deposits with bank		
i) Bank deposits	62.33	54.19
Total (a+b)	62.33	54.19
b) Other Non-Operating Income		
i) Credit balances / excess provision written back	0.02	3.63
ii) Miscellaneous income	1.99	3.38
Total (b)	2.01	7.01
Total (a+b)	64.34	61.20

20. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
i) Salaries and Wages	52.67	50.32
ii) Contribution to provident and other funds	8.96	7.09
iii) Staff Welfare Expenses	1.93	1.89
Total	63.56	59.30



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

21. Finance Costs

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
(a) Interest costs measured at amortised costs		
i) Interest on Security Deposits	12.00	12.00
ii) Interest on bank Term Loans	520.32	626.79
iv) Interest on Inter Corporate Deposits	322.42	300.19
Total	854.74	938.98

22. Depreciation and amortisation expense

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
i) Depreciation of property, plant and equipment	354.42	354.28
Total depreciation and amortisation	354.42	354.28

23. Other expenses

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
a) Consumption of stores and spare parts	19.89	17.39
b) Power and fuel	0.35	0.54
c) Freight and Handling	0.10	0.08
d) Directors Sitting fees	5.00	5.80
e) Repairs to :		
i) Buildings	1.19	0.65
ii) Plant and machinery	22.82	13.39
iii) Others	9.67	11.71
f) Insurance	19.44	23.73
g) Rates and taxes	10.97	1.61
h) Administrative Expenses	1.37	1.71
i) Printing & Stationery	0.00	0.03
j) Legal and professional charges	24.05	19.86
k) Travelling and conveyance	0.32	0.93
l) Water Royalty Charges	60.01	60.41
m) Revaluation Loss on REC	-	218.22
Total (a)	175.18	376.04
n) To Statutory auditors		
i) For audit fee	2.25	1.44
ii) For tax audit fee	0.75	0.94
Total (b)	3.00	2.38
Total (a+b)	178.18	378.42

24. Other comprehensive income

(₹ in lakhs)

Particulars	Year Ended 31 st March 2019	Year Ended 31 st March 2018
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of defined benefit obligation	3.91	0.82
Total	3.91	0.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

25. Earnings per share :

Particulars	As at	As at
	31 st March 2019	31st March 2018
	₹ per share	₹ per share
Basic earnings per share	0.17	(2.47)

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.

Particulars	As at	As at
	31 st March 2019	31st March 2018
Profit / (Loss) for the year attributable to owners of the Company (A)	85.36	(1,212.11)
Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B)	490.00	490.00
Basic & Diluted Earnings per share (A/B)	0.17	(2.47)

26. Lease Transactions :

The Company do not have any operating or finance lease.

27. Employee benefits obligations :

Defined-contribution plans:

The Company's provident fund scheme is a defined contribution plan. The Company's contribution paid/payable under the schemes is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund. The contribution towards Provident Fund is deposited with the Regional Provident Fund Commissioner

Particulars	As at	As at
	31st March, 2019	31st March, 2018
Provident fund	8.75	8.68
Superannuation fund	-	-
Total contribution	8.75	8.68

Defined Benefit Plan:

The Company's gratuity scheme is a defined benefit scheme. The Company maintains its plan assets with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

Sr. No.	Particulars	2018-19	2017-18
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	19.88	18.13
	Current Service Cost	0.83	0.99
	Interest Cost	1.56	1.39
	Actuarial (Gain) / Loss on Obligation due to experience	(4.18)	(0.36)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	0.13	(0.27)
	Benefits Paid	(4.37)	-
	Present value of the obligation at the end of the year	13.85	19.88
b)	Change in Plan Assets	-	
	Fair value of Plan Assets at the beginning of the year	17.58	4.06
	Interest Income	1.38	0.31
	Return on plan assets excluding interest income	(0.15)	0.20
	Contributions by Employer	-	13.01
	Benefits Paid	(4.37)	-
	Fair value of Plan Assets at the end of the year	14.45	17.58
c)	Amounts Recognised in the Balance Sheet	-	
	Present value of Obligation at the end of the year	(13.85)	(19.88)
	Fair value of Plan Assets at the end of the year	14.45	17.58
	Funded Status	0.60	(2.30)
	Net asset/(liability) at the end of the year	0.60	(2.30)
d)	Amounts Recognised in the Statement of Profit & Loss	-	
	Current Service Cost	0.83	0.99
	Finance cost / (income)	0.18	1.08
	Net impact on the loss before tax	1.01	2.07
e)	Amounts Recognised in Other Comprehensive Income	-	
	Actuarial (gains) / losses for the period	(4.06)	(0.62)
	Return on plan asset excluding interest income	0.15	(0.20)
	Net (income) / expenses for the period recognised in other comprehensive income	(3.91)	(0.82)
f)	Actual return on Plan Assets	-	
	Interest Income	1.38	0.31
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	1.38	0.31
g)	Actuarial Assumptions		
	i) Discount Rate	7.78%	7.87%
	ii) Expected Rate of Return on Plan Assets	7.78%	7.87%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00%	1.00%
	v) Mortality	Indian	Indian
		Assured Lives	Assured Lives
		Mortality(2006-08)	Mortality(2006-08)
		Ultimate	Ultimate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

Maturity Analysis of the benefit payments : from the fund	As at 31st March, 2019	As at 31st March, 2018
Projected Benefits payable in future years from the date of reporting		
1 St Following Year	0.30	7.04
2 nd Following Year	0.31	0.30
3 rd Following Year	4.62	0.31
4 th Following Year	0.25	4.57
5 th Following Year	0.26	0.25
Sum of years 6 th to 10 th	1.53	3.12
Sum of years 11 th and above	31.53	26.47

Maturity Analysis of the benefit payments : from the fund	As at 31st March, 2019	As at 31st March, 2018
Projected Benefit obligation On Current Assumptions	13.85	19.88
Delta effect of +1% Change in rate of Discounting	(1.28)	(1.15)
Delta effect of -1% Change in rate of Discounting	1.52	1.36
Delta effect of +1% Change in rate of Salary increase	1.56	1.40
Delta effect of -1% Change in rate of Salary increase	(1.34)	(1.20)
Delta effect of +1% Change in rate of Employee Turnover	0.60	0.53
Delta effect of -1% Change in rate of Employee Turnover	(0.69)	(0.60)

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	1 Gokak Textiles Limited
Ultimate Holding Company	1 Shapoorji Pallonji & Company Private Limited
Associate Company	1 Suryoday One Energy Private Limited (upto April 16, 2018)
Fellow Subsidiaries	1 Shapoorji Pallonji Infrastructure Capital Company Private Limited 2 Shapoorji Pallonji Energy (Gujarat) Private Limited



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

Key Management Personnel and their relatives (“KMP”)

- 1 Mr. Ramesh R Patil, Whole Time Director.
- 2 Mr. Vikram V. Nagar, Chief Financial Officer (ceased to be CFO w.e.f. close of business hours of February 01, 2019)
- 3 Mr. Avadhut Sarnaik, CFO (w.e.f February 04, 2019)
- 4 Mr. Rakesh M. Nanwani, Company Secretary.
- 5 Mr. Mukundan Srinivasan, Chairman.
- 6 Mr. Kaiwan D. Kalyaniwalla, Director. (ceased to be Director w.e.f. close of business hours of March 31, 2019)
- 7 Mr. Pradip N. Kapadia, Director.
- 8 Mr. Chandrakant G. Shah, Director.

Trusts

- 1 Gokak Falls Education & Medical Trust

(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
1	INCOME							
(i)	Sales (including Electricity Tax)	875.33	-	-	-	-	-	875.33
	Previous Year (including Electricity Tax)	863.00	-	-	-	-	-	863.00
2	EXPENSES							
(i)	Interest Accrued	12.00	286.19	-	36.23	-	-	334.42
	Previous Year	12.00	260.08	-	40.11	-	-	312.19
(ii)	Services received	-	0.53	-	-	-	-	0.53
	Previous Year	-	2.62	-	-	-	-	2.62
(iii)	Director sitting fees	-	-	-	-	5.00	-	5.00
	Previous Year	-	-	-	-	5.80	-	5.80
3	Reimbursement of Expenditure	-	-	-	-	-	0.77	0.77
	Previous Year	0.97	-	-	-	-	0.76	1.73
	Refund Received	-	-	-	-	-	-	-
	Previous Year	2.73	-	-	-	-	-	2.73
4	Borrowings during the year	-	425.00	-	-	-	-	425.00
	Previous Year	-	245.00	-	-	-	-	245.00
5	OUTSTANDINGS							
	Receivables	38.09	-	-	-	-	-	38.09
	Previous Year	94.23	-	-	-	-	-	94.23
	Deposit Payable	100.00	-	-	-	-	-	100.00
	Previous Year	100.00	-	-	-	-	-	100.00
	Payables	-	3,533.83	-	460.08	-	0.06	3,993.97
	Previous Year	-	2,841.63	-	427.48	-	0.03	3,269.14
	Investments in Equity Shares of Associate Company	-	-	0.26	-	-	-	0.26
	Previous Year	-	-	0.26	-	-	-	0.26

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

(b) transactions/ balances with above mentioned related parties (mentioned in note 28 above)

Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018	Nature Of Transaction	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Electricity			Deposit Payable		
Gokak Textiles limited	875.33	863.00	Gokak Textiles Limited	100.00	100.00
Services Received			Receivables		
Shapoorji Pallonji and Company Private Limited	0.53	2.62	Gokak Textiles limited	38.09	94.23
Interest accrued			Director Sitting Fees		
Gokak Textiles limited	12.00	12.00	Mr. S. Mukundan	0.60	0.80
Shapoorji Pallonji and Company Private Limited	286.19	260.08	Mr. C. G. Shah	1.40	1.60
Shapoorji Pallonji Infrastructure Capital Company Private Limited	32.78	32.77	Mr. Pradip N. Kapadia	1.50	1.70
Shapoorji Pallonji Energy (Gujarat) Private Limited	3.45	7.34	Mr. Kaiwan D. Kalyaniwala	1.50	1.70
Loans Taken			Payables		
Shapoorji Pallonji and Company Private Limited	425.00	245.00	Gokak Falls Education & Medical Trust	0.06	0.03
Refund received			Shapoorji Pallonji and Company Private Limited	3,533.83	2,841.63
Gokak Textiles limited	-	2.73	Shapoorji Pallonji Infrastructure Capital Company Private Limited	412.06	382.57
Reimbursement of Expenditure			Shapoorji Pallonji Energy (Gujarat) Private Limited	48.02	44.91
Gokak Textiles limited	-	0.97			
Gokak Falls Education & Medical Trust	0.77	0.76			
Investments in Equity Shares of Associate Company					
Suryoday One Energy Private Limited	0.26	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 (borrowings as detailed in notes 11, 12B and 16 offset by cash and bank balances) 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued**

The capital components of the Company are as given below :

Particulars	March 31, 2019	March 31, 2018
Total Equity	3,032.12	2,942.85
Short Term Borrowings	3,993.91	3,269.11
Long Term Borrowings	3,182.75	4,298.75
Current Maturities of Long Term Borrowings	1,116.00	1,023.00
Total Debt	8,292.66	8,590.86
Cash & Cash equivalents	11.60	59.30
Total Cash and Cash Equivalents	11.60	59.29
Net Debt	8,281.06	8,531.56
Debt Equity ratio	1.41	1.79
Debt Equity Ratio = Net long term debt / Total Equity		

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

(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.

(Rs in Lakhs)

Maturities of Financial Liabilities	March 31, 2019			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,292.66	5,109.91	3,182.75	-
Trade Payables	8.41	8.41	-	-
Other Financial Liabilities	144.33	44.33	-	100.00
Total	8,445.40	5,162.65	3,182.75	100.00

(Rs in Lakhs)

Maturities of Financial Liabilities	March 31, 2018			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,590.86	4,292.11	2,903.75	1,395.00
Trade Payables	9.88	9.88	-	-
Other Financial Liabilities	160.85	60.85	-	100.00
Total	8,761.58	4,362.83	2,903.75	1,495.00

(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:



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

Particulars	March 31, 2019	March 31, 2018
Trade receivables	299.65	114.30
Total	299.65	114.30

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 2018	Cash in flow	Cash out flow	Non cash movement	As on 31 st March 2019
Short Term Borrowings	3,269.11	724.80	-	-	3,993.91
Long Term Borrowings Including current maturities	5,321.75	-	1,023.00	-	4,298.75

32 Financial Instrument - Fair Value & Risk management:

Categories of Financial Instruments:	March 31, 2019			March 31, 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i) Financial Assets						
Investments	0.26			-		
Trade Receivables			299.65			114.30
Cash & Bank Balances			11.60			59.30
Bank balances other than above			917.50			861.40
	0.26	-	1,228.75	-	-	1,035.00
ii) Financial liabilities						
Borrowings			8,292.66			8,590.86
Trade Payables			8.41			9.88
Other Financial Liabilities			144.33			160.85
	-	-	8,445.40	-	-	8,761.58

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, 84% (Previous year 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019- Continued

35 Approval of Financial Statements :-The financial statements were approved for issue by the board of directors on 23rd May 2019.

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Kaushal Mehta

Partner
Membership No. 111749

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

Place : Mumbai
Date : 23rd May 2019

Place : Mumbai
Date : 23rd May 2019



GOKAK TEXTILES LIMITED

CIN: L17116KA2006PLC038839

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

Tel: +91 80 2974 4077, +91 80 2974 4078 E-mail: secretarial@gokaktextiles.com Website: www.gokakmills.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) :	
Registered address :	
E-mail ID :	
Folio No/ Client ID :	
DP ID :	

I/We being the member(s) holding _____ equity shares of Gokak Textiles Limited hereby appoint :

- Name :
Address :
E-mail Id :
Signature: _____ or failing him
- Name :
Address :
E-mail Id :
Signature: _____ or failing him
- 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 13th Annual General Meeting of Gokak Textiles Limited, to be held on Friday, September 20, 2019 at 12.00 Noon 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:

- Adoption of the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, including Consolidated Financial Statement, Balance Sheet as at March 31, 2019 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.
- To appoint a Director in place of Mr. Vasant N. Sanzgiri (DIN:01757117), who retires by rotation and being eligible seeks re-appointment.
- Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2019-20.
- Re-appointment of Mr. Ramesh R. Patil (DIN:07568951) as Chief Executive Officer & Managing Director
- Re-appointment of Mr. Pradip N. Kapadia (DIN: 00078673) as Independent Director of the Company.
- Re-appointment of Mr. D G Prasad (DIN: 00160408) as Independent Director of the Company.
- Appointment of Mr. Nikhil J. Bhatia (DIN: 00414281) as Independent Director of the Company.
- Increasing the Authorised Share Capital and Alteration of Capital Clause of Memorandum of Association.
- Issue and Offer of Non-cumulative, Non-convertible, Redeemable Preference Shares on a Private Placement basis.

Signed this day of 2019
 Signature of shareholder : _____
 Signature of Proxy holder(s) : _____

Affix Revenue Stamp

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
CIN: L17116KA2006PLC038839

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

Tel: +91 80 2974 4077, +91 80 2974 4078 E-mail: secretarial@gokaktextiles.com Website: www.gokakmills.com

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

I hereby record my presence at the 13th ANNUAL GENERAL MEETING of GOKAK TEXTILES LIMITED to be held on Friday, September 20, 2019 at 12.00 Noon at Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001.

SIGNATURE OF THE ATTENDING MEMBER / PROXY : _____

ELECTRONIC VOTING PARTICULARS

Electronic E-Voting Event Number (EVEN)	User ID	Password/Pin

Note:

- 1 For Members opting to vote through electronic means ("e-voting") instead of voting at the Annual General Meeting, remote e-voting facility is available at the weblink :<https://www.evoting.nsdl.com>. Particulars for e-voting are given above.
- 2 Please refer to the instructions printed under the Notes to the Notice of the 13th Annual General Meeting. The voting period starts from 9.00 AM (IST) on Tuesday, September 17, 2019 and ends at 5.00 PM (IST) on Thursday, September 19, 2019. The voting shall be disabled by NSDL for voting thereafter.



ROUTE MAP TO THE VENUE OF THE 13TH ANNUAL GENERAL MEETING

Directions From Vidhana Soudha to Hotel Chalukya



- ↑ Head north-east on Devaraj Urs Rd - 500m
- ↶ Turn left onto Race Course Rd - 100m
- ↷ Turn right onto Fair Field Layout - 20m
- 📍 Destination will be on the right

Hotel Chalukya

44, Race Course Road, Basaveshwara Circle, Bengaluru, Karnataka 560 001

Gokak Textiles Limited

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