



GOKAK TEXTILES LIMITED



16th
ANNUAL REPORT
2021-2022





Contents	Pages
Notice	3-20
Board's Report and Annexures	21-45
Corporate Governance Report	46-59
 Standalone Financial Results	
Auditors' Report and Annexures	61-72
Balance Sheet	73-74
Statement of Profit & Loss	75-75
Cash Flow Statement	76-77
Statement of changes in Equity	78-79
Notes forming part of the Standalone Financial Statements (Notes 1-53)	80-119
 Consolidated Financial Statement	
Auditors' Report and Annexures	120-127
Balance Sheet	128-129
Statement of Profit & Loss	130-130
Cash Flow Statement	131-132
Statement of changes in Equity	133-134
Notes forming part of the Standalone Financial Statements (Notes 1-58)	135-178
Gokak Power & Energy Limited (Subsidiary Company)	180-236

Sixteenth Annual General Meeting of Gokak Textiles Limited will be held on Thursday, September 29, 2022 at 1.00 PM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')

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

The General Circulars issued by the Ministry of Corporate Affairs (MCA) Nos. 14/2020, read with 17/2020, 20/2020, 02/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, and May 5, 2022 respectively, and Securities and Exchange Board of India Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022 respectively, permits the holding of AGM through VC/OAVM and sending of the Annual Report (including the Notice of Annual General Meeting) to Members through electronic mode only. No physical copies of the Annual Report will be sent to Members, except to those Members who have requested for physical copy of the Annual Report for FY 2021 -22.

Directors	: Vinod J. Bhandawat - Non-Executive Director & Chairman Ramesh R. Patil - Chief Executive Officer & Managing Director Pradip N. Kapadia - Independent Director D. G. Prasad - Independent Director Tripti J. Navani - Non-Executive Director Nikhil J. Bhatia - Independent Director
Chief Financial Officer	: Vipin Kumar Sharma
Company Secretary & Compliance Officer	: Rakesh M. Nanwani
Statutory Auditors	: Batliboi & Purohit, Chartered Accountants
Bankers	: Standard Chartered Bank
Registrars And Share Transfer Agents	: TSR Consultants Private Limited (Formerly known as TSR Darashaw Consultants Limited) Unit: Gokak Textiles Ltd. C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (west), Mumbai – 400 083. Tel: +91 22 6656 8484, Fax: +91 22 6656 8494 Email: cgs-unit@tcplindia.co.in Website: www.tcplindia.co.in
Branch	: TSR Consultants Private Limited C/o. Mr. D. Nagendra Rao "Vaghdevi" 543/A, 7th Main 3rd Cross, Hanumanthnagar Bengaluru – 560019
Mills	: Gokak Falls-591 308 (District Belagavi - Karnataka)
Knitwear Unit	: Bagalkot Road, Village Marihal – 591 167 Dist. Belagavi Karnataka
Registered Office	: #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098 Email: secretarial@gokaktextiles.com Website: www.gokakmills.com
CIN	: L17116KA2006PLC038839
GSTIN	: 29AACCG8244P1ZX

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of Gokak Textiles Limited will be held on Thursday, September 29, 2022 at 1.00 p.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') 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:

To receive, consider and adopt:

- a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 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, 2022 together with the Report of the Auditors thereon.

2. Appointment of a Director

To appoint a Director in place of Mr. Vinod Bhandawat (DIN: 02873571), who retires by rotation at this Annual General Meeting and being eligible offers himself, for re-appointment.

3. 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 139, 142 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time and the recommendations of the Audit Committee and Board of Directors, M/s Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration No. 101048W) be and are hereby re-appointed as Statutory Auditors of the Company to hold office for a term of five (5) consecutive years commencing from the conclusion of 16th Annual General Meeting (AGM) till the conclusion of 21st Annual General Meeting of the Company, at such remuneration plus taxes as applicable, reimbursement of out of pocket expenses as may be approved by the Board of Directors of the Company."

SPECIAL BUSINESS

4. Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2022-23.

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 Rs. 1.50 lakhs (Rupees One Lakh Fifty Thousand 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, 2023 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."

5. 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 and 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules framed there under (including any statutory modification from time to time or any re-enactment thereof for the time being in force), read with Schedule V to the Act and subject to such approval as maybe required, the consent of the Members 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, 2022 for a period of two years on the terms and conditions of re-appointment and payment of salary, perquisites, allowances and other benefits (herein after referred to as “Remuneration”) for a period of 2 years as set out in the explanatory statement to Item No. 5 of this Notice is hereby approved and the Board of Directors (hereinafter referred to as “the Board” which term shall include any duly constituted Committee thereof) be and is hereby authorized to alter and/or vary the terms and conditions of the said re-appointment and/or remuneration and/ or agreement in such manner as may be agreed to between the Board and Mr. Ramesh R. Patil.

Resolved further that in the event if 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. 5 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 this resolution.”

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, August 10, 2022

NOTES:

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 Annual General Meeting (AGM) is annexed as Annexure to this Notice.
2. This AGM is convened through Video Conferencing (VC/Other Audio-Visual Means (OAVM) pursuant to General Circular issued by the Ministry of Corporate Affairs (MCA) circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021 and May 5, 2022 respectively and Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022 respectively and all other relevant circulars issued from time to time by MCA and SEBI, which allow the companies to hold AGMs through VC/OAVM. The deemed venue of the AGM shall be registered office of the Company.

In compliance with the aforesaid circulars issued by MCA and SEBI, Notice of the AGM alongwith the Annual Report for the Financial Year 2021 – 2022 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. No physical copies of the Annual Report will be sent to Members, except to those Members who have requested for physical copy of the Annual Report for FY 2021 -22. Notice and Annual Report for the Financial Year 2021-2022 are also available on the website of the Company www.gokakmills.com

Members holding shares in physical mode and whose email IDs are not registered, are requested to register their email ID with TSR Consultants Private Limited (RTA) at csg-unit@tcplindia.co.in or secretarial@gokaktextiles.com , by sending a duly signed Form ISR-1 mentioning their Name as registered with the RTA, Address, email ID, Mobile Number, self-attested copy of PAN, DPID/Client ID or Folio Number and number of shares held. Shareholders holding shares in dematerialized mode are requested to register/ update their email address with the relevant Depository Participants.

3. Since the AGM is being held pursuant to the Circulars issued by the Ministry of Corporate Affairs through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly the facility to appoint a proxy by a Member will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate there at and cast their vote through remote e-voting.
4. Institutional / Corporate Members are requested to send to the Company a scanned copy (pdf/Jpg format) of certified Authorisation /Board Resolution with attested specimen signature of the duly authorized signatory(ies) who are authorised to participate in the AGM through VC/OAVM on their behalf and to vote through remote e-voting to the Scrutinizer by email to kiran@kdsh.co.in with copy marked to evoting@nsdl.co.in and secretarial@gokaktextiles.com
5. **The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 23, 2022 to Thursday, September 29, 2022 (both days inclusive).**
6. Members are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
7. Members are requested to update their email address with Depository Participant/Company to enable us to send Annual Report and other communications electronically.
8. As per Regulation 40 of SEBI LODR, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 had mandated all the listed companies to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical shares/securities. The Company has vide its circular dated February 5, 2022 requested all the shareholders holding shares in physical form to complete updation of PAN, KYC details and Nomination failing which the Ledger Folios of non-compliant shareholders will be frozen as per the above circular on or after April 1, 2023.

Members can contact the Company or Company's Registrars and Transfer Agents, TSR Consultants Private Limited ('RTA') for assistance in this regard.

9. **Members desiring any additional information / clarification on the Financial Statements, or any other matter to be placed at the AGM are requested to send such requests at the earliest through email on secretarial@gokaktextiles.com on or before September 24, 2022. The same will be replied by the Company suitably at the AGM. The members should mention their name, demat account number/folio number, email id, mobile number while sending the email.**
10. Members desiring inspection of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act during the AGM may send their request in writing to the company secretarial@gokaktextiles.com by September 24, 2022.
11. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 16th AGM through VC/OAVM facility and e-Voting during the 16th AGM.
14. Members may join the 16th AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members 30 minutes before the time scheduled to start the 16th AGM and 15 minutes after the scheduled time to start the 16th AGM.
15. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of upto 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 16th AGM without any restriction on account of first-come first- served principle.
- 16. E-Voting**
 - I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means, through e-Voting Services provided by National Securities Depository Limited (NSDL). Those Members participating in the AGM through VC/OAVM Facility and who have not cast their vote by remote e-voting shall be able to exercise their right to vote through e-voting system during the AGM.
 - II. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/OAVM facility but shall not be entitled to cast their vote again.
 - III. **The remote e-voting period commences on Monday, September 26, 2022 (9:00 am) (IST) and ends on Wednesday, September 28, 2022 (5:00 pm) (IST).** During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2022 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.

IV. The process and manner for remote e-voting are as under:

How do I vote electronically using NSDL e-Voting system?




The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>    </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

- 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.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders 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, please follow steps mentioned below in process for those shareholders **whose email ids are not registered**.
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 etc.
 - Members 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.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kiran@kdsh.co.in with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “**Forgot User Details/Password?**” or “**Physical User Reset Password?**” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Falguni Chakraborty at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretarial@gokaktextiles.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@gokaktextiles.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting”** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views during the AGM may pre-register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number/folio number, PAN, mobile number at secretarial@gokaktextiles.com between September 19, 2022 (9.00 a.m. IST) to September 26, 2022 (5.00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views during the AGM. The Company reserves the right to restrict the number of speakers depending on available of time for the AGM.

A. Other Instructions:

- i. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 22, 2022 as per the Register of Members/Statements of beneficial ownership maintained by the Depositories, i.e., NSDL and CDSL. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e. September 22, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or csg-unit@tcplindia.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- 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. 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 or casting vote through e-voting system during the meeting.
- IV. Kiran B. Desai, Designated Partner, KDSH & Associates LLP, Company Secretaries, has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
- V. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance, formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 16th AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be disabled by NSDL for voting after 15 minutes of conclusion of meeting.
- VI. The Scrutinizer shall after the conclusion of voting at the AGM, will first download 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 the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, 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.
- VII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company 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.

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

This explanatory statement is provided though not required as per section 102 of the Companies Act, 2013.

To re-appoint M/s. Batliboi & Purohit, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

M/s. Batliboi & Purohit, Chartered Accountants were appointed as Statutory Auditors of the Company at the 11th Annual General Meeting ('AGM') held on September 26, 2017 for a period of five years, up to the conclusion of 16th AGM. M/s. Batliboi & Purohit, Chartered Accountants are eligible for re-appointment for a further period of five years. M/s. Batliboi & Purohit, Chartered Accountants have given their consent for their re-appointment as Statutory Auditors of the Company and issued a certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder. M/s. Batliboi & Purohit, Chartered Accountants confirmed that they are eligible for the proposed re-appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder.

The Board of Directors of the Company at their meeting held on August 10, 2022, on recommendations of the Audit Committee, considered and subject to the approval of the Members at the ensuing Annual General Meeting approved the re-appointment of M/s Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration No. 101048W) as the Statutory Auditors of the Company who shall hold office from the conclusion of the ensuing 16th Annual General Meeting until the conclusion of 21st Annual General Meeting on such terms and conditions as determined by the Board from time to time.

The Audit Committee of the Board of Directors considered various parameters like capability, ability to work in diverse businesses, audit experience, clientele and considered M/s. Batliboi & Purohit, Chartered Accountants to be suitable for re-appointment as statutory auditors. M/s Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration No. 101048W) have the experience of handling various large companies for statutory audit as well as other services.

It is therefore proposed to re-appoint M/s. Batliboi & Purohit, Chartered Accountants as Statutory Auditors of the Company for a period of five years at remuneration of Rs. 19 lakhs (Rupee Nineteen Lakhs only) plus out of pocket expenses and taxes for the financial year ending March 31, 2023

There is no material change in the terms of appointment and fees payable to M/s Batliboi & Purohit, Chartered Accountants on re-appointment.

As required under section 139 of the Companies Act, 2013, M/s. Batliboi & Purohit, Chartered Accountants vide their letter dated August 04, 2022 informed the Company that their appointment, if made, shall be in compliance of Section 139 and 141 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014.

The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

The Board recommends the resolution set out at Item No. 3 of the Notice for approval by the Members by way of an Ordinary Resolution.

Item No. 4

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 Rs. 1.50 lakhs plus out of pocket expenses and taxes as applicable for the financial year ending March 31, 2023.

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, 2023.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution at Item No.4 of the Notice.

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

Item No.5

Mr. Ramesh R. Patil was appointed as Chief Executive Officer and Managing Director of the Company with effect from July 18, 2016 for a period of three years.

Mr. Ramesh R. Patil was re-appointed as Chief Executive Officer and Managing Director of the Company with effect from July 18, 2019 for a period of three years. His term of office expired on July 17, 2022. 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 26, 2022 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, 2022 for a period of two 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	Rs. 180000 to 350000
Perquisites, allowances and Incentives *	Not exceeding 300 % 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.

Approval of the Members is sought by way of Special Resolution for re-appointment and payment of remuneration.

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 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. 5 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. 5 of the Notice.

The other material terms of the draft agreement with Mr. Ramesh R. Patil referred to in the resolution at Item No. 5 of the Notice are as follows:

1. The appointment of Mr. Ramesh R. Patil shall be for a period of 2 (two) years from July 18, 2022 to July 17, 2024 (both days inclusive).
2. Mr. Ramesh R. Patil shall be designated as Chief Executive Officer & Managing Director.
3. During tenure of Mr. Ramesh R. Patil as the Chief Executive Officer & Managing Director the day to day management of the Company shall be in the hands of Mr. Patil, subject to the supervision and control of the Board of Directors of the Company. Mr. Patil shall perform such duties and services and exercise such powers as shall from time to time be entrusted to him by the Chairman, and the Board of Directors of the Company and shall report to and be responsible to them for his actions
4. Mr. Ramesh R. Patil shall devote his whole time attention and ability during business hours of the business of the Company and undertake travel for the same.
5. Mr. Ramesh R. Patil shall not be subject to retirement by rotation in accordance with section 152 (6) of the Companies Act, 2013.
6. Mr. Ramesh R. Patil shall not be entitled to fees for attending Board /Committee meetings.
7. Mr. Ramesh R. Patil shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business activity of the Company during the term of the appointment and shall not become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company without the prior approval of the Company.
8. Upon Mr. Ramesh R. Patil ceasing to be Chief Executive Officer & Managing Director under this appointment he shall cease to be a member of the Board.

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, August 10, 2022

Details of Directors whose re-appointment is proposed at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director	Mr. Ramesh R. Patil	Mr. Vinod Bhandawat
Director Identification Number (DIN)	07568951	02873571
Date of Birth	05th October, 1957	December 05, 1967
Date of first Appointment	18th July, 2016	January 15, 2021
Qualification	B. Text., D. B. M., EXIM(IMC)	B.Com, CA, CS
Relationships between directors inter-se	Not related to any Director of the Company	Not related to any Director of the Company
Expertise in specific functional Areas	Mr. Ramesh R. Patil has over 40 years of strong experience in Textile Industry. He has worked in senior level management position in leading Textile companies in India and has vast experience in operations and management at various unit levels.	Mr. Vinod Bhandawat is working as Group Finance Controller (Shapoorji Pallonji Group) in the Group Centre – Finance at SP Centre. He brings rich professional experience of working in the business unit as well as corporate office, of over twenty-seven years, holding senior positions overseeing the entire gamut of the finance function including corporate finance, treasury, banking, taxation, legal and secretarial. Prior to joining Shapoorji Pallonji Group, he was working with Essel Infraprojects Limited as Chief Financial Officer. He has worked with organizations like Adani Power Limited (Chief Financial Officer), Vedanta Group PLC (President and Deputy Chief Financial Officer), Landis+GYR Limited (Chief Financial Officer and Company Secretary). He has also worked with ABB Ltd and Rajashree Polyfil.
List of other Public Companies in which Directorship	1. Gokak Power & Energy Limited	1. Forbes Technosys Limited 2. Gokak Power & Energy Limited
Chairmanship*/ Membership of the Committees of Board (includes only Audit Committee and Stakeholders Relationship Committee) of other Indian Public Companies	NIL	Audit Committee 1. Forbes Technosys Limited - Member
Attendance at the Board Meeting in the Financial Year 2021-2022	No. of Meetings held	No. of Meetings held
	Attended	Attended
	5	5
	5	5

Details of remuneration	As mentioned in the explanatory statement	Except for payment of sitting fees for attending meetings of the Board and Committee, no other remuneration is paid / payable.
No. of Shares held in the Company	NIL	NIL

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, August 10, 2022

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

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. Financial Performance:

a) Standalone Financial Performance

(Rs. In Lakhs)

	FY 2019 - 2020	FY 2020 – 2021	FY 2021 - 2022
Total Income from Operations	9,821.96	10,670.66	12,008.89
Total Expenses	14,693.93	14,619.42	15,642.45
Other Income	394.45	236.69	402.64
Profit / (Loss) before tax	-4,477.52	-3,712.07	-3,230.92
Profit / Loss after tax	-4,477.52	-3,712.07	-3,230.92

b) Consolidated Financial Performance

(Rs. In Lakhs)

	FY 2019 - 2020	FY 2020 – 2021	FY 2021 - 2022
Total Income from Operations	10,288.74	11,081.43	12,584.05
Total Expenses	15,520.00	15,157.48	16,131.95
Other Income	453.81	244.56	433.23
Profit / Loss before tax	-4,777.45	-3,831.49	-3,114.67
Profit / Loss after tax	-4,777.45	-3,831.49	-3,114.67

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 64 years has over 40 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 Variable Pay, the details of which are as follows:</p> <p align="right">(Rs. In Lakhs)</p> <table border="1" data-bbox="727 534 1471 654"> <tr> <td>FY 2019 – 2020</td> <td align="right">55.37</td> </tr> <tr> <td>FY 2020 – 2021</td> <td align="right">55.37</td> </tr> <tr> <td>FY 2021 – 2022</td> <td align="right">60.31</td> </tr> </table> <p>*Re-appointed Chief Executive Officer & Managing Director with effect from July 18, 2019. Annual Performance Incentive for the year is paid in next year.</p>	FY 2019 – 2020	55.37	FY 2020 – 2021	55.37	FY 2021 – 2022	60.31
FY 2019 – 2020	55.37						
FY 2020 – 2021	55.37						
FY 2021 – 2022	60.31						
c. Recognition or Award	Mr. Patil has served more than 40 years in Textile Industry. Mr. Patil has been elected as the Vice Chairman of The Textile Association (India), Mumbai Unit for the term 2021-2023.						
d. Job profile and his suitability	Mr. Ramesh R. Patil has over 40 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.

FY 2020-2021 was a year unlike any before, because of the rapid spread of COVID-19 pandemic, which not only posed health challenges, forced lockdowns across the world, restricted mobility but also adversely impacted businesses and economies worldwide and the financial performance of the Company.

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.

By Order of the Board of Directors

Ramesh R. Patil

Chief Executive Officer & Managing Director

Mumbai, August 10, 2022

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

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, 2022. 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 summarized as follows:

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21
Revenue From Operations and Other Income (Total Revenue)	12,411.53	10,907.35	13,017.28	11,325.99
Earnings before Interest, Depreciation & Taxation (EBIDT)	(1,265.64)	(1,745.32)	(351.94)	(966.52)
Profit / (Loss) after Interest and before Depreciation and Tax	(2,717.89)	(3,081.68)	(2,503.05)	(3,092.79)
Depreciation	540.74	605.54	645.32	709.38
Profit Before Tax (PBT)	(3,258.63)	(3,687.23)	(3,148.37)	(3,802.17)
Profit after tax (PAT) Owners of the Company	(3,258.63)	(3,687.23)	(2,884.30)	(3,410.68)
Profit after tax (PAT) Non-Controlling Interest	-	-	(264.07)	(391.49)
Other Comprehensive Income	27.71	(24.84)	33.70	(29.32)
Total Comprehensive income attributable to owners of the Company	(3,230.92)	(3,712.07)	(2,853.54)	(3,437.80)
Total Comprehensive income attributable to Non-Controlling Interest	-	-	(261.13)	(393.68)

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

General Performance and Outlook

Textile sector has continuously maintained trade surplus with exports manifold higher than imports. In FY 2020-21 there was a deceleration in textile exports due to pandemic disrupting the supply chain and demand.

However, signs of recovery were visible in 2021-22. During April-December 2021 the total Textiles & Apparel including Handicrafts exports was US\$ 29.8 billion as compared to US\$ 21.2 billion for the same period last year. This implies robust growth of approximately 41% over last year. Growth signals an economic rebound.

Even compared to pre-pandemic year i.e. 2019-20 export for textile sector (Textiles & Apparel including Handicrafts) increased by 14.6% from April- December 2021 as compared to April-December 2019. Textiles exhibited an increase in export of 31%, Cotton Yarn/ Fabrics/ Made-ups, Handloom products etc. exhibited an increase of 43% and Jute products exhibited an increase of 33% from April- December 2021 as compared to April-December, 2019.

The Indian textile industry is one of the largest in the world, with a large unmatched raw material base and manufacturing strength across the value chain. India is the 6th largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry are one of the pillars of the national economy. India's domestic clothing and textile sector makes for 12% of the nation's export revenue, 7% of the industry's value-added production, and 5% of the nation's GDP. India has a share of 4% of the global trade in textiles and apparel. The industry is significant from the standpoint of employment as well. It provides both direct and indirect work and a source of income for lakhs of people. Indian domestic textile and apparel market is estimated to be US\$ 99 billion in 2021-22 which has recovered 30% from 2020-21. The Indian textile and apparel industry is expected to grow at 10% CAGR to US\$ 190 billion by FY 2026.

Government has set the target of \$44 billion for Textiles & Apparel including Handicrafts and approximately 68% of annual target has already been achieved. The last quarter of FY always has higher activity than the earlier quarters. Hence industry is hopeful that targets will be duly met. Close to Rs.203,000 crores have been invested in textile industry with direct and indirect employment of about 105 million people in the last decade.

Production-Linked Incentive (PLI) Scheme for Man Made Fiber (MMF) segment and technical textiles, notified in September 2021, for enhancing India's manufacturing capabilities and enhancing exports will focus on promotion of 40 MMF apparel and 10 Technical textiles lines. It is estimated that over the period of five years, the PLI Scheme for Textiles will lead to fresh investment of more than Rs.19,000 crore, cumulative turnover of over Rs.3 lakh crore will be achieved under this scheme and, will create additional employment opportunities of more than 7.5 lakh jobs in this sector.

The government notified the setting up of 7 PM MEGA INTEGRATED TEXTILES REGION AND APPAREL PARK (MITRA) in October 2021 with a total outlay of Rs.4,445 crores. The scheme is expected to strengthen the vision of AtmaNirbhar Bharat and to position India strongly on the global textiles map. PM MITRA inspired from 5F's -farm to fibre; fibre to factory; factory to fashion; fashion to foreign -will strengthen the textile sector by developing integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry. It is expected to reduce the logistics cost and will help India in attracting investments, and boosting employment generation. Competitiveness Incentive Support (CIS) of Rs.300 Crore will also be provided to each PM MITRA Park for early establishment of textiles manufacturing units in PM MITRA Park. Amongst the manufacturing sector, textiles and wearing apparel staged strong recovery and reverted to positive growth trajectory from March 2021 onwards.

One of the most significant cash crops, cotton contributes to around 25% of the world's total fibre production. The percentage of cotton in the raw materials consumed by the Indian textile industry is around 60%. India is one of the world's largest producer, user, and exporter of cotton. The government of India declared Minimum Sustain Price (MSP) for medium staple and long-staple cotton in order to support the cotton sector. The cotton production in India in cotton season 2020-21 was 352 lakh bales and in 2021- 22 cotton season the same is estimated to be 315 lakh bales.

In April 2021 the cotton prices were around Rs. 44,000 per candy (355.6 Kgs) which had gone up drastically and price of cotton per candy in March 2022 was Rs. 73,000. In July 2022 the price further increased to Rs. 95,000 per candy. The Yarn rates did not respond with increase in cotton prices due to which it affected the yarn pricing, further availability of cotton also became scarce which resulted in the reduction in machinery utilization, hope there may be improvement when the new cotton crop season starts in the month of November 2022.

Any significant damage to cotton crops in India or overseas due to natural calamities may cause severe price, supply disruption and create uncertainty.

The Indian textile industry is still a highly labour-intensive one, unlike other countries, where a large part of the process is automated. This dependency on labour makes the sector vulnerable to the cost of rising wages.

The Company has established Cotton-Linen/Viscose blend. The Company has established and set quality production for Lines/Viscose blend, 100% Bamboo blends for yarn manufacturing and various Fabrics and Garments in Bamboo products well accepted in the market. Looking into demand the Company is exploring to increase the productivity.

Karnataka Government's Textiles Policy, where they have given benefit for technical textiles and garment manufacturing. We are exploring as an existing Company how can we benefit from the policy.

Mills Division -

Due to prolonged rains, the supply of good quality cotton was short throughout the year which resulted into higher price since beginning of cotton season and further significantly hiked in coming months. This season's cotton price has recorded highest in the history of textile industry. But yarn prices could not be maintained in same proportionate raise with cotton rates which going to impact cotton textile industry very adversely. Most of the spinning Mills forced to reduce their capacity utilization to reduce the losses and most of the Mills have shifted from cotton fibers to man-made fibers as an alternative. The Company has also reduced its utilization because of non-availability of good quality cotton and its exorbitant prices and further also planning to run on fibers other than cotton. Due to financial constraints, part of spindle capacities are now started on spinning job work.

Knitwear Unit -

The Knitwear unit started developing the woven Garment segment in the Company with the machines which were shifted from Garment Unit, Marihal. Major production here is Bamboo Towel, Shawl, Blankets and cotton Bed sheets. Further new products have been developed like Kids and Mens bottom wear, canvas school bags etc.

The Company has entered into E-Commerce business of Online Garments sales and it is getting good response for various knitted, woven garments and home Textile products through web site <https://gokaktrends.com/>

Status of the Scheme of Arrangement

The Board of Directors at their meeting held on November 12, 2021 have, inter alia, approved the Scheme of Arrangement ("Scheme") under section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder.

The Scheme inter alia provides for Reduction of share capital and re-organisation of reserves of Gokak Textiles Limited and Amalgamation (by way of absorption) of Suryoday One Energy Private Limited with and into Gokak Textiles Limited.

Upon the Scheme becoming effective, will enable the Transferee Company, i.e. Gokak Textiles Limited to consolidate the ownership of the power business and also provide reliable source of power for its textile division.

The Scheme does not involve any financial outlay I outgo and therefore, would not affect the ability or liquidity of Gokak Textiles Limited to meet its obligations I commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company.

The Company has received the approval of BSE Limited and SEBI and the matter is now with NCLT, Bengaluru Bench. The matter has not yet come up for hearing and if the hearing is held, NCLT will give necessary directions as per the applicable laws.

The Scheme as approved by the Board is available on the website of the Company at <http://www.gokakmills.com>

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 coordinated 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 & 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 Gokak Textiles Limited, the Holding Company.

During the year under review, GPEL has recorded gross income of Rs. 1,255.11 lakhs (previous year Rs. 1,122.63 lakhs) and net loss for the year of Rs. (140.54) lakhs (previous year Rs. (365.66) lakhs).

Machines that were damaged during the floods in the year 2019-20, are in operation after servicing them. About 272.46 lakhs Units were generated in FY 2021-22 against 305.16 lakhs Units in the previous year. During the year under review; Unit-8 (DJ Madam Power House) developed technical snag which was under correction. The machine was started in May 2022.

Details of GPEL is set out in the statement in form AOC-I, pursuant to section 129 of the Companies Act, 2013 and is attached 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 2021-2022	FY 2020-2021	
Debtors Turnover (in days)	29.22	19.60	Better credit management of the Company
Inventory Turnover * (times)	6.99	5.55	Better inventory management of the Company
Interest Coverage Ratio	Since EBIT is negative , ratio can't be set on	Since EBIT is negative , ratio can't be set on	-
Current Ratio	0.81	0.73	-
Debt Equity Ratio	Since Networth is negative, ratio can't be set on	Since Networth is negative, ratio can't be set on	-
Operating Profit Margin %	-15.04%	-22.03%	Revenue increased by 12.54% and better realization during the year
Net Profit Margin %	-26.25%	-33.81%	-
Return on Net Worth	Since Return & Networth both are negative, ratio can't be set on	Since Return & Networth both are negative , ratio can't be set on	-

Key Ratio / Indicators	Consolidated		Explanation for change of 25% or more
	FY 2021-2022	FY 2020-2021	
Interest Coverage Ratio	Since EBIT is negative , ratio can't be set on	Since EBIT is negative , ratio can't be set on	-
Debt Equity Ratio	Since Networth is negative, ratio can't be set on	Since Networth is negative , ratio can't be set on	-
Operating Profit Margin %	-7.92%	-15.12%	revenue increased by 13.56% and better realization during the year
Net Profit Margin %	-24.19%	-33.57%	revenue increased by 14.93% and better realization during the year
Return on Net Worth	Since Return & Networth both are negative , ratio can't be set on	Since Return & Networth both are negative , ratio can't be set on	-

Revenue

During the year, standalone revenue was Rs. 12,411.53 Lakhs (previous year Rs. 10,907.35 Lakhs), which is almost comparable. Consolidated revenue was Rs. 13,017.28 Lakhs (previous year Rs. 11,325.99 Lakhs), which is almost comparable.

During the year, standalone EBIDTA (loss) decreased to Rs. (1,265.64) Lakhs (previous year Rs. (1,745.32) Lakhs). Consolidated EBIDTA (loss) decreased to Rs. (351.94) Lakhs (previous year Rs. (966.52) Lakhs).

Profit Before Tax ("PBT")

During the year, standalone PBT (loss) decreased to Rs. (3,258.63) Lakhs (previous year Rs. (3,687.23) Lakhs). Consolidated PBT (loss) decreased to Rs. (3,148.37) Lakhs (previous year Rs. (3,802.17) Lakhs).

Profit/(Loss)

During the year, standalone loss decreased to Rs. (3,230.92) Lakhs (previous year Rs. (3,712.07) Lakhs). Consolidated loss decreased to Rs. (3,114.67) Lakhs (previous year Rs. (3,831.49) Lakhs).

Fixed Assets

The standalone year-end Gross Block decreased to Rs. 30,418.41 Lakhs (previous year Rs. 31,243.57 Lakhs) mainly due to sale of plant & machinery, vehicle etc. The consolidated year-end Gross Block decreased to Rs.43,220.89 Lakhs (previous year Rs. 44,046.05 Lakhs) mainly due to sale of plant & machinery, vehicles etc.

Current Liabilities

The standalone current liabilities decreased to Rs.2,853.10 Lakhs (previous year Rs. 4,235.41 Lakhs) primarily due to decrease in "trade payables". The consolidated current liabilities decreased to Rs.10,911.38 Lakhs (previous year Rs. 11,763.09 Lakhs) primarily due to decrease in "trade payables".

Loan Funds (Secured)

During the year, standalone loan fund was NIL (previous year NIL). The consolidated loan funds decreased to Rs.1,234.90 Lakhs (previous year Rs.2,556.86 Lakhs) primarily due to payment of principal amount instalments due during the year. Loan Funds (Unsecured)

During the year, standalone loan funds increased to Rs.13,313.24 (previous year Rs. 10,627.91 Lakhs) primarily on account of increase in long term borrowings from parent company. The consolidated loan funds increased to Rs.20,249.11 Lakhs

(previous year Rs.16,717.43 Lakhs) primarily on account of increase in long term borrowings from parent company.

Share Capital and Preference Shares

The paid-up Equity Share Capital of the Company as on March 31, 2022 was Rs. 18,149.93 Lakhs. 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 on March 31, 2022 none of the Directors of the Company hold shares or convertible instruments of 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.

Legal and Regulatory

Compliance with laws and regulations is an essential part of your Company's business operations. We are subject to laws and regulations in diverse areas as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes. Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance. We closely monitor and review our practices to ensure that we remain compliant with relevant laws and legal obligations.

Systems and Information

Your Company's operations are increasingly dependent on IT systems and the management of information. Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession.

The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase. To reduce the impact of external cyber-attacks impacting our business, we have sufficient security measures including firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. Our employees are trained to understand these requirements.

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.

Batliloi & 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. Vinod Bhandawat 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.

Based on the recommendation of Nomination and Remuneration Committee and subject to approval of the Shareholders of the Company at the ensuing Annual General Meeting, the Board approved re-appointment of Mr. Ramesh R. Patil as Chief Executive Officer & Managing Director for a further term of two years commencing from July 18, 2022.

Key Managerial Personnel of the Company as on March 31, 2022 were Mr. Ramesh R Patil, Chief Executive Officer & Managing Director, Mr. Rakesh M. Nanwani, Company Secretary and Mr. Vipan Kumar Sharma, 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 process laid in the Charter for Performance Evaluation, the structured questionnaires for performance evaluation, 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 Audit 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.

Pursuant to the provisions of section 139 (2), M/s Batliboi & Purohit, Chartered Accountants, are eligible to be re-appointed as statutory auditors of the Company for another term of five years.

The Board of Directors recommends re- appointment of M/s Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) as statutory auditors of the Company the Company for a period of five years commencing from the conclusion of the 16th AGM be held in September 2022.

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 2022 – 2023 on a remuneration of Rs. 1.50 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 16th 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. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

The Secretarial Audit of Gokak Power & Energy Limited, (Material Subsidiary) for the FY 2021-22 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 2020-21. 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 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

Pursuant to Section 92(3) read with Section 134 (3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2022 is available on 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 Purchase of Solar Power from Suryoday One Energy Private Limited.

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 V** 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. 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 2021-22, 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 developed a strong human resource base which helped the company to retain the employees for a very long time in view of learning opportunity, comfortable housing, very good educational facilities at minimum educational fees for the children of the Employees.

The organization also has good HR Policies for employees in place. Recently management has initiated one policy viz. Staff Compensation Death Fund Policy with main objective to ensure and provide financial assistance to legal heir of deceased Supervisory & Managerial Staff.

In view of low attrition of the employees Management is encouraging employees to undertake higher responsibilities in the ladder of hierarchy so that the fresh talent hiring at the bottom of the organizational pyramid provides continuity of development at each level. The Company provides skill building trainings to employees internally. The hiring of experienced employees from outside is the last priority and first opportunity is provided to employees in line function or cross function as well.

The company has different HR processes for development of human resource which includes performance management system for appraisal of employee performance, skill development and believes in the fundamentals of Train, Retrain & Retain employees by way giving three R, Rewards, Recognition & Respect to employees.

The Management has developed very good cordial Industrial relations and has been able to carry out operations successfully despite continued challenges of market down turn, fierce competition having high input cost by achieving flexibility in operations suitable to the requirements of business.

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 VI** 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 : August 10, 2022

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

Vinod Bhandawat
Chairman
DIN: 02873571

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-2021 to 31-Mar-2022
Share Capital	4,900.00
Reserves & Surplus	(2,922.91)
Total Assets	10,209.52
Total Liabilities	10,209.52
Investments	0.26
Turnover	1,255.11
Profit before taxation	(140.54)
Provision for taxation including Deferred Tax	0
Profit after taxation	(140.54)
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 : August 10, 2022

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

Vinod Bhandawat
 Chairman
 DIN: 02873571

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.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, code of conduct and obligations on disclosures shall be issued to the Independent Directors.
- The company shall provide suitable training to Independent Directors/Non-Executive Directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. and they shall be formally introduced to the Business/ Unit Heads and Corporate Functional Heads.

Updating the Directors on a Continuing Basis

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

Remuneration to KMPs and Senior Management

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

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 10, 2022

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

Vinod Bhandawat
Chairman
DIN: 02873571

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 March 31, 2022.

Non-Executive Directors of the Board were paid only sitting fees during the financial year ended March 31, 2022 as follows:

Director (Non-Executive)	Sitting Fees (Rs. in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Pradeep Kapadia	5.00	1.62:1
Mr. D G Prasad	4.25	1.38:1
Ms. Tripti J. Navani	1.25	0.40:1
Mr. Nikhil Bhatia	3.50	1.13:1
Mr. Vinod Bhandawat	1.70	0.55:1

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)	60.31	19.52:1

2. Percentage increase in remuneration of Key Managerial Personnel (KMPs) in the Financial Year 2021 – 2022:

Executive Director, Chief Financial Officer and Company Secretary	% increase on Cost to Company
Mr. Ramesh R. Patil, Chief Executive Officer & Managing Director	8.92
Mr. Vipin Kumar Sharma, Chief Financial Officer	40.21
Mr. Rakesh M. Nanwani, Company Secretary & Compliance Officer	12.88

3. Percentage increase in the median remuneration of employees in the financial year: 7% to 8%.
4. Number of permanent employees on the pay roll of Company as on 31st March, 2022 1084 were and in previous year were 1166
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: 9% of Managerial and 7.7% overall.
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 : August 10, 2022

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

Vinod Bhandawat
Chairman
DIN: 02873571

Form No.MR-3
SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: 31st March, 2022

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, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment and overseas direct investment and External Commercial Borrowings. (No such transaction took place during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (No such transaction took place during the Audit Period)
 - 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; (No such transaction took place during the Audit Period);
 - 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) The Factories Act, 1948
- b) The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- d) The Employees State Insurance Act, 1948
- e) The Payment of Wages Act, 1936
- f) The Payment of Bonus Act, 1965
- g) The Payment of Gratuity Act, 1972
- h) The Child Labour (Regulation & Abolition) Act, 1970
- i) The Contract Labour (Regulation & Abolition) Act, 1970
- j) The Shops & Establishments Act, 1961
- k) The Industrial Establishments (National and Festival Holidays) Act, 1963
- l) The Karnataka Daily Wage Employees Welfare Act, 2012
- m) The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- n) The Industrial Disputes Act, 1947
- o) The Minimum Wages Act, 1948
- p) The Maternity Benefit Act, 1961
- q) Trade Unions Act, 1926
- r) Indian Boilers Act, 1923
- s) The Industrial Employment (Standing Orders) Act, 1946
- t) Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013

Environmental Laws

- a) The Water (Prevention & Control of Pollution) Act, 1974
- b) The Air (Prevention & Control of Pollution) Act, 1981

The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.

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
- e) Collection of Statistics Act, 2008

Other Laws

- a) The Karnataka Legal Metrology (Enforcement) Rules, 2011
- b) The Trademark Act, 1999

- c) Information Technology Act, 2000
- d) Electricity Act, 2003
- e) The Indian Stamp Act, 1899
- f) The Competition Act, 2002

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 i.e SS-1 and SS-2.
- 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.

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 29th September, 2021;
- 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;
- k) Payment of remuneration to Directors including the Managing Director;
- l) Appointment and remuneration of Auditors, Cost Auditors and Secretarial 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 III 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.

There was no event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period.

Place: Bangalore
Date: 23/05/2022

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: F010056D000370592

* This Report is to be read with our letter of even date which is annexed as Annexure A and forms an intergral 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 and Environment laws.
8. Some of the required information for the audit was shared through email and other online channel as physical verification could not be done due to lockdown on account of COVID -19 Pandemic during the time of audit.
9. 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.

Place: Bangalore
Date: 23/05/2022

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: F010056D000370592

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-2021 to 31-March-2022
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 Rs.4.44 + Rs.0.20 (electricity duty) for every unit of power transferred, subject to conditions laid out in the agreement
e.	Dates of Approval by the Board, if any	August 13, 2012
f.	Amount paid as advance, if any	Security Deposit – Rupees One Lakh

1	Details of contracts or arrangements or transactions not at arm's length basis	Nil
2	Details of material contracts or arrangement or transactions at arm's length basis:	01-April-2021 to 31-March-2022
a.	Name(s) of the related party and nature of relationship	Suryoday One Energy Private Limited Suryoday One Energy Private Limited is a subsidiary of Shapoorji Pallonji Infrastructure Capital Company Private Limited which holds 49% of the paid up share capital of Gokak Power & Energy Limited, a subsidiary of the Company.
b.	Nature of contracts/arrangements/ Transactions	Agreement for purchase of Solar power between Suryoday One Energy Private Limited and Gokak Textiles Limited (GTL)
c.	Duration of the contracts/arrangements/ Transactions	10 years w.e.f 04.07.2018
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	GTL agrees to pay Rs. 4.37 for every unit transferred, subject to conditions laid out in the agreement
e.	Date(s) of approval by the Board, if any:	03.07.2018
f.	Amount paid as advances, if any:	NIL
g.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	18.09.2018

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 10, 2022

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

Vinod Bhandawat
Chairman
DIN: 02873571

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, 2022.

A. Conservation of energy

The Bureau of energy Efficiency (BEE) is an agency of the Government of India, Under Ministry of Power created in March 2002 under the provisions of the Energy Conservation Act, 2001. The agency's function is to develop programs which will increase the conservation and efficient use of energy in India.

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 Limited) which is known as the PAT (Perform Achieve Trade).

The Company has achieved the +194 ESCets through PAT Scheme (Perform Achieve Trade) which is an Energy conservation measure by NMEEE (National Mission on enhanced energy efficiency) and Monitored & governed by BEE bureau of Energy Efficiency, the same is traded in the energy exchange IEX. During the Year 2021-22 we have taken some of the energy conservation measures as we are in PAT Cycle-VII.

(i)	The steps taken to improve energy conservation :-	i.	Mill No-1 Auto Coner M/c No-6 & 7, Suction leakage arresting with special tape / mechanical lever adjustment, motor load reduced 2.43 kW & 2.35 Kw, net saving 40100 Units/ Annum.	Leakage arrested in Mill 1 Autoconer machine, resulting in reduction of motor load. Savings of 40100KWhr/yr
		ii.	Mill No-1 Auto Coner M/c No-5, Suction leakage arresting with special tape / mechanical lever adjustment, motor load reduced 3.23 kW, Net saving 21700 Units/ Annum.	
		iii.	Mill No-2 Cone Packing total 40 Tube lights were working 24 Hrs, whereas the CNP dept. was working only 8 Hrs , separate wiring done segregating the common wiring and rest 16 hrs tubes will shut off, saving 3226 units/ Annum.	Bifurcated tube light connections to sections working for 8hr and 24hrs, resulting in saving of 3226 KWhr/yr
		iv.	Mill No-1 Auto Coner No-6, fixed inverter+ technology, for 11 KW suction motor , there by achived energy savings of 17500 Units / Annum.	Variable Frequency Drive installed for Autoconer 6 at Mill 1, saving of 17500 KWhr/yr
		v.	Old Terry towel warping prashan ghamatex make, M/c Entire Electrical + Hard ware + Software removed and installed with Laxmi controls make PLC+Drives + Software, etc. DC motor cooling system were removed and energy savings achieved 4900 Kwh/ Annum.	Refurbished old terry towel warping with new controls, PLC and hardware. Resulting savings of 4900 KWhr/yr
		vi.	HT-01 CD has been reduced from 7000 to 6000 KVA, there by achieved Savings Rs 27,03,000=00 (27.03 Lakhs / PM)	Contract Demand of HT-01 reduced from 7MVA to 6MVA. Resulting savings of ₹27,03,000 p.m

(ii)	The steps taken by the company for utilizing alternate sources of energy.	Used Solar, Hydro & Open Access Energy
(iii)	the capital Investment on energy conservation equipment's	Total Investment Rs 6.84 Lakh

B. Technology absorption:

(i)	the efforts made towards technology absorption and benefits derived as result of the below activities :	NIL
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	NIL
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	(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	Rs. 5.09 lakhs (FY 2021 - 2022)

C. Foreign exchange earnings and Outgo

(₹ in Lakhs)

1	Earnings	NIL
2	Outgo	2.54

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 10, 2022

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

Vinod Bhandawat
Chairman
DIN: 02873571

Report on Corporate Governance

Corporate Governance Report:

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, 2022. 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, 2022, 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 professionals. 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 June 12, 2021; June 28, 2021, August 12, 2021; November 12, 2021 and February 11, 2022 The necessary quorum was present for all the meetings. Video Conferencing facility was provided, wherever required to enable Directors to participate in meetings.

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, 2022 are as follows:

Sl. No.	Name of the Director	Category	Number of Board Meetings during 2021-2022		Attendance at AGM held on September 29, 2021	Number of shares held	Relationship with other Director	No. of Directorships in all Public Companies	No. of Committee Positions held in all Public Companies		No. of Committee Positions held in all Public Companies
			Held	Attended					Chairman	Member	
1	Mr. Ramesh R. Patil Chief Executive Officer and Managing Director 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	6	3	6	1.Mafatla Industries Limited (Independent Non- Executive) 2.Navin Fluorine International Limited (Independent Non-Executive)
3	Mr. Nikhil Bhatia DIN: 00414281	Non-Executive Independent	5	5	Yes	Nil	None	3	2	-	1.Forbes & Company Limited (Independent Non- Executive)
4	Mr. D.G. Prasad DIN: 00160408	Non-Executive Independent	5	5	Yes	Nil	None	4	3	2	1.Moschip Technologies Ltd. (Independent Non-Executive) 2.Suven pharmaceuticals Ltd (Independent Non- Executive) 3.Natco Pharma Ltd (Independent Non-Executive)
5	Ms. Tripti J. Navani DIN: 08190106	Non-Executive Non-Independent	5	5	Yes	Nil	None	1	-	-	NIL
6	Mr. Vinod Bhandawat DIN : 02873571	Non-Executive Non-Independent	5	5	Yes	Nil	None	3	-	2	NIL

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

The specific areas of skills/expertise/competences of the individual Directors is given below:

Director	Areas of Skills/Expertise/Competence
Mr. Vinod Bhandawat Non-Executive Non- Independent Director & Chairman	Business Strategy and Business Development, Business and Corporate Governance, Finance & Tax, Fund raising, business structuring.
Mr. Ramesh R. Patil Chief Executive Officer & Managing Director	Business Strategy and Business Development, Marketing and communications, Business Governance and General Administration.
Mr. Pradip N. Kapadia Non-Executive – Independent	Business and Corporate Governance, Public Policy, Legal and regulatory, Business Strategy.
Mr. D G Prasad Non-Executive – Independent	Risk Management, Finance and control, Taxation and related Regulatory, Business structuring and Governance.
Ms. Tripti J. Navani Non-Executive Non- Independent Director	Fund raising, business structuring, Finance and Tax and Business Governance.
Mr. Nikhil Bhatia Non-Executive – Independent	Risk Management, Finance and control Taxation and related Regulatory, Business structuring and Governance.

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 textile 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 February 11, 2022 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. Vipan Kumar Sharma, 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 Rs. 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 June 12, 2021; June 28, 2021, August 12, 2021; November 12, 2021 and February 11, 2022. 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 Director	5	5

The last Annual General Meeting was attended by the Chairman of the Audit 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:

- a) 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;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;

- c) Devising a policy on Board diversity;
- d) 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;
- e) To recommend extending or continuing the terms of appointment of Independent Directors, on the basis of report of performance evaluation of Independent Director;
- f) Recommend to the Board, all remuneration, in whatever form payable to senior management and
- g) 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, two (2) meetings were held on June 28, 2021 and February 11, 2022. The composition of the Committee and details of meeting attended by the members is as follows:

S I . No.	Name	Description	Category	No. of NRC Meetings held	No. of NRC Meetings attended
1.	Mr. Nikhil Bhatia	Chairman	Non – Executive Independent	2	2
2.	Mr. Pradip N. Kapadia	Member	Non – Executive Independent	2	2
3.	Mr. Vinod Bhandawat	Member	Non-Executive Non-Independent	2	2

The last Annual General Meeting was attended by the Chairman of the Nomination & Remuneration Committee.

Details of Remuneration paid to Directors during the year ended March 31, 2022 are as follows:

A) Non – Executive Directors

(Rs. in lakhs)

Name of Director	Sitting fees	Commission Paid	Total
Mr. Pradip N. Kapadia	5.00	Nil	5.00
Mr. Nikhil Bhatia	3.50	Nil	3.50
Mr. D. G. Prasad	4.25	Nil	4.25
Mr. Vinod Bhandawat	1.70	Nil	1.70
Ms. Tripti J. Navani	1.25	Nil	1.25

No commission was paid to any Non – Executive Director during FY 2021 – 2022.

Remuneration paid to Chief Executive Officer & Managing Director :

(Rs. in lakhs)

Sr. No.	Particulars	Mr. Ramesh R. Patil
a	Salary and allowance	48.67
b	Pension contribution to PF	-
c	Annual Performance Incentive & Ex-Gratia	6.00 (for FY 2020-21)
	Total	54.67
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, 2019 to July 17, 2022
f	Notice period	Three calendar 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 Stakeholders' Relationship Committee meeting was held on February 11, 2022.

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

Sr. No.	Name of Director	Designation	Category	No. of Meetings held	No. of Meetings attended
1.	Mr. Pradip N. Kapadia	Chairman	Non-Executive Independent	1	1
2.	Mr. Ramesh R. Patil	Member	Executive	1	1
3.	Mr. Vinod Bhandawat	Member	Non-Executive Non-Independent	1	1

The Company Secretary also functions as Compliance Officer.

During the year under review, 2 (one) complaint was received by the Company from a shareholder and the same were disposed- off, there were no pending complaints at the end of the year. Further no transfers were pending as on March 31, 2022.

The last Annual General Meeting was attended by the Chairman of the Stakeholders Relationship 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. Nikhil Bhatia, Non-Executive Independent Director & Chairman of the Committee, Mr. Pradip N. Kapadia, Non-Executive Independent Director and Mr. Vinod Bhandawat, Non-executive Non-Independent Director. The CSR Committee will formulate and monitor the CSR Policy of the Company and other policy.

During the year under review, due to net loss, the Company has not earmarked any amount on CSR Activities as specified in the Schedule VII to the Companies Act, 2013.

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, 2022 are as follows:

AGM	Date of the AGM	Time	Venue
13th AGM	September 20, 2019	12.00 noon	Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru - 560001
14th AGM	September 29, 2020	3.00 p.m	The Annual General Meeting was held through Video Conferencing/ Other Audio Visual Means. The deemed place of the meeting was the registered office of the Company
15th AGM	September 29, 2021	3.00 p.m	The Annual General Meeting was held through Video Conferencing/ Other Audio Visual Means. The deemed place of the meeting was the registered office of the Company

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

September 20, 2019 (13th AGM)	(1)	Re-appointment of Mr. Ramesh R. Patil (DIN:07568951) as Chief Executive Officer & Managing Director
	(2)	Re-appointment of Mr. Pradip N. Kapadia (DIN: 00078673) as Independent Director of the Company
	(3)	Re-appointment of Mr. D G Prasad (DIN: 00160408) as Independent Director of the Company
	(4)	Issue and Offer of Non-cumulative, Non-convertible, Redeemable Preference Shares on a Private Placement basis
September 29, 2020 (14th AGM)		No Special Resolution was passed at the AGM held on September 29, 2020.
September 29, 2021 (15th AGM)		No Special Resolution was passed at the AGM held on September 29, 2021.

(c) Whether any special resolution passed through postal ballot : No

Fees paid by the Company and its Subsidiaries, on consolidated basis, to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part: Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) is the Statutory Auditors' of the Company. The particulars of payment of Statutory Auditors' fees on consolidated basis is given below:

Particulars	Amount in lakh (Rs)
Statutory Audit (including quarterly audit)	21.65
Reimbursement of out-of-pocket expenses	0.16
Total	21.81

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, as amended:

The required disclosures have been made in the Directors' Report for the year ended March 31, 2022 which forms part of this Annual Report for FY 2021-2022.

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 from the subsidiary Company viz., Gokak Power & Energy Ltd. and Purchase of Solar Power from Suryoday One Energy Private Limited.

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.

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

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 Company's financial statements for the financial year 2021 – 2022 does not does contain any audit Qualification.
- **Separate posts of Chairman and CEO:** The Company has appointed Chief Executive Officer & Managing Director to take care of the day-to- day affairs of the Company. The position of the Chairman and Managing Director are separate.
- **Reporting of internal auditor:** The internal auditor may report directly to the audit committee

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.

General Shareholder Information:

a	Annual General Meeting Date, time and venue	Next Annual General Meeting of the Company is scheduled on Thursday, September 29, 2022 at 1.00 PM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')
b	Financial year	The Company follows the April-March Financial Year.
c	Date of Book Closure	The Register of Members and the Share Transfer Book of the Company will remain closed from Friday, September 23, 2022 to Thursday, September 29, 2022.
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 Rs. 10 each is as under :

Month and Year	High	Low	No. of shares	BSE Index High	BSE Index Low
April' 2021	25.80	21.00	2,680	50,375.77	47,204.50
May' 2021	21.00	18.05	41,309	52,013.22	48,028.07
June' 2021	28.35	17.45	54,373	53,126.73	51,450.58
July' 2021	30.45	23.35	64,084	53,290.81	51,802.73
August' 2021	31.50	25.75	16,689	57,625.26	52,804.08
September' 2021	27.95	20.15	8,456	60,412.32	57,263.90
October' 2021	37.30	20.90	52,943	62,245.43	58,551.14
November' 2021	39.15	31.95	18,753	61,036.56	56,382.93
December' 2021	31.00	28.90	3,788	59,203.37	55,132.68
January' 2022	35.10	28.00	29,654	61,475.15	56,409.63
February' 2022	35.25	26.25	25,292	59,618.51	54,383.20
March' 2022	31.40	24.20	17,535	58,890.92	52,260.82

Registrars and Share Transfer Agents:

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

TSR Consultants Private Limited
 Unit: Gokak Textiles Ltd.
 C-101, 1st Floor, 247 Park,
 Lal Bahadur Shastri Marg, Vikhroli (west), Mumbai – 400 083.
 Tel: +91 22 6656 8484, Fax: +91 22 6656 8494
 Email: cgs-unit@tcplindia.co.in
 Website: www.tcplindia.co.in

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, 2022

Category	No. of Shares	Percentage to Paid-up capital
Promoters	47,80,845	73.56
Central/State Government(s)	55,171	0.85
Financial Institutions / Banks	9,760	0.15
Bodies Corporate	1,02,222	1.57
Insurance Companies	2,95,520	4.55
Mutual Funds / UTI	181	0.00
FII's/ NRI's/ OCB/ Foreign Company	2,16,868	3.34
Public	10,38,741	15.98
Total	64,99,308	100.00

Distribution by size of holding as at March 31, 2022

Range Start	Range End	Total Shares	Percentage to capital	Total Number of Equity Shareholders	% of Total Paid-up Equity Capital
1	500	4,18,725	6.4426	8,294	96.65
501	1000	1,22,232	1.8807	162	1.63
1001	2000	1,01,286	1.5584	70	0.83
2001	3000	72,235	1.1114	29	0.29

Range Start	Range End	Total Shares	Percentage to capital	Total Number of Equity Shareholders	% of Total Paid-up Equity Capital
3001	4000	51,725	0.7959	15	0.10
4001	5000	44,923	0.6912	10	0.10
5001	10000	1,28,261	1.9735	18	0.18
10001	Above 10001	55,59,921	85.5464	17	0.22
Total		64,99,308	100.00	8615	100.00

Status of dematerialisation of shares and liquidity as on March 31, 2022:

Details	No. of shareholders	No. of shares	Percentage to paid up Capital
National Securities Depository Limited. (NSDL)	3,113	58,48,034	89.98
Central Depository Services (India) Limited. (CDSL)	1,367	4,12,640	6.35
Total Dematerialised	4,480	62,60,674	96.33
Physical	4,135	2,38,634	3.67
Total	8,615	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.

No funds were raised during the year through preferential allotment or qualified institutional placement.

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 during FY 2021 – 2022

Rating Agency	Date	Facilities	Rating
ICRA Limited	December 31, 2021	Unallocated limits (Short Term)	[ICRA]A4; Reaffirmed

Plant Locations:**Mills Division :**

Gokak Falls – 591308, 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 TSRCPPL and only the non- shares related correspondence and complaints regarding TSRCPPL should be addressed to the Compliance Officer at the registered office of the Company. Shareholders holding shares in electronic mode (dematerialized 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, 2022.

For **Gokak Textiles Limited**

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
Members of GOKAK TEXTILES LIMITED
 Rajarajeshwari Nagar,
 Bangalore – 560098

We have examined the compliance of conditions of Corporate Governance by Gokak Textiles Limited (CIN: L17116KA2006PLC038839) (“the Company”) for the purpose of certifying of the Corporate Governance compliance certificate under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period 1st April 2021 to 31st March, 2022. 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 thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements 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 conditions of Corporate Governance as stipulated in Regulation 17 to 27 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance 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.

Place: Bangalore
 Date: 23/05/2022

For **KDSH & Associates LLP**
 Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: F010056D000370658

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, 2022 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	Nikhil Jaysinh Bhatia	00414281	22/05/2019
4	Vinod Bhandawat	02873571	15/01/2021
5	Ramesh Ramrao Patil	07568951	18/07/2016
6	Tripti Jagdish Navani	08190106	01/08/2018

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.

Place: Bangalore
 Date: 23/05/2022

For **KDSH & Associates LLP**
 Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: F010056D000370031

**STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS FORMING PART OF
ANNUAL REPORT OF
GOKAK TEXTILES LIMITED
FOR THE YEAR ENDED MARCH 31, 2022**

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, 2022, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"), as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the Loss and the total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to note 51 of the standalone financial statements which describes that the Board of Directors at their meeting held on November 12, 2021 have inter alia, approved the Composite Scheme of Arrangement ("the Scheme") under section 230 to 232 read with 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder. The Scheme, inter alia, provides for amalgamation by way of absorption and vesting of Suryoday One Energy Private Limited ("Suryoday") with and into the Company and Reduction of Share Capital and Re-organisation of reserves of the Company in a manner as set out in the Scheme. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the standalone financial statements of the current period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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, 2022, the Company held provisions of ₹ 892.15 lakhs in respect of legal claims and has disclosed total contingent liabilities of Rs. 10,189.91 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 44, Note 47 and Note 2(n) of financial statements and accounting policies for contingent liabilities, provisions, accounting policies and related disclosures.

How the matter was addressed in our audit:

- 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 (including other comprehensive income) of ₹ 3230.92 lakhs and has accumulated losses of ₹ 33249.77 lakhs as on March 31, 2022. Further the Company's net worth has been fully eroded as at March 31, 2022. 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, based on the reasons stated in Note 49 of the financial statements.

How the matter was addressed in our audit:

- 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 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 & Energy Limited ('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 ₹ 2788.36 lakhs as on March 31, 2022 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. Based on the impairment test carried out by the management, it was concluded that impairment is not necessary.

How the matter was addressed in our audit:

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 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 and Board’s Report including Annexures to Board’s Report, but does not include the consolidated financial statements, 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 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 standalone 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 standalone 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

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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), as amended:

In our opinion and to the best of our knowledge and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements. (refer note - 44)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on audit procedures performed, nothing has come to our attention that causes us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided in (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year.

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

Kaushal Mehta
Partner
Membership No.111749
ICAI UDIN: 22111749AJQWNK7210

Place : Mumbai
Date : May 26, 2022

Annexure - A to the Auditors' Report

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Gokak Textiles Limited** of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) As informed to us, the Company has a 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. Pursuant to the program certain fixed assets have been verified by the Management and we were informed that no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, capital work-in progress and Investment property, according to the information and explanations given to us and based on the examination of the registered sale deed / title deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

Description of the property	As at Balance sheet date (Gross carrying value and carrying value in Financial statements. ₹ in Lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held since	Reason for not being in the name of the Company
Land	11.35	Gokak Patel Volkart Limited	No	1992	The Title deeds are in the name of erstwhile Gokak Patel Volkart Ltd which amalgamated in Forbes Gokak Ltd and subsequently Textile undertaking was demerged in to Gokak Textiles Ltd..
Land	11.10	Forbes Campbell Knitwear Ltd	No	1994	The Title deeds are in the name of erstwhile Forbes Campbell Knitwear Ltd which amalgamated in Forbes Gokak Ltd and subsequently Textile undertaking was demerged in to Gokak Textiles Ltd.

- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us, no proceedings have been initiated, or were pending, during the year against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- (ii) (a) The management has conducted physical verification of inventory during the year. In our opinion, with regards to the nature and size of its inventories, the frequency is reasonable and the coverage and procedure of such physical verification carried out during the year were appropriate. Discrepancies noted during such physical verification were less than 10% of respective inventory classes. All discrepancies noted during the year were properly dealt with in the books of account.
- (b) During the year, the Company did not have any sanctioned working capital limits in excess of five crore rupees, in aggregate, from any banks on the basis of security of its current assets. Accordingly, paragraph 3(ii)(b) of the Order is not applicable.
- (iii) During the year, the Company has not made any investments, or provided any loans or provided any advance in the nature of loans or stood guarantee or provided any security to any other entity during the year. Accordingly, reporting under paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or given guarantees in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, reporting under paragraph (iv) of the Order is not applicable.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, we are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at the year ended for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues of Income tax, Excise duty and Goods and Service tax which have not been deposited by the Company on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (₹ in lakhs)*
The Karnataka Special Tax on Entry of Certain Goods Act, 2004		High Court of Karnataka, Bangalore	October 2004 to March 2007	114.58
The Excise Duty Act, 1944	Duty of excise	The Central Excise and Service Tax Appellate Tribunal, Mangalore	2004-05 and 2005-06	32.62
The Excise Duty Act, 1944	Duty of excise	The Supreme Court of India	December 2004 to May 2005	110.38
Income Tax Act, 1961	Income tax	Dy. Commissioner of Income tax.	A.Y. 2013-14	3.99

*Net of amounts paid in protest.

- (viii) According to the information and explanations given to us, there were no transactions to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) The Company has not defaulted in repayment of loans to any lender during the year. There were no outstanding loans from any financial institution or government during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, no term loans were obtained or utilised during the year by the Company. Accordingly, paragraph 3(ix)(c) of the Order is not applicable.
- (d) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, funds raised on short term basis have not been utilised for long term purposes by the Company.
- (e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not raised loans during the year on pledge of securities held in subsidiaries, joint ventures or associate companies.
- (x) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix)(a) of the Order is not applicable.
- (b) 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 convertible debentures (fully, partly or optionally) during the year.
- (xi) (a) According to the information and explanations given to us, no fraud by the company or any fraud on the company has been noticed or reported during the year.
- (b) According to the information and explanations given to us and to the best of our knowledge no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the audit procedures performed by us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till the date of this Report, for the period under audit.
- (xv) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable.
- (c) In our opinion and according to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us, the Group (as defined the Core Investment Companies (Reserve Bank) Direction 2016) has two Core Investment Companies (CICs) as part of the Group.
- (xvii) According to the information and explanations given to us and based on audit procedures performed by us, the Company has incurred cash losses of Rs. 2364.26 lakhs in the current financial year and cash losses of Rs. 2759.89 lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us and based on audit procedures performed by us, the Company was not required to spent any amount in terms of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph 3(xx)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any ongoing project in terms of Section 135 of the Act during the year. Accordingly, provision of sub-section (6) of section 135 of the said Act and paragraph 3(xx)(b) of the Order is not applicable.
- (xxi) This Report is issued on the standalone financial statements of the Company. Accordingly, paragraph 3(xxi) of the Order is not applicable.

For BATLIBOI & PUROHIT

Chartered Accountants

ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner

Membership No.111749

ICAI UDIN: 22111749AJQWNK7210

Place : Mumbai

Date : May 26, 2022

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirement's section of our report to the members of Gokak Textiles Limited 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")

Opinion

We have audited the Internal Financial Controls over financial reporting of Gokak Textiles Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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').

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 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 Act.

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 the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting of the Company.

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.

Limitations of Internal Financial Controls over Financial Reporting

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

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No.111749
ICAI UDIN: 22111749AJQWNK7210

Place : Mumbai

Date : May 26, 2022

GOKAK TEXTILES LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

Particulars	Note No.	As at March 31, 2022 ₹ in Lakhs	As at March 31, 2021 ₹ in Lakhs
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	5,563.43	6,143.15
b) Capital work-in-progress		-	-
c) Right of use Assets	3A	8.66	12.18
d) Investment Property	4	11.35	11.35
e) Intangible assets	5	5.63	7.01
		5,589.07	6,173.69
f) Financial Assets:			
i) Investments			
a) Investments in Subsidiary	6	2,499.00	2,499.00
b) Other Investments	6	0.03	0.03
		2,499.03	2,499.03
ii) Other financial assets			
	8A	141.49	243.35
		2,640.52	2,742.38
g) Tax assets			
i) Deferred tax assets (net)			
	19	-	-
ii) Income tax assets (net)			
	22	66.97	68.42
		66.97	68.42
h) Other non-current assets			
	11A	625.48	628.44
		8,922.04	9,612.93
Total Non-current assets			
2 Current assets			
a) Inventories	9	1,599.29	1,837.33
b) Financial Assets:			
i) Trade receivables			
	7	332.82	516.63
ii) Cash and cash equivalents			
	10A	196.36	338.25
iii) Bank balances other than (ii) above			
	10B	2.84	2.77
iv) Other financial assets			
	8B	93.70	294.96
		625.72	1,152.61
c) Other current assets			
	11B	56.14	69.40
d) Assets classified as held for sale			
	12	16.29	17.60
		2,297.44	3,076.94
Total Current assets			
Total Assets			
		11,219.48	12,689.87
Equity and Liabilities			
Equity			
a) Equity share capital			
	13	649.93	649.93
b) Other equity			
	14	(10,672.19)	(7,441.31)
		(10,022.26)	(6,791.38)
Total Equity			
Liabilities			

Particulars	Note No.	As at March 31, 2022 ₹ in Lakhs	As at March 31, 2021 ₹ in Lakhs
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	15	16,833.27	13,791.75
ii) Lease Liabilities		13.25	15.42
		16,846.52	13,807.17
b) Provisions	18A	1,542.12	1,438.67
Total Non-current liabilities		18,388.64	15,245.84
2 Current liabilities			
a) Financial liabilities:			
i) Lease Liabilities	21	2.17	3.81
ii) Trade Payables:			
- dues to Micro and Small Enterprises		0.84	21.44
- dues to Creditors other than Micro and Small Enterprises		2,035.92	3,401.03
iv) Other financial liabilities	17	584.69	564.71
		2,623.62	3,990.99
b) Provisions	18B	152.15	150.17
c) Other current liabilities	20	77.33	94.25
Total Current Liabilities		2,853.10	4,235.41
Total Liabilities		21,241.74	19,481.25
Total Equity and Liabilities		11,219.48	12,689.87

See accompanying notes forming part of the financial statements **1 to 53**

As per our report of even date

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

Vipan Kumar Sharma
Chief Financial Officer

Kaushal Mehta
Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vinod Bhandawat
Chairman
(DIN: 02873571)

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

Place: Mumbai
Date: May 26, 2022

GOKAK TEXTILES LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

Particulars		Note No.	Year ended March 31, 2022 ₹ in Lakhs	Year ended March 31, 2021 ₹ in Lakhs
I	Revenue from operations	23	12,008.89	10,670.66
II	Other income	24	402.64	236.69
III	Total Income		12,411.53	10,907.35
IV	Expenses:			
	Cost of materials consumed	25	7,703.63	6,630.41
	Changes in inventories of finished goods and work-in-progress	26	184.91	145.37
	Employee benefits expense	27	3,050.16	3,206.67
	Finance costs	28	1,452.25	1,336.36
	Depreciation and amortisation expense	29	540.74	605.54
	Other expenses	30	2,738.47	2,670.23
	Total expenses		15,670.16	14,594.58
V	Profit / (Loss) before exceptional items and tax		(3,258.63)	(3,687.23)
VI	Exceptional items		-	-
VII	Profit / (Loss) before tax		(3,258.63)	(3,687.23)
VIII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
			-	-
	Profit / (Loss) for the year		(3,258.63)	(3,687.23)
X	Other Comprehensive Income			
	(a) Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans		27.71	(24.84)
	Income tax relating to items that will not be reclassified to profit & loss		-	-
			27.71	(24.84)
	(b) Items that will be reclassified to profit or loss		-	-
	Other Comprehensive Income		27.71	(24.84)
XI	Total Comprehensive Income for the year		(3,230.92)	(3,712.07)
XII	Earning per equity share : (Face value of Rs. 10)	31		
	Basic and diluted earnings per equity share		₹ (50.14)	₹ (56.73)

See accompanying notes forming part of the financial statements 1 to 53

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Vipan Kumar Sharma
Chief Financial Officer

Kaushal Mehta

Partner
Membership No. 111749
Place: Mumbai
Date: May 26, 2022

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

For and on behalf of the Board of Directors

Vinod Bhandawat

Chairman
(DIN: 02873571)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)
Place: Mumbai
Date: May 26, 2022

GOKAK TEXTILES LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

PARTICULARS	Year ended March 31, 2022 ₹ in lakh	Year ended March 31, 2021 ₹ in lakh
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(3,258.63)	(3,687.23)
Adjustments for:		
Depreciation and amortisation	540.74	605.54
Interest income	(3.87)	(17.86)
Finance cost	1,452.25	1,336.36
Net Loss / (Profit) on sale of fixed assets	(119.42)	(63.65)
Foreign Exchnage (gain)/ losses	(0.02)	(0.02)
Credit balances / excess provision written back	(18.72)	(18.07)
Provision for Doubtful Debts (net of recoveries)	0.52	2.40
Balances written off	0.08	1.87
Bad Debts	36.18	
Provision for Doubtful Advances	-	6.81
Operating loss before working capital changes	(1,370.89)	(1,833.84)
Adjustments for :		
(Increase)/ Decrease in Inventories	238.04	172.61
(Increase)/ Decrease in Trade and Receivables	219.39	75.21
(Increase)/ Decrease in Other Financial Assets	303.12	124.88
(Increase)/ Decrease in Other Assest	16.22	290.42
(Increase)/ Decrease in Assests held for sale	1.31	-
Increase/ (Decrease) in Trade payables	(1,366.99)	586.44
Increase/ (Decrease) in Other Financial Liabilities	19.98	(63.31)
Increase/ (Decrease) in Other Liabilities	(16.92)	(18.45)
Increase/ (Decrease) in Provisions	58.34	183.74
Cash generated from operations	(1,898.40)	(482.29)
Direct Taxes (paid) / refund	1.45	19.45
Net cash flows from operating activities	(1,896.95)	(462.84)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP	(2.28)	(32.93)
Payment of lease liabilities		-
Sale of Fixed Assets	119.42	126.27
Net Movement in bank balance not considered as cash and cash equivalents	(0.07)	(0.09)
Interest received	3.87	7.82
Net cash flows from investing activities	120.95	101.07
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of Borrowings (net)	1,640.34	450.00
Payment of lease liabilities	(4.33)	(10.04)

PARTICULARS		Year ended March 31, 2022 ₹ in lakh	Year ended March 31, 2021 ₹ in lakh
Interest paid		(1.90)	(2.99)
Interest income			
Net cash flows from financing activities		1,634.12	436.97
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(141.89)	75.20
Cash and Cash equivalents at the beginning of the year		338.25	263.06
Cash and Cash equivalents at the end of the year		196.36	338.25
D. COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on Hand		2.00	2.84
Balances with banks:			
- In current accounts		194.36	335.41
- In Working Capital Loan			
		196.36	338.25

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

Particulars	As at April 1, 2021	Net Cash inflow/ (outflow)	Non cash movement (Interest Accrued)	As at MAR 31, 2022
Long Term Borrowings (including current maturities)	10,627.91	1,640.34	1,045.09	13,313.34
Total Borrowings	13,791.75	1,640.34	1,401.19	16,833.27

Notes

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

As per our report of even date

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

Vipan Kumar Sharma
Chief Financial Officer

Kaushal Mehta
Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

For and on behalf of the Board of Directors

Vinod Bhandawat
Chairman
(DIN: 02873571)

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

Place: Mumbai
Date: May 26, 2022

Place: Mumbai
Date: May 26, 2022

GOKAK TEXTILES LIMITED
Statement of changes in equity for the year ended March 31, 2022

a. Equity share Capital

Current reporting period (₹ in Lakhs)

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at March 31, 2022
649.93	-	649.93	-	649.93

Previous reporting period (₹ in Lakhs)

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at March 31, 2021
649.93	-	649.93	-	649.93

b. Other Equity

Current reporting period (₹ in Lakhs)

Particulars	Equity Components of Compound Financial Instruments	Reserves and surplus			Total Other Equity
		General reserve	Retained earnings	Total	
Balance at March 31, 2021	15,417.23	7,160.32	(30,018.85)	(22,858.53)	(7,441.30)
Changes in accounting policy or prior period items					
Restated balance at the beginning of the previous reporting period	15,417.23	7,160.32	(30,018.85)	(22,858.53)	(7,441.30)
Profit / (Loss) for the year	-	-	(3,258.63)	(3,258.63)	(3,258.63)
Other Comprehensive Income for the year	-	-	27.71	27.71	27.71
Total comprehensive income for the year	-	-	(3,230.92)	(3,230.92)	(3,230.92)
Balance at March 31, 2022	15,417.23	7,160.32	(33,249.77)	(26,089.45)	(10,672.19)

Previous reporting period

(₹ in Lakhs)

Particulars	Equity Components of Compound Financial Instruments	Reserves and surplus			Total Other Equity
		General reserve	Retained earnings	Total	
Balance at April 01, 2020	15,417.23	7,160.32	(26,306.78)	(19,146.46)	(3,729.23)
Changes in accounting policy or prior period items				-	-
Restated balance at the beginning of the previous reporting period	15,417.23	7,160.32	(26,306.78)	(19,146.46)	(3,729.23)
Profit / (Loss) for the year	-	-	(3,687.23)	(3,687.23)	(3,687.23)
Other Comprehensive Income for the year	-	-	(24.84)	(24.84)	(24.84)
Total comprehensive income for the year	-	-	(3,712.07)	(3,712.07)	(3,712.07)
Balance at March 31, 2021	15,417.23	7,160.32	(30,018.85)	(22,858.53)	(7,441.30)

As per our report of even date

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

Vipan Kumar Sharma
Chief Financial Officer

Kaushal Mehta
Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vinod Bhandawat
Chairman
(DIN: 02873571)

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

Place: Mumbai
Date: May 26, 2022

GOKAK TEXTILES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 :

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). 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. 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 .
- ii. 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.
- iii. 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.

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 2021 is included in the following notes:

- Note 19 and Note 2(p) - recognition of deferred tax assets: availability of future taxable profit against which tax

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

losses carried forward can be used;

- Note 33 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 2(d) - useful life of property, plant and equipment;
- Note 2(h) - Financial Instruments.”

(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 & Fixtures	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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

(h) **Financial instruments :**

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

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 assets: 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

(i) Inventories :

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

Sr. No	Particulars	Method of determining cost
1	Stores, Spares and Loose Tools	Weighted average for Mills unit and FIFO basis for 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 :

Revenue comprises revenue from contracts with customers for sale of goods. Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. Interest income is recognised using the effective interest rate (EIR) method.

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

(n) Provisions and Contingent Liability :

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

(o) Grants :

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

(p) Accounting for Taxes on Income :

Tax expense for the year comprises of current tax and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Deferred tax assets and liabilities are determined for all temporary timing difference arising between the taxable income and accounting income. Deferred tax assets are recognised for all deductible temporary 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 :

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.

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....**(s) Borrowings :**

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

(t) Leases :**As a lessee**

The Company's leases primarily consist of leases of land and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the date of commencement of the lease, the Company recognizes a ROU and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and/or low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Currently, ROU assets are being amortised over a period based on lease term being lower of lease term and estimated useful life of underlying assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activities in statement of cash flows."

As a lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases."

(u) Cash and cash equivalents :

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the date of placement), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(v) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(w) 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

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.

(x) 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.

(y) Recent accounting pronouncements

On March 23, 2022, Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

i) Ind AS 103 - Business Combinations:

The amendment clarifies that while applying the acquisition method for recognition, the assets and liabilities taken over, in a business combination, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect the amendment to have any impact in its financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

ii) Ind AS 16 – Property, Plant and Equipment

The amendment requires that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendment to have any significant impact in its financial statements.

iii) Ind AS 109 - Financial Instruments:

The amendment clarifies that while determining the fees paid (net of fees received) when a borrower applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability, the borrower to include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company does not expect the amendment to have any significant impact in its financial statements.

iv) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendment clarifies in relation to onerous contracts that the cost of fulfilling a contract comprises the costs that relate directly to the contract which consist of incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

v) Ind AS 41 – Agriculture

The amendment relates to recognition and measurement of biological assets or agricultural produce. The Company does not expect the amendment to have any impact in its financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Factory Building	Residential Building	Plant and machinery	Furniture & Fixtures and Office equipments	Vehicles	Total
Balance at April 1, 2020	11.10	1,944.84	383.42	6,771.49	234.17	29.20	9,374.22
Additions	-	-	-	11.56	0.51	20.45	32.52
Disposal	-	87.52	-	1.00	0.06	1.22	89.80
Balance at March 31, 2021	11.10	1,857.32	383.42	6,782.05	234.62	48.43	9,316.94
Additions	-	-	-	1.35	0.93	-	2.28
Disposal	-	-	-	275.90	0.31	1.79	278.00
Balance at March 31, 2022	11.10	1,857.32	383.42	6,507.50	235.24	46.64	9,041.22
Accumulated depreciation and impairment							
Balance at April 1, 2020	-	491.01	107.31	1,828.51	171.90	5.50	2,604.23
Eliminated on disposals of assets	-	27.18	-	-	-	-	27.18
Depreciation expense	-	103.18	22.31	455.86	12.48	2.90	596.73
Balance at March 31, 2021	-	567.02	129.62	2,284.37	184.38	8.40	3,173.78
Eliminated on disposals of assets	-	-	-	232.91	0.27	-	233.18
Depreciation expense	-	98.83	19.16	407.34	7.07	4.78	537.18
Balance at March 31, 2022	-	665.85	148.78	2,458.80	191.18	13.18	3,477.78
Carrying Amount							
Balance at March 31, 2020	11.10	1,453.83	276.11	4,942.98	62.27	23.70	6,770.01
Balance at March 31, 2021	11.10	1,290.30	253.80	4,497.68	50.24	40.03	6,143.15
Balance at March 31, 2022	11.10	1,191.47	234.64	4,048.70	44.07	33.46	5,563.43

3A. Right of Use Asset :-

(₹ in lakhs)

Particulars	Leasehold land & Premises
Gross Block	
Balance as at April 1, 2020	37.67
Additions	-
Deletion	-
Balance as at March 31, 2021	37.67
Additions	-
Deletion	(10.74)
Balance as at March 31, 2022	26.93
Accumulated amortisation and impairment	
Balance as at April 1, 2020	17.94
Amortisation expense	7.55
Deletion	-
Balance as at March 31, 2021	25.49
Depreciation expense	2.18

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Particulars	Leasehold land & Premises
Deletion	(9.40)
Balance as at March 31, 2022	18.27
Carrying Amount	
Balance as at April 1, 2020	19.73
Balance as at March 31, 2021	12.18
Balance as at March 31, 2022	8.66

4. Investment property

(₹ In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
LAND AT SOLAPUR	11.35	11.35
Total	11.35	11.35

Fair Value :-

As at March 2022	463.00
As at March 2021	375.00
As at March 2020	495.00
As at March 2019	450.00

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 who are registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Fair valuation is based on sales comparison method based on market approach. The fair value measurement is categorised in level 2 fair value hierarchy.

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

5. Intangible assets:-

(₹ In Lakhs)

Particulars	Computer Software
Cost or Deemed cost	
Balance as at April 1, 2020	79.10
Additions	0.80
Deletion	-
Balance as at March 31, 2021	79.90
Additions	-
Deletion	-
Balance as at March 31, 2022	79.90

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Particulars	Computer Software
Accumulated amortisation and impairment	
Balance as at April 1, 2020	71.63
Depreciation expense	1.26
Balance as at March 31, 2021	72.89
Depreciation expense	1.38
Balance as at March 31, 2022	74.27
Carrying Amount	
Balance as at April 1, 2020	7.47
Balance as at March 31, 2021	7.01
Balance as at March 31, 2022	5.63

6. Non Current Investments

(₹ in lakhs)

6A. Break-up of investments				
particulars	As at Mar 31, 2022		As at March 31, 2021	
	Qty	Amount	Qty	Amount
a) In subsidiary company at cost				
Unquoted Investments (all fully paid)				
i) Equity Instruments				
Equity shares of Rs. 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 at fair value through profit or loss (FVTPL)				
Unquoted Investments (all fully paid)				
i) Equity Instruments				
Equity shares of Rs. 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
Total of Unquoted Investments	250	0.03	250	0.03
TOTAL OF UNQUOTED INVESTMENTS		2,499.03		2,499.03

Of the above, 58.82%, equivalent to 14,700,000 equity shares at a carrying cost of Rs. 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 MARCH 31, 2022 Cont.....

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

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Investments carried at fair value through profit or loss (FVTPL) In unquoted equity shares of Zoroastrian Co- Operative Bank limited.*	0.03	0.03
	0.03	0.03

* Value of these shares is Rs. 2,500/-

6C. No additional investments made during the year that are covered under section 186 of the Companies Act, 2013.

7. Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
- Related Parties	25.43	43.24
- Others		
a) Unsecured, considered good	307.38	473.39
b) Doubtful	333.67	569.76
Less: Allowance for bad and doubtful debts (expected credit loss)	(333.67)	(569.76)
Total (B)	332.82	516.63

7.1 Trade receivables

As on 31st March 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payments						Total Outstanding
	Not Due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	264.88	39.41	3.11	0.84	24.57	-	332.82
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	333.67	333.67
Sub - Total	264.88	39.41	3.11	0.84	24.57	333.67	666.48

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Particulars	Outstanding for following periods from due date of payments						Total Outstanding
	Not Due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
Less: Allowance for bad and doubtful debts (expected credit loss)	-	-	-	-	-	-	(333.67)
Total	264.88	39.41	3.11	0.84	24.57	333.67	332.82

As on 31st March 2021

Particulars	Outstanding for following periods from due date of payments						Total Outstanding
	Not Due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	346.89	131.25	0.37	38.12	-	-	516.63
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	569.76	569.76
Sub - Total	346.89	131.25	0.37	38.12	-	569.76	1,086.40
Less: Allowance for bad and doubtful debts (expected credit loss)	-	-	-	-	-	-	(569.76)
Total	346.89	131.25	0.37	38.12	-	569.76	516.63

7.2 Movement in the allowance for doubtful debts

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance at beginning of the year	569.76	577.37
Change in allowance for expexted credit loss	-	2.40
less:- Amounts written off/received during the year as uncollectible	236.09	10.01
Balance at end of the year	333.67	569.76

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

8. Other financial assets

8A Non current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits		
- Unsecured, considered good	141.49	243.35
- Doubtful	-	-
Total	141.49	243.35

8B Current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other current receivables		
- Staff advance - Unsecured, considered good	2.61	4.79
Refund of electricity charges	-	222.91
Other Recoveries	91.09	67.27
Total	93.70	294.96

9. Inventories

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Inventories (lower of cost and net realisable value)		
Raw materials	217.66	274.04
Work-in-progress	385.42	506.40
Finished goods	809.41	873.34
Stores and spares including packing materials	186.80	183.55
Total	1,599.29	1,837.33

10. Cash and Bank Balances

10A Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
In current accounts	194.36	335.41
Cash on hand	2.00	2.84
Total	196.36	338.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

10B Other Bank balances

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances held as margin money / under lien with remaining maturity of less than 12 months	2.84	2.77
Total	2.84	2.77

11. Other assets

11A. Non Current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Security Deposits	5.44	5.43
Prepaid expenses	-	0.40
Balances with statutory / government authorities	620.04	622.61
Less : Allowance for bad and doubtful balances	-	-
	620.04	622.61
Total	625.48	628.44

11B. Current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances for supply of goods and services		
- Unsecured, considered good	14.89	36.56
- Doubtful	69.50	70.09
Less : Allowance for bad and doubtful advances	(69.50)	(70.09)
	14.89	36.56
Prepaid expenses and Insurance	40.74	32.32
Claims Receivable (Duty Drawback)	0.51	0.51
Total	56.14	69.40

11B. Movement in the allowance for doubtful advances

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of the year	70.09	176.42
Change in allowance for bad and doubtful advances	-	6.81
Amounts written off during the year as uncollectible	(0.59)	(113.14)
Balance at end of the year	69.50	70.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

12. Assets classified as held for sale

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Plant and Machineries	16.29	17.60
Total	16.29	17.60

13. Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Share capital :		
70,00,000 fully paid equity shares of Rs. 10 each	700.00	700.00
22,00,00,000 Non Cumulative, non convertible Redemmmable preference shares of Rs. 10 each	22,000.00	22,000.00
	22,700.00	22,700.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of Rs. 10 each	649.93	649.93
	649.93	649.93

13.1 Fully paid equity shares

(₹ in lakhs)

Particulars	Number of shares	Share capital (₹ in Lakhs)
Balance as at April 1, 2019	64,99,308	649.93
Movements	-	-
Balance as at March 31, 2020	64,99,308	649.93
Movements	-	-
Balance as at March 31, 2021	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 Rs. 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

(₹ in lakhs)

Particulars	Fully paid ordinary shares	
	As at March 31, 2022	As at March 31, 2021
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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....
13.3 Details of shares held by each shareholder holding more than 5% shares

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	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.

13.5 Details of shareholding of promoters

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	percentage of total shares	Number of shares held	percentage of total shares
Fully paid equity shares				
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56%	47,80,845	73.56%

There is no percentage change in the shareholding of promoters during the year

14. Other equity

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
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 Rs. 10 each	3,573.22	3,573.22
	11% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	11,844.01	11,844.01
	Movements during the year	-	-
	Balance at end of the year	15,417.23	15,417.23
c)	Retained earnings		
	Balance at beginning of year	(30,018.85)	(26,306.78)
	Profit/(Loss) for the year	(3,258.63)	(3,687.23)
	Other Comprehensive income for the year	27.71	(24.84)
	Balance at end of the year	(33,249.77)	(30,018.85)
	Total	(10,672.19)	(7,441.31)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

- Note:**
- (i) The general reserve represents amounts appropriated out of retained earnings based on the provisions of the Act prior to its amendment
 - (ii) Retained earnings represents net profits after distributions and transfers to other reserves.
 - (iii) Equity component of Preference Shares represents equity component of Non-cumulative, non-convertible, Redeemable Preference Shares in accordance with Ind As 32 Financial Instruments: Presentation.

15. Non-current Borrowings

(₹ in lakhs)

Particulars	Non-current portion		Current maturities	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
a Liability component of preference shares	3,519.94	3,163.84	-	-
b Inter corporate deposits - From Holding Company (unsecured) Rate of interest for the loans from holding company is 11.50% per annum and loan is repayable on or after April 1, 2023"	13,313.34	10,627.91	-	-
Total Non-current borrowings	16,833.27	13,791.75	-	-

16. 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 March 31, 2022	As at March 31, 2021	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of Rs.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 Rs.10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of Rs.10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of Rs.10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of Rs.10 each - December 30, 2017	3,500	3,500	11%	
6	35,000,000 preference shares of Rs.10 each - December 12, 2018	3,500	3,500	11%	
	Total	17,500	17,500		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

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

(₹ in lakhs)

Current		
Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	52.79	16.41
Other Payables (Salary & Others)	531.90	548.30
Total	584.69	564.71

18. Provisions
18A. Non current

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
a) Employee benefits			
	Compensated absences	83.14	89.52
	Gratuity (Funded)	156.44	107.12
	Gratuity - Badli Workers (Unfunded)	410.40	396.68
b) Other provisions			
	Provision for Contingencies (Refer note 47 for movement in provision for contingencies)	892.15	845.35
	Total	1,542.12	1,438.67

18B. Current

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
Employee benefits			
	Compensated absences	14.44	11.20
	Gratuity (Funded)	137.71	138.97
	Total	152.15	150.17

19. Deferred tax balances

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

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	1,060.61	1,139.02
Deferred tax liabilities	1,060.61	1,139.02
Net	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Current Year (2021-2022)

(₹ in lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
a) Property, plant and equipment	(1,139.02)	78.41	(1,060.61)
b) Bonus	51.22	(1.03)	50.19
c) Doubtful debts	143.40	(59.42)	83.98
d) Defined benefit obligation	187.13	14.75	201.88
e) Lease Liabilities / ROU assets	1.77	(0.07)	1.70
f) Provision for Contingencies	212.76	11.78	224.54
g) Provision for Advances	17.64	(0.15)	17.49
h) MAT Credit	63.00	(0.00)	63.00
i) Others - Unabsorbed Depreciation and losses	462.10	(44.26)	417.84
Total	-	-	-

Previous Year (2020-2021)

(₹ in lakhs)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
a) Property, plant and equipment	(1,239.50)	100.48	(1,139.02)
b) Other liabilities & Provisions	50.77	0.45	51.22
c) Doubtful debts	145.31	(1.91)	143.40
d) Defined benefit obligation	132.03	55.10	187.13
e) Other financial Liabilities	1.75	0.02	1.77
f) Provision for Contingencies	203.59	9.17	212.76
g) Provision for Advances	20.16	(2.52)	17.64
h) MAT Credit	238.61	(175.61)	63.00
i) Others - Unabsorbed Depreciation and losses	447.28	14.82	462.10
Total	-	-	-

Unrecognised deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits

Particulars	As at March 31, 2022	As at March 31, 2021
Deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses including unabsorbed depreciation (revenue in nature)	27,696.20	24,616.92
	27,696.20	24,616.92

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

20. Other liabilities

20 Current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from customers	10.05	21.42
Statutory remittances	67.28	72.83
Total	77.33	94.25

21. Trade payables

21.1 Current

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables for Goods & Services		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 35)	0.84	21.44
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Parties	239.80	257.25
- Others	1,796.12	3,143.78
Sub Total	2,035.92	3,401.03
Total	2,036.76	3,422.47

22. Income tax assets

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Tax (Net)	66.97	68.42
Total	66.97	68.42

23. Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Revenue from contracts with customers		
(i) Sale of products		
Manufactured Goods	11,619.29	10,499.40
(ii) Sale of services		
Processing Income	326.91	20.85
	11,946.20	10,520.25
B) Other operating income		
i) Waste Sales	62.69	150.15
ii) Export incentives	-	0.25
Total	12,008.89	10,670.66

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

23.1. Reconciliation of revenue recognised with contract price:

(₹ in lakhs)

	Year Ended March 31, 2022	Year Ended March 31, 2021
Total contract price with customers	11,985.13	10,530.84
Less: adjusted for discounts and rebates	(38.93)	(10.59)
Less: adjusted for sales retruns	-	-
Revenue recognised (Goods and Services)	11,946.20	10,520.25

24. Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
a) Interest income earned on financial assets measured at amortised cost		
i) Interest on Security Deposits (From subsidiary)	0.20	10.04
ii) Bank deposits	0.30	0.41
iii) Interest on Security Deposits (From others)	3.38	7.40
Total (a)	3.87	17.85
b) Other Non-Operating Income		
i) Credit balances/ excess provision written back	18.72	18.08
Provision for trade receivables / doubtful loans and advances no longer required	-	-
ii) Rent income	90.85	78.82
iii) Miscellaneous income	169.76	58.28
Total (c)	279.33	155.17
c) Other gains and losses		
i) Gain/(loss) on disposal of PPE	119.42	63.65
ii) Net foreign exchange gains/(losses)	0.02	0.02
v) Net gain/(loss) arising on financial assets designated as at FVTPL	-	-
Total (d)	119.44	63.67
Total (a+b+c+d)	402.64	236.69

25. Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Raw material Stocks at the beginning of the Year	274.04	292.51
Purchases during the year	7,647.25	6,611.94
	7,921.29	6,904.45
Less: Raw material Stocks at the end of the Year	(217.66)	(274.04)
	7,703.63	6,630.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....
26. Changes in inventories of finished goods and work-in-progress

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (including stock in transit)	809.41	873.34
ii) Work-in-progress	385.42	506.40
	1,194.83	1,379.75
Inventories at the beginning of the year:		
i) Finished goods (including stock in transit)	873.34	917.22
ii) Work-in-progress	506.40	607.89
	1,379.74	1,525.11
Net decrease/(increase)	184.91	145.37
Total	7,888.53	6,775.78

27. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Salaries and Wages	2,361.53	2,417.91
ii) Contribution to provident and other funds	419.52	512.79
iii) Staff Welfare Expenses	269.11	275.97
Total	3,050.16	3,206.67

28. Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Interest costs of financial liabilities at amortised costs :-		
i) Interest on bank overdrafts and loans	-	-
ii) Interest on loans from related parties	1,045.08	963.94
iii) Interest on Others	47.29	47.82
v) Bank Charges	1.92	1.97
vi) Unwinding of lease liabilities	1.86	2.59
vii) Interest on liability component of compound financial instruments	356.10	320.04
Total	1,452.25	1,336.36

29. Depreciation and Amortisation expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Depreciation of property, plant equipment	537.19	596.75
ii) Amortisation of Intangible assets	1.38	1.26
ii) Amortisation of Right of Use assets	2.17	7.55
Total	540.74	605.54

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

30. Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spare parts	86.22	88.33
Consumption of packing Material	144.18	155.05
Processing charges	48.56	8.47
Power and fuel	1,539.69	1,537.49
Transportation, freight and handling charges	182.07	220.03
Hank Yarn Obligation	25.47	22.20
Rent and hire charges	3.62	1.03
	2,029.81	2,032.60
Repairs to :		
i) Buildings	29.87	23.53
ii) Plant and machinery	146.56	36.76
iii) Others	61.69	117.00
	238.12	177.29
Insurance	67.78	75.75
Rates and taxes	104.29	106.57
Brokerage and commission	5.83	57.01
Printing & Stationery	5.98	4.91
Communication	7.81	7.23
Legal and professional charges	94.04	83.31
Travelling and conveyance	8.13	6.24
Sundry Balances written off	0.08	1.87
Directors Sitting Fees	15.70	12.45
Provision for doubtful trade receivables	0.52	2.40
Provision for doubtful loans and advances	-	6.81
Bad Debts	36.18	-
Loss on sale of fixed assets	-	-
Miscellaneous expenses	103.43	70.87
	450	435.42
Total	2,717.70	2,645.31
a) To Statutory auditors		
i) For audit	10.00	12.00
ii) For tax audit fees	2.00	2.00
iii) For limited review and certification	7.00	8.75
	19.00	22.75
b) To cost auditors for cost audit	1.50	2.00
c) For reimbursement of expenses	0.27	0.17
Total (a+b+c)	20.77	24.92
Total	2,738.47	2,670.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....
31. 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 March 31, 2022	Year Ended March 31, 2021
A) Profit/(loss) for the year attributable to owners of the Company	(3,258.63)	(3,687.23)
B) Number of equity shares for the purposes of basic/diluted earnings per share (Quantity in Lakhs) (Nominal value of Rs. 10/- each)	64.99	64.99
Basic and diluted Earnings per share (A/B)	(50.14)	(56.73)

33. 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	Year Ended March 31, 2022	Year Ended March 31, 2021
Provident fund	244.00	479.51
Superannuation fund	11.77	12.67
Total contribution	255.77	492.18

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.

Sr. No.	Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,837.67	1,708.71
	Current Service Cost	62.83	56.21
	Interest Cost	116.83	103.85
	Past service cost	-	94.67
	Actuarial (Gain) / Loss on Obligation due to experience	(26.30)	65.88
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(4.58)	(31.37)
	Actuarial (Gain) / Loss on Obligation due to change in demographic assumptions	(1.32)	
	Benefits Paid	(123.82)	(160.28)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Sr. No.	Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
	Present value of the obligation at the end of the year	1,861.30	1,837.67
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	1,591.57	1,642.70
	Interest Income	100.75	99.22
	Return on plan assets excluding interest income	(4.50)	9.67
	Contributions by Plan Participants	0.26	0.26
	Benefits Paid	(120.93)	(160.28)
	Fair value of Plan Assets at the end of the year	1,567.16	1,591.57
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,861.30)	(1,837.67)
	Fair value of Plan Assets at the end of the year	1,567.16	1,591.57
	Net asset/(liability) at the end of the year	(294.14)	(246.09)
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	62.83	56.21
	Finance cost / (income)	16.09	4.63
	Past service cost	-	94.67
	Net impact on the loss before tax	78.91	155.50
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	(32.21)	34.51
	Return on plan asset excluding interest income	4.50	(9.67)
	Net (income) / expenses for the period recognised in other comprehensive income	(27.70)	24.85
f)	Actual return on Plan Assets		
	Interest Income	(100.75)	99.22
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	(100.75)	99.22
g)	Actuarial Assumptions		
	i) Discount Rate	6.90%	6.33%
	ii) Expected Rate of Return on Plan Assets	6.90%	6.33%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality		Indian Assured Lives Mortality(2006-08) Ultimate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

(₹ in lakhs)

Maturity Analysis of the benefit payments : from the fund	Year Ended March 31, 2022	Year Ended March 31, 2021
Projected Benefits payable in future years from the date of reporting		
1 St Following Year	230.64	182.11
2 nd Following Year	135.98	103.36
3 rd Following Year	181.40	161.46
4 th Following Year	177.07	195.07
5 th Following Year	221.35	168.28
Sum of years 6 th to 10 th	1,003.97	967.78
Sum of years 11 th and above	949.58	1,117.87

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	Year Ended March 31, 2022	Year Ended March 31, 2021
Projected Benefit obligation On Current Assumptions	1,861.30	1,837.67
Delta effect of +1% Change in rate of Discounting	(97.99)	(108.32)
Delta effect of -1% Change in rate of Discounting	108.04	120.26
Delta effect of +1% Change in rate of Salary increase	110.09	121.92
Delta effect of -1% Change in rate of Salary increase	(101.52)	(111.67)
Delta effect of +1% Change in rate of Employee Turnover	17.39	16.46
Delta effect of -1% Change in rate of Employee Turnover	(18.64)	(17.74)

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, 2022 is Rs. 410.40 lakhs (March 31, 2021 is Rs. 396.68 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.

33. Lease

The company has taken certain office premises and leasehold land under cancellable operating leases. In the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

debts. Lease agreements of the company do not contain any variable lease payment or any residual value guarantees. The company has not entered into any sublease agreement.

Information in respect of leases for which right-of-use assets and corresponding lease liabilities have been recognised are as follows:

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
Carrying amount right-of-use assets at beginning of the year	12.18	19.72
Additions to right-of-use assets during the year	-	-
Deletions to right-of-use assets during the year	(1.34)	-
Amortisation of right-of-use assets during the year	2.18	7.55
Interest expense (unwinding of discount) on lease liabilities	1.86	2.59
Total cash outflows in respect of leases	4.33	10.04
Carrying amount right-of-use assets at year end	8.66	12.18

(Refer note 42 for maturity analysis of lease liabilities)

Lease rentals of Rs. 3.62 lakhs (PY: Rs. 1.03 lakhs) in respect of short term lease have been recognised in the statement of profit and loss as rent expense.

33B. Financial Ratios

Ratio	Numerator	Denominator	FY 21-22	FY 20-21	% Variance	Remarks for variance more than 25%
Current Ratio (times)	Total Current Assets	Total Current Liabilities	0.81	0.73	11%	-
Inventory turnover ratio (times)	COGS	Average Inventory	4.48	3.45	30%	Revenue increased compared to last year and better planning of procurement & consumption in current year resulted in efficiency.
Trade receivables turnover ratio (times)	Revenue from Operations	Average Accounts Receivable	28.27	19.18	47%	Revenue increased compared to last year and moreover timely debtor collections in current year resulted in efficiency.
Trade payable turnover ratio (times)	Purchases/ Services Unbilled	Average Accounts Payable	2.8	2.11	33%	outstanding creditors were paid during the year.
Net profit ratio (%)	Profit/(Loss) for the year	Revenue from Operations	-26.9	-34.79	-23%	-

Note: The total equity of the Company is negative. Accordingly Profitability ratio & Solvency Ratio for the year is not applicable.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

34. Related Party Disclosures

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
Eureka Forbes Limited
Forbes Facility Services Pvt Ltd
Manjri Stud Farm Pvt Ltd
Relationship Properties Pvt Ltd
Suryoday One Energy Pvt Ltd
Forvol International Services Limited
SP Infra CCPL
Evangelos Ventures Pvt. Ltd.

Trusts

Gokak Falls Education and medical Trust
Gokak Textiles Gratitude Fund

Key Management Personnel and their relatives:-

CEO & Managing Director, Mr. Ramesh R Patil
Chief Financial Officer, Mr. Avadhut Sarnaik (upto May 1, 2021)
Chief Financial Officer, Mr. Vipin Kumar Sharma (appointed w.e.f June 28, 2021)
Company Secretary, Mr. Rakesh Nanwani.

Directors:

Mr. Nikhil Bhatia
Mr. Pradip N. Kapadia
Mr. D. G. Prasad
Mr. Vinod Bhandawat
Ms. Tripti J. Navani

Particulars of transaction with Related Parties

(₹ in lakhs)

	Year ended March 31, 2022 (Previous Year March 31, 2021)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
1	Nature of Transactions						
	INCOME						
(i)	Interest	-	0.12	-	-	-	0.12
	<i>Previous Year</i>	-	9.95				9.95
(ii)	Sale of Goods	5.90	-	0.25	-	-	6.15
	<i>Previous Year</i>	17.76	-	8.20	-	-	25.96

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

	Year ended March 31, 2022 (Previous Year March 31, 2021)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
(iii) Rent	-	-	-	23.15	-	-	23.15
<i>Previous Year</i>	-	-	-	10.71	-	-	10.71
2 EXPENSES							
(i) Rent	-	-	-	23.15	-	-	23.15
<i>Previous Year</i>	-	-	-	10.71	-	-	10.71
(ii) Services	19.29	-	-	0.32	-	-	19.62
<i>Previous Year</i>	14.37	-	-	0.00	-	-	14.37
(iii) Purchase of Electricity (incl Electricity Tax)			678.49	11.36	-	-	689.85
<i>Previous Year</i>			726.41	62.54	-	-	788.95
(iv) Director's sitting fees	-	-	-	-	15.70	-	15.70
<i>Previous Year</i>	-	-	-	-	12.45	-	12.45
(v) Interest	972.56	-	-	72.53	-	-	1,045.08
<i>Previous Year</i>	963.94	-	-	-	-	-	963.94
(vi) KMP Remuneration	-	-	-	-	78.52	-	78.52
<i>Previous Year</i>	-	-	-	-	99.34	-	99.34
3 Reimbursements							
Amount recovered on behalf	-	-	-	-	-	8.90	8.90
<i>Previous Year</i>	-	-	-	-	-	14.84	14.84
4 Preference Shares Issued during the year	-	-	-	-	-	-	-
<i>Previous Year</i>	100.00	-	-	-	-	-	100.00
5 ICD Taken	-	-	-	1,700.00	-	-	1,700.00
<i>Previous Year</i>	450.00	-	-	-	-	-	450.00
6 ICD Repaid	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	-	-	-	-	-
7 Deposits given	-	-	100.00	-	-	-	100.00
<i>Previous Year</i>	-	-	-	-	-	-	-
8 OUTSTANDINGS							
Deposits Receivables	-	-	1.00	-	-	-	1.00
<i>Previous Year</i>	-	-	100.00	-	-	-	100.00
Receivables	0.86	-	-	24.57	-	-	25.43
<i>Previous Year</i>	5.16	-	-	38.08	-	-	43.24
Payables	11,609.23	171.47	1,772.44	-	-	1.29	13,554.42
<i>Previous Year</i>	10,677.57	200.43	7.16	-	-	0.90	10,886.06
Preference shares balance	17,500.00	-	-	-	-	-	17,500.00
<i>Previous Year</i>	17,500.00	-	-	-	-	-	17,500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....
34A Details of Related Party Transactions

(₹ in lakhs)

Nature Of Transaction	Year Ended March 31, 2022	Year Ended March 31, 2021	Nature Of Transaction	Year Ended March 31, 2022	Year Ended March 31, 2021
Services Received (Expense)			Amounts Recovered On Behalf		
Shapoorji Pallonji & Company Private Limited	19.29	14.37	Gokak Falls Education & Medical Trust	8.90	14.84
Forvol International Services Limited	0.32	-			
Forbes & Co Limited*	0.00	0.00	KMP Remuneration		
			R R Patil	54.67	59.97
Rent (Income)			Avadhut Sarnaik	-	33.42
Suryoday One Energy Private Limited	23.15	10.71	Rakesh Nanwani	6.47	5.95
			Vipan Kumar Sharma	17.38	-
Interest Income			Sitting Fees		
Gokak Power & Energy Limited	0.12	9.95	Mr. Pradeep Kapadia	5.00	4.00
			Mr. D G Prasad	4.25	3.25
Sale of Goods			Mr. Vasant Sanzgiri	-	0.90
Shapoorji Pallonji & Company Private Limited - New Delhi	1.94	1.06	Ms. Tripti J. Navani	1.25	1.00
Shapoorji Pallonji & Company Private Limited -Kolkata	-	0.85	Mr. Nikhil Bhatia	3.50	2.75
Shapoorji Pallonji & Company Private Limited -Chennai	-	0.96	Mr. Vinod Bhandawat	1.70	0.55
Shapoorji Pallonji & Company Private Limited - Karnataka	3.96	4.14			
Shapoorji Pallonji & Co Private Limited - Qatar	-	5.39	Deposit Receivable		
Shapoorji Pallonji & Co Private Limited - Mumbai RO	-	2.86	Gokak Power & Energy Limited	1.00	100.00
Shapoorji Pallonji & Co Private Limited - Jammu & Mandi	-	0.21			
Shapoorji Pallonji & Co Private Limited - EPC Mumbai	-	1.61	Receivables		
Shapoorji Pallonji & Company Private Limited -Mumbai	-	0.24	Shapoorji Pallonji & Company Private Limited - Mumbai	-	0.26
Shapoorji Pallonji & Company Private Limited - HO	-	0.43	Shapoorji Pallonji & Company Private Limited - HO	-	0.45
SP Infra CCPL	-	0.05	Shapoorji Pallonji & Company Private Limited - New Delhi	0.47	0.82
Eureka Forbes Limited	-	6.86			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Nature Of Transaction	Year Ended March 31, 2022	Year Ended March 31, 2021	Nature Of Transaction	Year Ended March 31, 2022	Year Ended March 31, 2021
Relationship Properties Private Limited	0.25	0.19	Shapoorji Pallonji & Company Private Limited - Kolkata	-	0.16
Forbes Facility Services Private Limited	-	0.86	Shapoorji Pallonji & Company Private Limited - Chennai	-	0.19
Manjri Stud Farm Private Limited	-	0.24	Shapoorji Pallonji & Company Private Limited - Karnataka	0.39	0.91
			Shapoorji Pallonji & Co Private Limited - Quatar	-	2.38
Purchase Of Electricity			Suryoday One Energy Private Limited	24.57	38.08
Gokak Power & Energy Limited (Including Electricity Tax)	678.49	726.41			
Suryoday One Energy Private Limited	11.36	62.54			
Interest Expense On ICD			Payables		
Shapoorji Pallonji & Company Private Limited	972.56	963.94	Shapoorji Pallonji & Company Private Limited (ICD)	11,548.06	10,627.91
Evangelos Ventures Pvt. Ltd.	72.53	-	Evangelos Ventures Pvt. Ltd. (ICD)	1,765.27	-
			Gokak Falls Education & Medical Trust	1.29	0.90
Loans Taken			Gokak Power & Energy Limited	171.47	200.43
Shapoorji Pallonji & Company Private Limited	-	450.00	Forbes & Company Limited	7.16	7.16
Evangelos Ventures Pvt. Ltd.	1,700.00	-	Shapoorji Pallonji & Company Private Limited (Mumbai)	61.17	49.66
Deposits Given			Preference Shares Balance		
Gokak Power & Energy Limited	-	100.00	Shapoorji Pallonji & Company Private Limited	17,500.00	17,500.00

* Value of transaction is ₹ 12/-

Compensation of key management personnel of the Company	Year Ended March 31, 2022	Year Ended March 31, 2021
Short-term employee benefits	78.52	99.34
Post-employment benefits#	-	-
Other long-term benefits#	-	-
Share-based payments	-	-

As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....
35 a) Micro, Small and Medium Enterprises

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

(₹ in lakhs)

Sr. No.	Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
1	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	0.84	21.44
2	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	16.24
3	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
4	The amount of interest accrued and remaining unpaid at the end of year; and	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

b) Trade payables Ageing Schedule :
As on 31 March, 2022

Particulars	Outstanding for following periods from due date of payments					Total Outstanding
	Not Due	Less Than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.84	-	-	-	-	0.84
Others	760.55	1,133.92	57.36	70.72	13.37	2,035.92
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	761.39	1,133.92	57.36	70.72	13.37	2,036.76

As on 31 March, 2021

Particulars	Outstanding for following periods from due date of payments					Total Outstanding
	Not Due	Less Than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	21.44	-	-	-	-	21.44
Others	1,038.93	2,042.65	71.27	207.60	40.59	3,401.03
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	1,060.38	2,042.65	71.27	207.60	40.59	3,422.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

36 Fair Value Disclosures

(₹ in lakhs)

A)	Categories of Financial Instruments:	Year Ended March 31, 2022			Year Ended March 31, 2021		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.03	-	-	0.03	-	-
	Trade Receivables	-	-	332.82	-	-	516.63
	Cash & Bank Balances	-	-	196.36	-	-	338.25
	Bank balances other than above	-	-	2.84	-	-	2.77
	Other Financial Assets	-	-	235.19	-	-	538.31
		0.03	-	767.21	0.03	-	1,395.96
ii)	Financial liabilities						
	Borrowings	-	-	16,833.27	-	-	13,791.75
	Lease Liabilities	-	-	15.42	-	-	19.23
	Trade Payables	-	-	2,036.76	-	-	3,422.47
	Other Financial Liabilities	-	-	584.69	-	-	564.71
		-	-	19,470.14	-	-	17,798.16

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

Fair Value Hierarchy and Method of Valuation

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

B)	Financial Assets	March 31, 2022					
		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, 2021					
		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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

- C) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2022

37 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 10A 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, 2022	As at March 31, 2021
Total Equity	(10,022.26)	(6,791.38)
Short Term Borrowings	-	-
Long Term Borrowings	16,833.27	13,791.75
Total Debt	16,833.27	13,791.75
Cash & bank balances	199.20	341.02
Net Debt	16,634.07	13,450.73
Debt Equity Ratio = Net debt / Total Equity	(1.66)	(1.98)

38 Financial risk management objectives

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

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

39 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.

40 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:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Particulars	As at March 31, 2022	As at March 31, 2021
Export receivables in US \$ (in lakhs)	-	-
Overseas payables in US \$ (in lakhs)	-	-
Total	-	-

Foreign currency sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on profit & loss :

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
+ 2% increase in foreign exchange rates	-	-
- 2% increase in foreign exchange rates	-	-

41 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, 2022	March 31, 2021
- Expiring within one year (Bank CC Limits Sanctioned)	-	-

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	Total	March 31, 2022			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	16,833.27	-	-	-	16,833.27
Trade Payables	2,036.76	2,036.76	-	-	-
Lease Liabilities	15.42	2.17	4.73	0.43	8.09
Other Financial Liabilities	584.69	584.69	-	-	-
	19,470.14	2,623.62	4.73	0.43	16,841.36

(₹ in lakhs)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

Maturities of Financial Liabilities	Total	March 31, 2020			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	13,791.75	-	-	-	13,791.75
Trade Payables	3,422.47	3,422.47	-	-	-
Lease Liabilities	19.23	3.81	9.42	0.74	5.26
Other Financial Liabilities	564.71	564.71	-	-	-
	17,798.16	3,990.99	9.42	0.74	13,797.01

42 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.

(₹ in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Variable-rate instruments		
Financial liabilities		
Borrowing	-	-
Total	-	-
Fixed-rate instruments		
Financial liabilities		
Borrowing	13,313.34	10,627.91
Total	13,313.34	10,627.91

Interest Rate sensitivity

100 basis points increase or decrease in Interest rates will have the following impact on profit & loss:

(₹ in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
- 100 basis points increase	-	-
+ 100 basis points decrease	-	-

- 43** 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

(₹ in lakhs)

Maturities of Financial Assets	Total	March 31, 2022			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.03	-	-	-	2,499.03
Trade Receivables	332.82	332.82	-	-	-
Cash and Bank balances	196.36	196.36	-	-	-
Bank balances other than above	2.84	2.84	-	-	-
Other Financial Assets	235.19	93.70	-	-	141.49
	3,266.24	625.72	-	-	2,640.52

(₹ in lakhs)

Maturities of Financial Assets	Total	March 31, 2021			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.03	-	-	-	2,499.03
Trade Receivables	516.63	516.63	-	-	-
Cash and Bank balances	338.25	338.25	-	-	-
Bank balances other than above	2.77	2.77	-	-	-
Other Financial Assets	538.31	294.96	-	-	243.35
	3,894.99	1,152.61	-	-	2,742.38

44. Contingent liabilities:-

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
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) Provident Fund	-	-
3 Other:		
i) Demand for increased lease rent (as per lease rent agreement, rent was to be reviewed by the Government authorities; however it was not reviewed and demand for the same was raised during the year 2018-19. The Company has disputed on the grounds of inappropriate calculation and restrospective effect of the same)	9,858.98	9,858.98
Total	10,189.91	10,189.91

44.1 Contingent liabilities above represent estimates made mainly for probable claims arising out of litigation and disputes pending with tax authorities. The probability and timing of outflow with regard to these matters depend on the final outcome of litigations / disputes. Hence the Company is not able to reasonably ascertain the timing of the outflow.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

44.2 The Company is subject to legal proceedings and claims which arise in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's operations or financial condition.

45. Bonus Payable :-

The Company has made an application to Labour Commissioner on November 24, 2020 to defer the payment of bonus for the year 2019-20 till November 2022.

46. 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% during the year.

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

	As at March 31, 2022	As at March 31, 2021
Revenue from domestic sales and Services	11,946.20	10,506.61
Revenue from export sales	-	13.64
Total	11,946.20	10,520.25

47. 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 March 31, 2022	As at March 31, 2021
1	Balance as at the beginning of the year	845.35	808.91
2	Add:	46.80	46.80
3	Less: Reversal	-	(10.36)
4	Balance as at the end of the year	892.15	845.35

48. 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.

49. The Company has standalone accumulated losses of ₹ 33,249.74 lakhs as at March 31, 2022 and the Company has a negative net worth of Rs. 10,022.26 lakhs. The continuity of the operations of the Company is dependent upon the continued operational and financial support of the Holding Company. The Company has witnessed demand for its yarns during the current period and the Management believes that it is likely to continue. Due to adequate labour available at the Plant the Company will be able to meet the demand. Further the Company anticipates cost savings on raw materials and other operating expenses in the current year due to alternative options available. Currently, the Company does not have any external borrowings. Based on these reasons, the financial statements of the Company have been prepared on a going concern basis.

50. Disclosure requirement as notified by MCA pursuant to amended schedule III :

- 1) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 Cont.....

- 2) The Company does not have any transactions with companies struck off.
 - 3) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 - 4) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
 - 5) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
 - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
 - 6) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
 - 7) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
 - 8) The company has not been declared as a wilful defaulter.
 - 9) The Company has not made any Loans or Advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
 - (a) repayable on demand or
 - (b) without specifying any terms or period of repayment
51. The Board of Directors of Gokak Textiles Ltd (“Gokak” or the Transferee Company”) at their Board Meeting held on November 12, 2021, have inter alia, approved the Composite Scheme of Arrangement (“the scheme”) under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder. The Scheme, inter alia, provides for:
- a. amalgamation by way of absorption and vesting of Suryoday One Energy Private Limited (“Suryoday”) with and into Gokak and;
 - b. Reduction of Share Capital and Re-organisation of reserves of Gokak in a manner as set out in the Scheme.
- The “appointed date” as per the scheme is the 1st day of April, 2021 or such other date as may be approved by the Honourable National Company Law Tribunal(s), for the purposes of this Scheme. The Scheme as aforesaid shall be subject to necessary approvals by the Stock Exchanges, Securities and Exchange Board of India, Shareholders, applicable Jurisdictional Bench of National Company Law Tribunal (“NCLT”) and such other statutory and regulatory approvals as may be required.”
52. Approval of Financial Statements:- The financial statements were approved for issue by the board of directors on May 26, 2022.
53. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

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

Vipan Kumar Sharma
Chief Financial Officer

Vinod Bhandawat
Chairman
(DIN: 02873571)

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: May 26, 2022

Place: Mumbai
Date: May 26, 2022

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 Group"), which comprise the consolidated balance sheet as at March 31, 2022 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 consolidated state of affairs of the Group as at March 31, 2022, of its loss (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Group 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.

Emphasis of Matter

We draw attention to note 55 of the Consolidated financial statements which describes that the Board of Directors at their meeting held on November 12, 2021 have inter alia, approved the Composite Scheme of Arrangement ("the Scheme") under section 230 to 232 read with 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder. The Scheme, inter alia, provides for amalgamation by way of absorption and vesting of Suryoday One Energy Private Limited ("Suryoday") with and into the Company and Reduction of Share Capital and Re-organisation of reserves of the Company in a manner as set out in the Scheme. Pending the requisite approvals for the Scheme as stated in said Note, these consolidated financial statements of the Group are prepared without giving effect to the said Scheme.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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, 2022, the Group held provisions of Rs. 892.15 lakhs in respect of legal claims and has disclosed total contingent liabilities of Rs. 10,189.91 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, Note 51 and Note 3(k) of financial statements for contingent liabilities and provisions and accounting policies related disclosures.

How the matter was addressed in our audit:

- 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 the Key Audit Matter:**

During the year, the Group incurred loss before tax (including other comprehensive income) of Rs. 31,146.67 lakhs and had accumulated losses of Rs. 39,011.40 lakhs as on March 31, 2022. Further the net worth of the Group has been eroded as at the year end. 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 53 of the consolidated financial statements.

How the matter was addressed in our audit:

- 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 of current borrowings based on past experience of the Group.

- 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 Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report, 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.

Responsibilities of Management and the Board of Director's for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are 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 Consolidated state of affairs, Consolidated profit / loss and other comprehensive income, consolidated changes in equity and consolidated 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. The respective Management and Board of Director of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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, which have been used for the purpose of preparation of the Consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the Companies included in the Group 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the entity included in the consolidated financial statements of which we are the independent auditors.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated 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

ii) 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) The consolidated balance sheet, the statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated 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 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 of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary incorporated in India, none of the directors of the Holding Company and its subsidiary is disqualified as on March 31, 2022 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 Holding Company and its subsidiary Company 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 Holding Company to the directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group (Refer Note 49 of the consolidated financial statements.)
 - ii. The Group 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 Holding Company and its Subsidiary Company.
 - iv. (a) The respective Managements of the Holding Company and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise,

that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Holding Company and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Holding Company or its subsidiary has not declared or paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except as below.

Name of the entity	CIN	Relationship	Clause number of the CARO report.
Gokak Power & Energy Ltd	U40103KA2012PLC062107	Subsidiary	Clause ix (a) *

*Clause pertains to default in repayment of bank loan

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

Kaushal Mehta
Partner
Membership No. 111749
ICAI UDIN: 22111749AJQWSV8938

Place : Mumbai
Date : May 26, 2022

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")

Opinion

In conjunction with our audit of the consolidated financial statements of Gokak Textiles Limited ("the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting with respect of the Consolidated financial statements of the Holding Company and its subsidiary incorporated in India as of that date.

In our opinion, and to the best of our information and according to the explanations given to us the Holding 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 March 31, 2022 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

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are 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 Internal Financial Controls over Financial Reporting of the Holding Company and its Subsidiary Company incorporated in India 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") issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls. 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 Holding Company's and subsidiary Company's Internal Financial Controls system over Financial Reporting with reference to the Consolidated Financial statements.

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.

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No. 111749
ICAI UDIN: 22111749AJQWSV8938

Place : Mumbai

Date : May 26, 2022

GOKAK TEXTILES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2022

Particulars	Note No.	As at 31 st March 2022 (₹ In Lakhs)	As at 31 st March 2021 (₹ In Lakhs)
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	4	7,891.32	8,567.17
b) Capital work-in-progress		-	-
c) Right of use asset	5	8.66	12.18
d) Investment Property	6	11.35	11.35
e) Other Intangible assets	7	5.63	7.01
		7,916.96	8,597.71
f) Financial Assets:			
i) Investments			
a) Other Investments	8	0.03	0.03
		0.03	0.03
ii) Other financial assets	9A	140.49	143.35
		140.52	143.38
g) Tax assets			
i) Deferred tax assets (net)			
ii) Income tax assets (net)	11	77.97	83.21
		77.97	83.21
h) Other non-current assets	12A	626.23	629.45
Total Non-current assets		8,761.68	9,453.75
2 Current assets			
a) Inventories	13	1,609.69	1,847.71
b) Financial Assets:			
i) Trade receivables			
ii) Cash and cash equivalents	15A	197.22	339.90
iii) Bank balances other than (ii) above	15B	794.90	767.20
iv) Other financial assets	9B	93.70	296.49
		1,485.87	2,347.06
c) Other current assets	12B	100.52	105.33
		1,586.39	2,452.39
Assets classified as held for sale	16	16.29	17.60
Total Current assets		3,212.37	4,317.70
		11,974.05	13,771.45
Equity and Liabilities			
Equity			
a) Equity share capital	17	649.93	649.93
b) Other equity	18	(16,433.86)	(13,580.32)
Equity attributable to owners of the Company		(15,783.93)	(12,930.39)
Total Equity		(15,783.93)	(12,930.39)

Particulars	Note No.	As at 31 st March 2022 (₹ In Lakhs)	As at 31 st March 2021 (₹ In Lakhs)
Non Controlling Interest		(1,543.69)	(1,282.56)
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	19	16,833.27	14,765.75
ii) Lease liabilities		13.25	15.42
iii) Other financial liabilities		-	-
		16,846.52	14,781.17
b) Provisions	20A	1,543.77	1,440.14
Total Non-current liabilities		18,390.29	16,221.31
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	21	8,170.67	7,672.38
ii) Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		0.84	21.44
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,875.67	3,209.00
iii) Lease Liabilities		2.17	3.81
iv) Other financial liabilities	23	610.48	588.96
		10,659.83	11,495.59
b) Provisions	20B	160.58	159.32
c) Other current liabilities	24	90.97	108.18
		251.55	267.50
Total Current Liabilities		10,911.38	11,763.09
Total Liabilities		29,301.67	27,984.40
Total Equity and Liabilities		11,974.05	13,771.45

See accompanying notes forming part of the financial statements

1 to 58

As per our report of even date

For Gokak Textiles Limited

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

Vipan Kumar Sharma
Chief Financial Officer

Vinod Bhandawat
Chairman
(DIN: 02873571)

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: May 26th, 2022

Place: Mumbai
Date: May 26th, 2022

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars		Note No.	Year ended 31 st March, 2022 (₹ In Lakhs)	Year ended 31 st March, 2021 (₹ In Lakhs)
I	Revenue from operations	25	12,584.05	11,081.43
II	Other income	26	433.23	244.56
III	Total Income (I + II)		13,017.28	11,325.99
IV	Expenses:			
	Cost of materials consumed	27	7,703.63	6,630.41
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	184.91	145.37
	Employee benefits expense	29	3,127.81	3,275.93
	Finance costs	30	2,151.11	2,126.27
	Depreciation and amortisation expense	31	645.32	709.38
	Other expenses	32	2,352.88	2,240.80
	Total expenses		16,165.65	15,128.16
V	Profit / (Loss) before exceptional items and tax (III - IV)		(3,148.37)	(3,802.17)
VI	Exceptional items - Income		-	-
VII	Profit / (loss) before tax (V + VI)		(3,148.37)	(3,802.17)
VIII	Tax expense:			
	(a) Current tax	33	-	-
	(b) Deferred tax	33	-	-
IX	Profit / (loss) for the year		(3,148.37)	(3,802.17)
X	Other Comprehensive Income			
	(a) Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans (net of taxes)		33.70	(29.32)
	(b) Items that will be reclassified to profit or loss		-	-
	Other Comprehensive Income		33.70	(29.32)
XI	Total Comprehensive Income / (loss) for the year (IX + X)		(3,114.67)	(3,831.49)
XII	Profit / (loss) for the year attributable to:			
	- Owners of the Company		(2,884.30)	(3,410.68)
	- Non-controlling interests		(264.07)	(391.49)
XIII	Other comprehensive income for the year attributable to:		3148.37	3802.17
	- Owners of the Company		30.76	(27.12)
	- Non-controlling interests		2.94	(2.20)
XIV	Total comprehensive income / (loss) for the year attributable to:		33.70	(29.32)
	- Owners of the Company		(2,853.54)	(3,437.80)
	- Non-controlling interests		(261.13)	(393.68)
			(3,114.67)	(3,831.49)
XV	Earning per equity share	34	(44.38)	(52.48)
	Basic and diluted earnings per equity share (in Rs)			

See accompanying notes forming part of the financial statements

1 to 58

As per our report of even date

For Gokak Textiles Limited

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

Vipan Kumar Sharma
Chief Financial Officer

Vinod Bhandawat
Chairman
(DIN: 02873571)

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: May 26th, 2022

Place: Mumbai
Date: May 26th, 2022

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2022

	Year ended 31 st March, 2022 (₹ In Lakhs)	Year ended 31 st March, 2021 (₹ In Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(3,148.37)	(3,802.17)
Adjustments for:		
Depreciation	645.32	709.38
Interest income	(34.44)	(25.41)
Interest and financial charges	2,151.11	2,126.27
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(119.42)	(63.65)
Credit balances / excess provision written back	(18.74)	(18.37)
Net Foreign exchange gains/(losses)	(0.02)	(0.02)
Provision for Doubtful Debts	8.19	2.40
Trade and other receivable advance written off	36.26	9.36
Provision for Doubtful Advances	-	6.81
Operating loss before working capital changes	(480.10)	(1,055.40)
Adjustments for :		
(Increase)/ Decrease in Inventories	238.02	174.32
(Increase)/ Decrease in Trade and other receivables	713.97	538.44
(Increase)/ Decrease in Provisions	138.58	182.42
Increase/ (Decrease) in Trade payables and other liabilities	(1,330.89)	331.84
Cash generated from operations	(720.42)	171.62
Direct Taxes (paid) / refund	5.24	18.59
Net cash (used in) / from operating activities	(715.17)	190.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of PPE and Intangible assets	(10.73)	(32.93)
Sale of Fixed Assets	167.75	126.27
Net Movement in bank balance not considered as cash and cash equivalents	(27.70)	216.66
Interest received	34.44	25.41
Net cash (used in)/ from investing activities	163.76	335.41
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long/Short Term Borrowing	940.12	450.00
Repayment of Long/Short Term Borrowing	(347.96)	(625.89)
Lease rentals paid	(7.83)	(10.04)
Interest paid	(175.58)	(319.63)
Net cash (used in)/from financing activities	408.75	(505.56)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(142.67)	20.06

		Year ended 31 st March, 2022 (₹ In Lakhs)	Year ended 31 st March, 2021 (₹ In Lakhs)
	Cash and Cash equivalents at the beginning of the year	339.90	319.84
	Cash and Cash equivalents at the end of the year	197.22	339.90
D.	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on Hand	2.04	2.92
	Balances with banks:		
	- In current accounts	195.17	336.98
	- In deposit accounts		
		197.22	339.90

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

Particulars	As on 1st April 2021	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31st March 2022
Long Term & Short Term Borrowings	18,918.19	416.58	5,313.07	24,647.84
Debt component of preference shares	3,519.94	-	(3,163.84)	356.10

Notes

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

As per our Report attached

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26th, 2022

Vipan Kumar Sharma
Chief Financial Officer

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

For Gokak Textiles Limited

Vinod Bhandawat
Chairman
(DIN: 02873571)

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

Place: Mumbai
Date: May 26th, 2022

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

a. Equity share Capital**Current reporting period**

(₹ In Lakhs)

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at March 31, 2022
649.93	-	649.93	-	649.93

Previous reporting period

(₹ In Lakhs)

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at March 31, 2021
649.93	-	649.93	-	649.93

(₹ In Lakhs)

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	
Balance as at 01 April 2020	15,417.23	7,160.32	(32,720.06)	(25,559.74)	(10,142.51)
Changes in equity share capital due to prior period errors or change in accounting policy	-	-	-	-	-
Restated balance as at 01 April 2020	15,417.23	7,160.32	(32,720.06)	(25,559.74)	(10,142.51)
Profit/(loss) for the year	-	-	(3,410.68)	(3,410.68)	(3,410.68)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	(27.12)	(27.12)	(27.12)
Total comprehensive income for the year	-	-	(3,437.80)	(3,437.80)	(3,437.80)
Balance at 31 March, 2021	15,417.23	7,160.32	(36,157.86)	(28,997.56)	(13,580.32)
Changes in equity share capital due to prior period errors or change in accounting policy	-	-	-	-	-
Restated balance at the beginning of the current reporting period 01 April 2021	15,417.23	7,160.32	(36,157.86)	(28,997.56)	(13,580.32)
Profit/(loss) for the year	-	-	(2,884.30)	(2,884.30)	(2,884.30)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	30.76	30.76	30.76
Total comprehensive income for the year	-	-	(2,853.53)	(2,853.53)	(2,853.53)
Balance at 31 March, 2022	15,417.23	7,160.32	(39,011.40)	(31,851.09)	(16,433.86)

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Vipan Kumar Sharma

Chief Financial Officer

Kaushal Mehta

Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary

(Membership No. A45718)

Place: Mumbai

Date: May 26th, 2022

For Gokak Textiles Limited

Vinod Bhandawat

Chairman
(DIN: 02873571)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai

Date: May 26th, 2022

GOKAK TEXTILES LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....****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 MARCH, 2022 Cont.....

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 %)	
			31st March, 2022	31st March, 2022
Gokak Power & Energy Limited	Subsidiary	India	51%	51%

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

- 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.

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 40 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

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.

Impairment of financial asstes: The Group 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

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.

(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 for Mills unit and FIFO basis for Garment Division.
2	Raw Materials:	
	(i) Cotton & Other Fibers	Specific identification for Mills unit and FIFO basis for garment unit.
	(ii) Others	Weighted average
3	Stock-in-Process	Aggregate of material cost and production overheads and other attributable expenses up to stage of completion.
4	Finished Goods:	
	(i) Produced	Aggregate of material cost and production overheads.

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

(g) Borrowing Cost :

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

(h) Revenue Recognition :

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured on the basis of contracted price, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Our customers have the contractual right to return goods only when authorised by the Group. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

(i) Manufacturing and Operating Expenses :

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

(j) Foreign Exchange Transactions :

The functional currency of the group is the Indian rupee. These consolidated financial statements are presented in Indian rupees (rounded off to lakh).

Foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at the year-end rate and difference in translation and realised gains and losses on foreign exchange transactions are recognised in the statement of profit and loss.

(k) Provisions and Contingent Liability :

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or where any present obligation can not be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made."

(l) Grants :

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

(m) Accounting for Taxes on Income :

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

Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Deferred tax assets and liabilities are determined for all temporary timing difference arising between the taxable income and accounting income. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if it probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

(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.

(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 :

The Group leases primarily consist of leases of land and office premises. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the date of commencement of the lease, the Group recognizes a ROU and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and/or low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Currently, ROU assets are being amortised over a period of 3-5 years based on lease term being lower of lease term and estimated useful life of underlying assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activities in statement of cash flows."

As a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.”

(v) 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 Group are segregated.

(w) Recent accounting pronouncements

The Ministry of Corporate Affairs (“MCA”) notifies new standards / amendments under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

- (a) Ind AS 16 | Property, plant and equipment** – The amendment requires that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group does not expect the amendment to have any significant impact in its financial statements.
- (b) Ind AS 37 | Provisions, contingent liabilities and contingent assets** – The amendment clarifies in relation to onerous contracts that the cost of fulfilling a contract comprises the costs that relate directly to the contract which consist of incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts. The Group does not expect the amendment to have any significant impact in its financial statements.
- (c) Ind AS 103 | Business combinations** – The amendment clarifies that while applying the acquisition method for recognition, the assets and liabilities taken over, in a business combination, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Group does not expect the amendment to have any impact in its financial statements.
- (d) Ind AS 109 | Financial instruments** – The amendment clarifies that while determining the fees paid (net of fees received) when a borrower applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability, the borrower to include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group does not expect the amendment to have any significant impact in its financial statements.”
- (e) Ind AS 41 – Agriculture** -The amendment relates to recognition and measurement of biological assets or agricultural produce. The Group does not expect the amendment to have any impact in its financial statements.

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 1st April 2020	11.10	3,853.94	8,239.81	235.08	29.81	12,369.74
Additions	-	-	11.56	0.51	20.45	32.52
Disposal	-	(157.93)	(1,195.48)	(1.47)	(1.22)	(1,356.10)
Balance as at 31st March 2021	11.10	3,696.01	7,055.88	234.12	49.03	11,046.16
Additions	-	-	1.35	0.93	8.45	10.73
Disposal	-	-	(790.19)	(0.91)	(36.34)	(827.44)
Balance as at 31st March 2022	11.10	3,696.01	6,267.04	234.14	21.14	10,229.45
Depreciation						
Balance as at 1st April 2020	-	897.22	1,996.67	172.36	5.63	3,071.88
Depreciation expense	-	191.88	493.25	12.50	2.96	700.58
Eliminated on disposals of assets	-	(97.59)	(1,194.48)	(1.41)	-	(1,293.48)
Balance as at 31st March 2021	-	991.51	1,295.44	183.44	8.59	2,478.99
Depreciation expense	-	184.36	444.73	7.10	5.58	641.77
Eliminated on disposals of assets	-	-	(747.21)	(0.88)	(34.54)	(782.63)
Balance as at 31st March 2022	-	1,175.88	992.96	189.66	(20.37)	2,338.13
Carrying Amount						
Balance at March 31, 2020	11.10	2,956.72	6,243.14	62.72	24.17	9,297.86
Balance at March 31, 2021	11.10	2,704.50	5,760.44	50.67	40.43	8,567.17
Balance at March 31, 2022	11.10	2,520.13	5,274.08	44.48	41.51	7,891.32

The title deeds of all the immovable properties are held in the name of the Group, except as follows:

Description of Property	As at Balance sheet date (Gross carrying value in Financial statements ₹ in Lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held Since	Reason for not being in the name of the Holding company
Land	11.35	Gokak Patel Volkart Limited	No	1992	The Title deeds are in the name of erstwhile Gokak Patel Volkart Ltd which amalgamated in Forbes Gokak Ltd and subsequently Textile undertaking was demerged in to Gokak Textiles Ltd.
Land	11.10	Forbes Campbell Knitwear Ltd	No	1994	The Title deeds are in the name of erstwhile Forbes Campbell Knitwear Ltd which amalgamated in Forbes Gokak Ltd and subsequently Textile undertaking was demerged in to Gokak Textiles Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

5. Right of use asset

(₹ In Lakhs)

Particulars	Leasehold land & Premises
Gross Block	
Balance as at 31st March, 2020	37.66
Additions	
Deletion	
Balance as at 31st March, 2021	37.66
Additions	
Deletion	(10.74)
Balance as at 31st March, 2022	26.92
Accumulated amortisation and impairment	
Balance as at 31st March, 2020	17.94
Depreciation expense	7.55
Deletion	
Balance as at 31st March, 2021	25.48
Depreciation expense	2.18
Deletion	(9.40)
Balance as at 31st March, 2022	18.26
Carrying Amount	
Balance as at 31st Mar 2020	19.72
Balance as at 31st March, 2021	12.18
Balance as at 31st March, 2022	8.66

6. Investment property

(₹ In Lakhs)

	As at 31 st March 2022	As at 31 st March 2021
Freehold land	11.35	11.35
Balance at end of year	11.35	11.35

Cost or Deemed Cost	As at 31 st March 2022	As at 31 st March 2021
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 31 st March 2022	As at 31 st March 2021
Balance at beginning of year	-	-
Additions	-	-
Balance at end of year	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

At cost	As at 31st March 2022	As at 31st March 2021
Freehold land	11.35	11.35
Balance at end of year	11.35	11.35

Fair Value :-

As at 31st March 2022	463.00
As at 31st March 2021	375.00

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

7. Other intangible assets

(₹ In Lakhs)

Particulars	Computer Software
Gross Block	
Balance as at 31st March 2020	79.10
Addition	0.80
Deletion	-
Balance as at 31st March 2021	79.90
Addition	-
Deletion	-
Balance as at 31st March 2022	79.90
Accumulated depreciation and impairment	
Balance as at 31st March 2020	71.63
Eliminated on disposal of Assets	-
Depreciation expense	1.26
Balance as at 31st March 2021	72.89
Eliminated on disposal of Assets	-
Depreciation expense	1.38
Balance as at 31st March 2022	74.27
Carrying Amount	
Balance as at 31st March, 2020	7.47
Balance as at 31st March, 2021	7.01
Balance as at 31st March, 2022	5.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

8. Non Current Investments

(₹ In Lakhs)

Break-up of investments				
Particulars	As at 31 st March 2022		As at 31 st March 2021	
	Qty	Amount	Qty	Amount
a) Other Investments (FVTPL)				
Unquoted Investments (all fully paid)				
In Equity Instruments				
1. Equity shares of Rs. 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
b) In Associate companies				
Unquoted Investments (all fully paid)				
In Equity Instruments				
1 In unquoted 2600 equity shares of Rs. 10 each fully paid up of Suryoday One Energy Pvt. Ltd.	2,600	0.26	2,600	0.26
Less: Share of loss		(0.26)	-	(0.26)
TOTAL AGGREGATE OF UNQUOTED INVESTMENTS	-	0.03	-	0.03

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

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of Zoroastrian Co- Operative Bank limited.*	0.03	0.03
	0.03	0.03

* Value of these shares is ₹ 2,500/-

9 Other financial assets

9A Non current

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Security deposits		
- Unsecured, considered good	140.49	143.35
Total	140.49	143.35

9B Current Assets

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Other current receivables		
- Staff advance - Unsecured, considered good	2.61	4.79
Insurance Claim Receivable	-	1.53
Refund of electricity charges	-	222.91
Other Recoveries	91.09	67.27
Total	93.70	296.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

10. 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 2022	As at 31 st March 2021
Deferred tax assets	2,476.10	2,476.84
Deferred tax liabilities	2,476.10	2,476.86
Net	-	-

Current Year (2021-2022)

(₹ In Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities)/assets in relation to:				
a) Property, plant and equipment	(2,476.86)	0.80	-	(2,476.06)
b) Lease Liabilities / ROU assets	0.02	(0.07)	-	(0.04)
c) Bonus	52.23	(1.07)	-	51.16
d) Doubtful debts	143.40	(59.42)	-	83.98
e) Defined benefit obligation	187.97	14.34	-	202.31
f) Other financial Liabilities	1.75	-	-	1.75
g) MAT Credit	83.98	0.42	-	84.40
h) Provision for Contingencies	203.95	11.78	-	215.72
i) Provision for Advances	18.31	(0.15)	-	18.16
j) Unabsorbed Depreciation and carried forward losses	1,785.25	33.37	-	1,818.61
Total	-	-	-	-

Previous Year (2020-2021)

(₹ In Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities)/assets in relation to:				
a) Property, plant and equipment	(2,530.65)	53.80	-	(2,476.86)
b) Lease Liabilities / ROU assets	-	0.02	-	0.02
c) Bonus	51.56	0.68	-	52.23
d) Doubtful debts	160.35	(16.95)	-	143.40
e) Defined benefit obligation	132.49	55.47	-	187.97
f) Other financial Liabilities	1.75	-	-	1.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
g) MAT Credit	259.59	(175.61)	-	83.98
h) Provision for Contingencies	194.78	9.17	-	203.95
i) Provision for Advances	20.83	(2.52)	-	18.31
j) Others	1,709.30	75.94	-	1,785.25
Total	-	-	-	-

10.1. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
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)	30,552.40	27,398.31
	30,552.40	27,398.31

11. Current tax assets and liabilities

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Current tax assets		
Tax refund receivable	77.97	83.21
Total	77.97	83.21

12 Other assets**12A Non Current Assets**

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Security Deposits	5.44	5.44
Prepaid expenses	0.75	1.40
Balances with statutory / government authorities	620.04	622.61
Total	626.23	629.45

12B Current

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Advances for supply of goods and services		
- To others		
- Unsecured, considered good	34.75	51.39

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Particulars	As at 31st March 2022	As at 31st March 2021
- Doubtful	69.50	70.09
Less : Allowance for doubtful advances	(69.50)	(70.09)
	34.75	51.39
Security Deposits	0.22	0.22
Prepaid expenses, Insurance and GST	57.88	51.69
Claims Receivable (Duty Drawback)	0.51	0.51
Medical Advance	0.02	-
Employee Benefit plan Assets (Refer Note 36)	7.14	1.52
Total	100.52	105.33

Movement in the allowance for doubtful advances

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Balance at beginning of the year	70.09	176.41
Change in allowance for bad and doubtful advances	-	6.81
Amounts written off during the year as uncollectible	(0.59)	(113.13)
Balance at end of the year	69.50	70.09

13 Inventories

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Inventories (lower of cost and net realisable value)		
Raw materials	217.66	274.04
Work-in-progress	385.42	506.40
Finished goods	809.41	873.34
Stores and spares including packing materials	197.19	193.93
Total	1,609.69	1,847.71

14 Trade Receivables

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Trade receivables		
- Related party	25.43	43.24
- Others		
Unsecured, considered good	374.62	900.23
Doubtful	333.67	569.76
Less: Allowance for doubtful debts (expected credit loss allowance)	(333.67)	(569.76)
Total	400.05	943.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

14.1 Trade receivables

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

The Group 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 Group has not recognised an allowance for doubtful debts because the amounts are still considered recoverable to this extent.

As on March 31, 2022	Outstanding for following periods from due date of payment						
Particulars	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	331.65	39.41	3.58	0.84	24.57	-	400.05
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	333.67	333.67
Sub - Total	331.65	39.41	3.58	0.84	24.57	333.67	733.72
Less: Allowance for bad and doubtful debts (expected credit loss)							(333.67)
Total	331.65	39.41	3.58	0.84	24.57	333.67	400.05

As on March 31, 2021	Outstanding for following periods from due date of payment						
Particulars	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	390.94	253.18	261.24	38.12	-	-	943.47
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	569.76	569.76
Sub - Total	390.94	253.18	261.24	38.12	-	569.76	1,513.24
Less: Allowance for bad and doubtful debts (expected credit loss)							(569.76)
Total	390.94	253.18	261.24	38.12	-	569.76	943.47

Movement in the allowance for doubtful debts

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Balance at beginning of the year	569.76	637.12
Impairment losses recognised on receivables	-	2.40
Amounts written off during the year as uncollectible	(236.09)	(69.76)
Balance at end of the year	333.67	569.76

In determining the recoverability of a trade receivable, the Group 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.

15 Cash and Bank Balances

15A Cash and Cash equivalents

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Balances with Banks		
In current accounts	195.17	336.98
	195.17	336.98
Cash in hand	2.04	2.92
Total	197.22	339.90

15B Other bank balances

Particulars	As at 31st March 2022	As at 31st March 2021
In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI Bank under lien.	792.05	764.43
Balances held as margin money / under lien with remaining maturity of less than 12 months	2.84	2.77
Total	794.90	767.20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

16 Assets classified as held for sale

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Assets Classified held for sale:--		
Plant and Machinery	16.29	17.60
Total	16.29	17.60

17 Equity Share Capital

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Authorised Share capital :		
70,00,000 fully paid equity shares of Rs. 10 each	700.00	700.00
22,00,00,000 Non Cumulative, non convertible Redemmmable preference shares of Rs. 10 each (as at March 31, 2021 : 22,00,00,000)	22,000.00	22,000.00
Total	22,700.00	22,700.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of Rs. 10 each (as at March 31, 2021: 64,99,308)	649.93	649.93
Total	649.93	649.93

17A Fully paid equity shares

Particulars	Number of shares	Share Capital (₹ in Lakhs)
Balance as at 31st March, 2020	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2021	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2022	64,99,308	649.93

17B Details of shares held by the holding company, its subsidiaries and associates

Particulars	Fully paid ordinary shares	Fully paid ordinary shares
	Number of shares	Share Capital (₹ in Lakhs)
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

17C Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 st March,2022	
	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
Total	47,80,845	73.56

Particulars	As at March 31,2021	
	Number of shares held	% holding in the class of shares
Fully paid equity shares		
Shapoorji Pallonji and Company Private Limited	4,780,845	73.56
Total	4,780,845	73.56

17D Details of shares held by Promoters at the end of the year

Particulars	Number of shares held	% holding total shares	% change during the year
Fully paid equity shares			
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	Nil

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.

18. Other equity

(₹ In Lakhs)

Particulars	Number of shares	Share Capital (₹ in Lakhs)
a) General reserve (Refer Note 1)		
Balance at beginning of the year	7,160.32	7,160.32
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 Rs. 10 each	3,573.22	3,573.22
11% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	11,844.01	11,844.01
Balance at end of the year	15,417.23	15,417.23
c) Retained earnings		
Balance at beginning of year	(36,157.86)	(32,720.05)
Profit/(Loss) attributable to owners of the Company	(2,884.30)	(3,410.68)
Actuarial (Gain)/ Loss- Gratuity- OCI	30.76	(27.12)
Balance at end of the year	(39,011.40)	(36,157.86)
Total	(16,433.86)	(13,580.32)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Notes : (i) The general reserve represents amounts appropriated out of retained earnings based on the provisions of the Act prior to its amendment.

(ii) Retained earnings represents net profits after distributions and transfers to other reserves.

(iii) Equity component of Preference Shares represents equity component of Non-cumulative, non-convertible, Redeemable Preference Shares in accordance with Ind As 32 Financial Instruments: Presentation.

19. Non-current Borrowings

(₹ In Lakhs)

19.1 Particulars		Non-current portion		Current maturities	
		As at 31 st March 2022	As at 31 st March 2021	As at 31 st March 2022	As at 31 st March 2021
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 clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares. Repayment is being made at Rs. 255.75 lakhs per quarter. Interest rate during the year is based on floating rate (Previous year 12.60% p.a.)	-	974.00	1,234.89	1,582.86
	Unsecured – at amortised cost				
	ii) From Related parties (unsecured). Rate of interest for the loans from holding company is between 8% to 11.50% per annum and loan is repayable on or after April 1, 2023.	13,313.34	10,627.91	-	-
	Less: Amount disclosed under "Current Borrowings"	-	-	(1,234.89)	(1,582.86)
		13,313.34	11,601.91	-	-
(b)	Liability component of preference shares	3,519.94	3,163.84	-	-
Total		16,833.27	14,765.75	-	-

19.2 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 31st March 2022	As at 31st March 2021	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of Rs.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 Rs.10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of Rs.10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of Rs.10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of Rs.10 each - December 30, 2017	3,500	3,500	11%	
6	35,000,000 preference shares of Rs.10 each - December 12, 2018	3,500	3,500	11%	
Total		17,500	17,500		

19.2 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.

20. Provisions

20A. Non current

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
a) Employee benefits		
Compensated absences	84.78	90.99
Gratuity (Funded)	156.44	107.12
Gratuity (Badli Workers) (Unfunded)	410.40	396.68
b) Other provisions		
Provision for Contingencies (refer Note 51)	892.15	845.35
Total	1,543.77	1,440.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

20B. Current

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Employee benefits		
Compensated absences	14.48	13.09
Gratuity (Funded)	146.10	138.97
Gratuity (Badli Workers) (Unfunded)	-	7.26
Total	160.58	159.32

21. Current Borrowings

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Secured - at amortised cost		
a) Current maturities of long-term borrowings		
Term loan from ICICI Bank Limited	1,234.89	1,582.86
b) From Related parties (unsecured).		
Rate of interest for the loans from related parties is between 8% to 11.50% per annum.	6,935.77	6,089.52
Total	8,170.67	7,672.38

21.1 The defaults in repayment of loans to banks included in borrowings and current maturities of term loans are as under:

Default in Principal

Bank	Amount not paid on due date (in lakhs)	Remarks
ICICI Bank Limited	727.29	Rs. 127.11 lakhs paid up to May 26, 2022

22. Trade payables

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Trade payables for Goods & Services		
(A) Total outstanding dues of micro enterprises and small enterprises	0.84	21.44
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Parties	74.26	61.91
- Others	1,801.41	3,147.09
	1,875.67	3,209.00
Total	1,876.51	3,230.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Ageing of Trade payables As at 31st March 2022

Particulars	Not Due	Less Than 1 year	1-2 years	2-3 years	More than 3 years	Total Outstanding
MSME	0.84	-	-	-	-	0.84
Others	703.36	1,024.62	57.89	73.51	16.28	1,875.67
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	704.20	1,024.62	57.89	73.51	16.28	1,876.51

Ageing of Trade payables As at 31st March 2021

Particulars	Not Due	Less Than 1 year	1-2 years	2-3 years	More than 3 years	Total Outstanding
MSME	21.44	-	-	-	-	21.44
Others	979.86	1,903.97	74.07	208.05	43.05	3,209.00
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	1,001.31	1,903.97	74.07	208.05	43.05	3,230.44

23 Other Current financial liabilities

23A Current

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
a) Others :-		
- Security deposits	52.79	16.41
- Other Payables (Salary & Others)	557.69	572.55
Total	610.48	588.96

24. Other Current liabilities

(₹ In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
a) Advances from customers	10.05	21.42
b) Statutory remittances	80.92	86.76
Total	90.97	108.18

25. Revenue from operations

(₹ In Lakhs)

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Revenue from Contract with Customers		
Income from Sale of Yarn and Apparels		
a) Sale of products		
i) Manufactured Goods	11,619.29	10,499.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
ii) Electricity	353.56	405.39
	11,972.85	10,904.79
b) Sale of services		
i) Processing Income	326.91	20.85
	326.91	20.85
c) Other operating revenues		
i) Scrap Sales	67.04	151.22
ii) Export incentives	-	0.25
iii) Sale of Renewable Energy Certificates	217.25	4.32
	284.29	155.79
Total	12,584.05	11,081.43

25.1 Reconciliation of revenue recognised with contract price:

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Total contract price with customers	12,260.83	10,915.05
Less: adjusted for discounts and rebates	38.93	10.59
Revenue recognised (Goods and Services)	12,299.76	10,925.64

26. Other Income

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
a) Interest income earned on financial assets that measured at amortised cost		
i) Interest on Security Deposits	3.45	7.49
ii) Bank deposits	30.98	17.92
Total (a)	34.44	25.41
b) Other Non-Operating Income (Net of expenses directly attributable to such income)		
i) Credit balances / excess provision written back	18.74	18.37
ii) Rent received	90.85	78.82
iii) Miscellaneous income	169.76	58.30
Total (b)	279.35	155.49
c) Other gains and losses		
i) Gain on disposal of property, plant and equipment	119.42	63.65
ii) Net foreign exchange gains/(losses)	0.02	0.02
Total (c)	119.44	63.66
Total (a+b+c)	433.23	244.56

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

27. Cost of materials consumed

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Material Stocks at the Commencement of the Year	274.04	292.51
Purchases	7,647.25	6,611.94
	7,921.29	6,904.45
Less: Material Stocks at the Close of the Year	217.66	274.04
Total	7,703.63	6,630.41

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

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (Including stock in transit)	809.41	873.34
ii) Work-in-progress	385.42	506.40
Total	1,194.83	1,379.74
Inventories at the beginning of the year:		
i) Finished goods (Including stock in transit)	873.34	917.23
ii) Work-in-progress	506.40	607.89
Total	1,379.74	1,525.11
Net decrease/ (increase)	184.91	145.37

29. Employee benefits expense

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
i) Salaries and Wages	2,422.35	2,476.02
ii) Contribution to provident and other funds	434.11	521.36
iii) Staff Welfare Expenses	271.35	278.55
Total	3,127.81	3,275.93

30. Finance costs

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
i) Interest on loans from related parties	1,617.56	1,468.10
ii) Interest on bank Term Loans	173.65	285.73
iii) Interest on Others	-	47.82
iv) Bank Charges	1.95	1.99
v) Unwinding of lease liabilities	1.86	2.59
vi) Interest on liability component of compound financial instruments	356.10	320.04
Total	2,151.11	2,126.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

31. Depreciation and amortisation expense

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
i) Depreciation of property, plant and equipment	641.77	700.57
ii) Amortisation of right to use	2.17	7.55
iii) Amortisation of intangible assets	1.38	1.26
Total depreciation and amortisation	645.32	709.38

32. Other expenses

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Consumption of stores and spare parts	108.80	109.04
Consumption of packing Material	144.18	155.05
Processing charges	48.56	8.47
Power and fuel	891.03	843.93
Water Royalty Charges	45.22	33.86
Transportation, freight, handling and other charges	182.29	220.18
Hank Yarn Obligation	25.47	22.20
Rent and hire charges	3.62	1.03
Repairs to :		
i) Buildings	31.84	23.57
ii) Plant and machinery	265.56	178.99
iii) Others	64.61	121.12
Insurance	100.03	102.12
Rates and taxes (excluding taxes on income)	107.49	113.22
Brokerage, commission, discount and other selling expenses	5.83	57.01
Printing & Stationery	5.98	4.91
Communication	7.81	7.23
Legal and professional charges	112.13	96.86
Travelling and conveyance	8.61	7.25
Sundry Balances written off	0.08	1.87
Directors Sitting Fees	22.00	17.25
Provision for doubtful trade receivables	8.19	2.40
Bad Debts	36.18	7.49
Provision for doubtful loans and advances	-	6.81
Miscellaneous expenses	103.92	71.04
Total	2,329.45	2,212.88
a) To Statutory auditors		
i) For audit	11.90	14.25
ii) For tax audit fees	2.75	2.75
iii) For Limited Review	7.00	8.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
	21.65	25.75
b) To cost auditors for cost audit	1.50	2.00
c) For reimbursement of expenses	0.27	0.17
d) Service Tax	-	-
Total (a+b+c+d)	23.42	27.92
Total	2,352.88	2,240.80

33. Income taxes

33.1 Income tax recognised in profit or loss

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
Deferred tax		
In respect of the current year	-	-
Total Deferred tax	-	-
Total income tax expense recognised in the current year	-	-

34. Earnings per share

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Basic earnings per share	(44.38)	(52.48)

34.1 Basic Earnings per share

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

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Profit/(loss) for the year attributable to Equity shareholders (A)	(2,884.30)	(3,410.68)
Number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B) (Nominal value of Rs. 10/- each)	64.99	64.99
Basic and diluted Earnings per share (A/B)	(44.38)	(52.48)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

35. 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 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

36. Employee benefits obligations :**Defined-contribution plans:**

The Group's provident fund scheme is a defined contribution plan. The Group'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 Group makes specified monthly contributions towards employee provident fund. The contribution towards Provident Fund is deposited with the Regional Provident Fund Commissioner.

Particulars	As at 31 st March 2022	As at 31 st March 2021
Provident fund	249.41	484.04
Superannuation fund	11.77	13.29
Total contribution	261.18	497.33

Defined Benefit Plan:

The Group gratuity scheme is a defined benefit scheme. The Group 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.

Sr. No.	Particulars	As at 31 st March 2022	As at 31 st March 2021
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,852.75	1,718.16
	Current Service Cost	63.32	56.71
	Interest Cost	117.87	104.50
	Past Service Cost - Vested Benefit	-	-
	Actuarial (Gain) / Loss on Obligation due to experience	(26.32)	70.39
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(5.01)	(31.40)
	Actuarial (Gain) / Loss on Obligation due to change in demographic assumptions	(1.32)	-
	Benefits Paid	(129.38)	(160.28)
	Present value of the obligation of Marihal unit	-	-
	Present value of the obligation at the end of the year	1,871.90	1,852.75
b)	Change in Plan Assets		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Sr. No.	Particulars	As at 31 st March 2022	As at 31 st March 2021
	Fair value of Plan Assets at the beginning of the year	1,608.18	1,658.24
	Interest Income	101.89	100.28
	Return on plan assets excluding interest income	1.04	9.67
	Contributions by Plan Participants	0.26	0.27
	Benefits Paid	(126.49)	(160.28)
	Fair value of Plan Assets at the end of the year	1,584.87	1,608.18
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,871.90)	(1,852.75)
	Fair value of Plan Assets at the end of the year	1,584.89	1,608.18
	Net asset at the end of the year	(287.00)	(244.57)
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	63.32	56.71
	Finance cost / (income)	15.98	4.22
	Past service cost	-	94.67
	Net impact on the loss before tax	79.30	155.59
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	(32.66)	38.99
	Return on plan asset excluding interest income	(1.04)	(9.67)
	Net (income) / expenses for the period recognised in other comprehensive income	(33.68)	29.32
f)	Actual return on Plan Assets		
	Interest Income	101.89	100.28
	Actual return on Plan Assets	101.89	100.28
g)	Actuarial Assumptions		
	i) Discount Rate	6.04 % to 6.84%	6.04 % to 6.84%
	ii) Expected Rate of Return on Plan Assets	6.04 % to 6.84%	6.04 % to 6.84%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00 % to 2.00%	1.00 % to 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 31 st March 2022	As at 31 st March 2021
Projected Benefits payable in future years from the date of reporting		
1 st Following Year	230.84	187.68
2 nd Following Year	136.19	103.55
3 rd Following Year	181.62	161.66
4 th Following Year	177.31	195.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

5 th Following Year	221.60	168.51
Sum of years 6 th to 10 th	1,010.10	971.33
Sum of years 11 th and above	965.71	1,134.88

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 31 st March 2022	As at 31 st March 2021
Projected Benefit obligation On Current Assumptions	1,837.67	1,852.74
Delt effect of +1% Change in rate of Discounting	(108.32)	(109.26)
Delt effect of -1% Change in rate of Discounting	120.26	121.35
Delt effect of +1% Change in rate of Salary increase	121.92	123.02
Delt effect of -1% Change in rate of Salary increase	(111.67)	(112.65)
Delt effect of +1% Change in rate of Employee Turnover	16.46	16.69
Delt effect of -1% Change in rate of Employee Turnover	(17.74)	(18.00)

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, 2022 is Rs. 410.40 lakhs and March 31, 2021 is Rs. 396.68 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 or 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:

Name of related party and descriptions of relationship :-

Holding Company

Shapoorji Pallonji and Company Private Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Fellow Subsidiaries

(where there are transactions)

Forbes & Company Limited
 Forbes Facility Services Private Limited
 Forvol International Services Limited
 Manjri Stud Farm Private Limited
 Eureka Forbes Limited
 Shapoorji Pallonji Infrastructure Capital Company Private Limited
 Shapoorji Pallonji Energy (Gujarat) Private Limited
 Forbes & Technosys Limited
 Relationship Properties Private Limited
 Evangelos Ventures Pvt. Ltd.
 Suryoday One Energy Private Limited

Trusts

Gokak Falls Education and medical Trust
 Gokak Textiles Gratitude Fund

Key Management Personnel and their relatives:-

Managing Director, Mr. Ramesh R Patil
 Chief Financial Officer, Mr. Avadhut Sarnaik (upto May 1, 2021)
 Chief Financial Officer, Mr. Vipin Kumar Sharma (appointed w.e.f June 28, 2021)
 Company Secretary, Mr. Rakesh Nanwani.

Directors

Mr. Nikhil Bhatia
 Mr. Pradip N. Kapadia
 Mr. Vasant N. Sanzgiri
 Mr. D. G. Prasad
 Mr. Vinod Bhandawat
 Ms. Tripti J. Navani
 Mr. C. G. Shah

Particulars of transaction with Related Parties

(₹ In Lakhs)

Year ended March 31 2022, (Previous Year March 31, 2021)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions					
Rent income	-	23.15	-	-	23.15
Previous Year	-	10.71	-	-	10.71
Purchase of electricity	-	11.36	-	-	11.36
Previous Year	-	62.54	-	-	62.54
Services Received	19.67	0.32	-	-	20.00
Previous Year	14.84	-	-	-	14.84
Interest expense	1,440.49	129.78	-	-	1,570.27
Previous Year	1,431.87	36.23	-	-	1,468.10
Sales of Goods	5.90	0.25	-	-	6.15
Previous Year	17.76	8.20	-	-	25.96
Reimbursement of Expenses	0.58	-	-	-	0.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Year ended March 31 2022, (Previous Year March 31, 2021)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions					
Previous Year	0.87	-	-	-	0.87
Loan Taken	-	2,052.00	-	-	2,052.00
Previous Year	450.00	-	-	-	450.00
Receivables	0.86	24.57	-	-	25.43
Previous Year	5.16	38.08	-	-	43.24
Director's sitting fees	-	-	22.00	-	22.00
Previous Year	-	-	17.25	-	17.25
Remuneration	-	-	78.52	-	78.52
Previous Year	-	-	99.34	-	99.34
Amount recovered on behalf	-	-	-	8.90	8.90
Previous Year	-	-	-	14.84	14.84
Payables	17,619.95	2,702.05	-	1.37	20,323.37
Previous Year	16,245.15	533.25	-	0.94	16,779.34
Investment in Equity Shares Associate company		0.26			
Previous Year		0.26			
Preference shares balance	17,500.00		-	-	17,500.00
Previous Year	17,500.00	0.26	-	-	17,500.00

37A Details of Related Party Transactions

(₹ In Lakhs)

Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021	Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Services Received			Amounts recovered on behalf		
Shapoorji Pallonji and Company Private Limited.	19.67	14.84	Gokak falls Education and medical Trust	8.90	14.84
Forvol International Services Limited	0.32	-			
Purchase of Electricity			KMP Remuneration		
Suryoday One Energy Private Limited	11.36	62.54	R R Patil	54.67	59.97
			Rakesh Nanwani	6.47	5.95
			Avadhut sarnaik	-	33.42
			Vipan Kumar Sharma	17.38	-
Interest expense on ICD			Receivables		
Shapoorji Pallonji and Company Private Limited.	1,440.49	1,431.87	Shapoorji Pallonji and Company Private Limited.	0.86	5.16
Shapoorji Pallonji Infrastructure Capital Company Private Limited	49.54	32.78	Suryoday One Energy Private Limited	24.57	38.08
Shapoorji Pallonji Energy (Gujarat) Private Limited	3.45	3.45			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021	Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Evangelos Ventures Pvt. Ltd. Loans /Advances taken	76.79	-	Payables		
Shapoorji Pallonji and Company Private Limited.	-	450.00	Shapoorji Pallonji and Company Private Limited.	17,619.95	16,245.15
Evangelos Ventures Pvt. Ltd.	1,880.00	-	Forbes & Company Limited	7.16	7.16
Shapoorji Pallonji Infrastructure Capital Company Private Limited	172.00	-	Gokak falls Education and medical Trust	1.37	0.94
			Evangelos Ventures Pvt Ltd	1,949.11	-
			Shapoorji Pallonji Infrastructure Capital Company Private Limited	688.36	471.78
			Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd.	57.41	54.31
Reimbursement of Expenditure			Preference Shares as at		
Gokak Falls Education and medical Trust	0.58	0.87	Shapoorji Pallonji and Company Private Limited.	17,500.00	17,500.00
Rent (Income)			Director's Sitting Fees		
Suryoday One Energy Private Limited	23.15	10.71	Mr. Pradeep Kapadia	6.80	5.50
			Mr. D G Prasad	4.25	3.25
Sales of Goods			Mr. Vasant Sanzgiri	-	0.90
Eureka Forbes Limited	-	6.86	Ms. Tripti J. Navani	1.25	1.00
Forbes Facility Services Private Limited	-	0.86	Mr. S. Mukundan	-	0.20
Manjri Stud Farm Private Limited	-	0.24	Mr. C. G. Shah	1.70	1.40
Relationship Properties Private Limited	0.25	0.19	Mr. Nikhil Bhatia	5.30	4.25
Shapoorji Pallonji and Company Private Limited.	5.90	17.76	Mr. Vinod Bhandawat	2.70	0.75
Shapoorji Pallonji Infrastructure Capital Company Private Limited	-	0.05	Investment in Equity Shares of Associate company Suryoda One Energy Private Limited	0.26	0.26

Compensation of key management personnel of the Company	Year ended March 31, 2022	Year ended March 31, 2021
Short-term employee benefits	78.52	99.34
Post-employment benefits#	-	-
Other long-term benefits#	-	-
Share-based payments	-	-

As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

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 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 their coverage under the Act. Since the relevant information is not readily available for all the suppliers, the disclosures have been made to the extent of information available with the Group.

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 st March 2022	As at 31 st March 2021
1	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	0.84	21.44
2	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	16.24
3	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
4	The amount of interest accrued and remaining unpaid at the end of year; and	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

39 Fair Value Disclosures

(₹ In Lakhs)

A)	Categories of Financial Instruments:	As at 31 st March 2022			As at 31 st March 2021		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.03	-	-	0.03	-	-
	Trade Receivables	-	-	400.05	-	-	943.47
	Cash & Bank Balances	-	-	197.22	-	-	339.90
	Bank balances other than above	-	-	794.90	-	-	767.20
	Other Financial Assets	-	-	234.19	-	-	439.84
		0.03	-	1,626.35	0.03	-	2,490.41
ii)	Financial liabilities						
	Borrowings (including current maturities)	-	-	26,238.83	-	-	24,020.98
	Trade Payables	-	-	1,876.51	-	-	3,230.44
	Lease Liabilities	-	-	15.43	-	-	19.23
	Other Financial Liabilities	-	-	610.48	-	-	588.96
		-	-	28,741.25	-	-	27,859.61

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....
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, 2022					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL Investments						
Investments in Equity Instruments (unquoted)	8(a)	0.03	-	-	0.03	0.03

(₹ In Lakhs)

Financial Assets	As at March 31, 2021					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL Investments						
Investments in Equity Instruments (unquoted)	8(a)	0.03	-	-	0.03	0.03

- c) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2022.

40 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 31 st March 2022	As at 31 st March 2021
Total Equity	(15,783.93)	(12,930.39)
Short Term Borrowings	8,170.67	7,672.38
Long Term Borrowings	16,833.27	14,765.75
Lease liabilities	15.43	19.23
Total Debt	25,019.37	22,457.35
Cash & Cash equivalents	197.22	339.90

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

The capital components of the Group are as given below:	As at 31 st March 2022	As at 31 st March 2021
Bank balances other than above	794.90	767.20
Net Debt	24,027.26	21,350.25
Net debt to equity ratio	(1.52)	(1.65)

Debt is defined as long-term and short-term borrowings including current maturities and accrued interest (excluding derivative, financial guarantee contracts) and lease liabilities.

41 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.

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 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 31 st March 2022	As at 31 st March 2021
Export receivables in US \$	-	-
Overseas payables in US \$	-	-
Total	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....
Foreign currency sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ In Lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
+2% increase in foreign exchange rates	-	-
-2% increase in foreign exchange rates	-	-
Net Increase/(decrease)	-	-

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 Group'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 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)

	As at 31 st March 2022	As at 31 st March 2021
- Expiring within one year (Bank CC Limits Sanctioned)	-	-
	-	-

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	Total	As at March 31, 2022			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	25,003.94	1,234.89	6,935.78		16,833.27
Trade Payables	1,876.51	1,876.51	-	-	-
Lease Liabilities	15.42	2.17	4.73	0.43	8.09
Other Financial Liabilities	611.48	610.48	-	1.00	-
	27,507.35	3,724.05	6,940.51	1.43	16,841.36

(₹ In Lakhs)

Maturities of Financial Liabilities	Total	As at March 31, 2021			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	22,438.13	7,672.38	974.00	-	13,791.75
Trade Payables	3,230.44	3,230.44	-	-	-
Lease Liabilities	19.23	3.81	9.42	0.74	5.26
Other Financial Liabilities	688.96	588.96	-	100.00	-
	26,376.76	11,495.59	983.42	100.74	13,797.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

45 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.

(₹ in lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
Variable-rate instruments		
Financial liabilities		
Borrowing	-	-
Total	-	-
Fixed-rate instruments		
Financial liabilities		
Borrowing	13,313.34	10,627.91
Total	13,313.34	10,627.91

Interest Rate sensitivity

100 basis points increase or decrease in Interest rates will have the following impact on profit & loss:

(₹ in lakhs)

Particulars	As at 31 st March 2022	As at 31 st March 2021
- 100 basis points increase	-	-
+ 100 basis points decrease	-	-

- 46** 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	Total	As at 31 st March 2022			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.03				0.03
Trade Receivables	400.05	400.05			
Cash and Bank balances	992.11	992.11			
Other Financial Assets	234.19	93.70			140.49
	1,626.37	1,485.85	-	-	140.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

(₹ In Lakhs)

Maturities of Financial Assets	Total	As at 31 st March 2021			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.03				0.03
Trade Receivables	943.47	943.47			
Cash and Bank balances	1,107.10	1,107.10			
Other Financial Assets	439.84	296.49			143.35
	2,490.43	2,347.05	-	-	143.38

47 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 31st March 2022	Year ended 31st March 2021
1) Segment Revenue		
a) Textile	12,411.53	10,907.35
b) Electricity and Power	1,255.11	1,122.62
Less: Inter-segment eliminations	(649.36)	(703.98)
Income from Operations	13,017.28	11,325.99
2) Segment Result:		
Profit / (Loss) before Tax and Interest		
a) Textile	(3,258.59)	(3,687.23)
b) Electricity and Power	110.21	(114.95)
Total	(3,148.37)	(3,802.19)
Less: Inter-segment eliminations	-	-
Total Profit before Tax	(3,148.37)	(3,802.19)
3) Segment Assets		
a) Textile	11,219.40	12,689.78
b) Electricity and Power	927.11	1,382.10
Less: Intersegment elimination	(172.47)	(300.43)
	11,974.05	13,771.45
4) Segment Liabilities		
a) Textile	21,241.74	19,481.27
b) Electricity and Power	8,232.40	8,803.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

Particulars	Consolidated	
	Year ended 31st March 2022	Year ended 31st March 2021
Less: Intersegment elimination	(172.47)	(300.43)
	29,301.66	27,984.42
5) Capital Employed	23,618.10	21,898.53
6) Capital Expenditure		
a) Textile	10.73	33.32
b) Electricity and Power	-	-
Less: Intersegment elimination		
	10.73	33.32
7) Depreciation and Amortisation expense		
a) Textile	540.74	605.54
b) Electricity and Power	104.58	103.84
Less: Intersegment elimination	-	-
	645.32	709.38

Notes:

1. 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".
2. 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.

47.1 Out of the total revenue, there are no customers contributing to more than 10% of the total revenue.

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

	31 st March 2022	31 st March 2021
Revenue from domestic sales and Services	12,299.76	10,912.00
Revenue from export sales	-	13.64
Total	12,299.76	10,925.64

48 Lease:-

The Group has taken certain office premises under cancellable operating leases. In the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts. Lease agreements of the company do not contain any variable lease payment or any residual value guarantees. The Group has not entered into any sublease agreement. Threshold limit for identifying low value lease is Rs. 2.50 lakhs. Short-term leases are leases with a lease term of 12 months or less.

Information in respect of leases for which right-of-use assets and corresponding lease liabilities have been recognised are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

(₹ in lakhs)

Particulars	As at	
	31 st March 2022	31 st March 2021
Carrying amount right-of-use assets at beginning of the year	12.18	19.72
Additions to right-of-use assets during the year	-	-
Deletions to right-of-use assets during the year	1.34	-
Amortisation of right-of-use assets during the year	2.18	7.55
Interest expense (unwinding of discount) on lease liabilities	1.86	2.59
Total cash outflows in respect of leases	7.83	10.04
Carrying amount right-of-use assets at year end	8.66	12.18

(Refer note 44 for maturity analysis of lease liabilities)

Lease rentals of Rs. 3.62 lakhs (PY: Rs. 1.03 lakhs) in respect of short term lease have been recognised in the statement of profit and loss as rent expense.

49. Contingent liabilities:-

(₹ In Lakhs)

Particulars	As at	
	31 st March 2022	31 st March 2021
(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) Provident Fund	-	-
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	9,858.98
Total	10,189.91	10,189.91

49.1 Contingent liabilities above represent estimates made mainly for probable claims arising out of litigation and disputes pending with tax authorities. The probability and timing of outflow with regard to these matters depend on the final outcome of litigations / disputes. Hence the Group is not able to reasonably ascertain the timing of the outflow.

49.2 The Group is subject to legal proceedings and claims which arise in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's operations or financial condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

50. Bonus Payable :-

The Group has made an application to Labour Commissioner on November 24, 2020 to defer the payment of bonus for the year 2019-20 till November 2022.

51. Details of provision for contingencies

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

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 st March 2022	As at 31 st March 2021
1	Balance as at the beginning of the year	845.35	808.91
2	Add: Provision made during the year	46.80	46.80
3	Less: Utilisation/ Reversal	-	(10.36)
4	Balance as at the end of the year	892.15	845.35

- 52.** As there are no loans and advances in the nature of loans to subsidiaries, associates and companies in which Directors are interested, additional disclosure as required by Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.
- 53.** The Group has consolidated accumulated losses of ₹ 39,011.40 lakhs (Rs.36,157.87 lakhs as at March 31, 2021) and the Group has a negative net worth of ₹ 15,783.93 lakhs (₹ 12,930.39 lakhs as at March 31, 2021). The continuity of the operations of the Group is dependent upon the continued operational and financial support of the Holding Company. The textile business has witnessed demand for its yarns during the current period and the Management believes that it is likely to continue. Due to adequate labour available at the Plant, the Company will be able to meet the demand. Further the Parent Company anticipates cost savings on raw materials and other operating expenses in the current year due to alternative options available. The power plant of the Subsidiary has also been operational now. Based on these reasons, the Consolidated financial statements of the Group have been prepared on a going concern basis.”
- 54.** Gokak Power Limited, a subsidiary has filed the full and final insurance claim on May 6, 2021 related to the damage of its hydro power plant, in the year 2019-20, aggregating to ₹ 353.65 lakhs. There were no further updates/ communication from the insurer in this regard till the date of approval of these financial statements and accordingly, relevant adjustments /entries for the claim receivable will be recorded in the books in the forthcoming financial year.
- 55.** The Board of Directors of Parent company (Gokak Textiles Ltd (“Gokak” or the Transferee Company”)) at their Board Meeting held on November 12, 2021, have inter alia, approved the Composite Scheme of Arrangement (“the scheme”) under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder. The Scheme, inter alia, provides for:
a. amalgamation by way of absorption and vesting of Suryoday One Energy Private Limited (“Suryoday”) with and into Gokak and;
b. Reduction of Share Capital and Re-organisation of reserves of Gokak in a manner as set out in the Scheme.
- The “appointed date” as per the scheme is the 1st day of April, 2021 or such other date as may be approved by the Honourable National Company Law Tribunal(s), for the purposes of this Scheme. The Scheme as aforesaid shall be subject to necessary approvals by the Stock Exchanges, Securities and Exchange Board of India, Shareholders, applicable Jurisdictional Bench of National Company Law Tribunal (“NCLT”) and such other statutory and regulatory approvals as may be required. Pending the requisite approvals for the Scheme as stated above, these consolidated financial statements of the Group are prepared without giving effect to the said Scheme.”
- 56.** Additional Regulatory Information pursuant to Amendment in Schedule III to the Companies Act, 2013
- a) The Group has not advanced loans or advances in the nature of loans to promoters, directors, KMPs and the related parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 Cont.....

- b) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- c) The Group is not declared wilful defaulter by and bank or financials institution or lender during the year.
- d) The Group has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- e) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f) The Group does not have any investment in subsidiaries. Accordingly, Compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable.
- g) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the entity (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- h) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the entity shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- i) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- j) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 57.** Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 58.** Approval of Financial Statements :-The Consolidated financial statements were approved for issue by the board of directors on 26th May 2022.

As per our report of even date

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

Vipan Kumar Sharma
Chief Financial Officer

Kaushal Mehta
Partner
Membership No. 111749

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Place: Mumbai
Date: May 26th, 2022

For Gokak Textiles Limited

Vinod Bhandawat
Chairman
(DIN: 02873571)

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

Place: Mumbai
Date: May 26th, 2022

**BOARDS' REPORT
AND
FINANCIAL STATEMENTS OF
GOKAK POWER & ENERGY LIMITED
FOR THE YEAR ENDED MARCH 31, 2022**



Directors	:	Vinod J. Bhandawat - Non-Executive Director and Chairman Ramesh R. Patil - Wholetime Director Pradip N. Kapadia - Independent Director Chandrakant G. Shah - Non-Executive Director Nikhil J. Bhatia - Independent Director
Chief Financial Officer	:	Vipan Kumar Sharma
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 - 591306, Taluka : Gokak Dist. Belagavi, Karnataka
Registered Office	:	#1, 2nd Floor, 12th 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, 2022.

1. Financial Results and State of Company's Affairs

(Rs. in Lakhs)

	Particulars	For the Financial Year 01.04.2021 to 31.03.2022	For the Financial Year 01.04.2020 to 31.03.2021
(a)	Gross Revenue	1,255.11	1,122.63
	Less: Costs	341.34	333.84
(b)	Earnings before Interest, Depreciation & Taxation (EBIDT)	913.77	788.79
	Less: Interest	698.99	799.86
(c)	Cash Profit / (Loss)	214.78	-11.07
	Less: Depreciation	355.32	354.59
(d)	Profit Before Tax (PBT)	-140.54	-365.66
	Less: Deferred Tax	0.00	0.00
	Other Comprehensive Income	5.99	-4.48
(e)	Net Profit/ (Loss)	-134.55	-370.14

2. Operations

During the year under review, your Company has recorded gross income of Rs.1,255.11 lakhs (previous year Rs.1,122.63 lakhs) and net loss for the year of (Rs. 134.55) lakhs (previous year (Rs.370.14) lakhs).

The Company had filed the full and final insurance claim on May 06, 2021 related to the damage of its hydro power plant including Canal system, in the year 2019-20, aggregating to Rs.353.65 lakhs. The Company had received an advance amount of Rs.100 lakhs from the Insurance Company towards the expenses incurred on repairs. The final claim of Rs. 212 lakhs was received on June 28, 2022.

As on March 31, 2022 the Company had receivables from HESCOM aggregating Rs. 25 lakhs. Against this outstanding the Company has received Rs.24.52 lakhs from HESCOM in April 2022. The outstanding has been cleared up to March 2022 and only part amount of Rs. 0.48 lakhs is outstanding.

Machines that were damaged during the floods in the year 2019-20, are in operation after servicing them. About 272.46 lakhs Units were generated in FY 2021-22 against 305.16 lakhs Units in the previous year. During the year under review; Unit-8 (DJ Madam Power House) developed technical snag which was under correction. The machine was started in May 2022.

The Company has fully re-paid the term loan taken form ICICI Bank Limited on June 29, 2022.

The Company is selling significant portion of their generation to HESCOM. HESCOM has conveyed their inability to extend the Power Purchase Agreement beyond April 2023. The Company has initiated the process to sell the electricity unit generated in open access.



3. Outlook

As per the forecast by India Meteorological Department, it is expected that the monsoon will be normal (96% to 104% of LPA) for this year. The reservoirs will be full and water will be available from Hidkal Dam for the whole year for the power generation. Also, the Company will put all efforts to maximize the power generation through efficient management and proper maintenance of the plant and achieve almost equivalent to the total production capacity.

The financial year 2022-23 had a good start with about 27% excess of budgeted generation in the month of April-2022. However, on account of unseasonal rains the monsoon has shifted from June to July 2022 where about 3.9MUs were generated against budgeted 5.2MUs. With monsoon showing signs of revival, the generation is expected to reach budget.

4. Share Capital

The paid up equity share capital of the Company as on March 31, 2022 was Rs. 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 recommended 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. Holding Company / Subsidiary Company/Joint venture/Associate

The Company is subsidiary of Gokak Textiles Limited, which holds 51 % of the paid-up share capital. Gokak Textiles limited is engaged in the business of textiles, manufacturing cotton yarn, blended yarn, fabrics, terry towels, t-shirts, undergarments, etc.

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. Vinod Bhandawat (DIN: 02873571)	Director	Non-Executive Non-Independent
2	Mr. Chandrakant G Shah (DIN: 00002358)	Director	Non-Executive Non-Independent
3	Mr. Nikhil Bhatia (DIN: 00414281)	Director	Non-Executive Independent
4	Mr. Pradip N Kapadia (DIN:00078673)	Director	Non-Executive Independent
5	Mr. Ramesh R Patil (DIN:07568951)	Wholetime Director	Executive Non- Independent

Mr. Vinod Bhandawat 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.

Based on the recommendation of Nomination and Remuneration Committee and subject to approval of the Shareholders of the Company at the ensuing Annual General Meeting, the Board approved re-appointment of Mr. Ramesh R. Patil as Whole-time Director for a further term of two years commencing from September 08, 2022.

Key Managerial Personnel of the Company as on March 31, 2022 were Mr. Ramesh R Patil, Chief Executive Officer & Managing Director, Mr. Rakesh M. Nanwani, Company Secretary and Mr. Vipin Kumar Sharma, 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. 5 Meetings were held during the financial year ended March 31, 2022 i.e. on June 12, 2021; June 28, 2021; August 12, 2021; November 12, 2021 and February 11, 2022. The number of meetings held and attended during the year are as under:

Sr. No	Name of the Directors	Number of Board Meetings held during the Financial year ended March 31, 2022	
		Held	Attended
1.	Mr. Chandrakant G. Shah	5	5
2.	Mr. Nikhil J. Bhatia	5	5
3.	Mr. Pradip N. Kapadia	5	5
4.	Mr. Ramesh R. Patil	5	5
5.	Mr. Vinod Bhandawat	5	5

11. Committees of the Board

a. Audit Committee

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

The composition of Audit Committee of the Company is as under:

Sr. No	Name of the Director	Category
1	Mr. Nikhil J. Bhatia - Chairman (DIN: 00414281)	Non-Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non-Executive Non-Independent
3	Mr. Pradip N. Kapadia (DIN:00078673)	Non-Executive Independent

The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial Management. The Wholetime Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings. The Company Secretary also functions 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. 5 Meetings were held during the financial year ended March 31, 2022 i.e on June 12, 2021; June 28, 2021; August 12, 2021; November 12, 2021 and February 11, 2022.

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, 2022	
		Held	Attended
1.	Mr. Nikhil J. Bhatia – Chairman	5	5
2.	Mr. Chandrakant G. Shah	5	5
3.	Mr. Pradip N. Kapadia	5	5

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for determining the compensation payable to Directors, Executive Director and the Senior Management Personnel, based on industry practices and performance of individuals.

Brief description of terms of reference:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulating the criteria for evaluation of Independent Directors and the Board as a whole.
4. Devising a policy on Board diversity.
5. Approving the remuneration after taking into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
6. Reviewing and determining all elements of remuneration package striking the balance between the interest of the Company and the shareholders
7. All information about the Directors/Managing Director/ Whole time Director/ Key Managerial Personnel i.e background details, past remuneration, recognition or awards, job profile, etc., shall be considered and disclosed to Shareholders, whenever required.

The composition of Nomination and Remuneration Committee of the Company is as under:

Sr. No	Name of the Director	Category
1	Mr. Nikhil J. Bhatia - Chairman (DIN: 00414281)	Non-Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non-Executive Non-Independent
3	Mr. Pradip N. Kapadia (DIN:00078673)	Non-Executive Independent

Two (2) Meetings were held during the financial year ended March 31, 2022 i.e. on June 28, 2021 and February

11, 2022.

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, 2022	
		Held	Attended
1.	Mr. Nikhil J. Bhatia- Chairman	2	2
2.	Mr. Chandrakant G. Shah	2	2
3.	Mr. Pradip N. Kapadia	2	2

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 2021 - 22, the Company did not have any employee who was in receipt of remuneration in aggregate not less than Rs. 1.02 crores P.A if employed through the financial year and in aggregate not less than Rs. 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.

Pursuant to the provisions of section 139 (2), M/s Batliboi & Purohit, Chartered Accountants, are eligible to be re-appointed as statutory auditors of the Company for another term of five years.

The Board of Directors recommends re- appointment of M/s Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) as statutory auditors of the Company for a period of five years commencing from the conclusion of the 11th AGM be held in September 2022.

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 Auditor's 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 has 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. 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.

18. 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.

19. 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.	Arrested water leakages in new canal and repaired pits in canal for better availability of head to power house.
(ii)	The steps taken by the Company for utilizing alternate sources of energy.	NIL
(iii)	The capital investment on Energy conservation equipments	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**20. Human Resources :**

Human resource is the most important resource for your company and this resource has been provided opportunity for self-development and provided very good working and social environment to attract and retain the talent.

The employee relations have been very cordial and this has helped put forth sustained efforts even during challenging period to achieve the desired output of the plant.

21. 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.

22. Internal Financial Control and their adequacy:

The Company has Internal Control systems, which ensure 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 firm 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 intervals 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.

23. Risk Management Policy:

The Company recognizes that risk is an integral part of business. The company has developed and implemented a 'Risk Management Policy' as per which the Directors themselves periodically assess risks in the internal and external environment as also elements of risk, if any, which may threaten the existence of the company.

The main objective of this plan is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the plan establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Competition, Business risk, Technology obsolescence, retention of talent and expansion of facilities. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

24. Details of Fraud Report by Auditor:

There have been no instances of fraud reported by the Statutory Auditor of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed there under either to the Company or to the Central Government.

25. Corporate Social Responsibility Committee (CSR)

The provisions of section 135 of the Companies Act, 2013 are not presently applicable to the Company.

The Company has ensured necessary compliance with the requirements of the Companies Act, 2013 and other authorities 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.

27. 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 : August 10, 2022

Ramesh R. Patil
Whole-time Director
DIN : 07568951

Vinod Bhandawat
Chairman
DIN: 02873571

Form No.MR-3

SECRETARIAL AUDIT REPORT

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

[Pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

FOR THE FINANCIAL YEAR ENDED: 31st March, 2022

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 (CIN: U40103KA2012PLC062107)** (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, 2022 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. (No such transaction took place during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; -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;- 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) The Factories Act, 1948
 - b) The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
 - c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
 - d) The Employees State Insurance Act, 1948
 - e) The Payment of Wages Act, 1936
 - f) The Child Labour (Regulation & Abolition) Act, 1970
 - g) The Contract Labour (Regulation & Abolition) Act, 1970
 - h) The Shops & Establishments Act, 1961
 - i) The Industrial Establishments (National and Festival Holidays) Act, 1963
 - j) The Karnataka Daily Wage Employees Welfare Act, 2012



- k) The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- l) The Industrial Disputes Act, 1947
- m) The Minimum Wages Act, 1948
- n) The Maternity Benefit Act, 1961
- o) Payment of Bonus Act, 1965
- p) The Industrial Employment (Standing Orders) Act, 1946
- q) Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013

Environmental Laws

- a) The Water (Prevention & Control of Pollution) Act, 1974
- b) The Air (Prevention & Control of Pollution) Act, 1981

The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.

The company has been disposing the hazardous waste as per applicable rules.

Power Sector

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

Other Laws

- a) The Indian Stamp Act, 1899
- b) Information Technology Act, 2000
- c) The Competition Act, 2002

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 i.e SS-1 and SS-2.
During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

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 29th September, 2021;
- 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;
- k) Payment of remuneration to Directors.
- l) Appointment and remuneration of 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 III 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.

Place: Bangalore

Date: 23/05/2022

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: **F010056D000370702**

* 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. 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/Whole-time 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 and Environment laws.
8. Some of the required information for the audit was shared through email and other online channel as physical verification could not be done due to lockdown on account of COVID -19 Pandemic during the time of audit.
9. 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.

Place: Bangalore

Date: 23/05/2022

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924
UDIN: **F010056D000370702**



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-2021 to 31-March-2022
	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 Rs. 4.44 + Rs. 0.20 (electricity duty) 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 Lakh

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 10, 2022

Ramesh R. Patil
Whole-time Director
DIN : 07568951

Vinod Bhandawat
Chairman
DIN: 02873571

INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak Power & Energy Limited

Report on the audit of 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, 2022, 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, 2022, 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 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 Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, there is no remuneration paid/provided by the Company 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds)



by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on audit procedures performed, nothing has come to our attention that causes us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided in (a) and (b) above, contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year.

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 22111749AJQLDZ6047

Place: Mumbai
Date: May 26, 2022

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2022, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all items of Property, Plant and Equipment are verified once in every two 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. Pursuant to the said programme, certain items of Property, Plant and Equipment were physically verified during the year and no material discrepancies were observed on such verification.
- (c) Based on our examination of According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title in respect of self-constructed building (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, with regards to the nature and size of its inventories, the coverage and procedure of such physical verification carried out during the year were appropriate. Discrepancies noted during such physical verification were less than 10% of respective inventory classes. All discrepancies noted during the year were properly dealt with in the books of account.

(b) During the year, the Company did not have any sanctioned working capital limits in excess of five crore rupees, in aggregate, from any banks on the basis of security of its current assets. Accordingly, paragraph 3(ii)(b) of the Order is not applicable.
- (iii) During the year, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or given guarantees in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, reporting under paragraph (iv) of the Order is not applicable.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) To the best of our knowledge and as explained the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed statutory dues referred above were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) 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 Provident Fund, employees' state insurance Income Tax, Goods and service tax, Duty of Customs, outstanding on account of any dispute.
- viii) According to the information and explanations given to us, no transactions have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which was not recorded in the books of account. Accordingly, paragraph 3(viii) of the Order is not applicable.

- (ix) (a) According to the information and explanations given to us and on the basis of our audit procedures, the Company has defaulted in repayment of principal and payment of interest to a lender. The details are given below :

Nature of borrowing	Name of Lender	Amount not paid on due date (in lakhs)	Whether interest or principal	No of days delay or unpaid	Remarks
Term loan	ICICI Bank Ltd	727.29	Principal	Range from 46 days to 75 days	Rs 127.11 lakhs paid up to May 26, 2022

- (b) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, no term loans were obtained during the year by the Company. For the outstanding term loan at the beginning of the year, it has been applied for the purpose for which the loan was obtained.
- (d) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, no funds have been raised on short term basis by the Company.
- (e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.
- (x) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix)(a) of the Order is not applicable.
- (b) 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 convertible debentures (fully, partly or optionally) during the year.

- (xi) (a) According to the information and explanations given to us, no fraud by the company or any fraud on the company has been noticed or reported during the year.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, no report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was filed with the Central Government during the year or upto the date of the Report.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the audit procedures performed by us, transactions with the related parties during the year were in compliance with sections 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 accounting standards. Provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order are not applicable.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable.
- (c) In our opinion and according to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us, the Group (as defined the Core Investment Companies (Reserve Bank) Direction 2016) has two Core Investment Companies (CICs) as part of the Group.
- (xvii) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not incurred cash losses in the financial year, however in the immediately preceding financial year, the Company has incurred cash losses of Rs 11.07 lakhs.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.



We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) According to the information and explanations given to us and based on audit procedures performed by us, the Company was not required to spend any amount in terms of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph 3(xx)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any ongoing project in terms of Section 135 of the Act during the year. Accordingly, provision of sub-section (6) of section 135 of the said Act and paragraph 3(xx)(b) of the Order is not applicable.
- (xxi) This Report is issued on the standalone financial statements of the Company. Accordingly, paragraph 3(xxi) of the Order is not applicable.

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749

Place: Mumbai
Date: May 26, 2022
ICAI UDIN: 22111749AJQLDZ6047

Annexure - B to the Auditors' Report

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

Opinion

We have audited the internal financial controls over financial reporting of Gokak Power & Energy Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 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.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 22111749AJQLDZ6047

Place: Mumbai
Date: May 26, 2022

GOKAK POWER & ENERGY LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	9,111.13	9,457.99
b) Capital work-in-progress		-	-
		9,111.13	9,457.99
c) Financial Assets:			
i) Investments	4	0.26	0.26
d) Tax assets			
i) Deferred tax assets (net)		-	-
ii) Income tax assets (net)		11.00	14.79
		11.00	14.79
e) Other non-current assets	9A	0.75	1.00
Total Non-current assets		9,123.14	9,474.04
2 Current assets			
a) Inventories	6	10.39	10.38
b) Financial Assets:			
i) Trade receivables	5	238.70	627.29
ii) Cash and cash equivalents	7A	0.86	1.65
iii) Bank balances other than (ii) above	7B	792.05	764.43
v) Other financial assets	8	-	1.53
		1,042.00	1,405.28
c) Current tax assets (net)			
d) Other current assets	9B	44.38	35.94
Total Current assets		1,086.38	1,441.22
Total Assets		10,209.52	10,915.26
Equity and Liabilities			
Equity			
a) Equity share capital	10	4,900.00	4,900.00
b) Other equity	11	(2,922.91)	(2,788.36)
Total Equity		1,977.09	2,111.64
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	12	-	974.00
ii) Other financial liabilities	13A	1.00	100.00
		1.00	1,074.00
b) Provisions	14A	1.64	1.47



Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
Total Non-current liabilities		2.64	1,075.47
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	16	8,170.67	7,672.38
ii) Trade payables	17		
- dues to Micro and small enterprises		-	-
- dues to Creditors other than Micro and small enterprises		11.25	8.44
iii) Other financial liabilities	13B	25.79	24.24
		<u>8,207.71</u>	<u>7,705.06</u>
b) Provisions	14B	8.42	9.16
c) Other current liabilities	15	13.66	13.93
Total current liabilities		8,229.79	7,728.15
Total Liabilities		8,232.43	8,803.62
Total Equity and Liabilities		10,209.52	10,915.26

See accompanying notes forming part of the financial statements **1 to 37**

As per our report of even date

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vipan Kumar Sharma
Chief Financial Officer

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Vinod Bhandawat
Chairman
(DIN: 02873571)

Ramesh R. Patil
Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: May 26, 2022

GOKAK POWER & ENERGY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

Particulars		Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
I	Revenue from operations	18	1,224.40	1,104.79
II	Other income	19	30.71	17.84
III	Total Income		1,255.11	1,122.63
IV	Expenses:			
	Employee benefits expense	20	77.65	69.26
	Finance costs	21	698.99	799.86
	Depreciation and amortisation expense	22	355.32	354.59
	Other expenses	23	263.69	264.58
	Total expenses		1,395.65	1,488.29
V	Profit / (Loss) before exceptional items and tax		(140.54)	(365.66)
VI	Profit / (loss) before tax		(140.54)	(365.66)
VII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
VIII	Profit /(loss) for the year		(140.54)	(365.66)
IX	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans	24	5.99	(4.48)
	Other Comprehensive Income, net of tax		5.99	(4.48)
X	Total Comprehensive Income / (loss) for the year		(134.55)	(370.14)
XI	Earning per equity share	25		
	Basic and diluted earnings per equity share		₹ (0.29)	₹ (0.75)

See accompanying notes forming part of the financial statements **1 to 37****As per our report of even date**

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vipan Kumar Sharma
Chief Financial Officer

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Vinod Bhandawat
Chairman (DIN: 02873571)

Ramesh R. Patil
Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: May 26, 2022



**GOKAK POWER & ENERGY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit \ (Loss) before tax for the year	(140.54)	(365.66)
Adjustments for:	-	
Depreciation expenses	355.32	354.59
Finance Cost	698.99	799.86
Balances written off / (back)	(0.03)	(0.30)
Interest Income	(30.69)	(17.50)
Provision for doubtful debts	7.66	7.49
Cash Generated from operations before working capital changes	890.72	778.47
Adjustments for:		
(Increase)/decrease in trade receivables	380.91	(187.40)
(Increase)/decrease in inventories	(0.01)	1.71
(Increase)/decrease in Other Assets	(8.20)	(9.88)
(Increase)/decrease in Other Financial Assets	1.53	(1.53)
(Increase)/decrease in trade payables	2.84	(3.98)
Increase / (Decrease) in Provision	5.44	(1.32)
Increase / (Decrease) in other Financial Liabilities	(97.47)	87.13
Increase / (Decrease) in other Liabilities	(0.26)	0.75
Cash generated from operations	1,175.50	663.96
Taxes paid (net of refunds)	3.79	(0.86)
Net cash generated from operating activities - [A]	1,179.29	663.10
B. Cash Flow from Investing Activities :		
Purchase of tangible assets (including CWIP)	(8.45)	-
Movements in other bank balances	(27.62)	216.75
Interest received	30.69	17.50
Net cash flow from/ (used in) investing activities [B]	(5.38)	234.25
C. Cash Flow from Financing Activities :		
Finance Cost Paid	(173.65)	(326.59)
Repayment of Borrowings	(1,353.05)	(625.89)
Proceeds from Borrowings	352.00	-
Net cash flow from/ (used in) financing activities [C]	(1,174.70)	(952.48)
Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]	(0.79)	(55.13)
Cash and cash equivalents as at beginning [E]	1.65	56.78
Cash and cash equivalents as at closing [D]+[E]	0.86	1.65
D. COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	0.04	0.09
Balances with banks:		
- In current accounts	0.81	1.57
	0.86	1.65

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) Change in Borrowings are shown net of receipts and payments.
- iii) Previous year figures have been rearranged/regrouped wherever necessary.

As per our report of even date

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vipan Kumar Sharma
Chief Financial Officer

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Vinod Bhandawat
Chairman
(DIN: 02873571)

Ramesh R. Patil
Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: May 26, 2022



GOKAK POWER & ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

a. Equity share capital

Current reporting period

Balance as at 1st April, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance as at 31st March, 2022
4,900	-	4,900	-	4,900

Previous reporting period

Balance as at 1st April, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance as at 31st March, 2021
4,900	-	4,900	-	4,900

b. Other equity

Current reporting period

Particulars	Retained earnings	Total Equity attributable to equity holders of the Company
Balance at April 1, 2021	(2,788.36)	(2,788.36)
Profit for the year	(140.54)	(140.54)
Other comprehensive income for the year, net of income tax	5.99	5.99
Total comprehensive income for the year	(134.55)	(134.55)
Balance at March 31, 2022	(2,922.91)	(2,922.91)

Previous reporting period

Particulars	Retained earnings	Total Equity attributable to equity holders of the Company
Balance at April 1, 2020	(2,418.22)	(2,418.22)
Profit / (Loss) for the year	(365.66)	(365.66)
Other comprehensive income for the year, net of income tax	(4.48)	(4.48)
Total comprehensive income for the year	(370.14)	(370.14)
Balance at March 31, 2021	(2,788.36)	(2,788.36)

As per our report of even date

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vipan Kumar Sharma
Chief Financial Officer

Rakesh M. Nanwani
Company Secretary
(Membership No. A45718)

Vinod Bhandawat
Chairman (DIN: 02873571)

Ramesh R. Patil
Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: May 26, 2022

GOKAK POWER & ENERGY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

1 Corporate Information

Gokak Power and Energy Limited is public company incorporated on 17th January 2012 under the provisions of Companies Act, 1956. The company is in the business of generation/producing hydro power. The Company has 10.8 MW of Hydro power plant. Its registered office 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 (Rs.), 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

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 2018 is included in the following notes:

- Note 14 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 27 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(b) - useful life of property, plant and equipment
- Note 3(d) - Financial Instruments "



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued

(e) Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

Note 32 - financial instruments.

3 Significant accounting policies

(a) Property, plant and equipment:

Items of property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from the exchange rates variances relating to liabilities attributable to fixed assets are expensed out.

(b) Depreciation /Amortisation:

Depreciation is provided on a pro-rata basis on the straight line method at the rates prescribed under Schedule II to the Companies Act, 2013.

Sr. No.	Particulars	Useful Life In years
1	Building & Structures	30
2	Plant & Machinery	40
3	Furniture and Fixture	10
4	Office Equipments	5

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued**(c) Borrowing cost :**

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

(d) Financial instruments**i. Recognition and initial measurement**

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued

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.

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also de-recognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Off setting

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

(e) Revenue recognition :

Revenue 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.

(f) Provisions and Contingent Liability

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty. Contingent Assets are not recognised.

(g) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued

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.

(h) Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with IND AS 33, on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(i) Impairment**(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-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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued

(j) Inventories :

Inventories are valued at lower of cost and net realisable value. Stores, Spares and loose Tools cost is determined on weighted average method.

(k) 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.

(l) 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.

(m) 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021 - Continued

(n) Recent accounting pronouncements

On March 23, 2022, Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

i) Ind AS 103 - Business Combinations:

The amendment clarifies that while applying the acquisition method for recognition, the assets and liabilities taken over, in a business combination, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect the amendment to have any impact in its financial statements.

ii) Ind AS 16 – Property, Plant and Equipment

The amendment requires that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendment to have any significant impact in its financial statements.

iii) Ind AS 109 - Financial Instruments:

The amendment clarifies that while determining the fees paid (net of fees received) when a borrower applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability, the borrower to include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company does not expect the amendment to have any significant impact in its financial statements.

iv) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendment clarifies in relation to onerous contracts that the cost of fulfilling a contract comprises the costs that relate directly to the contract which consist of incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

v) Ind AS 41 – Agriculture

The amendment relates to recognition and measurement of biological assets or agricultural produce. The Company does not expect the amendment to have any impact in its financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

3. Property, plant and equipment

(Rs. in lakhs)

Particulars	Building and structures	Plant and machinery	Furniture, Fixtures & Office Equipments	Vehicle	Total
Cost or Deemed cost					
Balance at April 1, 2020	6,777.64	4,644.67	1.15	0.63	11,424.09
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Balance at 31 st March, 2021	6,777.64	4,644.67	1.15	0.63	11,424.09
Additions	-	-	-	8.45	8.45
Disposal	-	-	-	-	-
Balance at 31 st March, 2022	6,777.64	4,644.67	1.14	9.08	11,432.53
Accumulated depreciation and impairment					
Balance at April 1, 2020	1,074.20	536.60	0.59	0.12	1,611.51
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.57	117.80	0.15	0.06	354.59
Balance at 31 st March, 2021	1,310.77	654.40	0.74	0.18	1,966.10
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.57	117.80	0.15	0.80	355.32
Balance at 31 st March, 2022	1,547.34	772.21	0.89	0.97	2,321.41
Carrying Amount					
Balance at April 1, 2020	5,703.44	4,108.08	0.55	0.51	9,812.58
Balance at 31 st March, 2021	5,466.87	3,990.27	0.41	0.45	9,458.00
Balance at 31 st March, 2022	5,230.30	3,872.47	0.26	8.11	9,111.13

Note: The title in respect of the Buildings are held in the name of the Company.

4. Non Current Investments

Break-up of investments

Particulars	As at March 31, 2022		As at March 31, 2021	
	Qty	Amount	Qty	Amount
Unquoted Investments at FVTPL				
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 31ST MARCH, 2022 - Continued

5. Trade receivables

(Rs. in lakhs)

Current		
Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
a) Unsecured, considered good	67.24	426.85
b) Related Parties	171.47	200.44
Less: Allowance for doubtful debts (expected credit loss allowance)	-	-
Total	238.70	627.28

* 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. The Company has recognised an allowance for doubtful debts at 100% against all receivables over 365 days and 50% against all receivables between 180 -365 days as standard policy.

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.

5.2 Ageing Schedule :

As on March 31, 2022 Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	126.54	111.70	0.47	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	126.54	111.70	0.47	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

As on March 31, 2021 Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	105.27	261.13	260.87	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	105.27	261.13	260.87	-	-	-

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.

6. Inventories

(Rs. in lakhs)

Particulars	Not Due	6 months - 1 years
a) Inventories (lower of cost and net realisable value) Stores and spares		
Total	10.39	10.38

7. Cash and Bank Balances

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
7A. Cash and cash equivalents		
Balances with Banks		
a) In current accounts	0.81	1.57
	0.81	1.57
Cheques, drafts on hand	-	-
Cash on hand	0.04	0.09
Total	0.86	1.65
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.	792.05	764.43
Total	792.05	764.43

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

8. Other financial assets

(Rs. in lakhs)

Current		
Particulars	As at March 31, 2022	As at March 31, 2021
Claims Receivable	-	1.53
Total	-	1.53

9. Other assets

9A. Non Current

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	0.75	1.00
Total	0.75	1.00

9B. Current

Particulars	As at March 31, 2022	As at March 31, 2021
- Unsecured considered good		
a) Insurance claim - plant revival		
Advances for supply of goods and services (plant revival)	-	46.96
Insurance claim receivable	100.00	53.04
Less: Advance Received Against Insurance Claim	(100.00)	(100.00)
Sub-total	-	-
b) Advances for supply of goods and services (others)	19.86	14.84
c) Security Deposits	0.22	0.22
d) Prepaid expenses	17.14	19.62
e) Medical advance	0.02	-
f) Prepaid employee benefit plan	7.14	1.27
Total	44.38	35.94

10. Equity Share Capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Share capital :		
5,00,00,000 fully paid equity shares of Rs. 10 each	5,000.00	5,000.00
Issued, subscribed and paid-up share capital:		
4,90,00,000 fully paid equity shares of Rs. 10 each	4,900.00	4,900.00
Total	4,900.00	4,900.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued
10.1 Fully paid equity shares

(Rs. in lakhs)

Particulars	Number of shares	Share capital
Balance as at 1st April, 2019	49,000,000	4,900
Movements	-	-
Balance as at 1st April, 2020	49,000,000	4,900
Movements	-	-
Balance as at 31st March, 2021	49,000,000	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 Rs. 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.

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.

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

Particulars	Fully paid ordinary shares	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the period :		
Gokak Textile Limited - Holding Company (51%)	24,990,000	24,990,000
Total	24,990,000	24,990,000

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	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.	24,010,000	49%	24,010,000	49%
Gokak Textile Limited - Holding Company	24,990,000	51%	24,990,000	51%
Total	49,000,000	100%	49,000,000	100%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

10.4 Details of shares held by Promoters :

Particulars	As at March 31, 2022		As at March 31, 2021	
	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.	24,010,000	49%	24,010,000	49%
Gokak Textile Limited - Holding Company	24,990,000	51%	24,990,000	51%
Total	49,000,000	100%	49,000,000	100%

There has been no change in the shareholding pattern of Promoters during the year.

11. Other Equity

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Surplus/ Deficit in retained earnings		
Balance at beginning of the year	(2,788.36)	(2,418.22)
Profit / (loss) during the year	(140.54)	(365.66)
Other comprehensive income for the year, net of income tax	5.99	(4.48)
Balance at end of the year	(2,922.90)	(2,788.36)

Note: Retained earnings represents net profits after distributions and transfers to other reserves.

12. Non-current Borrowings

Particulars	Non Current maturities	
	As at March 31, 2022	As at March 31, 2021
Secured – at amortised cost		
(a) Term loans		
From banks		
i) ICICI Bank Ltd	-	974.00
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 company in, to and in respect of all the assets of the company, all clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares. Repayment is being made at Rs. 255.75 per quarter		
Interest charged during the year based on floating rate (Previous year 12.60% p.a.)		
Total	-	974.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued
13. Other financial liabilities
13A. Non Current (Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Security deposits	1.00	100.00
Total	1.00	100.00

13B. Current (Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Salary Payables & Others	25.79	24.24
Total	25.79	24.24

14. Provisions
14A Non current (Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Employee benefits		
Compensated absences	1.64	1.47
Total	1.64	1.47

14B Current (Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Employee benefits		
Compensated absences	0.03	1.90
Gratuity (Badli workers)	8.39	7.27
Total	8.42	9.16

15. Other Current Liabilities
(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Statutory remittances	13.66	13.93
Total	13.66	13.93

16. Current Borrowings
(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - at amortised cost		
a) Current maturities of long-term borrowings		
Term loan from ICICI Bank Limited	1,234.89	1,582.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

Particulars	As at March 31, 2022	As at March 31, 2021
b) Loans from related parties -		
loans from Holding Company	-	-
loans from Related party	6,935.77	6,089.52
Total	8,170.67	7,672.38

16.1 The defaults in repayment of loans to banks included in borrowings and current maturities of term loans are as under:

Default in Principal

Bank	Default in Principal	Amount not paid on due date (in lakhs)	Remarks
ICICI Bank Limited	Range from 46 days to 75 days	727.29	Rs. 127.11 lakhs paid up to May 26, 2022

17. Trade payables

Current

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
- dues to Micro and small enterprises	-	-
- dues to Related Parties	4.56	4.19
-dues to other Creditors	6.70	4.26
Total	11.25	8.44

17.1 There are no dues outstanding to Micro, Small and Medium enterprises as per MSMED Act 2006.

17.2 Trade Payable ageing

(Rs. in lakhs)

As on March 31, 2022 Particulars	Outstanding for following periods from due date of payments					
	Not Due	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	2.56	2.46	0.53	2.79	2.92	11.25
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	2.56	2.46	0.53	2.79	2.92	11.25

(Rs. in lakhs)

As on March 31, 2021 Particulars	Outstanding for following periods from due date of payments					
	Not Due	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	2.16	0.56	2.80	0.46	2.46	8.44
Disputed Dues - Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Total	2.16	0.56	2.80	0.46	2.46	8.44

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued
18. Revenue from operations

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Revenue from Contracts with customers		
a) Income from Sale of Power	1,002.80	1,099.39
Total (a)	1,002.80	1,099.39
b) Other operating revenues		
i) Sale of Renewable Energy Certificates	217.25	4.32
ii) Scrap Sales	4.35	1.07
Total (b)	221.60	5.39
Total (a+b)	1,224.40	1,104.79

* There are no adjustments during the year to the contract price for revenue recognition

19. Other Income

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Interest on deposits with bank		
i) Bank deposits	30.69	17.50
b) Other Non-Operating Income		
i) Credit balances / excess provision written back	0.03	0.30
ii) Miscellaneous income	-	0.03
Total	30.71	17.84

20. Employee benefits expense

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Salaries and Wages	60.82	58.10
ii) Contribution to provident and other funds	14.59	8.57
iii) Staff Welfare Expenses	2.25	2.59
Total	77.65	69.26

21. Finance Costs

(Rs. in lakhs)

Particulars	“ As at March 31, 2022 “	“ As at March 31, 2021 “
(a) Interest costs measured at amortised costs		
i) Interest on Security Deposits	0.12	9.95
ii) Interest on bank Term Loans	173.65	285.73
iii) Other Interest	0.04	0.01
iv) Interest on Inter Corporate Deposits	525.18	504.16
Total	698.99	799.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

22. Depreciation and amortisation expense

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Depreciation of property, plant and equipment	355.32	354.59
Total	355.32	354.59

23. Other expenses

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Consumption of stores and spare parts	22.58	20.71
ii) Power and fuel	0.58	0.44
iii) Freight and Handling	0.21	0.16
iv) Directors Sitting fees	6.30	4.80
v) Repairs to :		
a) Buildings	1.97	0.04
b) Plant and machinery	18.59	9.24
c) Repair & mantinance (plant revival)	100.41	132.99
d) Others	2.93	4.12
vi) Insurance	32.25	26.36
vii) Rates and taxes	3.21	6.65
viii) Administrative Expenses	0.54	0.18
ix) Printing & Stationery	0.04	-
x) Provision for Doubtful Debt	7.66	7.49
xi) Legal and professional charges	18.09	13.55
xii) Travelling and conveyance	0.48	1.00
xiii) Water Royalty Charges	45.22	33.86
Total (A)	261.04	261.58
xiv) To Statutory auditors		
a) For audit fee	1.90	2.25
b) For tax audit fee	0.75	0.75
Total (B)	2.65	3.00
Total (A+B)	263.69	264.58

24. Other comprehensive income

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Re-measurement of defined benefit obligation	5.99	(4.48)
Total	5.99	(4.48)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued
25. Earnings per share :

Particulars	As at March 31, 2022	As at March 31, 2021
	Rs. per share	Rs. per share
Basic and Diluted earnings per share	(0.29)	(0.75)

Basic & Diluted 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 March 31, 2022	As at March 31, 2021
Profit / (Loss) for the year attributable to owners of the Company (A)	(140.54)	(365.66)
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)	(0.29)	(0.75)

26. 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 March 31, 2022	As at March 31, 2021
Provident fund	5.41	4.53
Superannuation fund	-	-
Total contribution	5.41	4.53

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.

Sr. No.	Particulars	2021-22	2020-21
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	15.07	9.45
	Current Service Cost	0.49	0.50
	Interest Cost	1.04	0.65
	Actuarial (Gain) / Loss on Obligation due to experience	(0.02)	4.51
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	(0.42)	(0.03)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

Sr. No.	Particulars	2021-22	2020-21
	Benefits Paid	(5.56)	-
	Present value of the obligation at the end of the year	10.60	15.07
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	16.60	15.54
	Interest Income	1.14	1.06
	Benefits Paid	(5.55)	-
	Return on plan assets excluding interest income	5.54	(0.00)
	Contributions by Employer	-	0.01
	Fair value of Plan Assets at the end of the year	17.74	16.60
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(10.60)	(15.07)
	Fair value of Plan Assets at the end of the year	17.74	16.60
	Funded Status	7.14	1.53
	Net asset/(liability) at the end of the year	7.14	1.53
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	0.49	0.50
	Finance cost / (income)	(0.11)	(0.42)
	Past service cost	-	-
	Net impact on the loss before tax	0.39	0.08
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	(0.46)	4.48
	Return on plan asset excluding interest income	(5.54)	0.00
	Net (income) / expenses for the period recognised in other comprehensive income	(5.99)	4.48
f)	Actual return on Plan Assets		
	Interest Income	1.14	1.06
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	1.14	1.06
g)	Actuarial Assumptions		
	i) Discount Rate	7.27%	6.87%
	ii) Expected Rate of Return on Plan Assets	7.27%	6.87%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00%	1.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

Maturity Analysis of the benefit payments : from the fund	As at March 31, 2022	As at March 31, 2021
Projected Benefits payable in future years from the date of reporting		
1 St Following Year	0.20	5.57
2 nd Following Year	0.21	0.19
3 rd Following Year	0.22	0.20
4 th Following Year	0.23	0.22
5 th Following Year	0.25	0.23
Sum of years 6 th to 10 th	6.13	3.55
Sum of years 11 th and above	16.13	17.01

Maturity Analysis of the benefit payments : from the fund	As at March 31, 2022	As at March 31, 2021
Projected Benefit obligation On Current Assumptions	10.60	15.07
Delta effect of +1% Change in rate of Discounting	(0.97)	(0.95)
Delta effect of -1% Change in rate of Discounting	1.10	1.08
Delta effect of +1% Change in rate of Salary increase	1.12	1.11
Delta effect of -1% Change in rate of Salary increase	(1.01)	(0.98)
Delta effect of +1% Change in rate of Employee Turnover	0.25	0.23
Delta effect of -1% Change in rate of Employee Turnover	(0.27)	(0.25)

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

27. 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
Fellow Subsidiaries	1 Shapoorji Pallonji Infrastructure Capital Company Private Limited 2 Shapoorji Pallonji Energy (Gujarat) Private Limited
Key Management Personnel and their relatives ("KMP")	1 Mr. Ramesh R Patil, Whole Time Director. 2 Mr. Avadhut Sarnaik, Chief Financial Officer. (upto 01.05.2021) 3 Mr. Vipin Kumar Sharma, Chief Financial Officer (from 28.06.2021) 4 Mr. Rakesh Nanwani, Company Secretary. 5 Mr. Vinod Bhandawat 6 Mr. Pradip N. Kapadia, Director. 7 Mr. Chandrakant G. Shah, Director. 8 Mr. Nikhil Bhatia, Director.
Trusts	1 Gokak Falls Education & Medical Trust

Related party disclosures (contd.)

(b) transactions/ balances with above mentioned related parties (mentioned in note 27 above)

(Rs. in lakhs)

	Nature of Transactions	Holding Company	Ultimate Holding Company	Associate Companies	Fellow Subsidiary	Key Managerial Personnel	Trust	Total
1	INCOME							
(i)	Sales (including Electricity Tax)	678.49	-	-	-	-	-	678.49
	Previous Year (including Electricity Tax)	726.41	-	-	-	-	-	726.41
2	EXPENSES							
(i)	Interest Accrued	0.12	467.93	-	57.25	-	-	525.30
	Previous Year	9.95	467.93	-	36.23	-	-	514.11

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

	Nature of Transactions	Holding Company	Ultimate Holding Company	Associate Companies	Fellow Subsidiary	Key Managerial Personnel	Trust	Total
(ii)	Services received	-	0.38	-	-	-	-	0.38
	Previous Year	-	0.47	-	-	-	-	0.47
(iii)	Director sitting fees	-	-	-	-	6.30	-	6.30
	Previous Year	-	-	-	-	4.80	-	4.80
3	Reimbursement of Expenditure	-	-	-	-	-	0.58	0.58
	Previous Year	-	-	-	-	-	0.87	0.87
	Refund Received	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-
4	Borrowings during the year	-	-	-	352.00	-	-	352.00
	Previous Year	-	-	-	-	-	-	-
5	OUTSTANDINGS							
	Receivables	171.47	-	-	-	-	-	171.47
	Previous Year	200.43	-	-	-	-	-	200.43
	Deposit Payable	1.00	-	-	-	-	-	1.00
	Previous Year	100.00	-	-	-	-	-	100.00
	Payables ICD		6,006.16		929.61			6,935.77
	Previous Year		5,563.44		526.09			6,089.52
	Payables	-	4.56	-	-	-	0.09	4.64
	Previous Year	-	4.15	-	-	-	0.04	4.19
	Investments in Equity Shares of Associate Company	-		0.26	-	-	-	0.26
	Previous Year	-		0.26	-	-	-	0.26

Related party disclosures (contd.)
(b) transactions/ balances with above mentioned related parties (mentioned in note 27 above)

(Rs. in lakhs)

Nature Of Transaction	"Year ended March 31, 2022	Year ended March 31, 2021	Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Sale of Electricity Gokak Textiles limited	678.49	726.41	Deposit Payable Gokak Textiles Limited	1.00	100.00
Services Received Shapoorji Pallonji and Company Private Limited	0.38	0.47	Receivables Gokak Textiles limited	171.47	200.43
Interest accrued Gokak Textiles limited	0.12	9.95	Director Sitting Fees Mr. S. Mukundan	-	0.20

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

Nature Of Transaction	“Year ended March 31, 2022	Year ended March 31, 2021	Nature Of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Shapoorji Pallonji and Company Private Limited	467.93	467.93	Mr. C. G. Shah	1.70	1.40
Shapoorji Pallonji Infrastructure Capital Company Private Limited	49.54	32.78	Mr. Pradip N. Kapadia	1.80	1.50
Shapoorji Pallonji Energy (Gujarat) Private Limited	3.45	3.45	Mr. Nikhil Bhatia	1.80	1.50
Evangelos Venturs Pvt Ltd	4.26	-	Mr. Vinod Bhandawat	1.00	0.20
Loans Taken			Payables		
Shapoorji Pallonji and Company Private Limited	-	-	Gokak Falls Education & Medical Trust	0.09	0.04
Shapoorji Pallonji Infrastructure Capital Company Private Limited	172.00	-	SPCPL (ICD)	6,006.16	5,563.44
Evangelos Venturs Pvt Ltd	180.00	-	SPCPL (creditor)	4.56	4.15
			Shapoorji Pallonji Energy (Gujarat) P Ltd	57.41	54.31
			Shapoorji Pallonji Infrastructure Capital Company Private Limited	688.36	471.78
Reimbursement of Expenditure			Evangelos Venturs Pvt Ltd	183.83	-
Gokak Textiles limited	-	-			
Gokak Falls Education & Medical Trust	0.58	0.87			
Investments in Equity Shares of Associate Company					
Suryoday One Energy Private Limited	0.26	0.26			

28 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.

The capital components of the Company are as given below :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

(Rs. in lakhs)

Particulars	March 31, 2022	March 31, 2021
Total Equity	1,977.09	2,111.64
Short Term Borrowings	8,170.67	7,672.38
Long Term Borrowings	-	974.00
Total Debt	8,170.67	8,646.38
Cash & Cash equivalents	0.86	1.65
Total Cash and Cash Equivalents	0.86	1.65
Net Debt	8,169.81	8,644.73
Debt Equity ratio	4.13	4.09
Debt Equity Ratio = Net debt / Total Equity		

29 Financial risk management objectives :

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

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

(a) Market Risk :

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

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

Currency risk

The company is not exposed to currency risk, since there are not transaction in foreign currency.

Interest Risk and Sensitivity Analysis :

"Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The company manages its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The company is not exposed to interest rate risks."

(b) Liquidity Risk :

Prudent liquidity risk management implies maintaining sufficient cash and bank balance and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company's finance department is responsible for liquidity, funding as well as settlement management and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

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, 2022			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,170.67	1,234.89	6,935.78	-
Trade Payables	11.25	11.25	-	-
Other Financial Liabilities	26.79	25.79	-	1.00
Total	8,208.71	1,271.94	6,935.78	1.00
				(Rs. in lakhs)
Maturities of Financial Liabilities	March 31, 2021			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,646.38	7,672.38	974.00	-
Trade Payables	8.44	8.44	-	-
Other Financial Liabilities	124.25	24.25	-	100.00
Total	8,779.07	7,705.07	974.00	100.00

(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 31ST MARCH, 2022 - Continued

(Rs. in lakhs)

Particulars	March 31, 2022	March 31, 2021
Trade receivables	238.70	627.29
Total	238.70	627.29

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.

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

(Rs. in lakhs)

Particulars	" As on 1st april 2021"	Cash in flow	Cash out flow	Non cash movement	As on 31 st March 2022
Short Term Borrowings	7,672.38	352.00	(379.05)	525.34	8,170.67
Long Term Borrowings	974.00	-	(974.00)	-	-

31 Financial Instrument - Fair Value & Risk management:

(Rs. in lakhs)

Categories of Financial Instruments:		March 31, 2022			March 31, 2021		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.26			0.26		
	Trade Receivables			238.70			627.28
	Cash & Bank Balances			0.86			1.65
	Bank balances other than above			792.05			764.43
		0.26	-	1,031.61	0.26	-	1,393.36
ii)	Financial liabilities						
	Borrowings			8,170.67			8,646.38
	Trade Payables			11.25			8.44
	Other Financial Liabilities			26.79			124.25
		-	-	8,208.71	-	-	8,779.08

32 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.

33 Disclosure requirement as notified by MCA pursuant to amended schedule III :

- 1) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 2) The Company does not have any transactions with companies struck off.
- 3) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

- 4) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- 6) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 8) The company has not been declared as a wilful defaulter.
- 9) The Company has not made any Loans or Advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
- repayable on demand or
 - without specifying any terms or period of repayment

34 Ratio Analysis :

Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	Variation (%)	Reason for variance in the ratio by more than 25%
Current Ratio (times)	Total Current Assets	Total Current Liabilities	0.13	0.19	-29.22%	Current ratio has reduced since additional borrowings were taken from group company for repayment of bank term loan.
Debt equity ratio (times)	Total borrowings	Total Equity	4.13	4.09	0.93%	
Debt service coverage ratio (times)	Net profit after tax + Depreciation + Finance Expense	Interest including principle payments of borrowings	0.60	0.83	-27.73%	Moratorium was availed in FY 20-21 hence there was additional outflow of interest and principal during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 - Continued

Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	Variation (%)	Reason for variance in the ratio by more than 25%
Return on equity (%)	Profit/(Loss) for the year	Average Total Equity	-0.07	-0.16	-59.16%	Profit for the year is higher due to higher revenue and higher other income.
Inventory turnover ratio (times)	Consumption of stores and spare parts	Average Inventory	2.17	1.84	17.94%	-
Trade receivables turnover ratio (times)	Revenue from Operations	Average trade receivables	2.83	2.06	37.53%	Increased in ratio as better collections and old outstanding recovered.
Trade payable turnover ratio (times)	Consumption of stores and spare parts	Average trade payables	2.29	1.96	17.15%	-
Net capital turnover ratio (times)	Revenue from Operations	Working capital (Current Assets - Current Liabilities)	-0.17	-0.18	-2.46%	-
Net profit ratio (%)	Profit/(Loss) for the year	Revenue from Operations	-0.11	-0.33	-65.32%	Profit for the year is higher due to higher revenue and higher other income.
Return on capital employed (%)	Earning before interest and tax	Tangible net worth + Total Borrowings	0.06	0.04	36.35%	Profit for the year is higher due to higher revenue and higher other income. Borrowings have also reduced due to repayment.

- 35 The Company has filed the full and final insurance claim on May 6, 2021 related to the damage of its hydro power plant, in the year 2019-20, aggregating to Rs 353.65 lakhs. There were no further updates/communication from the insurer in this regard till the date of approval of these financial statements and accordingly, relevant adjustments /entries for the claim receivable will be recorded in the books in the forthcoming financial year.
- 36 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 37 Approval of Financial Statements :-The financial statements were approved for issue by the board of directors on May 26, 2022.

As per our report of even date

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Vipan Kumar Sharma
Chief Financial Officer

Rakesh Nanwani
Company Secretary
Membership No. A45718

Place: Mumbai
Date: May 26, 2022

Vinod Bhandawat
Chairman
(DIN: 02873571)

Ramesh R. Patil
Whole Time Director
(DIN: 07568951)

GOKAK TEXTILES LIMITED

#1, 2nd FLOOR, 12th CROSS , IDEAL HOMES,
NEAR JAYANNA CIRCLE, RAJARAJESHWARI NAGAR,
BENGALURU - 560 098.