



**GOKAK™**

TEXTILES LIMITED

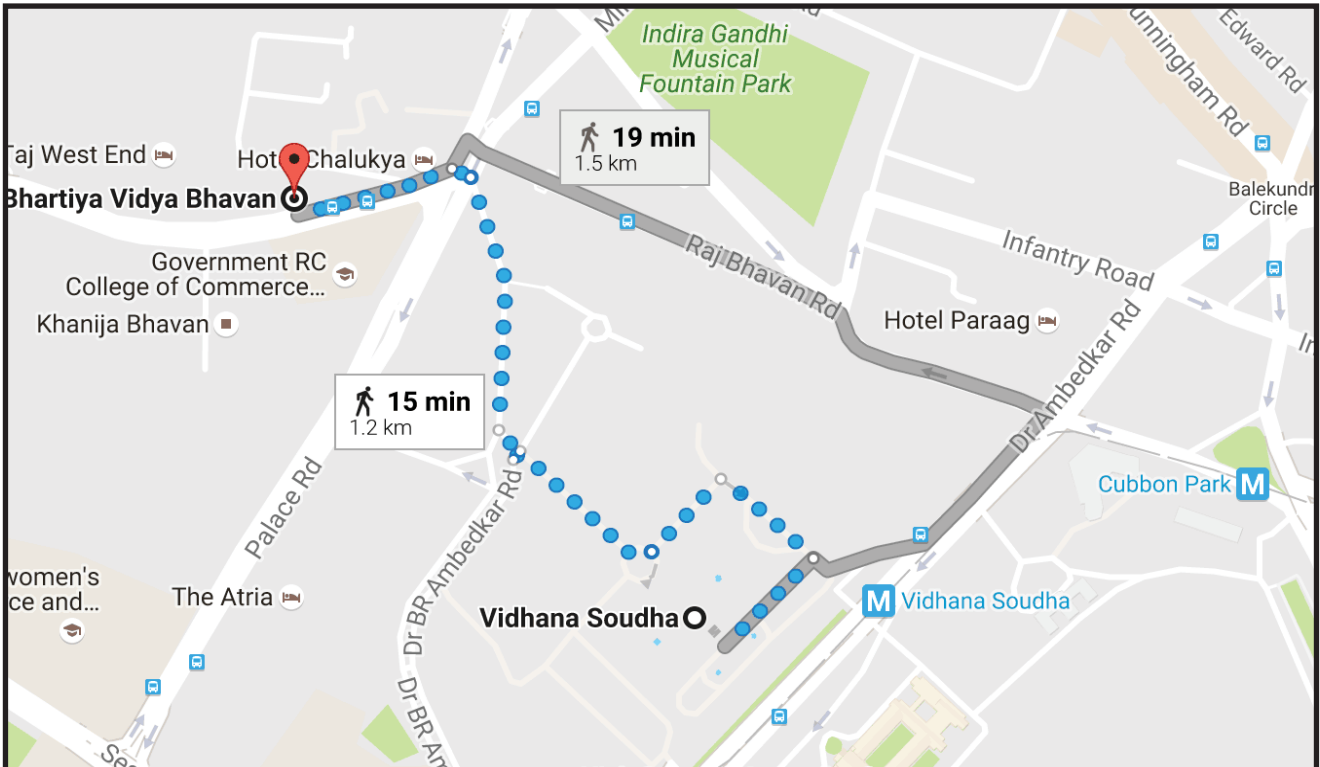


**11<sup>th</sup>** Annual Report  
2016-2017



## ROUTE MAP TO THE VENUE OF THE 11<sup>TH</sup> ANNUAL GENERAL MEETING

### Directions From Vidhana Soudha to KRG Hall, Bhartiya Vidya Bhavan



**Vidhana Soudha, Dr Ambedkar Rd, Sampangi Ramnagar, Bengaluru, Karnataka 560001, India**

- ↑ Head northeast - 150m
- ↶ Turn left toward Dr BR Ambedkar Rd - 150m
- ↶ Turn left toward Dr BR Ambedkar Rd - 120m
- ⦿ At the roundabout, take the 1st exit - 210m
- ↶ Turn left toward Dr BR Ambedkar Rd - 13m
- ↷ Turn right onto Dr BR Ambedkar Rd - 41m
- ↷ Turn right to stay on Dr BR Ambedkar Rd - 300m
- ↶ Turn left to stay on Dr BR Ambedkar Rd - 25m
- ↶ Turn left onto Palace Rd/ Race Course Rd - 190m

Continue to follow Race Course Rd Destination will be on the right

**Bhartiya Vidya Bhavan, #43, Race Course Road, Bengaluru, Karnataka 560001, India**

<b>Contents</b>	<b>Pages</b>
Notice .....	04-12
Board's Report and Annexures .....	13-32
Corporate Governance Report.....	33-43
 <b>Standalone Financial Results</b>	
Auditors' Report and Annexure.....	43-48
Balance Sheet .....	49-50
Statement of Profit & Loss.....	51
Cash Flow Statement .....	52-53
Statement of changes in Equity .....	54
Notes forming part of the Standalone Financial Statements (Notes 1-53) .....	55-83
 <b>Consolidated Financial Statements</b>	
Auditors' Report and Annexure.....	84-87
Balance Sheet .....	88-89
Statement of Profit & Loss.....	90
Cash Flow Statement .....	91-92
Statement of changes in Equity .....	93
Notes forming part of the Consolidated Financial Statements (Notes 1-53) .....	94-124
Gokak Power & Energy Limited (Subsidiary Company) .....	125-172

**Eleventh Annual General Meeting of Gokak Textiles Limited will be held on Tuesday, September 26, 2017 at 3.00 p.m at KRG Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru – 560 001**

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

---

DIRECTORS	: ASHOK BARAT – Chairman ( <i>upto September 18, 2016</i> ) RAMESH R. PATIL – Chief Executive Officer & Managing Director PRADIP N. KAPADIA KAIWAN D. KALYANIWALLA VASANT N. SANZGIRI D. G. PRASAD ZARINE K. COMMISSARIAT ( <i>upto July 19, 2017</i> ) ROOPA V. TARKHAD ( <i>w.e.f. August 11, 2017</i> )
CHIEF FINANCIAL OFFICER	: VIKRAM V. NAGAR
COMPANY SECRETARY	: RAKESH M. NANWANI ( <i>w.e.f. May 26, 2017</i> )
STATUTORY AUDITORS	: Messrs. KALYANIWALLA & MISTRY LLP
BANKERS	: PUNJAB NATIONAL BANK STANDARD CHARTERED BANK RBL BANK LIMITED
REGISTRARS AND SHARE TRANSFER AGENTS	: TSR DARASHAW LIMITED UNIT: GOKAK TEXTILES LIMITED, 6-10, HAJI MOOSA PATRAWALA INDUSTRIAL ESTATE, 20, DR.E.MOSES ROAD, MAHALAXMI, MUMBAI 400 011 Tel : +91 22 66568484 Fax : +91 22 66568494 Email : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>
BRANCH	: TSR DARASHAW LIMITED UNIT : GOKAK TEXTILES LIMITED 503. BARTON CENTRE, 5TH FLOOR 84, MAHATMA GANDHI ROAD BENGALURU – 560 001
MILLS	: GOKAK FALLS-591 308 (DISTRICT BELGAUM- KARNATAKA)
KNITWEAR UNIT	: BAGALKOT ROAD VILLAGE MARIHAL - 591 167 DIST. BELGAUM KARNATAKA
REGISTERED OFFICE	: # 1, 2 <sup>ND</sup> FLOOR, 12 <sup>TH</sup> CROSS, IDEAL HOMES, NEAR JAYANNA CIRCLE, RAJARAJESHWARI NAGAR, BENGALURU - 560 098 Email: <a href="mailto:secretarial@gokaktextiles.com">secretarial@gokaktextiles.com</a> Website: <a href="http://www.gokakmills.com">www.gokakmills.com</a>

## NOTICE

**NOTICE** is hereby given that the Eleventh Annual General Meeting of the Members of Gokak Textiles Limited will be held at KRG Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru 560 001 on Tuesday, September 26, 2017 at 3.00 p.m. to transact the following business:

### ORDINARY BUSINESS

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

To receive, consider and adopt:

- the Audited Financial Statements of the Company for the Financial Year ended March 31, 2017 together with the Report of the Board of Directors and the Auditors thereon; and
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 together with the Report of the Auditors thereon.

#### 2. Appointment of a Director

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

#### 3. Appointment of Statutory Auditors and to authorize the Board of Directors to determine their remuneration

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

“Resolved that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof), Batliboi & Purohit, Chartered Accountants, (Firm Registration No.101048W) be and are hereby appointed Statutory Auditors of the Company in place of retiring Statutory Auditors of the Company, Kalyaniwalla & Mistry LLP, (Firm Registration No.104607W), to hold office for a term of 5 (five) years from the conclusion of the Eleventh Annual General Meeting until the conclusion of the Sixteenth Annual General Meeting, subject to ratification at every intervening Annual General Meeting, if so, required under the Act, at such remuneration plus applicable taxes, out of pocket, travelling and other expenses as may be determined by the Board of Directors of the Company.

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

### SPECIAL BUSINESS

#### 4. Appointment of Ms. Roopa V. Tarkhad (DIN: 07879587) as a Director of the Company

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

“Resolved that Ms. Roopa V. Tarkhad (DIN:07879587), who was appointed as an Additional Director of the Company with effect from August 11, 2017 and who holds office upto the date of this Annual General Meeting in terms of section 161 of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation”.

#### 5. Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2017-18.

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

“Resolved that pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the payment of remuneration of Rs. 3.00 lakhs plus applicable taxes and out of pocket expenses to Messrs. A.G.Anikhindi & Co., (Firm Registration No. 1000449), 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, 2018 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.”

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

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

“Resolved that pursuant to the provisions of Sections 13, 61 and all other applicable provisions, if any, under the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) the existing Authorised Share Capital of the Company of Rs.112,00,00,000 (Rupees One hundred twelve crores) divided into 70,00,000 (Seventy lakhs) Equity Shares of Rs.10 each and 10,50,00,000 (Ten Crores fifty lakh) Non-Cumulative, Non-convertible, Redeemable, Preference Shares of Rs.10 each be and is hereby increased to Rs.147,00,00,000 (Rupees One hundred forty seven crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10 each and 14,00,00,000 (Fourteen crores) Non Cumulative, Non-convertible, Redeemable, Preference Shares of Rs.10 each.

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

*V. "The Authorized Share Capital of the Company is Rs. 147,00,00,000 (Rupees One hundred forty seven crores) divided into 70,00,000 (Seventy lakhs) Equity Shares of Rs. 10 (Rupees Ten) each and 14,00,00,000 (Fourteen crores) Non-Cumulative, Non-convertible, Redeemable Preference Shares of Rs.10 (Rupees Ten) each with the power to increase or reduce, subdivide, consolidate, convert the Share Capital for the time being into several classes, and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 2013 and Rules as applicable, for the time being in force and regulations of the Company and to vary, modify or abrogate such rights".*

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

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

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

"Resolved that in accordance with the provisions of Sections 42, 55, and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed there under, as may be amended from time to time, and the Articles of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof constituted/ to be constituted for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer or invite to subscribe, issue and allot, such number of Preference Shares of the Company of the face value of Rs.10 each, on such terms and conditions, for an aggregate value not exceeding Rs.35 crores, in one or more tranches under this offer, as may be decided by the Board of Directors under this offer, for cash at par or otherwise viz., including but not limited to by way of conversion of loan into Non-cumulative, Non-convertible, Redeemable Preference Shares ("NCRPS") on a private placement basis, to Promoter, Shapoorji Pallonji and Company Private Ltd and/or any other Promoter Group Company and in such proportion and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

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

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

Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to agree and to make such modification (s) and alteration (s) from time to time as it deems fit and to take all such steps as it may deem necessary, desirable or expedient including issuance of 'Offer Document' as may be prescribed under the Act and the Rules made thereunder and to resolve all questions of doubts and to do all acts, deeds and things and execute all such deeds, documents, writings, in connection therewith and incidental thereto and the Board in its absolute discretion without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive and also to pay such fees and incur such expenses in relation thereto as it may deem appropriate."

#### **8. Adoption of new set of Articles of Association of the Company**

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

"Resolved that the new set of Articles of Association placed before the meeting and initialed by the Chief Executive Officer & Managing Director for the purpose of identification be and the same is adopted in substitution for, and to the exclusion of, the present set of Articles of Association of the Company.

Resolved further that the Board of Directors of the Company and Key Managerial Personnel be and are hereby authorized to do or cause to be done all such acts, deeds and things and to execute and sign all such documents, instruments etc as may be necessary or expedient to give effect to this resolution and or incidental thereto including signing and submitting forms/documents that may be required to be filed with Registrar of Companies/Ministry of Corporate Affairs."

By Order of the Board of Directors

**Ramesh R. Patil**

Chief Executive Officer & Managing Director

Mumbai, August 29, 2017.

#### **Registered Office:**

#1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle,

Rajarajeshwari Nagar, Bengaluru 560 098

Ph: +91 80 2974 4077, +91 80 2974 4078

Email: [secretarial@gokaktextiles.com](mailto:secretarial@gokaktextiles.com)

CIN: L17116KA2006PLC038839

Website: [www.gokakmills.com](http://www.gokakmills.com)

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“Act”) with respect to the special business set out in the Notice is annexed hereto.
2. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [(SEBI (LODR), 2015)] and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director retiring by rotation and seeking re-appointment at the meeting is enclosed as Annexure to this Notice.
3. **A member entitled to attend and vote at the Annual General Meeting (AGM), is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company.** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly filled, stamped and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.  

In case of joint holders attending the meeting, only such jointholder who is higher in the order of names will be entitled to vote.

Members/Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting auditorium.

Members are requested to attend the meeting along with the copy of the Annual Report, already sent to them.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 20, 2017 to Tuesday, September 26, 2017 (both days inclusive).
5. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
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 you Annual Report and other communications electronically.
8. The Notice of the AGM along with the Annual Report for Financial Year 2016 -17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company /Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. **To support the 'Green Initiative', the Members who have not registered their e-mail address are requested to register the same with RTA/Depositories.**
9. Members desiring any additional information/clarification on the Financial Statements are requested to send such requests at the earliest so as to enable the Management to keep the information ready at the AGM.
10. E-Voting
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of The Companies (Management and Administration) Rules, 2014 as amended by The Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (LODR), 2015, 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 and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV. The remote e-voting period commences on Saturday, September 23, 2017 (9:00 am) and ends on Monday, September 25, 2017 (5:00 pm). 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 19, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. **In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :**
      - (i) Open email and open PDF file viz; “Gokak Textiles Limited.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.



- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Gokak Textiles Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [compliance@kiran-cs.com](mailto:compliance@kiran-cs.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :**

- (i) Initial password is provided as below on the letter/attendance slip accompanying the Notice of AGM

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
-------------------------------------	---------	--------------

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. 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).
- IX. 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 19, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 19, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com).  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Re-set Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Kiran B Desai, Proprietor, Kiran Desai & Associates, Practicing Company Secretaries has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of 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.
- XV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company, [www.gokakmills.com](http://www.gokakmills.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed at the date of AGM i.e. September 26, 2017.

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

**The following explanatory statement sets out material facts relating to the business for Item Nos. 3 to 8 of the accompanying Notice:**

**Item No. 3**

This explanatory statement is provided, though strictly not required as per Section 102 of the Companies Act, 2013 (“Act”).

As per the provisions of Section 139 of the Act read with applicable Rules framed thereunder, Kalyaniwalla & Mistry LLP, the present Statutory Auditors of the Company complete their term on conclusion of this Annual General Meeting and are not eligible for re-appointment as Statutory Auditors as per the Act.

Accordingly, the Board of Directors have recommended the appointment of Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) as Statutory Auditors of the Company, in place of the retiring auditors, Kalyaniwalla & Mistry LLP, for a period of 5 years from the conclusion of the Eleventh Annual General Meeting until the conclusion of the Sixteenth Annual General Meeting (subject to ratification at every intervening Annual General Meeting, if so required under the Act), at such remuneration plus applicable taxes, out of pocket, travelling and other expenses as may be determined by the Board of Directors of the Company.

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

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

**Item No. 4**

Ms. Roopa V. Tarkhad was appointed as an Additional Director of the Company with effect from August 11, 2017 by the Board of Directors under section 161 of the Companies Act, 2013 (Act) and Article 124 of the Articles of Association of the Company. As per provisions of Section 161 of the Act, Ms. Roopa V. Tarkhad holds office only upto the date of forthcoming Annual General Meeting of the Company, and is eligible for appointment as a Director.

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

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

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

**Item No. 5**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Messrs. A.G. Anikhindi & Co., (Firm Registration No. 100049) as cost auditors of the Company at a remuneration of Rs. 3.00 lakhs plus out of pocket expenses for the financial year ending March 31, 2018.

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, 2018.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.

The Board recommends the passing of Ordinary Resolution at Item No. 5 of the accompanying Notice in the interests of the Company.

**Item No. 6**

The present Authorised Share Capital of the Company as on March 31, 2017 is Rs.112,00,00,000 (Rupees One Hundred Twelve Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10 (Rupees Ten) each and 10,50,00,000 (Ten Crore Fifty Lakhs) Non-cumulative Non-convertible Redeemable Preference Shares of Rs.10 (Rupees Ten) each.

The Paid up Share Capital of the Company as on March 31, 2017 is Rs.111,49,93,080 divided into 64,99,308 (Sixty four Lakhs ninety nine thousand three hundred eight) Equity Shares of Rs.10 (Rupees Ten) each and 10,50,00,000 (Ten Crores Fifty Lakhs) Non-cumulative Non-convertible Redeemable Preference Shares of Rs.10 (Rupees Ten) each

It is proposed to increase the Authorised Share Capital of the Company as Rs.147,00,00,000 (Rupees One Hundred Forty Seven Crores) divided into 70,00,000 (Seventy lakhs) Equity Shares of Rs.10 (Rupees Ten) each and 14,00,00,000 (Fourteen Crores) Non-cumulative Non-convertible Redeemable Preference Shares of Rs.10 (Rupees Ten) each.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in this resolutions set out at Item No.6.

The Board recommends the passing of Resolution at Item No.6 of the accompanying Notice, in the interest of the Company.

#### Item No. 7

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

The Board of Directors have taken decision to implement certain business strategies viz., re-organization of business divisions, productivity improvement, cost reduction measure etc., to implement these decisions on a timely and effective manner, it is proposed to raise long term funds through issue of Preference Shares on Private Placement Basis and it will also help to increase the Net worth of the Company. Shapoorji Pallonji and Company Private Limited, Promoter of the Company has consented to subscribing the entire issue of Non-cumulative, Non-convertible, Redeemable, Preference Shares ('NCRPS') of Rs.35 Crores in one or more tranches under this offer.

Accordingly, approval of the Members is being sought by way of Special Resolution under Section 42, 55 and other applicable provisions read with Rules made there under for issue of Non-cumulative, Non-convertible, Redeemable, Preference Shares (NCRPS) aggregating an amount not exceeding Rs.35 crores in one or more tranches under this offer and allot the 'NCRPS' on a Private Placement basis to Promoter, Shapoorji Pallonji and Company Private Limited and/or any other Promoter Group Company or on the terms and conditions as set hereunder:

Name of Proposed Allottee / Class or class of persons to whom allotment is proposed to be made	Shapoorji Pallonji and Company Private Limited and /or any other Promoter Group Company
Intention of Promoters, Directors or KMP to subscribe to the Offer	Promoter / Promoter Group Company would subscribe to the offer
% of Subscription by Proposed Allottee	100 %
Size of the issue	Rs.35 crores in one or more tranches under this Offer.
No. of Preference shares	3,50,00,000
Nominal value /Price at which allotment is proposed	Rs.10 per preference share
Basis on which the price has been arrived	N.A. Issue is AT PAR
Tenure	Not exceeding 20 years from the date of their issue with or without a put/call option as may be determined by the Board.
Nature of Preference shares	Non-cumulative, Non-convertible, Non-participating, Redeemable Preference Shares
Object of the issue	To raise long term funds for the business of the Company.
Manner of issue of shares	Offer on private placement basis to the Shapoorji Pallonji and Company Private Limited and/or any other Promoters Group Company in one or more tranches as may be decided by the Board of Directors under the offer.
Offer period	To be determined by the Board
Terms of Issue	Preference Shares shall rank prior in respect of payment of dividend or redemption amount compared to equity shareholders of the Company and in the event of winding up, preferential right over the equity shareholders in participating of surplus funds, surplus assets and profits of the Company.
Rate of Dividend	11 %
Manner and mode of redemption	To be determined by the Board
Terms of redemption including tenure of redemption, redemption of shares at premium	Redeemable at par in accordance with Section 55 of the Companies Act, 2013 out of profits available for distribution as dividend or out of fresh issue of shares made for the purpose of redemption.

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

Current and post issue Preference Shareholding Pattern of the Company	As given below
---	----------------

Sr. No	Category	Pre-Issue		Post-Issue	
		No. of Preference Shares held	% of Shareholding	No. of Preference Shares held	% of Shareholding
<b>A</b>	<b>Promoter'Holding</b>				
1.	Indian:				
	Individual	0	0	0	0
	Bodies corporate	10,50,00,000	100	14,00,00,000	100
	Sub total	10,50,00,000	100	14,00,00,000	100
2.	Foreign Promoters	0	0	0	0
	Sub total A	10,50,00,000	100	14,00,00,000	100
<b>B</b>	<b>Non-Promoters' Holding</b>				
1.	Institutional Investor	0	0	0	0
2.	Non-Institutional Investors	0	0	0	0
	<b>Sub total B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total</b>	<b>10,50,00,000</b>	<b>100</b>	<b>14,00,00,000</b>	<b>100</b>

Equity shareholding pattern as on 31.03.2017:

Sl. No.	Name of the shareholder	Percentage to Paid-up Capital (%)
1	Shapoorji Pallonji and Company Private Limited (Promoter)	73.56
2	Financial Institutions/Banks	0.15
3	Central Government/State Government / State Financial Institution	0.85
4	Insurance Companies	4.56
5	FII's/NRI's/OCB's/Foreign Companies	3.64
6	Bodies corporate	4.09
7	Individuals	13.15
	<b>TOTAL</b>	<b>100.00</b>

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the passing of Special Resolution at Item No. 7 of the accompanying Notice, in the interest of the Company.

**Item No.8**

The present Articles of Association of the Company were originally adopted when the Company was incorporated under the Companies Act, 1956. The same was amended from time to time in accordance with the provisions of the Companies Act, 1956. With the enactment of the Companies Act, 2013, it is proposed to adopt an altogether new set of Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association.

Pursuant to section 14 of the Companies Act, 2013 the proposed new set of Articles of Association will require the approval of the Members in General Meeting by a special resolution.

The proposed new Articles of Association have been uploaded on the Company's website at [www.gokakmills.com](http://www.gokakmills.com).

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested, in passing of the said Special Resolution at Item No. 8 of the Notice.

The Board recommends the Special Resolution at Item No. 8 of the accompanying Notice in the interests of the Company.

By Order of the Board of Directors

**Ramesh R. Patil**

Chief Executive Officer & Managing Director

Mumbai, August 29, 2017.

***Registered Office:***

#1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle,

Rajarajeshwari Nagar, Bengaluru 560 098

Ph: +91 80 2974 4077, +91 80 2974 4078

Email: [secretarial@gokaktextiles.com](mailto:secretarial@gokaktextiles.com)

CIN: L17116KA2006PLC038839

Website: [www.gokakmills.com](http://www.gokakmills.com)

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

<b>Name of Director</b>	<b>Mr. Vasant N. Sanzgiri</b>	<b>Ms. Roopa V. Tarkhad</b>
<b>Director Identification Number (DIN)</b>	01757117	07879587
<b>Date of Birth</b>	September 12,1960	November 2, 1979
<b>Date of first Appointment on Board</b>	May 22, 2012	August 11, 2017
<b>Qualification</b>	B.Sc, MMS (Human Resource Management)	B.E. (Electrical Engineering), MMS
<b>Relationships between directors inter-se</b>	Not related to any Director of the Company	Not related to any Director of the Company
<b>Expertise in specific functional areas</b>	Mr. Vasant N. Sanzgiri has over 25 years of wide and varied experience in Human Resource Management. Mr. Sanzgiri has worked with Companies like ICICI Prudential AMC, Taj Mahal Hotel, Cyanamid India Ltd., and specialises in indentification, training and developing leadership skills and development and execution of strategic business initiatives in organisations.	Ms. Roopa V. Tarkhad has over 15 years of experience in business development and strategy consulting and has worked in MNC's like Siemens Ltd and Hindustan Unilever Ltd. She is a Bachelor of Engineering from VJTI and Masters in Management Studies from Jammalal Bajaj Institute of Management Studies.
<b>List of Directorship held in Other Public Companies in India (excluding Private and Section 8 Companies)</b>	Aquamall Water Solutions Limited Forvol International Services Limited	Nil
<b>Chairmanship*/ Membership of the Committees of Audit Committee and Stakeholders Relationship Committee of other Indian Public Companies</b>	Nil	Nil
<b>No. of shares held in the Company</b>	Nil	Nil

By Order of the Board of Directors

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

Mumbai, August 29, 2017.

**Registered Office:**

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

## BOARD'S REPORT

Dear Members,

The Board of Directors hereby submit their Report and the Audited Financial Statements of the Company for the Financial Year (FY) ended March 31, 2017.

### Financial Results

The Company's performance during the financial year under review is summarized as follows:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	FY 16-17	FY 15-16 (Six Months)	FY 16-17	FY 15-16 (Six Months)
Revenue from Operations and Other Income (Total Revenues)	9048.08	10532.00	9607.00	10584.00
Earnings before Interest, Depreciation, & Taxation (EBIDT)	-1313.00	-1021.00	-472.00	-858.00
Profit / (Loss) after Interest and before Depreciation and Tax	-2981.00	-1997.00	-3095.00	2366.00
Depreciation	711.00	355.00	815.00	407.00
Profit / (Loss) after Depreciation before Tax	-3692.00	-2352.00	-3910.00	-2773.00
Profit before tax (PBT)	-3692.00	-2352.00	-3910.00	-2773.00
Profit after tax (PAT)	-3383.00	-2434.00	-3147.00	-2574.00
Other Comprehensive Income	180.00	43.00	181.00	45.00
Total comprehensive income attributable to owners of the Company	-3203.00	-2391.00	-2869.00	-2413.00

Note : The Company has adopted Indian Accounting Standards (IND AS) with effect from April 1, 2016 and accordingly this financial results alongwith the comparatives have been prepared in accordance with the recognition and measurement principles stated therein. The above figures are extracted from Standalone and Consolidated financial statements as per 'INDAS'.

The consolidated financial statements for the FY 2016-17 of the Company and its subsidiary company together with the Auditors Report thereon are attached.

The Financial Results for the FY 2015-16 were drawn for a period of 6 (six) months ending March 31, 2016 to align with the definition of financial year as per section 2(41) of the Companies Act, 2013. The current year's figures are for a period of 12 (twelve) months commencing from April 1, 2016 to March 31, 2017, hence not directly comparable with the previous year.

### Management Discussion and Analysis Report

#### Industry Structure and Development:

The Textiles industry currently contributes 5% to India's GDP and also 14% to the overall index of Industrial Production. Over the years Home Textile and Apparel sector have registered a Compound Annual Growth Rate (CAGR) of 11% and Technical Textile sector 12%. With the current government's special policy thrust on textile industry, it will find encouraging trend and will increase CAGR. Textile sector will account for one of the highest earning for the country but existing many of the spinning mills are struggling for survival due to higher input cost prevailing throughout the year

Textile industry is labour intensive, also second largest employer of country next to agriculture. The Indian Textile Industry produces wide variety of products suitable to different markets, both within India and

across the globe, hence the Government is providing special incentives for cotton growing areas.

Among the various areas, the man-made fibre industry is playing a key role in Indian export contribution of 17% and further demand is increasing day-by-day.

At the global level this constitutes 70% of production, while cotton accounts for only 30%. However in our country the situation is reverse with 40% from man-made fibre and 60% contribution from cotton. However this year cotton cost remained higher compared to previous years.

#### Opportunities and Threats:

The year 2016-17 turned out to be a mixed bag for textile industry as the Government unveiled reform to thrust the sector.

The Technical Textiles is new opportunity, which the Company can explore.

Technical Textiles is a high technology sunrise sector which is steadily gaining ground in India. Technical textiles are functional fabrics that have applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection etc. Based on usage, there are 12 technical textile segments; Agrotech, Meditech, Buildtech, Mobiltech, Clothtech, Oekotech, Geotech, Packtech, Hometech, Protech, Indutech and Sportech.

Technical Textile products derive their demand from development and industrialization in a country. Given the large scale at which emerging nations are industrialising, the market for technical textiles can only be expected to grow in tandem with industrial growth in different parts of the world. Based on past trends of growth and estimated end user segment growth, the Working Group on Technical Textiles for 12th Five Year Plan (FYP) projected the market size to reach Rs. 1,58,540 crore by 2016-17 at a year-on-year growth rate of 20% during the 12th Five Year Plan. Technical Textiles provides new opportunity to the Indian textile industry to have long term sustainable future. Despite of achieving high growth rate the per capita consumption of technical textiles in India is 1.7 per kg vis-a-vis 10-12 kg in developed countries. Globally, the technical textiles contribute to about 27 percent of textile industry, in some of the western countries its share is even 50 percent while in India it is a meagre 11 percent.

The biggest challenge facing the Indian Textile industry is competition from the other low cost neighbouring countries which attract more business from the international market because of lower production cost, ease in doing business and low currency rate.

The competition from Bangladesh, Vietnam, Indonesia and Pakistan poses a significant challenge to Indian exports. In the last few years these countries have given a special impetus to their textile industry and been able to build new capabilities with latest technology.

#### Segment-wise product-wise performance:

During the period the Company has developed several new products. Compact hosiery yarn and weaving yarn for export purpose and speciality products in Slub category, fancy yarn and melange yarn. During the period under review the Company exported yarn to many countries like Bangladesh, Pakistan, Portugal, Chile, China, Sri Lanka, Egypt, Mexico and United Kingdom. Sale of dyed yarn remains challenging due to scarcity of water.

#### **Business outlook:**

The Government of India introduced two major economic reforms during the year under review. The first is the Goods and Service Tax (GST) a destination based tax that will replace the existing Central and State indirect taxes, which is to come in force from July 1, 2017 and the benefits of which would be visible by the end of FY 2017-18. The second reform was the demonetization of all the existing 500 and 1000 rupee notes as legal tender and introduction of new 500 and 2000 rupee denomination notes. This in the long run is expected to result in significant benefits in the form of transition towards a cashless economy, expansion of digital financial systems and extension of the tax net.

According to ICRA (formerly Investment Information and Credit Rating Agency of India Ltd) the impact of the Goods and Services Tax (GST) is likely to be neutral to positive across segments in the Textile industry compared to the current tax regime.

The financial year 2017-18 is expected to be a good year for the Indian economy. The benefits of the important reforms to be implemented during 2017-18 will be seen during the year.

#### **Mills Division**

Since Company has main focus for the supply of cotton grey and dyed yarn, hence all efforts were on the production and marketing of these product mix for domestic as well as International market. The Company has also focused to sell more Terry Towels products which have been accepted by the market and proposes to introduce various varieties which would cater to different segments of the market. During the year the Company suffered due to industrial unrest till May 13, 2016 and for an intermittent period till January' 2017 which created significant impact on operations of the Mill, it took time to stabilize the production and capacity utilization. In spite of all the odd challenges the Mill has was able to utilize more than 55% of its capacity and has also exported its products.

#### **Knitwear Division**

The Company is in the process of revamping the business aspects and accordingly the Company is approaching its old and new customers. Management is optimistic that it will do good business this year. The Company has developed new products such as Yoga Mat, Cotton Melange Blanket, Acrylic Wool Blanket, Multi-Purpose Cotton Shopping Bags, Floor Mats, Viscose Melange Coloured Ladies Knit Tops & Pants, Woven Bermuda, Men's Polo, V neck and Round neck Tee, Kids Undergarments, Kids Vests, Kids Woven Half pants, School Uniform, Melange Track Pants, Cotton and Bamboo Towels & Napkins. The Company expects its products to do well in the market in near future and the response to new products was good.

#### **Risks and Concerns:**

The Company has a robust Enterprise Risk Management framework which enables it to take certain risks to remain competitive and achieve higher growth and at the same time mitigate other risks to maintain sustainable results.

Risk management process includes identification of risks, its assessment, mitigation measures, monitoring and reporting. While the Company, through its employees and Executive Management, continuously assess the identified Risks and its mitigation measures annually.

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

Key Risks include fluctuation in raw materials prices, labour unrest, increased global and local competition, sales channel disruption. Major Human Resource risks include retaining the existing talent pool and attracting new talent. Regulatory Risks include changes in taxation regime, government policies with respect to textiles, pollution control, Karnataka Electricity Board and regulatory compliances.

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

##### **Subsidiary Company**

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

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

During the year under review, GPEL has recorded gross income of Rs.1128.98 lakhs (*previous period Rs. 337.68 lakhs*) and net loss after tax of Rs. 15.56 lakhs (*previous period Rs. 281.80 lakhs*). The Financial Results for the FY 2015-16 were drawn for a period of 6 (six) months ending March 31, 2016 to align with the definition of financial year as per section 2(41) of the Companies Act, 2013. The current year's figures are for a period of 12 (twelve) months ending March 31, 2017, hence not directly comparable with the previous year.

The Regulatory Authorities have made several changes to the Renewal Energy Certificate (REC) mechanism, as applicable to GPEL. This has meant that despite a higher generation of electricity during the year, on account of the non-availability of REC during the year, though the Company has been able to reduce the loss, the results have not been positive. GPEL is making all efforts to qualify for the REC, as may be allowed. During the year under review overall flow of water from various sources (dams, rivers and canal) was significantly better as compared to previous period, as a result of which, generation of electricity has slightly improved.

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

The Company does not have any joint ventures/associate companies.

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

During the year under review, the Company has increased Authorised Share Capital from Rs. 7700 lakhs to Rs.11200 lakhs.

The Paid up Share Capital of the Company, during the year under review, has been increased from Rs. 4649.93 lakhs to Rs.11149.93 lakhs pursuant to allotment of 6,50,00,000, Non-cumulative, Non-convertible, Redeemable Preference Shares of Rs.10 each aggregating to Rs.65 crores on private placement basis to Shapoorji Pallonji and Company Private Limited, Promoters of the Company.

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

As at March 31, 2017 none of the Directors of the Company hold shares or convertible securities in the Company.

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

In view of the losses during the current year, the Board of Directors regret their inability to declare dividend.

No amount was transferred to the reserves during the year.



**Material changes and commitments**

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

**Internal Control Systems and their adequacy:**

The Company has an Internal Control system, 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 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 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. The system adopted, especially relating to internal control systems are adequate and commensurate with the nature of its business and size of its operations, though continuous efforts are being made to improve the same.

Kalyaniwalla & Mistry LLP, 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 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 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.

**Directors and Key Managerial Personnel**

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

Mr. Mohan Ketkar was appointed Company Secretary and Compliance Officer of the Company with effect from July 8, 2016. He resigned with effect from January 2, 2017.

Mr. Rakesh M. Nanwani was appointed Company Secretary and Compliance Officer of the Company with effect from May 26, 2017.

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 [ (SEBI(LODR,2015) ]. Independent Directors are familiarized with their roles, rights and responsibilities in the Company through presentation made to them from time to time.

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

**Audit Committee of the Board of Directors**

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

**Meetings of the Board**

The Board met at least once in each quarter and 8 (eight) meetings of Board were held during the year and the maximum time gap between two Board meetings did not exceed the time limit prescribed under the Companies Act, 2013. The details have been provided in the Corporate Governance Report.

**Board Evaluation**

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

**Remuneration Policy**

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

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

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

**Auditors and Auditors Report****Statutory Auditors**

The existing statutory auditors, Kalyaniwalla & Mistry LLP, Chartered Accountants will retire upon the conclusion of the forthcoming Annual General Meeting of the Company, in compliance with the provisions relating to mandatory rotation of Auditors under the Companies Act, 2013.

The Audit Report of the retiring auditors, Kalyaniwalla & Mistry LLP, Chartered Accountants forms part of the Annual Report

The Auditors' Report does not contain any qualification. The Auditors have referred to in their Report certain matter which read with Note 52 of the notes forming part of the accounts is self explanatory.

The Board of Directors of the Company at their meeting held on May 26, 2017 have, subject to the approval of the shareholders of the Company, recommended the appointment of Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W) as the statutory auditors of the Company to hold office from the conclusion of Eleventh Annual General Meeting till the conclusion of Sixteenth Annual General Meeting of the Company.

Batliboi & Purohit, Chartered Accountants have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder, for appointment as Auditors of the Company. As required under Regulation 33 (d) of the SEBI (LODR), 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

#### **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 have, on the recommendation of the Audit Committee, appointed Messrs. A G Anikhindi & Co., Cost Accountants as Cost Auditors for the financial year 2017-18 on a remuneration of Rs. 3.00 lakhs and the Cost Auditor 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 11<sup>th</sup> 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 Kiran Desai & Associates, Company Secretaries, to conduct Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as **Annexure IV** to this Report.

#### **Corporate Social Responsibility**

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility were not applicable to the Company for the FY 2016-17. The Board of Directors of the Company has, however, voluntarily constituted a Corporate Social Responsibility Committee in compliance with Section 135 of the Act.

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

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

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

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

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

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

#### **Related Party Transactions**

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

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

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

#### **Corporate Governance**

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

A Certificate on compliance of conditions of Corporate Governance issued by Kiran Desai & Associates, Company Secretaries is annexed to the Report on Corporate Governance.

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

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

#### **Statutory Compliances**

The Company ensures compliances of applicable laws.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under for prevention, prohibition and redressal of complaints of sexual harassment at workplace.

During the year under review, no complaints on sexual harassment were received.

**Directors' Responsibility Statement**

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

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

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

The challenge before the Company is to retain employees and work in a competitive environment of hiring and benchmark. The previous year was marred by industrial unrest and the Company is trying to stabilise its operations and improve productivity and efficiency. In this situation hiring talent particularly for spinning mill, is challenging. The Company in order to retain talent has initiated the process of providing opportunities for upward career growth and provides training wherever necessary to enable the employee to assume higher responsibilities.

The workers went on illegal strike on 09.03.2016 and even after discussion no solution could come out and workers sat inside the mills from 09.03.2016 to 16.03.2016 without performing any work. In order to save life and property due to tense situation when large number of workers were illegally occupying company premises company declared lockout with effect from 17.03.2016 to 12.05.2016. The lockout was lifted with effect from 13.05.2016.

Again on 22.05.2016 majority of workers have all of a sudden and without any provocation left the work place and did not come back and indulged in illegal strike. During June 2016 to December 2016 only minuscule operations were going as very few workers reported and majority of workers were not ready to report for work on account of threat and intimidation. The situation was tense during this period and section 144 of The Code of Criminal Procedure, 1973 was in force.

Only after January 2017 the situation improved and more and more number of workers started reporting for work that were allowed only after signing the undertaking. The situation at mill premises is peaceful and we are trying to improve in each area of productivity and efficiency to reduce the operational cost.

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

- 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 Companies Act, 2013 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.
- Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure VII** to this report.

**Cautionary Statement:**

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

**Acknowledgements**

Yours 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

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

**Vasant N. Sanzgiri**  
Director

Place: Mumbai,  
Date : May 26, 2017

**Registered Office**  
#1, 2<sup>nd</sup> 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 The Companies (Accounts) Rules, 2014 ]  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

**Part A: Subsidiaries**

Amount 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-2016 to 31-Mar-2017
Share Capital	4900.00
Reserves & Surplus	(745.85)
Total Assets	13293.84
Total Liabilities	9139.69
Investments	--
Turnover	1128.98
Profit before taxation	(469.09)
Provision for taxation including Deferred Tax	(453.53)
Profit after taxation	(15.56)
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" of the Annexure is not applicable as there are no Associate Companies/Joint Venture of the Company as on March 31, 2017.

For and on behalf of the Board of Directors

Mumbai  
Date : May 26, 2017

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

**Vasant N. Sanzgiri**  
Director

**Annexure II****Nomination and Remuneration Policy**

The Remuneration Committee of Gokak Textiles Ltd., was constituted on 7th July, 2008. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board renamed the "Remuneration Committee" as "Nomination and Remuneration Committee" ('the Committee') with effect from 7th November, 2013. At present, the Committee consists of 3 Directors, out of which, 2 Directors are Independent Directors.

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 [SEBI (LODR), 2015]. The Key Objectives of the Committee would be:

- (a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- (b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- (c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

**1. DEFINITIONS :**

- (a) Key Managerial Personnel : Key Managerial Personnel means-
  - (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Company Secretary,
  - (iii) Whole-time Director;
  - (iv) Chief Financial Officer; and
  - (v) such other officer as may be prescribed.
- (b) Senior Management : Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

**2. OBJECTIVE :**

The objective of the remuneration policy for members of the Board, Key Managerial Personnel and the Senior Management is to focus them on improving the performance of the Company and enhancing the value, to motivate and retain them, and to be able to attract other highly qualified executives. In determining the remuneration policy, the Remuneration Committee ensures that a competitive remuneration package for Board-level executive talent is maintained and benchmarked with other peer group companies. In order to link executive remuneration to the Company's performance, the remuneration package includes a significant variable part in the form of an annual performance incentive.

Base salaries are based on a function-related salary system and are in line with market. The annual review date for the base salary is 1<sup>st</sup> April every year.

The Annual Incentive criteria are the financial indicators of the Company such as net income, cash flow and comparable sales growth, and individual/team targets. For members of the Board who are also CEOs, Key Managerial Personnel and the Senior Management, part of the financial targets will be related to specific business objectives. The related targets for the members of the Board are determined annually at the beginning of the year by the Nomination and Remuneration Committee on behalf of the Board and hence are linked to the Company's financial performances well as to the individual /team targets. The financial targets, pursue value creation as the main business objective. The Company has operated a incentive plan, which has served to align the interests of the participating employees with the shareholders' interests and to attract, motivate and retain participating employees.

**3. ROLE OF COMMITTEE :**

The role of the Committee inter alia will be the following:

- (a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- (b) to recommend to the Board the appointment and removal of Senior Management
- (c) to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- (d) to recommend to the Board on
  - (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and
  - (ii) Executive Directors remuneration and incentive.
- (e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

- (f) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- (g) to devise a policy on Board diversity;
- (h) to develop a succession plan for the Board and to regularly review the plan;

**4. COMMITTEE MEMBERS' INTERESTS :**

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, experts, as it considers appropriate, to be present at the meetings of the Committee.

**5. VOTING :**

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**6. NOMINATION DUTIES :**

**The duties of the Committee in relation to nomination matters include:**

- (a) Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- (b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- (c) Identifying and recommending Directors who are to be put forward for retirement by rotation.
- (d) Determining the appropriate size, diversity and composition of the Board;
- (e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- (f) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- (g) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- (h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
- (i) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- (j) Recommend any necessary changes to the Board.
- (k) Considering any other matters as may be requested by the Board; and

**7. REMUNERATION DUTIES :**

The duties of the Committee in relation to remuneration matters include:

- (a) to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- (b) to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- (c) to delegate any of its powers to one or more of its members or the Secretary of the Committee
- (d) to consider any other matters as may be requested by the Board;
- (e) Professional indemnity and liability insurance for Directors and senior management.

**8. MINUTES OF COMMITTEE MEETING :**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## Annexure III

**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, 2017.

During the financial year 2016-17, the Non-Executive Directors of the Board, were paid only sitting fees of Rs. 20,000 and Rs. 10,000 per meeting of Board and Committees respectively for the year ended March 31, 2017:

Director (Non-Executive)	Sitting Fees (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr.Ashok Barat # (Chairman)	1.20	2.84:1
Mr.Pradip N. Kapadia	2.70	6.38:1
Mr.Kaiwan D.Kalyaniwalla	2.00	4.73:1
Mr.Vasant N. Sanzgiri	1.60	3.78:1
Mr. D.G. Prasad	2.30	5.44:1
Ms. Zarine K. Commissariat	1.40	3.31:1

# Ceased to be Director with effect from September 19, 2016

**Remuneration to Executive Director**

Director (Executive)	Remuneration (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Sachin Kulkarni * (Whole time Director) from 01.04.2016 to 16.05.2016	12.21	28.86:1
Mr. Ramesh R Patil @ (Chief Executive Officer & Managing Director)	28.00	66.19:1
Mr. Vikram V. Nagar § (Whole time Director)	5.31	12.55:1

\* Ceased to be Director with effect from May 16, 2016

@ Appointed with effect from July 18, 2016

§ Appointed with effect from May 27, 2016 and Ceased to be Director with effect from August 5, 2016

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year : **NIL**
3. Percentage increase in the median remuneration of employees in the financial year: **NIL**
4. Number of permanent employees on the pay roll of Company as on March 31, 2017 were **1526** and in previous year were **1707**
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: **There were no exceptional circumstances**
6. The Company affirms that the remuneration is as per the remuneration policy of the Company:

Mumbai  
Date : May 26, 2017

For and on behalf of the Board of Directors

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

**Vasant N. Sanzgiri**  
Director

Form No.MR-3  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED: 31.03.2017**  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my 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, I hereby report that in my opinion, the Company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

**Labour Laws**

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

**Environmental Laws**

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



**Textile & Apparel Sector**

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- 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, Standards, Listing Agreements etc mentioned above.

I further report that the Company has, in my 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 2<sup>nd</sup> September 2016;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- l) Appointment and remuneration of Auditors and Cost Auditors;
- m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares; there has been delay of four days in transferring the amount of Rupees 0.34 Lakhs, required to be transferred, to the Investor Education and Protection Fund by the Company.
- n) Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) Investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- q) Directors' Report;
- r) Contracts, common seal, registered office and publication of name of the Company; and
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act.

**I 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

For **KIRAN DESAI & ASSOCIATES**  
Practicing Company Secretary

Date: May 18, 2017  
Place: Bangalore

**Kiran Desai**  
Membership No.: 34875  
Certificate of Practice No.: 12924

Form No. MGT-9

**EXTRACT OF ANNUAL REPORT**

For the financial year ended March 31, 2017

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

**1. REGISTRATION AND OTHER DETAILS**

1. CIN	L17116KA2006PLC038839
2. Date of Incorporation	March 27, 2006
3. Name of the Company	Gokak Textiles Limited
4. Category	Company Limited by Shares
5. Sub-Category of the Company	Indian Non-Government Company
6. Address of the Registered Office and contact details	# 1, 2 <sup>nd</sup> Floor, 12 <sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle, Rajrajeshwari Nagar, Bengaluru - 560098 Ph: +91 80 2974 4077, +91 80 2974 4078 Email: secretarial@gokaktextiles.com Website : www.gokakmills.com
7. Whether Listed or not	Yes
8. Name, Address and Contact details of the Registrar and Transfer Agent, if any	TSR Darashaw Limited Address: 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E.Moses Road, Near Famous Studio, Mahalaxmi Mumbai – 400011 Telephone No:+ 91 22 66568484 Fax No. +91 22 66568494 E-mail : csg-unit@tsrdarashaw.com

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

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

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

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Gokak Power & Energy Limited	U40103KA2012PLC062107	Subsidiary	51%	2 (87)

## IV) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

## i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2016				No. of Shares held at the end of the year i.e 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	<b>A. Promoters</b>									
(1)	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>0.00</b>
(2)	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>0</b>	<b>47,80,845</b>	<b>73.56</b>	<b>0.00</b>
(B)	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
(a)	Mutual Funds / UTI	76	125	201	0.00	71	125	196	0	0.00
(b)	Financial Institutions / Banks	5,975	3,843	9,818	0.15	5,930	3,843	9,773	0	0.00
(c)	Central Government / State Governments(s)	15,181	39,990	55,171	0.85	15,181	39,990	55,171	1	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
(e)	Insurance Companies	2,95,807	250	2,96,057	4.56	2,95,807	250	2,96,057	5	0.00
(f)	Foreign Institutional Investors	200610	25	2,00,635	3.09	200610	25	2,00,635	3	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0	0.00
	<b>Sub-Total (B) (1)</b>	<b>5,17,649</b>	<b>44,233</b>	<b>5,61,882</b>	<b>8.65</b>	<b>5,17,599</b>	<b>44,233</b>	<b>5,61,832</b>	<b>8.64</b>	<b>0.00</b>
(2)	<b>Non-Institutions</b>									
(a)	Bodies Corporate	2,81,569	5,216	2,86,785	4.41	2,73,697	5,216	2,78,913	4.29	-0.11
(b)	Individuals -									
	i Individual shareholders holding nominal share capital upto Rs.1 lakh	5,56,003	2,28,576	7,84,579	12.07	6,09,823	2,11,798	8,26,837	12.72	0.65
	ii Individual shareholders holding nominal share capital in excess of Rs.1 lakh	60,782	0	60,782	0.94	26,446	0	26,446	0.41	-0.53
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0	0.00
(d)	Any Other									
	i) Trust	320	0	320	0.00	320	0	320	0	0.00
	ii) Directors & their relatives	0	0	0	0.00	0	0	0	0	0.00
	iii) OCBs/Foreign Cos	23,325	790	24,115	0.37	23,325	790	24,115	0.37	0.00
	<b>Sub-total (B) (2)</b>	<b>9,21,999</b>	<b>2,34,582</b>	<b>11,56,581</b>	<b>17.80</b>	<b>9,33,611</b>	<b>2,17,804</b>	<b>11,56,631</b>	<b>17.80</b>	<b>0.00</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>14,39,648</b>	<b>2,78,815</b>	<b>17,18,463</b>	<b>26.44</b>	<b>14,51,210</b>	<b>2,62,037</b>	<b>17,18,463</b>	<b>26.44</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>62,20,493</b>	<b>2,78,815</b>	<b>64,99,308</b>	<b>100.00</b>	<b>62,32,055</b>	<b>2,62,037</b>	<b>64,99,308</b>	<b>100.00</b>	<b>0.00</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>62,20,493</b>	<b>2,78,815</b>	<b>64,99,308</b>	<b>100.00</b>	<b>62,32,055</b>	<b>2,62,037</b>	<b>64,99,308</b>	<b>100.00</b>	<b>0.00</b>

ii) Shareholding pattern of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Shapoorji Pallonji And Company Private Limited	47,80,845	73.56	0.00	47,80,845	73.56	0.00	0.00

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2016		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	- 31.03.2017	No Change At the end of the year	0 -	0.00 -	47,80,845 47,80,845 47,80,845	73.56 73.56 73.56

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2016		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Life Insurance Corporation of India	2,95,807	4.55	-	At the beginning of the year No Change	0	0.00	2,95,807 2,95,807	4.55 4.55
				31-Mar-2017	At the end of the year			2,95,807	4.55
2	India Discovery Fund Limited	2,00,610	3.09	-	At the beginning of the year No Change	0	0.00	2,00,610 2,00,610	3.09 3.09
				31-Mar-2017	At the end of the year			2,00,610	3.09
3	Neoworth Commercial Pvt. Ltd.	1,44,851	2.23	11-Nov-2016	At the beginning of the year	1,44,851	2.23	1,44,851	2.23
				02-Dec-2016	Sale of shares	-500	-0.01	1,44,351	2.22
				09-Dec-2016	Sale of shares	-670	-0.01	1,43,681	2.21
				17-Mar-2017	Sale of shares	-1,000	-0.02	1,42,681	2.20
				31-Mar-2017	At the end of the year	-150	0.00	1,42,531	2.19
4	Ghanshyam Shares & Stock Brokers Pvt. Ltd.	15,489	0.24	08-Apr-2016	At the beginning of the year	15489		15,489	0.24
				15-Apr-2016	Sale of shares	-117	0.00	15,372	0.24
				22-Apr-2016	Purchase of Shares	71	0.00	15,443	0.24
				06-May-2016	Purchase of Shares	100	0.00	15,543	0.24
				20-May-2016	Purchase of Shares	200	0.00	15,743	0.24
				03-Jun-2016	Purchase of Shares	100	0.00	15,843	0.24
				10-Jun-2016	Sale of shares	-46	0.00	15,797	0.24
				17-Jun-2016	Sale of shares	-45	0.00	15,752	0.24
				24-Jun-2016	Purchase of Shares	125	0.00	15,877	0.24
				30-Jun-2016	Purchase of Shares	98	0.00	15,975	0.25
				15-Jul-2016	Purchase of Shares	110	0.00	16,085	0.25
				22-Jul-2016	Purchase of Shares	500	0.01	16,585	0.26
				29-Jul-2016	Purchase of Shares	60	0.00	16,645	0.26
				05-Aug-2016	Sale of shares	-50	0.00	16,595	0.26
				02-Sep-2016	Purchase of Shares	50	0.00	16,645	0.26
				16-Sep-2016	Sale of shares	-60	0.00	16,585	0.26
				23-Sep-2016	Purchase of Shares	1,985	0.03	18,570	0.29
	Sale of shares	-94	0.00	18,476	0.28				
	Purchase of Shares	94	0.00	18,570	0.29				
	Sale of shares	-634	-0.01	17,936	0.28				

				23-Sep-2016	Purchase of Shares	306	0.00	18,242	0.28
				30-Sep-2016	Sale of shares	-427	-0.01	17,815	0.27
				07-Oct-2016	Purchase of Shares	174	0.00	17,989	0.28
				14-Oct-2016	Purchase of Shares	100	0.00	18,089	0.28
				21-Oct-2016	Purchase of Shares	453	0.01	18,542	0.29
				28-Oct-2016	Purchase of Shares	3,121	0.05	21,663	0.33
				04-Nov-2016	Purchase of Shares	6,102	0.09	27,765	0.43
				11-Nov-2016	Purchase of Shares	826	0.01	28,591	0.44
				18-Nov-2016	Purchase of Shares	6	0.00	28,597	0.44
				25-Nov-2016	Purchase of Shares	358	0.01	28,955	0.45
				02-Dec-2016	Sale of shares	-50	0.00	28,905	0.44
				23-Dec-2016	Purchase of Shares	106	0.00	29,011	0.45
				31-Dec-2016	Purchase of Shares	100	0.00	29,111	0.45
				31-Dec-2016	Sale of shares	-50	0.00	29,061	0.45
				06-Jan-2017	Sale of shares	-220	0.00	28,841	0.44
				06-Jan-2017	Purchase of Shares	220	0.00	29,061	0.45
				13-Jan-2017	Sale of shares	-1,321	-0.02	27,740	0.43
				20-Jan-2017	Purchase of Shares	280	0.00	28,020	0.43
				27-Jan-2017	Purchase of Shares	150	0.00	28,170	0.43
				03-Feb-2017	Purchase of Shares	100	0.00	28,270	0.43
				03-Feb-2017	Sale of shares	-100	0.00	28,170	0.43
				10-Feb-2017	Purchase of Shares	282	0.00	28,452	0.44
				17-Feb-2017	Purchase of Shares	100	0.00	28,552	0.44
				24-Feb-2017	Purchase of Shares	33	0.00	28,585	0.44
				03-Mar-2017	Purchase of Shares	2,700	0.04	31,285	0.48
				10-Mar-2017	Purchase of Shares	731	0.01	32,016	0.49
				17-Mar-2017	Sale of shares	-300	0.00	31,716	0.49
				24-Mar-2017	Purchase of Shares	57	0.00	31,773	0.49
				31-Mar-2017	Purchase of Shares	391	0.01	32,164	0.49
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>32,164</b>	<b>0.49</b>
5	Kamal Kumar Goyal	7,646	0.12		At the beginning of the year	7,646		7,646	0.12
				06-May-2016	Sale of shares	-1,200	-0.02	6,446	0.10
				06-May-2016	Purchase of Shares	1,200	0.02	7,646	0.12
				23-Dec-2016	Purchase of Shares	20,000	0.31	27,646	0.43
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>27,646</b>	<b>0.43</b>
6	Adroit Fin Ser Pvt Ltd	6685	0.10		At the beginning of the year	6,685		6,685	0.10
				08-Apr-2016	Purchase of Shares	2,000	0.03	8,685	0.13
				08-Jul-2016	Purchase of Shares	130	0.00	8,815	0.14
				15-Jul-2016	Purchase of Shares	3,763	0.06	12,578	0.19
				16-Sep-2016	Purchase of Shares	154	0.00	12,732	0.20
				23-Sep-2016	Purchase of Shares	1,000	0.02	13,732	0.21
				07-Oct-2016	Purchase of Shares	95	0.00	13,827	0.21
				14-Oct-2016	Purchase of Shares	1,175	0.02	15,002	0.23
				28-Oct-2016	Purchase of Shares	3,890	0.06	18,892	0.29
				04-Nov-2016	Purchase of Shares	3,388	0.05	22,280	0.34
				31-Dec-2016	Purchase of Shares	470	0.01	22,750	0.35
				17-Mar-2017	Purchase of Shares	814	0.01	23,564	0.36
				24-Mar-2017	Purchase of Shares	431	0.01	23,995	0.37
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>23,995</b>	<b>0.37</b>
7	Yonkers Finance Corporation Ltd.	23,325	0.36		At the beginning of the year			23,325	0.36
				-	No Change	0	0.00	23,325	0.36
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>23,325</b>	<b>0.36</b>
8	Kerala State Industrial Development Corporation	15,181	0.23		At the beginning of the year	15,181		15,181	0.23
					No Chang	0	0.00	15,181	0.23
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>15,181</b>	<b>0.23</b>
9	Religare Securities Ltd *	20,035	0.31		At the beginning of the year			20,035	0.31
				29-Apr-2016	Sale of shares	-10	0.00	20,025	0.31
				29-Apr-2016	Purchase of Shares	10	0.00	20,035	0.31
				06-May-2016	Sale of shares	-10	0.00	20,025	0.31
				27-May-2016	Sale of shares	-25	0.00	20,000	0.31
				01-Jul-2016	Purchase of Shares	17	0.00	20,017	0.31
				08-Jul-2016	Sale of shares	-17	0.00	20,000	0.31
				12-Aug-2016	Purchase of Shares	5	0.00	20,005	0.31
				19-Aug-2016	Sale of shares	-5	0.00	20,000	0.31
				23-Sep-2016	Purchase of Shares	2	0.00	20,002	0.31
				30-Sep-2016	Sale of shares	-2	0.00	20,000	0.31
				28-Oct-2016	Purchase of Shares	150	0.00	20,150	0.31
				04-Nov-2016	Sale of shares	-150	0.00	20,000	0.31
				16-Dec-2016	Purchase of Shares	1	0.00	20,001	0.31
				23-Dec-2016	Sale of shares	-20,001	-0.31	0	0.00

				03-Feb-2017	Purchase of Shares	105	0.00	105	0.00
				24-Feb-2017	Sale of shares	-105	0.00	0	0.00
				10-Mar-2017	Purchase of Shares	125	0.00	125	0.00
				17-Mar-2017	Sale of shares	-125	0.00	0	0.00
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>0</b>	<b>0.00</b>
10	Thirdwave Business Aids Private Limited #	18,052	0.28		At the beginning of the year			18,052	0.28
				08-Apr-2016	Sale of shares	-2,000	-0.03	16,052	0.25
				22-Apr-2016	Sale of shares	-220	0.00	15,832	0.24
				06-May-2016	Sale of shares	-789	-0.01	15,043	0.23
				20-May-2016	Sale of shares	-274	0.00	14,769	0.23
				15-Jul-2016	Sale of shares	-4,624	-0.07	10,145	0.16
				22-Jul-2016	Sale of shares	-1,100	-0.02	9,045	0.14
				29-Jul-2016	Sale of shares	-9,045	-0.14	0	0.00
				<b>31-Mar-2017</b>	<b>At the end of the year</b>			<b>0</b>	<b>0.00</b>
11	Shilpa Porinju Veliyath >	19,849	0.31		At the beginning of the year			19,849	0.31
				23-Sep-2016	Sale of shares	-19,849	-0.31	0	0.00
				31-Mar-2017	At the end of the year	0	0.00	0	0.00
				31-Mar-2017	At the end of the year			0	0.00

\* Ceased to be in the list of top 10 as on March 31, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2016.

# Ceased to be in the list of top 10 as on March 31, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2016.

> Ceased to be in the list of top 10 as on March 31, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2016.

**v) Shareholding of Directors and Key Managerial Personnel :**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2016	Date	Reason	Purchase of Shares /Decrease in Shareholding		Cumulative Shareholding during the year	
		% of total Shares of the company			No.of Shares	% of total Shares of the company	No.of Shares	% of total Shares of the company
1	Ramesh R. Patil	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
2	Ashok Barat#	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
3	Pradip N. Kapadia	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
4	Kaiwan D. Kalyaniwalla	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
5	Vasant N. Sanzgiri	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
6	D. G. Prasad	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>
7	Zarine K. Commissariat	0.00	-	No Change	0	0.00	0	0.00
			<b>31.03.2017</b>	<b>At the end of the year</b>	-	-	<b>0</b>	<b>0.00</b>

# ceased to be Director w.e.f. September 19, 2016

**V) INDEBTEDNESS**

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

(Amount in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	120.41	24.70	-	145.11
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due		97.77	-	97.77
<b>Total (i+ii+iii)</b>	<b>120.41</b>	<b>122.47</b>	<b>-</b>	<b>242.88</b>
<b>Change in Indebtedness during the financial year</b>				
● Addition	-	-	-	-
● Reduction	41.08	102.96	-	144.04
<b>Net Change</b>	<b>41.08</b>	<b>102.96</b>	<b>-</b>	<b>144.04</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	79.33	17.53	-	96.86
ii. Interest due but not paid	-	1.98	-	1.98
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>79.33</b>	<b>19.51</b>	<b>-</b>	<b>98.84</b>

**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole Time Director and/or Manager**

S. No.	Particulars of Remuneration	Name of the Whole Time Director Mr. Sachin Kulkarni April 1, 2016 to May 16, 2016	Name of the Chief Executive Officer & Managing Director Mr. Ramesh R. Patil July 18, 2016 to March 31, 2017	Name of the Whole Time Director Mr. Vikram V. Nagar May 27, 2016 to August 5, 2016
1.	Gross Salary	In Rs.	In Rs.	In Rs.
2.	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961	2,20,934	27,36,521	5,30,824
	(b) Value of perquisites u/s (17) (2) of the Income Tax Act, 1961	--	85,573	--
	(c) Profits in lieu of salary under section (17) (2) of the Income Tax Act, 1961	--	--	--
	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--
5.	Others - please specify -Bonus	10,00,000	--	--
6.	Total	12,20,934	28,22,094	5,30,824
7.	Ceiling as per the Act, 2013	60,00,000	60,00,000	60,00,000

### B. Remuneration to Other Director

S. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/Committee	Others please specify	Total
1	Independent Directors - Mr. Pradip N. Kapadia Mr. Kaiwan D. Kalyaniwalla Mr.D.G.Prasad	270000 200000 230000	- - -	- - -	270000 200000 230000
	<b>Total (1)</b>	<b>700000</b>			<b>700000</b>
2.	Other Non-Executive Directors Mr.Ashok Barat # Mr.Vasant N. Sanzgiri Ms.Zarine K. Commissariat	120000 160000 140000	- - -	- - -	120000 160000 140000
	<b>Total (2)</b>	<b>420000</b>			<b>420000</b>
	<b>Total (B)=(1+2)</b>	<b>1120000</b>	-	-	<b>1120000</b>
	Total Managerial Remuneration Overall Ceiling as per the Companies Act, 2013	-	-	-	

#Ceased to be Director with effect from September 19, 2016

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

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer Mr. Vikram Nagar 01.04.2016 to 31.03.2017	Company Secretary Mr. Mohan Ketkar 08.07.2016 to 02.01.2017
1.	Gross Salary	In Rs.	In Rs.
2.	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961	26,67,228	5,89,710
	(b) Value of perquisites u/s (17) (2) of the Income Tax Act, 1961	93,730	74,328
	(c) Profits in lieu of salary under section (17) (2) of the Income Tax Act, 1961	--	--
3.	Stock Option	--	--
4.	Sweat Equity	--	--
5.	Commission - as % of profit - others, specify...	--	--
6.	Others - please specify	--	--
	<b>Total</b>	<b>27,60,958</b>	<b>6,64,038</b>

### VII) PENALTIES / PUNISHMENTS/COMPOUNDING OF OFFENCES

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



## Annexure-VI

## 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-2016 to 31-March-2017
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. 3.90 for every unit of power transferred, subject to conditions laid out in the agreement
e. Dates of Approval by the Board, if any	13.08.2012
f. Amount paid as advance, if any	Security Deposit – Rupess One Crore

For and on behalf of the Board of Directors

Place: Mumbai

Date : May 26, 2017

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

**Vasant N. Sanzgiri**  
Director

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, 2017

**A. Conservation of energy-**

(i)	the steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>i. Replacement of Front Photo cell with latest Laser Technology.</li> <li>ii. Optimisation of suction Hpa on Auto Coner machines, thereby saving energy.</li> <li>iii. At unit no.1 and unit no.2 the humidification was tuned to maintain the Relative Humidification % thereby reducing electric load.</li> <li>iv. Voltage co-ordination and optimization of voltage done to reduce the magnetization losses.</li> <li>v. At unit no.2 Blow-room, operational performance improvement done by providing the control circuit modification and curtailing power loss.</li> <li>vi. Arresting of air leakages at various places.</li> <li>vii. Water consumption reduced by optimizing water flow and arresting leakages.</li> <li>viii. Screw element re-conditioning of compressors. Total savings 936 kwh/day.</li> <li>ix. Changed/ tuned cables, transformers &amp; capacitors, to reduce power transmission losses.</li> <li>x. Divided tube lights connection at various places in different segments, disconnected tube lights connection at places where machines were idle.</li> </ul>
(ii)	the steps taken by the company for utilizing alternate sources of energy	None
(iii)	the capital investment on energy conservation equipment's	Nil

**B. Technology absorption :**

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

**C. Foreign exchange earnings and Outgo**

(Rs.in Lakhs)

1	Earnings	1878.87
2	Outgo	14.34

## Report on Corporate Governance

### 1. Brief statement on Company's philosophy on code of governance:

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

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

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

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

### 2. Board of Directors :

#### (a) Composition of Board

The Board of Directors are persons of integrity and having wide range of experience and skills. The Board of Directors as on March 31, 2017, comprised of Six (6) Directors. Five (5) Directors are Non-executive (including One (1) Women Director) and One (1) Executive Director. The Board comprises of 3 (50%) Independent Directors.

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

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

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

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

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

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

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

#### (c) Board Meetings

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

During the year under review, 8 (Eight) Board meetings were held on April 11, 2016; May 16, 2016; May 27, 2016; June 21, 2016; July 8, 2016; September 8, 2016; December 2, 2016 and February 13, 2017.

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

The names and categories of the Directors on the Board, their attendance at the Board Meetings, and Annual General Meeting (AGM) held during the year, the number of Chairmanships/ Directorships of all Boards excluding alternate directorship, directorship of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 and the Committees of Board (Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders' Relationship Committee across all public limited (listed as well as unlisted) including those of the Company), held by them as on March 31, 2017 are as follows:

Sl. No.	Name of the Director	Category	Number of Board Meetings during 2016-2017		Attendance at AGM held on September 2, 2016	Number of shares held	Relationship with other Director	No. of Directorships in all Public Companies	No. of Committee Positions held in all Public Companies	
			Held	Attended					Chairman	Member
1	Mr. Ashok Barat #	Non-Executive Non-Independent	8	4	Yes	Nil	None	NA	NA	NA
2	Mr. Ramesh R. Patil @ Chief Executive Officer & Managing Director	Executive Non-Independent	8	3	Yes	Nil	None	2	-	2
3	Mr. Pradip N. Kapadia	Non-Executive Independent	8	8	Yes	Nil	None	5	3	5
4	Mr. Kaiwan D.Kalyaniwalla	Non-Executive Independent	8	7	No	Nil	None	6	4	-
5	Mr. D.G. Prasad	Non-Executive Independent	8	8	Yes	Nil	None	4	2	1
6	Mr. Vasant N. Sanzgiri	Non-Executive Non-Independent	8	5	No	Nil	None	3	-	-
7	Ms. Zarine K. Commissariat	Non-Executive Non-Independent	8	7	No	Nil	None	2	-	-
8	Mr. Vikram V Nagar Wholetime Director §	Executive Non-Independent	8	2	Yes	Nil	None	NA	NA	NA
9	Mr. Sachin Kulkarni Wholetime Director *	Executive Non-Independent	8	2	No	Nil	None	NA	NA	NA

\* Ceased to be Director with effect from May 16, 2016

# Ceased to be Director with effect from September 19, 2016

@ Appointed with effect from July 18, 2016

§ Appointed with effect from May 27, 2016 and Ceased to be Director with effect from August 5, 2016.

### 3. Meeting of Independent Directors :

The Independent Directors met on May 26, 2017 to discuss:

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

The meeting was attended by all Independent Directors.

### 4. Audit Committee:

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

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

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

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

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions

- c. management letters / letters of internal control weaknesses, if any, issued by the statutory auditors
- d. internal audit reports relating to internal control weaknesses
- e. the appointment, removal and terms of remuneration of Auditor
- f. Company's financial reporting process, Quarterly and Annual financial statements.

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

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

**(iii) Meetings and Attendance :**

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

During the year under review, the 6 (six) meetings were held on April 11, 2016; June 21, 2016; July 8, 2016; September 8, 2016; December 2, 2016 and February 13, 2017. The gap between two consecutive Meetings was not more than 120 days.

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

SL. No	Name	Description	Category	No. of AC Meetings held during 2016-17	No. of AC Meetings attended
1.	Mr. D.G.Prasad	Chairman	Non-Executive Independent	6	6
2.	Mr. Ashok Barat <sup>#</sup>	Member	Non-Executive Non-Independent	6	4
3.	Mr. Pradip N. Kapadia	Member	Non-Executive Independent	6	6
4.	Mr. Ramesh R. Patil <sup>@</sup>	Member	Executive Whole time Director	6	2

<sup>#</sup>Ceased to be Director with effect from September 19, 2016  
<sup>@</sup>Appointed with effect from September 26, 2016

The Chairman of the Audit Committee was present at the last Annual General Meeting.

**5. Nomination and Remuneration Committee :**

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

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

1. 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. Considering and ensuring the compliance of provisions under schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Director/Whole time Directors.
6. Approving the remuneration after taking into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
7. Reviewing and determining all elements of remuneration package striking the balance between the interest of the Company and the shareholders
8. Such other functions/duties as may be entrusted by the Board from time to time.

**(ii) 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.

**(iii) Meetings and attendance :**

During the year under review, three (3) meetings were held on May 16, 2016; May 27, 2016 and June 15, 2016. The composition of the Committee and details of meeting attended by the members are as follows:

Sl. No	Name	Description	Category	No. of NRC Meetings held during 2016-17	No. of NRC Meetings attended
1.	Mr .Kaiwan D. Kalyaniwalla	Chairman	Non-Executive Independent	3	3
2.	Mr. Pradip N. Kapadia	Member	Non-Executive Independent	3	3
3.	Mr.Vasant N. Sanzgiri	Member	Non-Executive Non-Independent	3	3

**(iv) Remuneration Policy :**

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

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

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

**(v) Details of Remuneration :**

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

Details of remuneration paid to Directors during the year ended March 31, 2017 are as follows :

**A) Non – Executive Directors**

Rs.in lakhs

Name of Director	Sitting fees	Commission Paid	Total
Mr. Ashok Barat #	1.20	Nil	1.20
Mr. Pradip N. Kapadia	2.70	Nil	2.70
Mr. Kaiwan D. Kalyaniwall	2.00	Nil	2.00
Mr. D.G.Prasad	2.30	Nil	2.30
Mr. Vasant N. Sanzgiri	1.60	Nil	1.60
Ms. Zarine K. Commissariat	1.40	Nil	1.40

# Ceased to be Director with effect from September 19, 2016

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

	Mr. Sachin Kulkarni * (From 01.04.2016 to 16.05.2016)	Mr. Ramesh R. Patil (From 18.07.2016 to 31.03.2017)	Mr. Vikram V. Nagar (From 27.5.2016 to 5.8.2016)
Salary and allowance	2,20,934	27,36,521	5,30,824
Benefits and perquisites	--	85,573	--
Bonus/Commission*	10,00,000	--	--
<b>Total</b>	<b>12,20,934</b>	<b>28,22,094</b>	<b>5,30,824</b>
PF & Superannuation Fund	--	1,36,916	25,875

\* Ceased to be Director with effect from May 16, 2016

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

**6. Stakeholders Relationship Committee :**

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

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

SL. No	Name	Description	Category
1.	Mr. Ashok Barat <sup>#</sup>	Chairman	Non-Executive Non-Independent
2.	Mr. Pradip N. Kapadia <sup>€</sup>	Member	Non-Executive Independent
3.	Mr. Ramesh R. Patil <sup>@</sup>	Member	Executive
4.	Mr. Vasant N. Sanzgiri	Member	Non-Executive Non-Independent
5.	Mr. Vikram V. Nagar <sup>§</sup>	Member	Executive
6.	Mr. Sachin Kulkarni <sup>*</sup>	Member	Executive

*\* Ceased to be Director with effect from May 16, 2016*

*# Ceased to be Director with effect from September 19, 2016*

*@Appointed with effect from September 26, 2016*

*€ Appointed Chairman with effect from September 26, 2016*

*§Appointed with effect from May 27, 2016 and Ceased to be Director with effect from August 5, 2016.*

There is no unresolved complaint as on March 31, 2017.

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

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

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

There were no meetings of CSR Committee held during the financial year ended March 31, 2017.

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

The Company has adopted a Code of Conduct for Board of Directors and Senior Management ("the Code") which will uphold ethical values and legal standards as the Company pursues its objectives. The Code has been communicated to the Directors and the Members of the Senior Management. The Code has also been posted on the Company's website [www.gokakmills.com](http://www.gokakmills.com). All Board members and Senior Management have confirmed compliance with the Code for the financial year ended March 31, 2017. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer & Managing Director.

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

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

#### 10. Subsidiary Company

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

#### 11. Risk Management

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

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

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

## 12. Disclosures

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

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

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

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

### (b) Disclosure of Accounting Treatment:

The Company follows all relevant Accounting Standards.

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

During the year under review, the Company has issued 6.50 crores Non-cumulative Non-convertible Non-participating Redeemable Preference Shares of Rs. 10 each aggregating to Rs. 65 crores to Shapoorji Pallonji and Company Private Limited, Promoter of the Company, on Private Placement basis.

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

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

## 13. Compliance

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

## 14. CEO/CFO Certification

As required by the Regulation 17(8) of SEBI (LODR), 2015 a certificate from Mr. Ramesh R. Patil, Chief Executive Officer & Managing Director and Mr. Vikram V. Nagar, Chief Financial Officer was placed before the Board of Directors at their meeting held on May 26, 2017.

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

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

## 16. General Body Meetings

- (i) Details of Annual General Meetings

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

AGM	Date of the AGM	Time	Venue
8th AGM	December 29, 2014	3.00 p.m.	Khincha Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001
9th AGM	December 28, 2015	3.00 p.m	Khincha Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001
10th AGM	September 2, 2016	3.00 p.m	KRG Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001



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

8th AGM dated 29th December, 2014	(1) Approval of Borrowing Limits of the Company under Section 180(1)(c) of the Companies Act, 2013 (2) Approval for creation of charges on the Assets of the Company.
9th AGM dated 28th December, 2015	No Special Resolution was passed at the AGM held on December 28, 2015.
10th AGM dated 2nd September, 2016	(1) Appointment and payment of remuneration of Mr. Ramesh R Patil as Chief Executive Officer & Managing Director of the Company with effect from July 18, 2016 for a period of three years. (2) Payment of remuneration to Mr. Vikram V Nagar as Whole-time Director of the Company for the period May 27, 2016 to August 5, 2016. (3) Issue and Offer of Non-Cumulative, Non-Convertible Redeemable Preference Shares to Promoter, Shapoorji Pallonji and Company Pvt Ltd., on a Private Placement basis.

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

**17. Means of communication :**

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

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

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

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

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

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

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

**18. General Shareholder Information :**

a	Annual General Meeting Date, time and venue	Next Annual General Meeting of the Company is scheduled on Tuesday, September 26, 2017 at 3.00 p.m. at KRG Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru -560 001
b	Financial year	The Company follows the April-March Financial Year.
c	Date of Book Closure	The Register of Members and the Share Transfer Books of the Company will remain closed from September 20, 2017 to September 26, 2017
d	Dividend Payment date	Board has not recommended any dividend
e	Listing on Stock Exchanges	BSE Limited P.J. Towers Dalal Street, Mumbai - 400001
f	Stock Code	532957 (ISIN: INE642I01014)

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

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

Month and Year	High Rs.	Low Rs.	No. of shares
April.2016	53.85	46.10	8,232
May.2016	52.20	46.55	6,996
June.2016	54.00	45.30	5,693

July.2016	53.20	45.15	28,646
August.2016	56.80	45.15	31,352
September.2016	60.00	45.55	96,587
October 2016	58.50	45.35	69,231
November 2016	54.80	41.00	15,736
December 2016	52.00	42.00	9,651
January 2017	50.00	45.30	12,327
February 2017	49.95	45.75	14,480
March.2017	50.00	45.00	26,089

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

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

TSR Darashaw Ltd.

Unit: Gokak Textiles Ltd

6-10, Haji Moosa Patrawala Industrial Estate,

Near Famous Studio, 20, Dr. E. Moses Road,

Mahalaxmi, Mumbai 400011.

Tel: +91 22 6656 8484, Fax: +91 22 6656 8494

Email: cgs-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

**i. Share Transfer system :**

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

**j. Distribution of Shareholding as at March 31, 2017**

Category	No. of Shares	% to Paid up-capital
Promoters	47,80,845	73.56
Central/State Govern-ment(s)	55,171	0.85
Nationalised Banks	9,482	0.15
Bodies Corporate	2,65,509	4.09
Insurance Companies	2,96,057	4.56
Mutual Funds / UTI	196	0.00
FII's/ NRI's/ OCB/ For-eign Company	236484	3.64
Public	8,55,564	13.15
<b>Total</b>	<b>64,99,308</b>	<b>100.00</b>

**Distribution by size of holding as at March 31, 2017**

Range Start	Range End	Total Shares	% to capital	Total Number of Equity shareholders	% of Total Paid-up Equity Capital
1	500	4,47,374	6.88	9,058	96.89
501	1000	1,17,425	1.81	154	1.65
1001	2000	94,322	1.45	66	0.71
2001	3000	49,871	0.77	21	0.22
3001	4000	51,903	0.80	15	0.16
4001	5000	51,215	0.79	11	0.12
5001	10000	73,762	1.13	10	0.11
10001	Above 10001	56,13,436	86.37	14	0.15
	<b>Total</b>	<b>64,99,308</b>	<b>100.00</b>	<b>9,349</b>	<b>100.00</b>

**k. Dematerialisation of shares and liquidity as on March 31,2017:**

Details	No. of shareholders	No. of shares	% to paidup Capital
National Securities Depository Ltd.	3,626	59,85,832	92.10
Central Depository Services (India) Ltd	1,174	2,39,709	3.69
<b>Total Dematerialised</b>	<b>4,800</b>	<b>62,25,541</b>	<b>95.79</b>
Physical	4,549	2,73,767	4.21
<b>Total</b>	<b>9,349</b>	<b>64,99,308</b>	<b>100</b>

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

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

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

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

**n. Plant Layout:****Mills :**

Gokak Falls – 591308 Dist. Belgaum, Karnataka State

**Knitwear Unit:**

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

**o. Address for Correspondence:**

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

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

As provided under Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the code of conduct for Board of Directors and Senior Management for the year ended March 31, 2017.

For Gokak Textiles Limited

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

Corporate Identity No:L17116KA2006PLC038839  
Nominal Capital: ` 1,12,00,00,000

To the Members  
**GOKAK TEXTILES LIMITED**  
Rajarajeshwari Nagar,  
Bengaluru - 560098.

I have examined all the relevant records of Gokak Textiles Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 for the period from 1st April 2016 to March 31, 2017.

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

Place: Bengaluru  
Date: May 30, 2017

For **KIRAN DESAI & ASSOCIATES**  
Practicing Company Secretary

Kiran Desai  
Membership No.: 34875  
Certificate of Practice No.: 12924

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOKAK TEXTILES LIMITED**

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

We have audited the accompanying standalone Ind AS financial statements of GOKAK TEXTILES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

### **Auditor's Responsibility**

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

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

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matters**

In forming our opinion on the standalone Ind AS financial statements, in view of the accumulated losses and reduction in operations, we have considered and relied on the parent company's commitment to and the active involvement in the Company and based on above, the standalone Ind AS financial statements have been prepared on the Going Concern basis.

Our opinion is not modified in respect of the above matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - refer note 36 to the standalone Ind AS financial statements.
    - ii. The Company does not have any material foreseeable losses on long term contracts including derivative contracts requiring provision under the applicable law or Indian Accounting Standards.
    - iii. Based on the information given to us, there has been delay of four days in transferring the amount of Rupees 0.34 Lakh, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company-refer Note 45 to the standalone Ind AS financial statements.

For **KALYANIWALLA & MISTRY LLP**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 104607W/W100166)

**Anil A. Kulkarni,**  
Partner  
Membership No. 47576

Place: Mumbai  
Date: May 26, 2017

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

As referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the standalone Ind AS financial statements of **Gokak Textiles Limited** for the year ended March 31, 2017.

### Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, the Company has a program for physical verification of fixed assets at periodic intervals. As informed to us, the fixed assets have been verified by the Company as per the program and we were informed that the discrepancies noticed on such verification have been properly dealt with in the books of account.
- (c) Based on the information and explanations given to us and on the basis of examination of the records of the Company the title deeds of immovable properties are held in the name of the Company, except:

Sr. No.	Nature of Asset	No. of Cases	Whether Leasehold/Freehold	Gross Block as on March 31, 2017 Rupees in Lakh	Net Block as on March 31, 2017 Rupees in Lakh	Remarks
1.	Land	1	Freehold	11.35	11.35	<ul style="list-style-type: none"> <li>● The title deeds of the property are in the name of erstwhile entities (Mills Division).</li> <li>● As per the government records, some portion of the land is neither in the name of the Company nor in the name of erstwhile entities.</li> </ul>
2.	Land	1	Freehold	11.10	11.10	The title deeds of the properties are in the name of erstwhile entity (Knitwear Division).
3.	Land	1	Leasehold	1.50	-	The lease deed of the land is in the name of erstwhile entity (Mills Division).
4.	Building	2	Freehold	7.78	3.69	The title deeds of all the properties are in the name of erstwhile entity (Mills Division).

- ii. In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management. As informed to us, the discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to investments made and securities provided.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder are not applicable.
- vi. In our opinion and according to the information and explanations given to us, the maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. (a) According to the information and explanations given to us by the Company and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including 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 to the appropriate authorities. According to the information and explanations given to us by the Company, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us by the Company and on the basis of our examination of the books of account and the records, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute, other than the following:

Name of Statute	Amount (Rupees in Lakh)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Special Tax on Entry of Certain Goods Act, 2004	114.58	October-2004 to March-2007	High Court of Karnataka, Bangalore
The Excise Duty Act, 1944	32.62	2004-2005 and 2005-2006	The Central Excise and Service Tax Appellate Tribunal, Mangalore
The Employees Provident Fund and Miscellaneous Provision Act, 1952	40.14	January-1990 to December-2001	The Employees Provident Fund Appellate Tribunal
The Excise Duty Act, 1944	110.38	December 2004 to May 2005	The Supreme Court of India

The Company has deposited Rupees 12.05 Lakh and Rupees 8.16 Lakh under protest towards provident fund and excise duty respectively.

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and government except for a few delays ranging between 1 to 36 days aggregating to Rupees 460.22 Lakh, in payment of installments of term loans taken from banks during the first quarter of the year. There are no dues to debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us by the Company and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the financial year.
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the allotment of 11% Non-cumulative, Non-convertible, Redeemable Preference Shares made by the Company through private placement basis is in compliance with the requirements of section 42 of the Companies Act, 2013. According to the information and explanation given to us and based on our examination of the records of the Company, the amount raised through private placement has been used for the purpose for which the funds were raised.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them. Hence, the provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

For **KALYANIWALLA & MISTRY LLP**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 104607W/W100166)

**Anil A. Kulkarni**  
Partner  
Membership No. 47576

Date: May 26, 2017  
Place: Mumbai.



## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

As referred to in Paragraph 2 (f) under the heading “Report on Other Legal and Regulatory Requirements” of our Independent Auditor's Report of even date on the standalone Ind AS financial statements of **Gokak Textiles Limited** for the year ended March 31, 2017.

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

We have audited the internal financial controls over financial reporting of **GOKAK TEXTILES LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 and the Standards on Auditing, issued by 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.

#### **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.

**Opinion**

In our opinion, to the best of our knowledge and information and based on the explanations, information and records given to us, the Company has, in all material respects, maintained adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **KALYANIWALLA & MISTRY LLP**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 104607W/W100166 )

**Anil A. Kulkarni**  
Partner  
Membership No. 47576

Date: May 26, 2017  
Place: Mumbai.

**GOKAK TEXTILES LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at 31st Mar., 2017 in Lakhs	As at 31st Mar., 2016 in Lakhs	As at 1st Oct. 2015 in Lakhs
<b>Assets</b>				
<b>1 Non-current assets</b>				
a) Property, Plant and Equipment	6A	8,521	9,215	9,669
b) Capital work-in-progress	6B	17	11	8
c) Investment Property	7	11	11	11
d) Other Intangible assets	8	72	98	111
		<b>8,621</b>	<b>9,335</b>	<b>9,799</b>
e) Financial Assets:				
i) Investments				
a) Investments in Subsidiaries	9A	2,499	2,499	2,499
b) Other Investments	9B	1	1	1
ii) Other financial assets	11A	2,500 258	2,500 260	2,500 254
f) Tax assets		2,758	2,760	2,754
i) Income tax assets (net)	25	46	69	58
g) Other non-current assets	14A	46 2,016	69 1,978	58 1,894
Total Non-current assets		13,441	14,142	14,505
<b>2 Current assets</b>				
a) Inventories	12	3,146	3,831	4,408
b) Financial Assets:				
i) Trade receivables	10	665	1,172	1,250
ii) Cash and cash equivalents	13A	42	163	2,064
iii) Bank balances other than (ii) above	13B	3	3	3
iv) Other financial assets	11B	32	56	24
c) Other current assets	14B	742 421	1,394 1,674	3,341 1,865
Assets classified as held for sale	15	1,163 70	3,068 84	5,206 125
<b>Total Current assets</b>		<b>4,379</b>	<b>6,983</b>	<b>9,739</b>
<b>Total Assets</b>		<b>17,820</b>	<b>21,125</b>	<b>24,244</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
1 Equity share capital	16	650	650	650
2 Other equity	17	1,918	(592)	22
Equity attributable to owners of the Company		2,568	58	672
Total Equity		<b>2,568</b>	58	672
<b>Liabilities</b>				
<b>1 Non-current liabilities</b>				
a) <b>Financial liabilities:</b>				
i) Borrowings	18	4,141	6,347	3,010
b) Provisions	20A	4,141 635	6,347 672	3,010 196
c) Deferred tax liabilities (net)	21	139	381	286
<b>Total Non-current liabilities</b>		<b>4,915</b>	<b>7,400</b>	<b>3,492</b>

2	Current liabilities				
	a) Financial liabilities:				
	i) Borrowings	<b>23</b>	3,221	5,776	10,469
	ii) Trade payables	<b>24</b>			
	(A) Total outstanding dues of micro enterprises and small enterprises		4	29	-
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,151	2,661	4,711
	iii) Other financial liabilities	<b>19</b>	4,446	4,373	4,047
	b) Provisions	<b>20B</b>	9,822	12,839	19,227
	c) Other current liabilities	<b>22</b>	237	46	43
			278	782	810
			10,337	13,667	20,080
	<b>Total Current Liabilities</b>		<b>10,337</b>	<b>13,667</b>	<b>20,080</b>
	<b>Total Liabilities</b>		<b>15,252</b>	<b>21,067</b>	<b>23,572</b>
	<b>Total Equity and Liabilities</b>		<b>17,820</b>	<b>21,125</b>	<b>24,244</b>

See accompanying notes forming part of the financial statements

1 to 53

In terms of our report attached  
For **KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No. 104607W/W100166

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

**RAMESH R. PATIL**  
DIN: 07568951

CEO & Managing Director

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN:01757117

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

**ZARINE K. COMMISSARIAT**  
DIN:07146151

Directors

Mumbai, 26th May, 2017

**GOKAK TEXTILES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	Note No.	Year Ended 31st Mar., 2017 Rs. in Lakhs	Period Ended 31st Mar., 2016 Rs. in Lakhs
I Revenue from operations	26	7,758	10,045
II Other income	27	1,290	487
<b>III Total Income (I + II)</b>		<b>9,048</b>	<b>10,532</b>
IV Expenses:			
a. Cost of materials consumed	28	4,367	5,812
b. Purchases of stock-in-trade	29	349	91
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	508	556
d. Employee benefits expense	31	2,549	1,791
e. Finance costs	32	1,668	976
f. Depreciation and amortisation expense	33	711	355
g. Other expenses	34	2,588	3,303
<b>Total expenses</b>		<b>12,740</b>	<b>12,884</b>
V Profit / (Loss) before exceptional items and tax (III - IV)		(3,692)	(2,352)
VI Exceptional items - Income		-	-
VII Profit / (Loss) before tax (V + VI)		(3,692)	(2,352)
VIII Tax expense:			
(a) Current tax	35.1	14	6
(b) Deferred tax	35.1	(323)	76
		(309)	82
IX Profit / (Loss) for the year (VII - VIII)		(3,383)	(2,434)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		261	62
(ii) Income tax relating to items that will not be reclassified to profit or loss	35.2	(81)	(19)
Other Comprehensive Income A		180	43
XI Total Comprehensive Income for the period (IX + X)		(3,203)	(2,391)
XII Earning per equity share (for continuing operation):			
Basic and diluted earnings per equity share	42	(52.05)	(37.45)
See accompanying notes forming part of the financial statements	<b>1 to 53</b>		(57.85)

**RAMESH R. PATIL**  
DIN: 07568951

CEO & Managing Director

In terms of our report attached  
**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No. 104607W/W100166

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN: 01757117

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

**ZARINE K. COMMISSARIAT**  
DIN: 07146151

Directors

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

Mumbai, 26th May, 2017

**GOKAK TEXTILES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Year Ended 31st Mar., 2017 Rs. in Lakhs	Period Ended 31st Mar., 2016 Rs. in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before tax	(3,692)	(2,352)
Adjustments for:		
Depreciation	711	355
Interest income	(81)	(92)
Interest and financial charges	1,668	976
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(218)	(380)
Credit balances / excess provision written back	(969)	-
Provision for Doubtful Debts	(55)	15
Trade receivables / advances written off	141	4
Provision for Contingencies	-	500
Provision for Doubtful Advances	2	(4)
Operating loss before working capital changes	(2,493)	(978)
<b>Adjustments for :</b>		
Increase)/ Decrease in Inventories	685	577
(Increase)/ Decrease in Trade and other receivables	1,660	131
Increase/ (Decrease) in Trade payables, other liabilities and provisions	(86)	(1,701)
Cash generated from operations	(234)	(1,971)
Direct Taxes (paid) / refund	9	(16)
Net cash (used in) / from operating activities	(225)	(1,987)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(10)	(8)
Sale of Fixed Assets	245	539
Interest received	81	92
Net cash (used in)/ from investing activities	316	623
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of 6500000 11% Non-cumulative, non-convertible, Redeemable Preference Shares of ` 10 each	6,500	2,000
Change in Borrowings	(5,120)	(1,561)
Interest paid	(1,592)	(976)
<b>Net cash (used in)/from financing activities</b>	<b>(212)</b>	<b>(537)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(121)</b>	<b>(1,901)</b>
Cash and Cash equivalents at the beginning of the period/year	166	2,067
<b>Cash and Cash equivalents at the end of the period/year</b>	<b>45</b>	<b>166</b>

**GOKAK TEXTILES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Year Ended 31st Mar., 2017 Rs. in Lakhs	Period Ended 31st Mar., 2016 Rs. in Lakhs
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	4	19
Balances with banks:		
- In current accounts	38	144
- In deposit accounts	3	3
	<b>45</b>	<b>166</b>

**Notes**

- 1 The Cash Flow statement has been prepared following the indirect method except in case of taxes and dividend which have been considered on the basis of actual movement of cash.
- 2 Change in borrowings are shown net of receipts and payments.
- 3 Figures in brackets indicate cash outflow.
- 4 Previous year's figures have been rearranged / regrouped wherever necessary.

**For and on behalf of the Board of Directors**

As per our Report attached

In terms of our report attached  
**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No. 104607W/W100166

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

**RAMESH R. PATIL**  
DIN: 07568951

CEO & Managing Director

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN:01757117

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

**ZARINE K. COMMISSARIAT**  
DIN:07146151

Directors

Mumbai, 26th May, 2017

**GOKAK TEXTILES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

Statement of changes in equity for the year ended 31st March, 2017	
<i>Rs. In Lakh</i>	
a. Equity share capital	Amount
<b>Balance as at 1st October, 2015</b>	650
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2016</b>	<b>650</b>
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2017</b>	<b>650</b>

**Statement of changes in equity for the year ended 31st March, 2017 – continued**

*Rs. In Lakh*

b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus			Items of other comprehensive income		Total Equity Attributable to the Equity Holders of the Company
		General reserve	Retained earnings	Total	Other items of other comprehensive income	Total	
Balance at October 1, 2015	1,796	7,160	(8,934)	(1,774)	-	-	22
Profit for the year	-	-	(2,434)	(2,434)	-	-	(2,434)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	43	43	43
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,434)</b>	<b>(2,434)</b>	<b>43</b>	<b>43</b>	<b>(2,391)</b>
Issue of Non-cumulative, non-convertible Redeemable preference Shares	1,777	-	-	-	-	-	1,777
<b>Balance at March 31, 2016</b>	<b>3,573</b>	<b>7,160</b>	<b>(11,368)</b>	<b>(4,208)</b>	<b>43</b>	<b>43</b>	<b>(592)</b>
Profit for the year	-	-	(3,383)	(3,383)	-	-	(3,383)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	180	180	180
Total comprehensive income for the year	-	-	(3,383)	(3,383)	180	180	(3,203)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	5,713	-	-	-	-	-	5,713
<b>Balance at March 31, 2017</b>	<b>9,286</b>	<b>7,160</b>	<b>(14,751)</b>	<b>(7,591)</b>	<b>223</b>	<b>223</b>	<b>1,918</b>



**GOKAK TEXTILES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

**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, sweaters, etc.

The financial statements are approved for issue by the Company's Board of Directors on May 26, 2017.

- 2 The financial statements for the current year ended March 31, 2017 are prepared for the period of twelve months (from April 1, 2016 to March 31, 2017) whereas the previous period's financial statements are prepared for the period of six months (from October 1, 2015 to March 31, 2016). Hence, the figures for the current accounting period are not comparable with those of the previous accounting period.

**3 Significant Accounting Policies****(a) Statement of Compliance :**

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

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

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

- i "These separate financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). These separate financial statements of the year ended March 31, 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the period ended March 31, 2016, the Company has prepared its financial statements in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 as amended and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirements in India. The Company has adopted all Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from the Previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in Note 4. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS balance sheet as at October 1, 2015 being the date of transition to Ind AS. "
- ii. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.
- iii. "The financial statements have been prepared on a historical cost basis, except for the following:(a) Certain financial assets and liabilities that are measured at fair value;(b) Non-current assets held for sale - measured as lower of carrying value or fair value less cost to sale;(c) Defined benefit plans - plan assets measured at fair value. "
- iv. All amounts disclosed in the financial statements and notes have been rounded off to the nearest 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.

**(d) Property, plant and equipment:**

"The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. October 1, 2015 as the deemed cost under Ind AS. Hence, regarded thereafter as historical cost. Freehold land is carried at cost. All other items of

property, plant and equipment are stated at cost less depreciation and impairment, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. "

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

**(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.

**(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.

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of October 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(g) Investments in Subsidiary :**

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

**(h) Financial instruments :**

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

**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.

**(i) Inventories :**

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

Sr.No	Particulars	Method of determining cost
1	Stores, Spares and Loose Tools	Weighted average for Mills unit and FIFO basis for Knitwear unit.
2	Raw Materials:	
	(i) Cotton and Other Fibers	Specific identification for Mills unit and FIFO basis for Knitwear unit.
	(ii) Others	Weighted average
3	Stock-in-Process	Aggregate of material cost and production overheads and other attributable expenses up to stage of completion.
4	Finished Goods:	
	(i) Produced	Aggregate of material cost, production overheads and excise duty paid/payable thereon.
	(ii) Traded Goods	
	(a) Yarn	First-In-First-Out
	(b) Textile	Weighted average

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

**(j) Borrowing Cost :**

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

**(k) Revenue Recognition :**

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

Sales are recognised on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract.

Export incentives under various schemes are accounted in the year of contract.

Dividend Income is recognised when the right to receive the same is established. Interest Income is recognised on time proportion basis."

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

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

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

**(m) Foreign Exchange Transactions :**

"The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (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. "

**(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 probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it related to the items recognised in other comprehensive income or directly in equity."

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

**(q) Earnings per Share :**

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

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

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

**(s) Borrowings :**

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

**(t) Leases :**

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

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

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

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

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

**(w) Segment reporting :**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(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."

**4 First-time adoption – mandatory exceptions, optional exemptions****Overall principle**

"These financial statements of Gokak Textiles Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with October 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosure in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the separate financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in Note 5. Exemptions / exceptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 4.1 and 4.2.

The Company has prepared the opening balance sheet as per Ind AS as of October 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

**Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after October 1, 2015 (the transition date).

**Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

**4.1 Optional Exemptions availed on first time adoption of Ind AS 101**

Ind AS 101 allows first time adoptors certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

**(a) Deemed Cost**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of October 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date as per paragraph D7AA of Ind AS 101.

**(b) Investments in subsidiaries, joint ventures and associates**

The Company has opted paragraph D14 and D15 and accordingly considered the previous GAAP carrying amount of investment in subsidiary as deemed cost as at the transition date.

#### 4.2 Applicable mandatory exceptions availed on first time adoption of Ind AS 101

Ind AS 101 allows first time adoptors certain exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exceptions.

##### (a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP.

The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.

##### (b) Classification and measurement of financial assets

As required under Ind AS 101, the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### 5 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

- I. Reconciliation of Balance Sheet as at October 1, 2015 (transition date)
- II. Reconciliation of Balance Sheet as at March 31, 2016
- III. Reconciliation of Statement of Profit and Loss for the period ended March 31, 2016
- IV. Reconciliation of total comprehensive income for the period ended March 31, 2016
- V. Reconciliation of equity as at October 1, 2015 and March 31, 2016

##### 5.1 Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS

(Rs. in Lakh)

Particulars	Note	Balance Sheet as at October 1, 2015			Balance Sheet as at March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS	Previous GAAP	Effects of transition to Ind AS	Ind AS
<b>1 Non-current assets</b>							
(a) Property, Plant and Equipment	5.1.1	9,680	(11)	9,669	9,226	(11)	9,215
(b) Capital work-in-progress		8	-	8	11	-	11
(c) Investment Property	5.1.1	-	11	11	-	11	11
(d) Other Intangible assets		111	-	111	98	-	98
(e) Financial Assets:							
(i) Investments							
- Investments in Subsidiaries		2,499	-	2,499	2,499	-	2,499
- Other Investments		1	-	1	1	-	1
(ii) Other financial assets		254	-	254	260	-	260
(f) Tax assets							
Income tax assets (net)		58	-	58	69	-	69
(g) Other non-current assets		1,894	-	1,894	1,978	-	1,978
<b>Total Non-current assets</b>		<b>14,505</b>	<b>-</b>	<b>14,505</b>	<b>14,142</b>	<b>-</b>	<b>14,142</b>
<b>2 Current assets</b>							
(a) Inventories		4,408	-	4,408	3,831	-	3,831
(b) Financial Assets:							
(i) Trade receivables	5.1.2	1,250	-	1,250	1,199	(27)	1,172
(ii) Cash and cash equivalents		2,064	-	2,064	163	-	163
(iii) Bank balances other than (ii) above		3	-	3	3	-	3
(iv) Other financial assets		24	-	24	56	-	56
(c) Other current assets		1,865	-	1,865	1,674	-	1,674

Particulars	Note	Balance Sheet as at October 1, 2015			Balance Sheet as at March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS	Previous GAAP	Effects of transition to Ind AS	Ind AS
(d) Assets classified as held for sale		125	-	125	84	-	84
<b>Total Current assets</b>		<b>9,739</b>	<b>-</b>	<b>9,739</b>	<b>7,010</b>	<b>(27)</b>	<b>6,983</b>
<b>Total Assets</b>		<b>24,244</b>	<b>-</b>	<b>24,244</b>	<b>21,152</b>	<b>(27)</b>	<b>21,125</b>
<b>Equity and Liabilities</b>							
<b>Equity</b>							
(a) Equity share capital		650	-	650	650	-	650
(b) Other equity	5.1.3	238	(216)	22	(148)	(444)	(592)
		<b>888</b>	<b>(216)</b>	<b>672</b>	<b>502</b>	<b>(444)</b>	<b>58</b>
<b>Liabilities</b>							
1 Non-current liabilities							
(a) Financial liabilities:							
(i) Borrowings	5.1.4	2,806	204	3,010	5,958	389	6,347
(b) Provisions		196	-	196	672	-	672
(c) Deferred Tax liability (Net)	5.1.5	292	(6)	286	371	10	381
<b>Total Non-current liabilities</b>		<b>3,294</b>	<b>198</b>	<b>3,492</b>	<b>7,001</b>	<b>399</b>	<b>7,400</b>
2 Current liabilities							
(a) Financial liabilities:							
(i) Borrowings		10,469	-	10,469	5,776	-	5,776
(ii) Trade payables		4,711	-	4,711	2,690	-	2,690
(iii) Other financial liabilities	5.1.6	4,029	18	4,047	4,355	18	4,373
(b) Provisions		43	-	43	46	-	46
(c) Other current liabilities		810	-	810	782	-	782
<b>Total Current Liabilities</b>		<b>20,062</b>	<b>18</b>	<b>20,080</b>	<b>13,649</b>	<b>18</b>	<b>13,667</b>
<b>Total Liabilities</b>		<b>23,356</b>	<b>216</b>	<b>23,572</b>	<b>20,650</b>	<b>417</b>	<b>21,067</b>
<b>Total Equity and Liabilities</b>		<b>24,244</b>	<b>-</b>	<b>24,244</b>	<b>21,152</b>	<b>(27)</b>	<b>21,125</b>

Explanations for reconciliation of Balance sheet as previously reported under previous GAAP to IND AS

#### 5.1.1 Property, Plant and Equipment

Freehold Land with indefinite use has been classified under Investment Property in accordance with Ind AS 40 - Investment Property as at October 1, 2015 and March 31, 2016.

#### 5.1.2 Trade Receivables

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

#### 5.1.3 Other Equity

- (a) Adjustments to components of other equity on account adjustments in accordance with Ind AS as stated in other notes.  
(b) In addition, as per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in statement of profit and loss under previous GAAP.

#### 5.1.4 Borrowings

- (a) Adjustments include recognition of liability component of compound financial instruments (Preference Shares) in accordance with Ind AS 32 - Financial Instruments - Presentation.  
(b) Adjustment include deferral of origination fees on long term borrowings over the tenure of the borrowing in accordance with Ind AS 109 - Financial Instruments.

#### 5.1.5 Deferred Tax Liability (Net)

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees.

#### 5.1.6 Other Financial Liabilities

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

## 5.2 Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS

(Rs. in Lakh)

Particulars	Note	Six Months ended March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS
I Revenue from operations		10,040	5	10,045
II Other income		519	(32)	487
III Total Income (I + II)	<b>5.2.1</b>	10,559	(27)	10,532
IV Expenses:				
Cost of raw materials and components consumed		5,812	-	5,812
Purchases of trading goods		91	-	91
Changes in inventories of finished goods and work-in-progress		556	-	556
Employee benefits expense	<b>5.2.2</b>	1,729	62	1,791
Finance costs	<b>5.2.3</b>	1,014	(38)	976
Depreciation and amortisation expense		355	-	355
Other expenses		3,303	-	3,303
<b>Total expenses</b>		<b>12,860</b>	<b>24</b>	<b>12,884</b>
V Profit before tax (III - IV)		(2,301)	(51)	(2,352)
VI Tax expense:				
(a) Current tax		6	-	6
(b) Deferred tax	<b>5.2.4</b>	79	(3)	76
VII Profit for the year (V - VI)		(2,386)	(48)	(2,434)
VIII Other Comprehensive Income				
(a) Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans (net of tax)	<b>5.2.2</b>	-	62	62
(b) Items that may be reclassified to profit or loss		-	(19)	(19)
IX Total other comprehensive Income, net of tax		-	43	43
X Total Comprehensive Income for the period (VIII + IX)		(2,386)	5	(2,391)

Explanations for reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to IND AS

### 5.2.1 Revenue

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

### 5.2.2 Employee benefit expenses

As per Ind AS 19 - Employee Benefits, actuarial gains and losses on defined benefit obligations are recognized in other comprehensive income' as compared to being recognized under 'employee benefit expenses' under previous GAAP.

### 5.2.3 Finance Costs

Adjustments include interest on financial liability component of compound financial instrument as per Ind AS 32 and adjustment on account of reversal of origination fees on long term borrowings in accordance with Ind AS 109.

### 5.2.4 Deferred Tax

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees. Further, deferred tax on actuarial gains and losses recognised in 'other comprehensive income'.

## 5.3 Cash flow statement

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.



**5.4 Reconciliation of total comprehensive income for the period ended March 31, 2016 reported under previous GAAP to Ind AS***(Rs. in Lakh)*

Particulars	Ind AS
Profit and Loss After Tax as per previous GAAP	(2,386)
Interest on liability component of compound financial instruments	(12)
Transactions pertaining to earlier periods recorded in respective periods	(27)
Other Ind AS adjustments - origination fees on borrowings (net of tax)	34
Total adjustments to equity	(5)
Profit and Loss After Tax as per Ind AS	(2,391)

**5.5 Reconciliation of equity as at October 1, 2015 and March 31, 2016***(Rs. in Lakh)*

	As at October 1, 2015	As at March 31, 2016
Total Equity and Reserves (shareholders' funds) under previous GAAP	888	502
Liability component of compound financial instruments	(203)	(427)
Transactions pertaining to earlier periods recorded in respective periods	(13)	(39)
Interest on liability component of compound financial instruments	-	(12)
Other Ind AS adjustments - origination fees on borrowings (net of tax)	-	34
Total adjustments to equity	(216)	(444)
Total Equity under Ind AS	672	58

**6A Property, plant and equipment**

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2017

*(Rs. In Lakh)*

Particulars	Land - Freehold	Factory Building	Residential Building	Plant and Machinery	Furniture, fixtures and Office Equipment	Vehicles	Total
Gross carrying value as of April 1, 2016	11	1,813	544	7,032	147	10	9,557
Additions	-	-	-	-	4	-	4
Deletions	-	-	4	6	1	-	11
Reclassified to non-current assets held for sale	-	-	2	-	-	-	2
Gross carrying value as of March 31, 2017	11	1,813	538	7,026	150	10	9,548
Accumulated depreciation as of April 1, 2016	-	55	12	250	23	2	342
Depreciation	-	118	26	487	52	2	685
Accumulated depreciation as of March 31, 2017	-	173	38	737	75	4	1,027
Carrying value as of March 31, 2017	11	1,640	500	6,289	75	6	8,521

Following are the changes in carrying value of property, plant and equipment for the period ended March 31, 2016

*(Rs. In Lakh)*

Particulars	Land - Freehold	Factory Building	Residential Building	Plant and Machinery	Furniture, fixtures and Office Equipment	Vehicles	Total
Gross carrying value							
Deemed cost as on October 1, 2015	11	1,825	544	7,132	147	10	9,669
Additions	-	-	-	5	-	-	5
Deletions	-	12	-	105	-	-	117
Gross carrying value as on March 31, 2016	11	1,813	544	7,032	147	10	9,557
Accumulated depreciation as of October 1, 2015							
For the period	-	55	12	250	23	2	342
Accumulated depreciation as of March 31, 2016	-	55	12	250	23	2	342
Carrying value as of March 31, 2016	11	1,758	532	6,782	124	8	9,215
Carrying value as of October 1, 2015	11	1,825	544	7,132	147	10	9,669

**6B Capital Work In Progress**

	<i>(Rs. In Lakh)</i>
October 1, 2015	8
March 31, 2016	11
March 31, 2017	17

(a) Capital work in progress as at March 31, 2017 includes cost incurred towards civil work for Dyeing Project at Gokak Mill premises.

**7. Investment property**

*(Rs. In Lakh)*

	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Completed investment properties (Freehold Land)	11	11	11
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>

Cost	Year Ended March 31, 2017	Period Ended March 31, 2016
Balance at beginning of year	11	11
Additions	-	-
Balance at end of year	11	11

**Fair value**

As at October 1, 2015	101
As at March 31, 2016	362
As at March 31, 2017	402

**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.

**8. Other intangible assets**

Following are the changes in carrying value of acquired intangible assets as of March 31, 2017

*(Rs. In Lakh)*

Particulars	Computer Software acquired
Gross carrying value as of April 1, 2016	111
Additions	-
Deletions	-
Gross carrying value as of March 31, 2017	111
Accumulated depreciation as of April 1, 2016	13
Depreciation	26
Accumulated depreciation on deletions	-
Accumulated depreciation as of March 31, 2017	39
Carrying value as of March 31, 2017	72

Following are the changes in carrying value of acquired intangible assets as of March 31, 2016

*(Rs. In Lakh)*

Particulars	Computer Software acquired
Gross carrying value	
Deemed cost as of October 1, 2015	111
Additions	-
Deletions	-
Gross carrying value as of March 31, 2016	111
Accumulated depreciation as of October 1, 2015	
Depreciation	13
Accumulated depreciation on deletions	-
Accumulated depreciation as of March 31, 2016	13
Carrying value as of March 31, 2016	98
Carrying value as of October 1, 2015	111

**9. Non Current Investments**  
**9A. Investments in Subsidiaries**

Rs. in Lakh

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted Investments (all fully paid) Equity Instruments In unquoted 24,990,000 equity shares of Rs. 10 each fully paid up of Gokak Power & Energy Limited	2,49,90,000	2,499	2,49,90,000	2,499	2,49,90,000	2,499
<b>TOTAL AGGREGATE OF UNQUOTED INVESTMENTS</b>		<b>2,499</b>		<b>2,499</b>		<b>2,499</b>
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>		<b>2,499</b>		<b>2,499</b>		<b>2,499</b>

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Investments carried at cost</b> In unquoted 24,990,000 equity shares of Rs. 10 each fully paid up of Gokak Power & Energy Limited	2,499	2,499	2,499
	<b>2,499</b>	<b>2,499</b>	<b>2,499</b>

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 said company

**9B. Other investments**

Rs. in Lakh

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted Investments (all fully paid) <b>Equity Instruments</b>						
1. In unquoted equity shares of New India Co-Operative Bank Limited	5,000	1	5,000	1	5,000	1
2. In unquoted equity shares of Zoroastrian Co-op Bank Limited *	250	-	250	-	250	-
<b>TOTAL OTHER INVESTMENTS</b>	<b>5,250</b>	<b>1</b>	<b>5,250</b>	<b>1</b>	<b>5,250</b>	<b>1</b>

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Investments carried at fair value through profit or loss (FVTPL)			
1. In unquoted equity shares of New India Co-Operative Bank Limited	1	1	1
2. In unquoted equity shares of Zoroastrian Co-op Bank Limited *	-	-	-
	<b>1</b>	<b>1</b>	<b>1</b>

\* value of these investments is Rs.2,500

**10. Trade receivables**

**10A. Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Trade receivables</b>			
a) Unsecured, considered good	665	1,172	1,250
b) Doubtful	611	666	651
Allowance for doubtful debts (expected credit loss allowance)	611	666	651
<b>Total</b>	<b>665</b>	<b>1,172</b>	<b>1,250</b>

## 10.1 Trade receivables

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

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

### Age of receivables not impaired

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
0 - 60	556	640	716
61 - 180	33	322	361
181 - 365	18	32	39
Above 365 Days	58	178	134
<b>Total</b>	<b>665</b>	<b>1,172</b>	<b>1,250</b>

### Movement in the allowance for doubtful debts

Cost	Year Ended March 31, 2017	Year Ended March 31, 2016
Balance at beginning of the year	666	651
Impairment losses recognised on receivables	45	15
Amounts written off during the year as uncollectible	(100)	-
Amounts recovered during the year	-	-
<b>Balance at end of the year</b>	<b>611</b>	<b>666</b>

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

As at March 31, 2017, trade receivables of Rs.695 lakh (as at March 31, 2016 - Rs. 763 lakh; as at October 1, 2015 - Rs.747 lakh) were impaired. The amount of the provision was Rs.611 lakh as at March 31, 2017 (as at March 31, 2016 - Rs.666 lakh ; as at October 1, 2015 - Rs. 651 lakh). The individually impaired receivables were mainly due to unexpected difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The ageing is as follows:-

### Age of impaired trade receivables

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
< 365 days	-	-	-
> 365 days	695	763	747
<b>Total</b>	<b>695</b>	<b>763</b>	<b>747</b>

## 11. Other financial assets

### 11A. Non current

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Security deposits			
- Unsecured, considered good	258	260	254
- Doubtful	4	2	6
Less : Allowance for bad and doubtful loans	4	2	6
<b>Total</b>	<b>258</b>	<b>260</b>	<b>254</b>

**11B. Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Other current receivables			
- Other advances - Unsecured, considered good	32	40	6
- Related Parties - Unsecured, considered good	-	16	18
- Doubtful	5	5	5
Less : Allowance for doubtful debts	5	5	5
<b>Total</b>	<b>32</b>	<b>56</b>	<b>24</b>
	<b>290</b>	<b>316</b>	<b>278</b>

**Financial assets carried at amortised cost****290****316****278****12. Inventories***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) Inventories (lower of cost and net realisable value)</b>			
Raw materials	512	582	579
Work-in-progress	650	771	889
Finished goods	1,578	1,938	2,436
Stores and spares including packing materials	373	480	504
<b>Total (a)</b>	<b>3,113</b>	<b>3,771</b>	<b>4,408</b>
b) Goods-in-transit	33	60	-
<b>Total (a + b)</b>	<b>3,146</b>	<b>3,831</b>	<b>4,408</b>

- 12.1 Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to Rs.307 lakh as at March 31, 2017 (as at March 31, 2016: Rs.341 lakh and as at October 1, 2015: Rs.345 lakh). These writedowns were recognised as an expense and includes in 'Cost of materials consumed' and 'Changes in inventories of finished goods, work-in-progress and stock-in-trade' in the Statement of Profit and Loss.

**13.****13A. Cash and cash equivalents***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Balances with Banks</b>			
a) In current accounts	38	144	2,057
	<b>38</b>	<b>144</b>	<b>2,057</b>
<b>Cash on hand</b>	<b>4</b>	<b>19</b>	<b>7</b>
<b>Cash and cash equivalents as per balance sheet</b>	<b>42</b>	<b>163</b>	<b>2,064</b>

**13B. Other Bank balances**

a) Balances held as margin money / under lien with remaining maturity of less than 12 months	3	3	3
	<b>3</b>	<b>3</b>	<b>3</b>

**14. Other assets****14A. Non Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Capital Advances	-	13	7
b) Security Deposits	12	12	16
c) Balances with statutory / government authorities			
- Unsecured, considered good	1,765	1,714	1,632
	1,765	1,714	1,632
d) Minimum Alternate Tax	239	239	239
<b>Total</b>	<b>2,016</b>	<b>1,978</b>	<b>1,894</b>

**14B. Current**

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Advances for supply of goods and services			
- To related parties	-	1,146	1,087
- Unsecured, considered good			
- To others	26	79	372
- Unsecured, considered good			
	<b>26</b>	<b>1,225</b>	<b>1,459</b>
b) Prepaid expenses	42	39	93
c) Security Deposits	-	-	15
d) Claims Receivable	255	241	233
e) Other Current Assets	24	92	1
f) Interest Subsidy Receivable	74	77	64
<b>Total</b>	<b>421</b>	<b>1,674</b>	<b>1,865</b>

**15. Non-current assets classified as held for sale**

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Buildings	2	-	-
b) Plant and machineries	68	84	125
<b>Total</b>	<b>70</b>	<b>84</b>	<b>125</b>

**16. Equity Share Capital**

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Authorised Share capital :</b>			
70,00,000 Equity Shares of Rs. 10 each	700	700	700
10,50,00,000 Non-Cumulative, non-convertible Redeemable Preference Shares of Rs.10 each (as at March 31, 2016: 7,00,00,000; as at October 1, 2015: 2,00,00,000)	<b>10,500</b>	<b>7,000</b>	<b>2,000</b>
<b>Issued, subscribed and paid-up share capital:</b>			
64,99,308 fully paid equity shares of Rs. 10 each (as at March 31, 2016: 64,99,308; as at October 01, 2015: 64,99,308)	650	650	650
	<b>650</b>	<b>650</b>	<b>650</b>

**16.1 Fully paid equity shares**

Cost	Number of Shares	Share Capital (Rs. in Lakh)
<b>Balance as at 1st October, 2015</b>	64,99,308	650
Movements	-	-
Balance as at 31st March, 2016	64,99,308	650
Movements	-	-
<b>Balance as at 31st March, 2017</b>	<b>64,99,308</b>	<b>650</b>

**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.

**16.2 Details of shares held by the holding company, its subsidiaries and associates**

Particulars	Fully paid ordinary shares (Numbers)		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Balance at the beginning of the period :</b> Shapoorji Pallonji and Company Pvt. Ltd., the holding company	47,80,845	47,80,845	47,80,845
<b>Total</b>	<b>47,80,845</b>	<b>47,80,845</b>	<b>47,80,845</b>

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2015	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b> Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56	47,80,845	73.56
<b>Total</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>

16.4 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.

**17. Other equity***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) General reserve (Refer Note 1)</b>			
Balance at beginning of the year	7,160	7,160	7,160
<b>Balance at end of the year</b>	<b>7,160</b>	<b>7,160</b>	<b>7,160</b>
<b>b) Preference Share Capital</b>			
7% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	4,000	4,000	2,000
11% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	6,500	-	-
Less: Liability component of Preference Share Capital	(1,214)	(427)	(204)
<b>Balance at end of the year</b>	<b>9,286</b>	<b>3,573</b>	<b>1,796</b>
<b>c) Retained earnings</b>			
Balance at beginning of year	(11,325)	(8,934)	(8,922)
Profit/(Loss) attributable to owners of the Company	(3,203)	(2,391)	-
Adjustments pertaining to earlier period	-	-	(12)
Balance at end of the year	(14,528)	(11,325)	(8,934)
<b>Total</b>	<b>1,918</b>	<b>(592)</b>	<b>22</b>

**Note 1:** General reserve is transferred to the Company at the time of demerger of Textiles division from Forbes Gokak Limited.

**18. Non-current Borrowings***Rs. in Lakh*

Particulars	Non-current portion			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Secured – at amortised cost</b>						
<b>(a) Term loans</b>						
<b>From banks</b>						
i) Ratnakar Bank Limited - Secured by second pari passu charge on the company's movable and immovable fixed assets and letter of comfort and shortfall undertaking from Shapoorji Pallonji & Co. Pvt. Ltd. {Repayable in 8 Quarterly installments (quarter 1 and quarter 2: Rs. 225 Lakh						

Particulars	Non-current portion			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
per quarter; quarter 3 to quarter 6: Rs.450 Lakh per quarter and quarter 7 and quarter 8: Rs.1125 Lakh per quarter. (Rate of interest : 10.65% per annum). ii) Ratnakar Bank Limited - Secured by second pari passu charge on the company's movable and immovable fixed assets. {Repayable in 36 monthly installments of Rs. 139 Lakh each. Rate of Interest 10.55% per annum as on March 31, 2017 (March 31, 2016: 10.65% per annum.; October 01, 2015: 11.81% per annum)}	2,649	4,225	-	1,575	225	55
iii) New India Co operative Bank Limited - Secured by charge on moveable assets of the Company. [Repayable in 7 years with 72 equated monthly installments commencing from 12 months after first disbursement. (Rate of Interest 14% per annum.)]	-	1,111	1,944	1,111	1,667	1,667
iv) EXIM Bank Technology Upgradation Loan - Secured by exclusive charge by way of hypothecation of the specific movable fixed assets to be acquired out of the loan. In addition to this, mortgage of the immovable fixed assets of the Company. [Repayable in 25 equal quarterly installments of Rs. 96 lakh each commencing at the end of 2 years after first disbursement. (Rate of interest : 11.90% per annum)]	190	572	765	384	384	383
	-	-	97	-	290	443
	<b>2,839</b>	<b>5,908</b>	<b>2,806</b>	<b>3,070</b>	<b>2,566</b>	<b>2,548</b>
Less: Amount disclosed under "Other current financial liabilities"	-	-	-	(3,070)	(2,566)	(2,548)
<b>Unsecured – at amortised cost</b>	2,839	5,908	2,806	-	-	-
<b>(b) Liability component of compound financial instruments</b>	<b>1,302</b>	<b>439</b>	<b>204</b>	-	-	-
<b>Total Non-current borrowings</b>	<b>4,141</b>	<b>6,347</b>	<b>3,010</b>	-	-	-

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

*Rs. in Lakh*

Sr. No.	Details of Preference Share allotted and Date of Allotment	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015	Rate of Dividend	Terms
1	20,000,000 preference shares of Rs.10 each - September 30, 2015	2,000	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. Tenure, manner and mode of redemption - not exceeding 20 years from the date of issue with or without a put / call option as may be determined by the Board."
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	-	-	11%	
4	35,000,000 preference shares of Rs.10 each - March 24, 2017	3,500	-	-	11%	
		<b>10,500</b>	<b>4,000</b>	<b>2,000</b>		

18.2 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.

18.3 There is no default in repayment of borrowings and payment of interest as at March 31, 2017, March 31, 2016 and October 1, 2015.



**19. Other financial liabilities****19B. Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Current maturities of long-term borrowings	3,070	2,566	2,548
b) Interest accrued but not due on borrowings	2	105	38
c) Interest accrued and due on borrowings	644	264	93
d) Others :-			
- Security deposits	39	96	94
- Payable to Capital Creditors	3	4	11
- Other Payables	-	779	701
- Other Payables Salary and Others	688	559	562
	<b>730</b>	<b>1,438</b>	<b>1,368</b>
<b>Total Other Financial Liabilities</b>	<b>4,446</b>	<b>4,373</b>	<b>4,047</b>
e) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the year end.			
<b>Financial Liabilities carried at amortised cost</b>	<b>4,446</b>	<b>4,373</b>	<b>4,047</b>

**20. Provisions****20A. Non current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) Employee benefits</b>			
Compensated absences	72	113	135
Gratuity	63	59	61
<b>b) Other provisions</b>			
Provision for Contingencies	500	500	-
<b>Total</b>	<b>635</b>	<b>672</b>	<b>196</b>

**20B. Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) Employee benefits</b>			
Compensated absences	38	30	35
Gratuity	199	16	8
<b>Total</b>	<b>237</b>	<b>46</b>	<b>43</b>

**21. Deferred tax balances**

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

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Deferred tax liabilities	139	381	286
<b>Net</b>	<b>139</b>	<b>381</b>	<b>286</b>

**Current Year (2016-2017)**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>				
a) Property, plant and equipment	(1,776)	17	-	(1759)
b) Other liabilities and provisions	146	(1)	-	(145)
c) Doubtful debts	206	(17)	-	(189)
d) Defined benefit obligation	29	183	(81)	(131)
e) Other financial liabilities	(16)	-	-	(16)
<b>Total (A) ...</b>	<b>(1,411)</b>	<b>182</b>	<b>(81)</b>	<b>(1310)</b>

a) Tax losses	-	-	-	-
b) Others - Unabsorbed Depreciation	1,030	141	-	1171
<b>Total (B) ...</b>	<b>1,030</b>	<b>141</b>	-	1171
<b>Total (A+B) ...</b>	<b>(381)</b>	<b>323</b>	<b>(81)</b>	<b>(139)</b>

**Previous Year (2015-2016)**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>				
a) Property, plant and equipment	(1,687)	(89)	-	(1776)
b) Other liabilities and provisions	120	26	-	146
c) Doubtful debts	201	5	-	206
d) Defined benefit obligation	27	21	(19)	29
e) Other financial liabilities	-	(16)	-	(16)
<b>Total (A) ...</b>	<b>(1,339)</b>	<b>(53)</b>	<b>(19)</b>	<b>(1411)</b>
a) Tax losses	-	-	-	-
b) Others - Unabsorbed Depreciation	1,053	(23)	-	1030
<b>Total (B) ...</b>	<b>1,053</b>	<b>(23)</b>	-	1030
<b>Total (A+B) ...</b>	<b>(286)</b>	<b>(76)</b>	<b>(19)</b>	<b>(381)</b>

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

Rs. in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
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)	11,430	7,962	8,699
	<b>11,430</b>	<b>7,962</b>	<b>8,699</b>

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

**22. Other liabilities**

**22B. Current**

Rs. in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Advances from customers	73	445	253
b) Statutory remittances	168	23	46
c) Others			
- Gratuity Fund Payable	-	-	67
- Other Payables (refer note 40)	37	314	444
<b>Total</b>	<b>278</b>	<b>782</b>	<b>810</b>

**23. Current Borrowings**

Rs. in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Secured - at amortised cost</b>			
a) Loans repayable on demand			
- from banks			
Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. Rate of interest ranging between 11.5% per annum to 12.85% per annum.	2,024	3,567	6,811
Repayable on demand - From Holding Company	1,197	2,209	3,658
	<b>3,221</b>	<b>5,776</b>	<b>10,469</b>
<b>Total</b>	<b>3,221</b>	<b>5,776</b>	<b>10,469</b>

**23.1 There is no default in repayment of borrowings and payment of interest as at March 31, 2017, March 31, 2016 and October 1, 2015.**

**24. Trade payables****24A Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Trade payables</b>			
- Related Parties	11	24	23
- Others			
(A) Total outstanding dues of micro enterprises and small enterprises	4	29	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises"	2,140	2,637	4,688
<b>Total</b>	<b>2,155</b>	<b>2,690</b>	<b>4,711</b>

**25. Current tax assets and liabilities***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Current tax assets			
Tax refund receivable	46	69	58
	<b>46</b>	<b>69</b>	<b>58</b>

**26. Revenue from operations***Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a) Sale of products</b>		
i) Manufactured Goods	6,844	9,522
ii) Traded Good	409	31
	<b>7,253</b>	<b>9,553</b>
<b>b) Sale of services</b>		
i) Processing Income	18	123
	<b>18</b>	<b>123</b>
<b>c) Other operating revenues</b>		
i) Scrap Sales	327	289
ii) Export incentives	41	48
iii) Other recoveries	119	32
	487	369
<b>Total</b>	<b>7,758</b>	<b>10,045</b>

**27. Other Income***Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a) Interest Income</b>		
i) From subsidiary	68	92
ii) Others	13	-
<b>Total (a)</b>	<b>81</b>	<b>92</b>
<b>b) Credit balances / excess provision written back</b>	969	-
<b>c) Other Non-Operating Income (Net of expenses directly attributable to such income)</b>	22	1
<b>d) Other gains and losses</b>		
i) Gain/(loss) on disposal of property, plant and equipment	218	380
ii) Net foreign exchange gains	-	14
<b>Total (d)</b>	<b>218</b>	<b>394</b>
<b>Total (a+b+c+d)</b>	<b>1,290</b>	<b>487</b>

**28. Cost of materials consumed**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Material Stocks at the Commencement of the Year	582	579
Purchases	4,297	5,815
	<b>4,879</b>	<b>6,394</b>
Less: Material Stocks at the Close of the Year	512	582
	<b>4,367</b>	<b>5,812</b>

**29. Trading Goods**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
i) Purchase Of Trading Stock	349	91
<b>Total</b>	<b>349</b>	<b>91</b>

**30. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>Inventories at the end of the year:</b>		
i) Finished goods	1,611	1,998
ii) Work-in-progress	650	771
	<b>2,261</b>	<b>2,769</b>
<b>Inventories at the beginning of the year:</b>		
i) Finished goods	1,998	2,436
ii) Work-in-progress	771	889
	<b>2,769</b>	<b>3,325</b>
Net increase	508	556

**31. Employee benefits expense**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
i) Salaries and Wages (Refer note 41)	1,736	1,453
ii) Contribution to provident and other funds	585	170
iii) Staff Welfare Expenses	228	168
<b>Total</b>	<b>2,549</b>	<b>1,791</b>

**32. Finance costs**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
i) Interest on bank overdrafts and loans	310	336
ii) Interest on loans from related parties	392	187
iii) Interest on bank term loans (net of subsidy Rs.7 lakh (Previous Year: Rs. 11 lakh) under TUF Scheme)	848	413
iv) Other interest	1	-
v) Bank Charges	41	28
vi) Interest on liability component of compound financial instruments	76	12
<b>Total Finance Costs</b>	<b>1,668</b>	<b>976</b>

**33. Depreciation and amortisation expense**

i) Depreciation of property, plant and equipment	685	342
ii) Amortisation of intangible assets	26	13
<b>Total depreciation and amortisation</b>	<b>711</b>	<b>355</b>

## 34. Other expenses

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
a) Consumption of stores and spare parts	64	54
b) Consumption of packing Material	106	204
c) Processing charges	10	2
d) Power and fuel	1,356	1,568
e) Transportation, freight, handling and other charges	126	131
f) Hank Yarn Obligation	8	8
g) Rent and hire charges	9	22
<b>h) Repairs to :</b>		
i) Buildings	21	7
ii) Plant and machinery	61	117
iii) Others	118	94
	<b>200</b>	<b>218</b>
i) Insurance	58	41
j) Rates and taxes (excluding taxes on income)	125	146
k) Brokerage, commission, discount and other selling expenses	42	100
l) Printing & Stationery	3	9
m) Communication expenses	16	10
n) Legal and professional charges	198	58
o) Travelling and conveyance	36	17
p) Trade receivables / advances written off	141	4
q) Directors Sitting Fees	13	9
r) Provision for doubtful trade receivables	(55)	15
s) Provision for doubtful loans and advances	2	(4)
t) Provision for contingencies	-	500
u) Net foreign exchange losses	14	-
v) Miscellaneous expenses	116	191
<b>Total</b>	<b>2,588</b>	<b>3,303</b>

## 34.1 Auditors' remuneration

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
a) To Statutory auditors		
i) For audit	23	11
ii) For taxation matters	-	1
iii) For tax audit fees	5	3
iv) For certification	11	3
v) For branch auditors	1	1
	<b>40</b>	<b>19</b>
b) To cost auditors for cost audit	3	2
c) For reimbursement of expenses	3	1
d) Service Tax	7	3
<b>Total</b>	<b>53</b>	<b>25</b>

## 35. Income taxes

## 35.1 Income tax recognised in profit or loss

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Current tax		
In respect of prior years	14	6
	<b>14</b>	<b>6</b>
Deferred tax		
In respect of the current year	(323)	76
	<b>(323)</b>	<b>76</b>
<b>Total income tax expense recognised in the current year</b>	<b>(309)</b>	<b>82</b>

**35.2 Income tax recognised in other comprehensive income**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Deferred tax Arising on income and expenses recognised in other comprehensive income: Re-measurement of defined benefit obligation	81	19
<b>Total income tax recognised in other comprehensive income (A+B)</b>	<b>81</b>	<b>19</b>

**36. Contingent Liabilities**

*Rs. in Lakh*

Particulars	31-Mar-17	31-Mar-16	01-Oct-15
a. Claims against the Company not acknowledged as debts			
(i) Taxes in dispute			
- Special Entry tax	115	115	115
- Excise Duty	143	143	143
- Provident Fund	28	28	28
(ii) Labour matters in dispute	52	52	52
b. Bonds given by Company in favour of Customs Authorities	4,629	4,648	4,783
c. Other demands contested by the company			
- Creditors claims	-	1	1
- Electricity duty	-	-	6
<b>Total</b>	<b>4,967</b>	<b>4,987</b>	<b>5,128</b>

The amounts included above, represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible liabilities are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately.

**37.**

*Rs. in Lakh*

Particulars	31-Mar-17	31-Mar-16	01-Oct-15
Estimated amount of contracts remaining to be executed on Capital account and not provided for	-	2	-

**38.**

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.

*Rs. in Lakh*

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	4	29	-
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	6	1	-
3	Principal amount paid during the year beyond the appointed day	63	64	-
4	Interest paid during the year beyond the appointed day	-	-	-
5	The amount of interest due and payable for the year	6	6	-
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	6	6	-
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	-	2	-

\*The Company has not recorded the interest payable in the books for the current year.

**39.**

Trade receivables and trade payables are subject to independent balance confirmations and reconciliations. Management is of the opinion that no variance of a material sum is expected on such independent confirmations and reconciliations

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

41. **Gratuity***Rs. in Lakh*

	Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a)</b>	<b>Change in Present Value of Obligation</b>		
	Present value of the obligation at the beginning of the year	1,763	1,801
	Benefits earned during the year	-	-
	Current Service Cost	90	44
	Interest Cost	142	74
	Past Service Cost - Vested Benefit	184	-
	Actuarial (Gain) / Loss on Obligation	(413)	(63)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	58	(5)
	Benefits Paid	(157)	(88)
	Present value of the obligation at the end of the year	1,667	1,763
<b>b)</b>	<b>Change in Plan Assets</b>		
	Fair value of Plan Assets at the beginning of the year	1,707	1,742
	Expected return on Plan Assets	137	69
	Return on plan assets excluding interest income	(94)	(6)
	Assets transferred out / disinvestment	-	(10)
	Contributions by Plan Participants	126	-
	Benefits Paid	(157)	(88)
	Fair value of Plan Assets at the end of the year	1,719	1,707
<b>c)</b>	<b>Amounts Recognised in the Balance Sheet</b>		
	Present value of Obligation at the end of the year	1,667	1,763
	Fair value of Plan Assets at the end of the year	1,719	(1,707)
	Funded Status	-	(19)
	Net Obligation at the end of the year	(52)	75
<b>d)</b>	<b>Amounts Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	90	44
	Finance cost / (income)	5	5
	Past service cost	184	-
	Net impact on the loss before tax	279	49
<b>e)</b>	<b>Amounts Recognised in Other Comprehensive Income</b>		
	Actuarial (gains) / losses for the period	(355)	(68)
	Return on plan asset excluding interest income	94	6
	Change in asset ceiling	-	-
	Net (income) / expenses for the period recognised in other comprehensive income	(261)	(62)
<b>f)</b>	<b>Actual return on Plan Assets</b>		
	Expected return on Plan Assets	137	69
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	137	69
<b>g)</b>	<b>Actuarial Assumptions</b>		
	i) Discount Rate	7.51%	8.04%
	ii) Expected Rate of Return on Plan Assets	7.51%	8.04%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

- 41.1 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.
- 41.2 Sensitivity for significant actuarial assumptions 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.

41.3 The Company hitherto had a practice of making provision for gratuity payable to permanent and badli workers as per actuarial valuation based on the number of years of service counted since the date of joining. During the current year, the 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, 2017 is Rs. 314 lakh.

#### 42. Earnings per Share

Earning 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 basic and diluted earnings are stated below:

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Net (Loss)/Profit before and after extraordinary items (net of tax) (Rs. In lakh)	(3,383)	(2,434)
Weighted average number of Equity Shares outstanding (Nos.)	64,99,308	64,99,308
Nominal Value of Share (Rs.)	10	10
Basic and Diluted Earnings per share before and after extra ordinary items (net of tax) (Rs.)	(52.05)	(37.45)

#### 43. Break-up details of consumption of Raw Materials, Stores, Spares and Packing Materials:

Particulars	Year ended 31st March, 2017		Period ended 31st March, 2016	
	Rs. in lakh	Percentage (%)	Rs. in lakh	Percentage (%)
<b>Raw Materials</b>				
Imported	19	0.44	6	0.10
Indigenous	4,348	99.56	5,806	99.90
<b>Total</b>	<b>4,367</b>	<b>100.00</b>	<b>5,812</b>	<b>100.00</b>
<b>Stores, Spares and Packing Materials</b>				
Imported	9	5.29	31	12.02
Indigenous	161	94.71	227	87.98
<b>Total</b>	<b>170</b>	<b>100.00</b>	<b>258</b>	<b>100.00</b>

#### 44. Lease Transactions

The Company has significant operating leases for premises. These lease arrangements ranging upto 8 years, which include both cancellable and non-cancellable leases. With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Minimum Lease Payments:</b>			
- Not Later than one year	3	2	-
- Later than one year and not later than five years	2	4	-
- Later than five years	-	-	-
<b>Total</b>	<b>5</b>	<b>6</b>	<b>-</b>

#### 45. Disclosure in respect of Specified Bank Notes held and transacted

The Company had held and transacted in Specified Bank Notes or other denominations notes during the period from November 08, 2016 to December 30, 2016. As required under the notification G.S.R. 308(E) dated March 31, 2017 issued by the ministry of corporate affairs. The details of Specified Bank Notes and other denomination notes held and transacted during the period from November 08, 2016 to December 13, 2016 are as given below. These disclosures are in accordance with the books of account maintained by the company.

*Rs. in Lakh*

Particulars	Specified Bank Notes*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2	2	4
(+) Permitted receipts	-	32	32
(-) Permitted payments	1	12	13
(-) Non permitted payments	-	-	-
(-) Amount deposited in Banks	1	11	12
Closing cash in hand as on December 30, 2016	-	12	12

\* for the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 8th November, 2016.



**46. Related Party Disclosures:****A. Names of the related parties and description of relationship**

- I) Holding Company  
Shapoorji Pallonji & Company Private Limited
- II) Subsidiary  
Gokak Power & Energy Limited
- III) Fellow Subsidiaries  
Forbes & Company Limited  
Eureka Forbes Limited  
Forval International Services Limited
- IV) Key Management Personnel  
Mr. Ramesh R Patil Managing Director and Chief Executive Officer (w.e.f. July 18, 2016)  
Mr. Sachin Kulkarni Whole Time Director (upto May 16, 2016)  
Mr. Vikram Nagar Whole Time Finance Director (w.e.f. May 16, 2016 to August 7, 2016) and  
Chief Financial Officer (w.e.f. March 29, 2016)  
Chairman (upto September 19, 2016)  
Mr. Ashok Barat Non Executive Director  
Mr. D. G. Prasad Non Executive Director  
Mr. Pradip Kapadia Non Executive Director  
Mr. Kaiwan Kalyaniwalla Non Executive Director  
Mr. Vasant Sanzgiri Non Executive Director  
Ms. Zarine Commissariat Non Executive Director  
Mr. R. N. Jha Non Executive Director (upto December 30, 2015)
- V) Trusts  
Gokak Textiles Gratuity Fund  
Gokak Falls Education and Medical Trust

**B. Particulars of transaction with Related Parties***(Rs. In lakh)*

Year Ended March 31 2017 Period ended March 31, 2016	Holding Company	Subsidiary	Fellow Subsidiaries	Key Management Personnel	Trusts	Total
<b><u>Nature of Transactions</u></b>						
<b>Interest Received</b>	-	68	-	-	-	68
Previous Year	-	92	-	-	-	92
<b>Rent paid</b>	-	-	4	-	-	4
Previous Year	-	-	2	-	-	2
<b>Services Received</b>	11	-	1	-	-	12
Previous Year	-	-	6	-	-	6
<b>Directors Sitting Fees</b>	-	-	-	11	-	11
Previous Year	-	-	-	7	-	7
<b>Purchase of Electricity</b>	-	503	-	-	-	503
Previous Year	-	199	-	-	-	199
<b>Remuneration</b>	-	-	-	56	-	56
Previous Year	-	-	-	18	-	18
<b>Preference Shares Issued</b>	6,500	-	-	-	-	6,500
Previous Year	2,000	-	-	-	-	2,000
<b>Borrowings</b>	5,488	-	-	-	-	5,488
Previous Year	1,851	-	-	-	-	1,851
<b>Interest Paid</b>	392	-	-	-	-	392
Previous Year	191	-	-	-	-	191
<b>Expenses/Payments incurred on behalf</b>	-	1	-	-	-	1
Previous Year	-	-	-	-	-	-
<b>Reimbursement of Deposit received on behalf</b>	-	-	-	-	-	-
Previous Year	-	-	2	-	-	2
<b>Amount recovered on behalf</b>	-	-	-	-	14	14
Previous Year	-	-	-	-	20	20
<b>Amount received from Trust</b>	-	-	-	-	870	870
Previous Year	-	-	-	-	-	-
<b>Receivables</b>	9	-	-	-	-	9
Previous Year	9	1,146	17	-	-	1,172
<b>Deposits Receivables</b>	-	100	-	-	-	100
Previous Year	-	100	-	-	-	100
<b>Payables</b>	1,851	11	7	-	1	1,870
Previous Year	2,473	-	25	-	-	2,498

### C. Details of Related Party Transactions

Nature of Transaction	Year ended March 31, 2017	Period ended March 31, 2016	Nature of Transaction	Year ended March 31, 2017	Period ended March 31, 2016
<b>Services Received</b>			<b>Amount recovered on behalf</b>		
Shapoorji Pallonji & Company Pvt. Ltd.,	11	-	Gokak Falls Education and Medical Trust	14	20
Forvol International Services Limited	1	3			
Forbes & Company Limited	-	3	<b>Directors Remuneration</b>		
<b>Amount received from Trust</b>			R. R. Patil	28	-
Gokak Textiles Gratuity Fund	870	-	Vikram Nagar	28	-
			Sachin Kulkarni	-	18
<b>Rent</b>			<b>Directors Sitting Fees</b>		
Forbes & Co Limited	4	2	Mr. Ashok Barat	1	2
			Mr. D. G. Prasad	2	1
<b>Purchase of Electricity</b>			Mr. Pradip Kapadia	3	1
Gokak Power & Energy Limited	503	199	Mr. Kaiwan Kalyaniwalla	2	1
			Mr. Vasant Sanzgiri	2	1
<b>Interest received</b>			Ms. Zarine Commissariat	1	1
Gokak Power & Energy Limited	68	92	<b>Deposits Receivable</b>		
<b>Reimbursement of Deposit Received on behalf</b>			Gokak Power & Energy Limited	100	100
Forbes & Company Limited	-	2	<b>Receivables</b>		
<b>Interest Paid</b>			Shapoorji Pallonji & Company Pvt. Ltd.,	9	9
Shapoorji Pallonji & Company Pvt. Ltd.,	392	191	Forbes & Co Limited	-	17
			Gokak Power & Energy Limited	-	1,146
<b>Borrowings</b>			<b>Payables</b>		
Shapoorji Pallonji & Company Pvt. Ltd.,	5,488	1,851	Shapoorji Pallonji & Company Pvt. Ltd.,	1,851	2,473
			Forbes & Company Limited	7	24
<b>Preference Shares Issued</b>			Gokak Falls Education and Medical Trust	1	-
Shapoorji Pallonji & Company Pvt. Ltd.,	6,500	2,000	Forvol International Services Limited	-	1
			Gokak Power & Energy Limited	11	-
<b>Expenses/Payments incurred on behalf</b>					
Gokak Power & Energy Limited	1	-			

### 47. Fair Value Disclosures

#### a) Categories of Financial Instruments:

Particulars	March 31, 2017			March 31, 2016			October 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>									
Investments	1			1			1		
Trade Receivables			665			1,172			1,250
Cash & Bank Balances			42			163			2,064
Bank balances other than above			3			3			3
Other Financial Assets			290			316			278
	<b>1</b>	<b>-</b>	<b>1,000</b>	<b>1</b>	<b>-</b>	<b>1,654</b>	<b>1</b>	<b>-</b>	<b>3,595</b>
<b>Financial liabilities</b>									
Borrowings			7,362			12,123			13,479
Trade Payables			2,155			2,690			4,711
Other Financial Liabilities			4,446			4,373			4,047
	<b>-</b>	<b>-</b>	<b>13,963</b>	<b>-</b>	<b>-</b>	<b>19,186</b>	<b>-</b>	<b>-</b>	<b>22,237</b>

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

**b) Fair Value Hierarchy and Method of Valuation**

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).

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

Financial Assets	March 31, 2016					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL Investments</b> Investments in Equity Instruments (unquoted)	i.	1	-	-	1	1

Financial Assets	October 1, 2015					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL Investments</b> Investments in Equity Instruments (unquoted)	i.	1	-	-	1	1

c) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2017.

**48 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 18, 19 (a) and 23 offset by cash and bank balances) and total equity and financial liability in respect of preference share capital of the Company. The Capital component of the company are as given below.

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Total Equity	2,568	58	672
Short Term Borrowings	3,221	5,776	10,469
Long Term Borrowings	4,141	6,347	3,010
Current Maturities of Long Term Borrowings	3,070	2,566	2,548
<b>Total Debt</b>	<b>10,432</b>	<b>14,689</b>	<b>16,027</b>
Cash & Cash equivalents	42	163	2,064
Bank balances other than above	3	3	3
Net Debt	<b>10,387</b>	<b>14,523</b>	<b>13,960</b>
Debt Equity ratio	<b>2.81</b>	<b>153.67</b>	<b>8.27</b>
Debt Equity Ratio = Long Term Borrowings (including current maturities) / Equity Shareholders Fund			

**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.

### 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.

### 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 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 contractual maturity is based on the earliest date on which the Company may be required to pay.

*Rs. in Lakh*

	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	3,221	2,839	-	1,302
Trade Payables	2,155			
Other Financial Liabilities (including current maturities of long term borrowings)	4,446	-	-	-
	<b>9,822</b>	<b>2,839</b>	-	<b>1,302</b>

*Rs. in Lakh*

	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	5,776	5,908	-	439
Trade Payables	2,690	-	-	-
Other Financial Liabilities (including current maturities of long term borrowings)	4,373	-	-	-
	<b>12,839</b>	<b>5,908</b>	-	<b>439</b>

*Rs. in Lakh*

	October 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	10,469	2,806	-	204
Trade Payables	4,711	-	-	-
Other Financial Liabilities (including current maturities of long term borrowings)	4,047	-	-	-
	<b>19,227</b>	<b>2,806</b>	-	<b>204</b>

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.

Rs. in Lakh

Rs. in Lakh	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments	-	-	-	2,500
Trade Receivables	665	-	-	-
Other Financial Assets	32	-	-	258
	<b>697</b>	-	-	<b>2,758</b>

Rs. in Lakh

	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments	-	-	-	2,500
Trade Receivables	1,172	-	-	-
Other Financial Assets	56	-	-	260
	<b>1,228</b>	-	-	<b>2,760</b>

Rs. in Lakh

	October 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments	-	-	-	2,500
Trade Receivables	1,250	-	-	-
Other Financial Assets	24	-	-	254
	<b>1,274</b>	-	-	<b>2,754</b>

**49. Segment reporting**

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

**50. Details of provision for contingencies**

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

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Balance as at the beginning of the year	500	-
Add: Provision made during the year	-	500
Less: Utilisation / Reversal	-	-
	<b>500</b>	<b>500</b>

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

**52.** Pursuant to orders dated May 4, 2007 and July 13, 2007 passed by the Hon'ble High Court at Mumbai and Bangalore respectively sanctioning the scheme of Demerger of the Textiles Business of Forbes Gokak Limited (now known as Forbes & Company Limited) into the Company 1 (one) fully paid up equity shares of face value of Rs. 10 each of the Company was issued and allotted for (and not in exchange of) every 2 (two) equity shares at Rs. 10 each held in Forbes Gokak Limited. Fraction entitlements arising out of issue and allotment were consolidated and the proceeds thereof were distributed to the persons entitled thereof.

As per the provisions of section 124 of the Companies Act, 2013, the company, during the year, transferred the unclaimed fractional entitlements proceeds aggregating to Rs. 0.34 lakhs to Investor Education and Protection Fund. There was little delay of four days in this transfer which was unprecedented and due to administrative reasons.

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



**Consolidated  
Financial Statements of  
Gokak Textiles Limited**





## **INDEPENDENT AUDITOR'S REPORT** **TO THE MEMBERS OF GOKAK TEXTILES LIMITED**

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

We have audited the accompanying Consolidated Ind AS Financial Statements of GOKAK TEXTILES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the "Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

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

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

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the consolidated financial position of the Group as at March 31, 2017, their consolidated financial performance (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### **Emphasis of Matters**

As stated in the Independent Auditors' report of the Holding company, in view of the accumulated losses and the reduction in the operations, the auditors of the Holding company have considered and relied on the Parent Company's commitment to and the active involvement in the Holding Company and based on the above, the Ind AS financial statements of the Holding company have been prepared on the Going Concern basis.

Opinion of the Independent Auditors' was not modified in respect of the above matter.

#### Other Matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 1,3294 Lakh as at March 31, 2017, total revenues of Rs. 1054 Lakh and net cash flows amounting to Rs. 433 Lakh for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of the report of other auditor on the separate financial statements of the subsidiary, as noted in the Other Matters paragraph above, we report, to the extent applicable 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 Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with rules issued thereunder.
- e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2017 and taken on record by the Board of Directors of the Holding Company, none of the Directors of the Holding Company, is disqualified as on March 31, 2017, 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the separate financial statements of a subsidiary, as noted in the Other Matters paragraph above:
  - i) The Group has disclosed the impact of pending litigations on its Consolidated Financial Position in its Consolidated Ind AS Financial Statements (Refer Note 38 to the Consolidated Ind AS Financial Statements).
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards.
  - iii) There has been delay of four days in transferring the amount of Rupees 0.34 Lakh, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
  - iv) The Group has provided requisite disclosures in the Consolidated Ind AS financial statements as to its holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the representations provided by the management, we report that the disclosures are in accordance with the books of account maintained by the Group- refer Note 45 to the standalone Ind AS financial statements.

For **KALYANIWALLA & MISTRY**  
 CHARTERED ACCOUNTANTS  
 (Firm Registration No. 104607W/W100166)

**Anil A. Kulkarni,**  
 Partner  
 Membership No. 47576

Date: May 26, 2017  
 Place: Mumbai

## Annexure A to the Independent Auditor's Report

As referred to in paragraph (f) under the heading 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements for the year ended March 31, 2017.

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

In conjunction with our audit of the Consolidated Ind AS financial statements of **GOKAK TEXTILES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company and have received the report for its subsidiary company, which has been audited by another firm.

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

The respective Board of Directors of the Holding Company and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies 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 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 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 and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, 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.

**Opinion**

In our opinion, the Holding Company and its subsidiary company, which are companies 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, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company, which are companies incorporated in India, 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.

**Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company, incorporated in India, is based on the corresponding report of the auditor of such company. Our opinion is not qualified in respect of this matter.

For **KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 104607W/W100166)

**Anil A. Kulkarni,**  
Partner  
Membership No. 47576

Date: May 26, 2017  
Place: Mumbai

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016	As at 01-10-2015
<b>Assets</b>				
<b>1 Non-current assets</b>				
a) Property, Plant and Equipment	6A	11,344.00	12,142.00	12,648.00
b) Capital work-in-progress	6B	31.00	33.00	30.00
c) Investment Property	7	11.00	11.00	11.00
d) Other Intangible assets	8	72.00	98.00	111.00
		<b>11,458.00</b>	12,284.00	12,800.00
e) <b>Financial Assets:</b>				
i) Investments				
a) Investments in Subsidiaries		-	-	-
b) Other Investments	9	1.00	1.00	1.00
ii) Other financial assets	11A	157.00	159.00	154.00
		<b>158.00</b>	160.00	155.00
f) <b>Tax assets</b>				
i) Deferred tax assets (net)	21	784.00	330.00	49.00
ii) Income tax assets (net)	25	60.00	83.00	65.00
		844.00	413.00	114.00
g) Other non-current assets	14A	2,086.00	2,052.00	1,955.00
<b>Total Non-current assets</b>		<b>14,546.00</b>	14,909.00	15,024.00
<b>2 Current assets</b>				
a) Inventories	12	3,162.00	3,848.00	4,424.00
b) <b>Financial Assets:</b>				
i) Trade receivables	10	740.00	1,185.00	1,283.00
ii) Cash and cash equivalents	13A	78.00	693.00	2,064.00
iii) Bank balances other than (ii) above	13B	959.00	899.00	840.00
iv) Other financial assets	11B	488.00	795.00	903.00
		2,265.00	3,572.00	5,090.00
c) Other current assets	14B	425.00	532.00	782.00
		2,690.00	4,104.00	5,872.00
Assets classified as held for sale	15	70.00	84.00	125.00
<b>Total Current assets</b>		<b>5,922.00</b>	8,036.00	10,421.00
<b>Total Assets</b>		<b>20,468.00</b>	<b>22,945.00</b>	<b>25,445.00</b>

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

	Note No.	As at 31-03-2017	As at 31-03-2016	As at 01-10-2015
<b>Equity and Liabilities</b>				
<b>Equity</b>				
a) Equity share capital	16	650.00	650.00	650.00
b) Other equity	17	(5,006.00)	(7,850.00)	(7,215.00)
Equity attributable to owners of the Company		(4,356.00)	(7,200.00)	(6,565.00)
<b>Total Equity</b>		<b>(4,356.00)</b>	<b>(7,200.00)</b>	<b>(6,565.00)</b>
<b>Non-Controlling Interest</b>		542.00	640.00	757.00
<b>Liabilities</b>				
<b>1 Non-current liabilities</b>				
<b>a) Financial liabilities:</b>				
i) Borrowings	18	9,463.00	12,529.00	9,564.00
		9,463.00	12,529.00	9,564.00
b) Provisions	20A	652.00	691.00	217.00
c) Deferred tax liabilities (net)	21	139.00	381.00	286.00
<b>Total Non-current liabilities</b>		<b>10,254.00</b>	<b>13,601.00</b>	<b>10,067.00</b>
<b>2 Current liabilities</b>				
<b>a) Financial liabilities:</b>				
i) Borrowings	23	6,000.00	7,186.00	10,779.00
ii) Trade payables	24	2,156.00	2,700.00	4,723.00
iii) Other financial liabilities	19	5,347.00	5,181.00	4,822.00
		13,503.00	15,067.00	20,324.00
b) Provisions	20B	238.00	50.00	46.00
c) Other current liabilities	22A	287.00	787.00	816.00
		14,028.00	15,904.00	21,186.00
<b>Total Current Liabilities</b>		<b>14,028.00</b>	<b>15,904.00</b>	<b>21,186.00</b>
<b>Total Liabilities</b>		<b>24,282.00</b>	<b>29,505.00</b>	<b>31,253.00</b>
<b>Total Equity and Liabilities</b>		<b>20,468.00</b>	<b>22,945.00</b>	<b>25,445.00</b>

See accompanying notes forming part of the financial statements

1 to 53

In terms of our report attached  
For **KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No. 104607W/W100166

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

**RAMESH R. PATIL**  
DIN: 07568951

CEO &amp; Managing Director

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN: 01757117

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

**ZARINE K. COMMISSARIAT**  
DIN: 07146151

Directors

Mumbai, 26th May, 2017

**GOKAK TEXTILE LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	Note No.	Consolidated GTL	
		Year Ended 31st Mar., 2017	Year Ended 31st Mar., 2016
<b>I Revenue from operations</b>	<b>26</b>	8,309.00	10,153.00
<b>II Other income</b>	<b>27</b>	1,297.00	431.00
<b>III Total Income (I + II)</b>		<b>9,606.00</b>	<b>10,584.00</b>
<b>IV Expenses:</b>			
a) Cost of materials consumed	<b>28</b>	4,365.00	5,813.00
b) Purchases of stock-in-trade	<b>30</b>	349.00	91.00
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	<b>29</b>	509.00	556.00
d) Employee benefits expense	<b>31</b>	2,607.00	1,818.00
e) Finance costs	<b>32</b>	2,624.00	1,508.00
f) Depreciation and amortisation expense	<b>33</b>	815.00	407.00
g) Other expenses	<b>34</b>	2,246.00	3,164.00
<b>Total expenses</b>		<b>13,515.00</b>	<b>13,357.00</b>
<b>V Profit / (Loss) before exceptional items and tax (III - IV)</b>		<b>(3,909.00)</b>	<b>(2,773.00)</b>
<b>VI Tax expense:</b>			
(a) Current tax	<b>35.1</b>	14.00	6.00
(b) Deferred tax	<b>35.1</b>	(776.00)	(205.00)
		(762.00)	(199.00)
<b>VII Profit for the year from continuing operations (V - VI)</b>		<b>(3,147.00)</b>	<b>(2,574.00)</b>
<b>VIII Other Comprehensive Income</b>			
A Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		261.00	64.00
(b) Income tax relating to items that will not be reclassified to profit or loss	<b>35.2</b>	81.00	19.00
<b>Other Comprehensive Income A</b>		<b>180.00</b>	<b>45.00</b>
<b>IX Total Comprehensive Income for the period (VII + VIII)</b>		<b>(2,967.00)</b>	<b>(2,529.00)</b>
<b>X Profit for the year attributable to:</b>			
- Owners of the Company		(3,049.00)	(2,458.00)
- Non-controlling interests		(98.00)	(116.00)
		<b>(3,147.00)</b>	<b>(2,574.00)</b>
<b>XI Other comprehensive income for the year attributable to:</b>			
- Owners of the Company		180.00	46.00
- Non-controlling interests		-	(1.00)
		<b>180.00</b>	<b>45.00</b>
<b>XII Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		(2,869.00)	(2,412.00)
- Non-controlling interests		(98.00)	(117.00)
		<b>(2,967.00)</b>	<b>(2,529.00)</b>
<b>XIII Earning per equity share (for continuing operation):</b>	<b>43</b>		
Basic and diluted earnings per equity share		(48.42)	(39.59)

See accompanying notes forming part of the financial statements

1 to 53

In terms of our report attached  
For **KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No. 104607W/W100166

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

**RAMESH R. PATIL**  
DIN: 07568951

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN:01757117

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

**ZARINE K. COMMISSARIAT**  
DIN:07146151

Mumbai, 26th May, 2017

CEO & Managing Director

Directors

**GOKAK TEXTILES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	CONSOLIDATED GTL	
	Year Ended 31st Mar., 2017	Year Ended 31st Mar., 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before tax	(3,910)	(2,773)
<b>Adjustments for:</b>		
Depreciation	815	407
Interest income	(62)	(220)
Interest and financial charges	2,691	1,600
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(218)	(380)
Credit balances / excess provision written back	(969)	-
Provision for Doubtful Debts	(55)	15
Trade receivables / advances written off	141	4
Provision for Contingencies	-	500
Provision for Doubtful Advances	2	(4)
Operating loss before working capital changes	<b>(1,565)</b>	<b>(851)</b>
<b>Adjustments for :</b>		
(Increase)/ Decrease in Inventories	688	575
(Increase)/ Decrease in Trade and other receivables	741	329
Increase/ (Decrease) in Trade payables and other liabilities	(1,251)	(1,610)
Increase/ (Decrease) in Provisions	1,128	(58)
Cash generated from operations	(259)	(1,615)
Direct Taxes (paid) / refund	9	(16)
Net cash (used in) / from operating activities	<b>(250)</b>	<b>(1,631)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2)	(8)
Sale of Fixed Assets	245	539
Interest received	62	220
Net cash (used in)/ from investing activities	<b>305</b>	<b>751</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of 6500000 11% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	6,500	2,000
Change in Borrowings	(4,494)	(833)
Interest paid	(2,615)	(1,600)
Net cash (used in)/from financing activities	<b>(609)</b>	<b>(433)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(554)</b>	<b>(1,313)</b>
Cash and Cash equivalents at the beginning of the period/year	1,591	2,904
<b>Cash and Cash equivalents at the end of the period/year</b>	<b>1,037</b>	<b>1,591</b>



**GOKAK TEXTILES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	CONSOLIDATED GTL	
	Year Ended 31st Mar., 2017	Year Ended 31st Mar., 2016
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	4	20
Balances with banks:		
- In current accounts	74	673
- In deposit accounts	959	899
	<b>1,037</b>	<b>1,591</b>

**Notes**

- 1 The Cash Flow statement has been prepared following the indirect method except in case of taxes and dividend which have been considered on the basis of actual movement of cash.
- 2 Change in borrowings are shown net of receipts and payments.
- 3 Figures in brackets indicate cash outflow.
- 4 Previous year's figures have been rearranged / regrouped wherever necessary.

As per our Report attached

**For and on behalf of the Board of Directors**

In terms of our report attached  
**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants

**VIKRAM NAGAR**  
Chief Financial Officer

**ANIL A. KULKARNI**  
Partner  
Membership No. : 47576  
Mumbai, 26th May, 2017

**RAMESH R. PATIL**  
DIN: 07568951

CEO & Managing Director

**PRADIP N. KAPADIA**  
DIN: 00078673

**KAIWAN D. KALYANIWALLA**  
DIN: 00060776

**VASANT N. SANZGIRI**  
DIN:01757117

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

**ZARINE K. COMMISSARIAT**  
DIN:07146151

Directors

Mumbai, 26th May, 2017

**GOKAK TEXTILES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

Statement of changes in equity for the year ended 31st March, 2017	
<i>Rs. In Lakh</i>	
a. Equity share capital	Amount
<b>Balance as at 1st October, 2015</b>	650
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2016</b>	<b>650</b>
Changes in equity share capital during the year	
<b>Balance as at 31st March, 2017</b>	<b>650</b>

**Statement of changes in equity for the year ended 31st March, 2017**

*Rs. In Lakh*

	Equity Components of Compound Financial Instruments	Reserves and surplus			Items of other comprehensive income		Total Equity Attributable to the Equity Holders of the Company	Attributable to owners of the parent	Non-controlling interests	Total
		General reserve	Retained earnings	Total	Other items of other comprehensive income	Total				
<b>h. Other equity</b>										
Balance at October 1, 2015	1,796	7,160	(16,171)	(9,011)	-	-	(7,215)	(7,215)	-	(7,215)
Profit for the year	-	-	(2,574)	(2,574)	-	-	(2,574)	(2,458)	(116)	(2,574)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	45	45	45	46	(1)	45
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,574)</b>	<b>(2,574)</b>	<b>45</b>	<b>45</b>	<b>(2,529)</b>	<b>(2,412)</b>	<b>(117)</b>	<b>(2,529)</b>
Issue of Non-cumulative, non-convertible Redeemable preference Shares	1,777	-	-	-	-	-	1,777	1,777	-	1,777
<b>Balance at March 31, 2016</b>	<b>3,573</b>	<b>7,160</b>	<b>(18,745)</b>	<b>(11,585)</b>	<b>45</b>	<b>45</b>	<b>(7,967)</b>	<b>(7,850)</b>	<b>(117)</b>	<b>(7,967)</b>
Profit for the year	-	-	(3,147)	(3,147)	-	-	(3,147)	(3,049)	(98)	(3,147)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	-	-	180	180	180	180	-	180
Total comprehensive income for the year	-	-	(3,147)	(3,147)	180	180	(2,967)	(2,869)	(98)	(2,967)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	5,713	-	-	-	-	-	5,713	5,713	-	5,713
<b>Balance at March 31, 2017</b>	<b>9,286</b>	<b>7,160</b>	<b>(21,892)</b>	<b>(14,732)</b>	<b>225</b>	<b>225</b>	<b>(5,221)</b>	<b>(5,006)</b>	<b>(215)</b>	<b>(5,221)</b>

## GOKAK TEXTILES LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017

#### 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, sweaters, etc.

The consolidated financial statements are approved for issue by the Company's Board of Directors on May 26, 2017."

#### 2. Basis of Consolidation

The consolidated financial statements relate to M/s. Gokak Textiles Limited, the holding Company, and its subsidiary Gokak Power & Energy Ltd. (collectively referred to as the Group). Gokak Textiles Limited holds 51% stake in the subsidiary Company. The consolidation of the financial statements of the Company with its subsidiary has been prepared in accordance with the requirements of Indian Accounting Standards (Ind-AS) 110 'Consolidated Financial Statements'.

##### (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] and on accrual basis.

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

- i The Consolidated financial statements of the Company 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 by the Companies Rules, 2016 and other relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

These consolidated financial statements of the year ended March 31, 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the period ended March 31, 2016, the Company has prepared its consolidated financial statements in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 as amended and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirements in India.

The Company has adopted all Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from the Previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in Note 4.

- ii. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.
- iii. "The consolidated financial statements have been prepared on a historical cost basis, except for the following:(a) Certain financial assets and liabilities that are measured at fair value;(b) Non-current assets held for sale - measured as lower of carrying value or fair value less cost to sale;(c) Defined benefit plans - plan assets measured at fair value. "
- iv. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

##### c) Principles of consolidation:

"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. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated."

### 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 Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. October 1, 2015 as the deemed cost under Ind AS. Hence, regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

#### (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.

#### (d) Investment property :

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

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

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of October 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### (e) 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.

##### 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.

#### (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
2	Raw Materials: (i) Cotton & Other Fibers	Specific identification for Mills unit and FIFO basis for Knitwear unit.
3	(ii) Others Stock-in-Process	Weighted average 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, production overheads and excise duty paid/payable thereon.
	(ii) Traded Goods (a) Yarn (b) Textile	First-In-First-Out Weighted average

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

#### (g) Borrowing Cost :

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

#### (h) Revenue Recognition :

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

Sales are recognised on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract.

Income from power generation of the Subsidiary Company is recognised on the transmission of power to the customers and are net of taxes. Revenue from renewable energy certificates is recognised on accrual basis.

Export incentives under various schemes are accounted in the year of contract.

Dividend Income is recognised when the right to receive the same is established.

Interest Income is recognised on time proportion basis.

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

#### (i) Manufacturing and Operating Expenses :

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

#### (j) Foreign Exchange Transactions :

The functional currency of the Company 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 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.

**(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 Company will comply with all attached conditions.

**(m) Accounting for Taxes on Income :**

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

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

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

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the 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.

**(n) Earnings per Share :**

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

**(o) 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.

**(p) Borrowings :**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date are classified as liabilities or equity or both as per the terms attached.

**(q) Leases :**

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

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

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

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

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

(t) **Segment reporting :**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(u) **Employee Benefits :**

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

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

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

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

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

#### 4. **First-time adoption – mandatory exceptions, optional exemptions**

##### **Overall principle**

These consolidated financial statements of Gokak Textiles Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with October 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosure in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, is set out in Note 5. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 4.1 and 4.2.

The Company has prepared the opening balance sheet as per Ind AS as of October 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

##### **Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after October 1, 2015 (the transition date).

##### **Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

#### 4.1 **Optional Exemptions availed on first time adoption of Ind AS 101**

Ind AS 101 allows first time adoptors certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

**(a) Deemed Cost**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of October 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date as per paragraph D7AA of Ind AS 101.

**(b) Investments in subsidiaries, joint ventures and associates**

The Company has opted paragraph D14 and D15 and accordingly considered the previous GAAP carrying amount of investment in subsidiary as deemed cost as at the transition date.

**4.2 Applicable mandatory exceptions availed on first time adoption of Ind AS 101**

Ind AS 101 allows first time adopters certain exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exceptions.

**(a) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP.

The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss MODEL.

**(b) Classification and measurement of financial assets**

As required under Ind AS 101, the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**5 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

- I. Reconciliation of Balance Sheet as at October 1, 2015 (transition date)
- II. Reconciliation of Balance Sheet as at March 31, 2016
- III. Reconciliation of Statement of Profit and Loss for the period ended March 31, 2016
- IV. Reconciliation of total comprehensive income for the period ended March 31, 2016
- V. Reconciliation of equity as at October 1, 2015 and March 31, 2016

**5.1 Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS***Rs. in Lakh*

Particulars	Note	Balance Sheet as at October 1, 2015			Balance Sheet as at March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS	Previous GAAP	Effects of transition to Ind AS	Ind AS
<b>1 Non-current assets</b>							
(a) Property, Plant and Equipment	5.1.1	12,659	(11)	12,648	12,153	(11)	12,142
(b) Capital work-in-progress		30	-	30	33	-	33
(c) Investment Property	5.1.1	-	11	11	-	11	11
(d) Other Intangible assets		111	-	111	98	-	98
(e) Financial Assets:							
(i) Investments							
- Investments in Subsidiaries		-	-	-	-	-	-
- Other Investments		1	-	1	1	-	1
(ii) Other financial assets		154	-	154	159	-	159
(f) Tax assets							
Income tax assets (net)		114	-	114	413	-	413
(g) Other non-current assets		1,955	-	1,955	2,052	-	2,052
<b>Total Non-current assets</b>		<b>15,024</b>	<b>-</b>	<b>15,024</b>	<b>14,909</b>	<b>-</b>	<b>14,909</b>
<b>2 Current assets</b>							
(a) Inventories		4,424	-	4,424	3,848	-	3,848
(b) Financial Assets:							
(i) Trade receivables	5.1.2	1,283	-	1,283	1,212	(27)	1,185
(ii) Cash and cash equivalents		2,064	-	2,064	693	-	693
(iii) Bank balances other than (ii) above		840	-	840	899	-	899
(iv) Other financial assets		903	-	903	795	-	795



Particulars	Note	Balance Sheet as at October 1, 2015			Balance Sheet as at March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS	Previous GAAP	Effects of transition to Ind AS	Ind AS
(c) Other current assets		782	-	782	532	-	532
(d) Assets classified as held for sale		125	-	125	84	-	84
<b>Total Current assets</b>		<b>10,421</b>	<b>-</b>	<b>10,421</b>	<b>8,063</b>	<b>(27)</b>	<b>8,036</b>
<b>Total Assets</b>		<b>25,445</b>	<b>-</b>	<b>25,445</b>	<b>22,972</b>	<b>(27)</b>	<b>22,945</b>
<b>Equity and Liabilities</b>							
<b>Equity</b>							
(a) Equity share capital		650	-	650	650	-	650
(b) Other equity	5.1.3	(6,999)	(216)	(7,215)	(7,406)	(444)	(7,850)
<b>Total Equity</b>		<b>(6,349)</b>	<b>(216)</b>	<b>(6,565)</b>	<b>(6,756)</b>	<b>(444)</b>	<b>(7,200)</b>
<b>Liabilities</b>							
<b>1 Non-current liabilities</b>							
<b>(a) Financial liabilities:</b>							
(i) Borrowings	5.1.4	9,360	204	9,564	12,140	389	12,529
(ii) Other financial liabilities		-	-	-	-	-	-
Minority Interest		757	-	757	640	-	640
(b) Provisions		217	-	217	691	-	691
(c) Deferred Tax liability (Net)	5.1.5	292	(6)	286	371	10	381
(d) Other non-current liabilities		-	-	-	-	-	-
<b>Total Non-current liabilities</b>		<b>10,626</b>	<b>198</b>	<b>10,824</b>	<b>13,842</b>	<b>399</b>	<b>14,241</b>
<b>2 Current liabilities</b>							
<b>(a) Financial liabilities:</b>							
(i) Borrowings	5.1.6	10,779	-	10,779	7,186	-	7,186
(ii) Trade payables		4,723	-	4,723	2,700	-	2,700
(iii) Other financial liabilities		4,804	18	4,822	5,163	18	5,181
(b) Provisions		46	-	46	50	-	50
(c) Other current liabilities		816	-	816	787	-	787
<b>Total Current Liabilities</b>		<b>21,168</b>	<b>18</b>	<b>21,186</b>	<b>15,886</b>	<b>18</b>	<b>15,904</b>
<b>Total Liabilities</b>		<b>31,794</b>	<b>216</b>	<b>32,010</b>	<b>29,728</b>	<b>417</b>	<b>30,145</b>
<b>Total Equity and Liabilities</b>		<b>25,445</b>	<b>-</b>	<b>25,445</b>	<b>22,972</b>	<b>(27)</b>	<b>22,945</b>

Explanations for reconciliation of Balance sheet as previously reported under previous GAAP to IND AS

#### 5.1.1 Property, Plant and Equipment

Freehold Land with indefinite use has been classified under Investment Property in accordance with Ind AS 40 - Investment Property as at October 1, 2015 and March 31, 2016.

#### 5.1.2 Trade Receivables

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

#### 5.1.3 Other Equity

- (a) Adjustments to components of other equity on account adjustments in accordance with Ind AS as stated in other notes.
- (b) In addition, as per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in statement of profit and loss under previous GAAP.

#### 5.1.4 Borrowings

- (a) Adjustments include recognition of liability component of compound financial instruments (Preference Shares) in accordance with Ind AS 32 - Financial Instruments - Presentation.
- (b) Adjustment include deferral of origination fees on long term borrowings over the tenure of the borrowing in accordance with Ind AS 109 - Financial Instruments.

#### 5.1.5 Deferred Tax Liability (Net)

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees.

**5.1.6 Other Financial Liabilities**

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

**5.2 Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS***Rs. in Lakh*

Particulars	Note	Six Months ended March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS
I Revenue from operations		10,148	5	10,153
II Other income		463	(32)	431
<b>III Total Income (I + II)</b>	<b>5.2.1</b>	<b>10,611</b>	<b>(27)</b>	<b>10,584</b>
<b>IV Expenses:</b>				
Cost of raw materials and components consumed		5,813	-	5,813
Purchases of trading goods		91	-	91
Changes in inventories of finished goods and work-in-progress		556	-	556
Employee benefits expense	5.2.2	1,753	65	1,818
Finance costs	5.2.3	1,546	(38)	1,508
Depreciation and amortisation expense		407	-	407
Impairment loss on financial assets		-	-	-
Reversal of impairment of financial assets		-	-	-
Other expenses		3,164	-	3,164
Total expenses		13,330	27	13,357
<b>V Profit before tax (III - IV)</b>		<b>(2,719)</b>	<b>(54)</b>	<b>(2,773)</b>
VI Tax expense:				
(a) Current tax		6	-	6
(b) Deferred tax	5.2.4	(202)	(3)	(205)
<b>VII Profit for the year (V - VI)</b>		<b>(2,523)</b>	<b>(51)</b>	<b>(2,574)</b>
VIII Other Comprehensive Income				
(a) Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans (net of tax)	5.2.2	-	64	64
(b) Items that may be reclassified to profit or loss		-	(19)	(19)
Total other comprehensive Income, net of tax		-	45	45
IX Total Comprehensive Income for the period (VIII + IX)		(2,523)	(6)	(2,529)

Explanations for reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to IND AS

**5.2.1 Revenue**

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

**5.2.2 Employee benefit expenses**

As per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognized in 'other comprehensive income' as compared to being recognized under 'employee benefit expenses' under previous GAAP.

**5.2.3 Finance Costs**

Adjustments include interest on financial liability component of compound financial instrument as per Ind AS 32 and adjustment on account of reversal of origination fees on long term borrowings in accordance with Ind AS 109.

**5.2.4 Deferred Tax**

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees. Further, deferred tax on actuarial gains and losses recognised in 'other comprehensive income'.

**5.3 Cash flow statement**

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

5.4 Reconciliation of total comprehensive income for the period ended March 31, 2016 reported under previous GAAP to Ind AS

(Rs. in Lakh)

Particulars	As at March 31, 2016
Profit / (Loss) After Tax as per Indian GAAP	(2,405)
<b>Adjustments:</b>	
Interest on liability component of Compound Financial Instruments	(12)
Prior period errors	(27)
Other Comprehensive Income net of tax	-
Other ind AS adjustments - Processing fees on borrowings	32
<b>Total adjustments</b>	<b>(7)</b>
<b>Total Comprehensive Income as per Ind AS</b>	<b>(2,412)</b>

5.5 Reconciliation of equity as at October 1, 2015 and March 31, 2016

(Rs. in Lakh)

	As at October 1, 2015	As at March 31, 2016
Total Equity & Reserves (shareholders' funds) under previous GAAP	(6,349)	(6,755)
<b>Adjustments:</b>		
Liability Component of Preference share Capital	(203)	(427)
Transactions pertaining to earlier period recorded in respective periods	(13)	(40)
Interest on liability component of Compound Financial Instruments	-	(12)
Other ind AS adjustments - Processing fees on borrowings	-	35
Total adjustments to equity	(216)	(444)
Total Equity & Reserves under Ind AS	(6,565)	(7,199)

6A Property, plant and equipment

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2017

(Rs. In Lakh)

Particulars	Land	Building and structures	Vehicles	Furniture, fixtures and Office Equipment	Plant and Machinery	Total
Gross carrying value as of April 1, 2016	11	3,883	10	148	8,484	12,536
Additions	-	-	-	4.00	-	4.00
Deletions	-	4.00	-	1.00	6.00	11.00
Reclassified to non-current assets held for sale	-	2.00	-	-	-	2.00
Gross carrying value as of March 31, 2017	11	3,877	10	151	8,478	12,527
Accumulated depreciation as of April 1, 2016	-	100	2	23	269	394
Depreciation	-	210.00	2.00	52.00	525.00	789.00
Accumulated depreciation on deletions	-	-	-	-	-	-
Accumulated depreciation as of March 31, 2017	-	310	4	75	794	1,183
Carrying value as of March 31, 2017	11	3,567	6	76	7,684	11,344

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2016

(Rs. In Lakh)

Particulars	Land	Building and structures	Vehicles	Furniture, fixtures and Office Equipment	Plant and Machinery	Total
Gross carrying value						
Deemed cost as on October 1, 2015	11.00	3,895.00	10.00	148.00	8,584.00	12,648.00
Additions	-	-	-	5.00	5.00	
Deletions	-	12.00	-	105.00	117.00	
Gross carrying value as on March 31, 2016	11	3,883	10	48	8,484	12,536
Accumulated depreciation as of October 1, 2015	-	-	-	-	-	-
For the period	-	100.00	2.00	23.00	269.00	394.00
Accumulated depreciation as of March 31, 2016	-	100	2	23	269	394
Carrying value as of March 31, 2016	11	3,783	8	125	8,215	12,142
Carrying value as of October 1, 2015	11	3,895	10	148	8,584	12,648

**6B Capital Work In Progress***(Rs. In Lakh)*

October 1, 2015	30
March 31, 2016	33
March 31, 2017	31

(a) Capital work in progress as at March 31, 2017 includes cost incurred towards civil work for Dyeing Project at Gokak Mill premises.

**7. Investment property***(Rs. In Lakh)*

	As at 01.10.2015	As at 31.03.2017	As at 31.13.2016
Completed investment properties	11	11	11
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>

Cost or Deemed Cost	As at 01.10.2015	As at 31.03.2017	As at 31.13.2016
Balance at beginning of year	11	11	11
Additions	-	-	-
<b>Balance at end of year</b>	<b>11</b>	<b>11</b>	<b>11</b>

**Fair value**

As at October 1, 2015	101
As at March 31, 2016	362
As at March 31, 2017	402

**Estimation of fair value**

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

**8. Other intangible assets***(Rs. In Lakh)*

Particulars	Computer Software acquired
Gross carrying value as of April 1, 2016	111
Additions	-
Deletions	-
Gross carrying value as of March 31, 2017	111
Accumulated depreciation as of April 1, 2016	13
Depreciation	26
Accumulated depreciation on deletions	-
Accumulated depreciation as of Mrch 31, 2017	39
Carrying value as of March 31, 2017	72

Following are the changes in carrying value of acquired intangible assets as of March 31, 2016

*(Rs. In Lakh)*

Particulars	Computer Software acquired
Gross carrying value	
<b>Deemed cost as of October 1, 2015</b>	<b>111.00</b>
Additions	-
Deletions	-
Gross carrying value as of March 31, 2016	111
<b>Accumulated depreciation as of October 1, 2015</b>	
Depreciation	13.00
Accumulated depreciation on deletions	-
<b>Accumulated depreciation as of March 31, 2016</b>	<b>13</b>
Carrying value as of March 31, 2016	98
Carrying value as of October1, 2015	111

**9. Non Current Investments**

Rs. in Lakh

**9A. Other investments**

Particulars	CONSOLIDATED GTL					
	As at 31.03.2017		As at 31.03.2016		As at 01.10.2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>Unquoted Investments (all fully paid) Equity Instruments</b>						
1. In unquoted equity shares of New India Co-Operative Bank	5,000	1	5,000	1	5,000	1
2. In unquoted equity shares of Zoroastrian Co-op Bank Ltd.,	250	-	250	-	250	-
<b>Total Aggregate of Unquoted Investments (A)</b>	<b>5,250</b>	<b>1</b>	<b>5,250</b>	<b>1</b>	<b>5,250</b>	<b>1</b>

**9B. Category-wise other investments – as per Ind AS 109 classification**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Investments carried at fair value through profit or loss (FVTPL)</b>			
1. In unquoted equity shares of New India Co-Operative Bank Limited	1	1	1
2. In unquoted equity shares of Zoroastrian Co-op Bank Limited *	-	-	-
	<b>1</b>	<b>1</b>	<b>1</b>

\* value of these investments is Rs.2,500

**10. Trade receivables**

**10A. Current**

Particulars	CONSOLIDATED GTL		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Trade receivables</b>			
a) Unsecured, considered good	740	1,185	1,283
b) Doubtful	611	666	651
Allowance for doubtful debts (expected credit loss allowance)	611	666	651
<b>Total</b>	<b>740</b>	<b>1,185</b>	<b>1,283</b>

**10.1 Trade receivables**

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

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

Age of receivables that are past due but not impaired

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
0 - 60	631	653	749
61 - 180	33	322	361
181 - 365	18	32	39
Above 365 Days	58	178	134
<b>Total</b>	<b>740</b>	<b>1185</b>	<b>1283</b>

**Movement in the allowance for doubtful debts**

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of the year	666	651
Impairment losses recognised on receivables	45	15
Amounts written off during the year as uncollectible	(100)	0
Amounts recovered during the year	0	0
<b>Balance at end of the year</b>	<b>611</b>	<b>666</b>

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

As at March 31, 2017, trade receivables of Rs.695 lakh (as at March 31, 2016 - Rs. 763 lakh; as at October 1, 2015 - Rs.747 lakh) were impaired. The amount of the provision was Rs.611 lakh as at March 31, 2017 (as at March 31, 2016 - Rs.666 lakh ; as at October 1, 2015 - Rs. 651 lakh). The individually impaired receivables were mainly due to unexpected difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The ageing is as follows:-

**Age of impaired trade receivables**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
< 365 days	0	0	0
> 365 days	695	763	747
<b>Total</b>	<b>695</b>	<b>763</b>	<b>747</b>

**11. Other financial assets****11A. Non current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Security deposits			
- Unsecured, considered good	157	159	154
- Doubtful	4	2	6
Less : Allowance for bad and doubtful loans	4	2	6
<b>Total</b>	<b>157</b>	<b>159</b>	<b>154</b>

**11B. Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Accruals:			
i) Interest accrued on loans	-	-	30
<b>sub total (a)</b>	<b>-</b>	<b>-</b>	<b>30.00</b>
b) Other current receivables			
- Other advances - Unsecured, considered good	488	779	855
- Related Parties - Unsecured, considered good	-	16	18
- Doubtful	5	5	5
Less : Allowance for doubtful debts	5	5	5
<b>Sub Total (b)</b>	<b>488</b>	<b>795</b>	<b>873</b>
<b>Total (a+b)</b>	<b>488</b>	<b>795</b>	<b>903</b>

Financial assets carried at amortized cost

488

795

903

**12. Inventories**
*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Inventories (lower of cost and net realisable value)			
Raw materials	513	580	579
Work-in-progress	650	771	889
Finished goods	1,578	1,937	2,436
Stores and spares including packing materials	388	499	520
<b>Total (a)</b>	<b>3,129</b>	<b>3,787</b>	<b>4,424</b>
b) Goods-in-transit	33	61	-
<b>Total (a)</b>	<b>3,162</b>	<b>3,848</b>	<b>4,424</b>

- 12.1 Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to Rs.307 lakh as at March 31, 2017 (as at March 31, 2016: Rs.341 lakh and as at October 1, 2015: Rs.345 lakh). These writedowns were recognised as an expense and includes in 'Cost of materials consumed' and 'Changes in inventories of finished goods, work-in-progress and stock-in-trade' in the Statement of Profit and Loss.

**13. 13A. Cash and cash equivalents**
*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Balances with Banks</b>			
a) In current accounts	74	673	2,057
	<b>74</b>	<b>673</b>	<b>2,057</b>
<b>Cash on hand</b>	4	20	7
<b>Cash and cash equivalents as per balance sheet</b>	<b>78</b>	<b>693</b>	<b>2,064</b>

**13B. Other Bank balances**

a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with Exim Bank under lien.	956	896	837
b) Balances held as margin money / under lien with remaining maturity of less than 12 months	3	3	3
	<b>959</b>	<b>899</b>	<b>840</b>

**14. Other assets**
**14A. Non Current**
*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Capital Advances	-	14	6
b) Security Deposits	12	12	16
c) Advances to Employees	1	1	-
d) Prepaid expenses	19	23	11
e) Balances with statutory / government authorities - Unsecured, considered good	1,764	1,712	1,632
	<b>1,764</b>	<b>1,712</b>	<b>1,632</b>
f) Minimum Alternate Tax	290	290	290
<b>Total</b>	<b>2,086</b>	<b>2,052</b>	<b>1,955</b>

**14B. Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Advances for supply of goods and services			
- To others			
- Unsecured, considered good	30	82	376
b) Prepaid expenses	42	39	93
c) Security Deposits	-	1	15
d) Claims Receivable & Duty Drawback - Detailed Note to be given	255	241	233
e) Other Current Assets	24	92	1
f) Interest Subsidy Receivable	74	77	64
<b>Total</b>	<b>425</b>	<b>532</b>	<b>782</b>

**15. Non-current assets classified as held for sale**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Buildings	2	-	-
b) Plant and machineries	68	84	125
<b>Total</b>	<b>70</b>	<b>84</b>	<b>125</b>

**16. Equity Share Capital***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Authorised Share capital :</b>			
70,00,000 Equity Shares of Rs. 10 each	700	700	700
10,50,00,000 Non-Cumulative, non-convertible Redeemable Preference Shares of Rs.10 each (as at March 31, 2016: 7,00,00,000; as at October 1, 2015: 2,00,00,000)	<b>10,500</b>	<b>7,000</b>	<b>2,000</b>
<b>Issued, subscribed and paid-up share capital:</b>			
64,99,308 fully paid equity shares of Rs. 10 each (as at March 31, 2016: 64,99,308; as at October 01, 2015: 64,99,308)	650	650	650
	<b>650</b>	<b>650</b>	<b>650</b>

**16.1 Fully paid equity shares**

Particulars	Number of Shares	Share Capital (Rs. in Lakh)
<b>Balance as at 1st October, 2015</b>	64,99,308	650.00
Movements	-	-
Balance as at 31st March, 2016	64,99,308	650.00
Movements	-	-
<b>Balance as at 31st March, 2017</b>	<b>64,99,308</b>	<b>650.00</b>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of 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.

**16.2 Details of shares held by the holding company, its subsidiaries and associates**

Particulars	Fully paid ordinary shares (Numbers)		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Balance at the beginning of the period :</b>			
Shapoorji Pallonji and Company Pvt. Ltd., the holding company	47,80,845	47,80,845	47,80,845
<b>Total</b>	<b>47,80,845</b>	<b>47,80,845</b>	<b>47,80,845</b>



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

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.10.2015	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b> Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56	47,80,845	73.56
<b>Total</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>	<b>47,80,845</b>	<b>73.56</b>

**16.4 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.**

**17. Other equity**

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) General reserve (Refer Note 1)</b>			
Balance at beginning of the year	7,160	7,160	7,160
<b>Balance at end of the year</b>	<b>7,160</b>	<b>7,160</b>	<b>7,160</b>
<b>b) Preference Share Capital</b>			
7% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	4,000	4,000	2,000
11% Non-cumulative, non-convertible, Redeemable Preference Shares of Rs. 10 each	6,500	-	-
Less: Liability component of Preference Share Capital	(1,214)	(427)	(204)
<b>Balance at end of the year</b>	<b>9,286</b>	<b>3,573</b>	<b>1,796</b>
<b>c) Retained earnings</b>			
Balance at beginning of year	(18,583)	(16,171)	(12,606)
Profit/(Loss) attributable to owners of the Company	(2,869)	(2,412)	(3,553)
Adjustments pertaining to earlier period	-	-	(12)
Balance at end of the year	(21,452)	(18,583)	(16,171)
<b>Total</b>	<b>(5,006)</b>	<b>(7,850)</b>	<b>(7,215)</b>

**Note 1:** General reserve is transferred to the Company at the time of demerger of Textiles division from Forbes Gokak Limited.

**18. Non-current Borrowings**

*Rs. in Lakh*

Particulars	CONSOLIDATED GTL					
	Non-current portion			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Secured – at amortised cost</b>						
<b>(a) Term loans</b>						
<b>From banks</b>						
i) Ratnakar Bank Limited - Secured by second pari passu charge on the company's movable and immovable fixed assets and letter of comfort and shortfall undertaking from Shapoorji Pallonji & Co. Pvt. Ltd. {Repayable in 8 Quarterly installments (quarter 1 and quarter 2: Rs. 225 Lakh per quarter; quarter 3 to quarter 6: Rs.450 Lakh per quarter and quarter 7 and quarter 8: Rs.1125 Lakh per quarter. (Rate of interest:10.65% per annum)}.	2,649	4,225	-	1,575	225	55
ii) Ratnakar Bank Limited - Secured by second pari passu charge on the company's movable and immovable fixed assets. {Repayable in 36 monthly installments of Rs. 139 Lakh each. Rate of Interest 10.55% per annum as on March 31, 2017 (March 31, 2016: 10.65% per annum.; October 01, 2015: 11.81% per annum)}	-	1,111	1,944	1,111	1,667	1,667
iii) New India Co operative Bank Limited - Secured by charge on moveable assets of the Company. [Repayable in 7 years with 72 equated monthly installments commencing from 12 months after	190	572	765	384	384	383

Particulars	CONSOLIDATED GTL					
	Non-current portion			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
iv) first disbursement. (Rate of Interest 14% per annum.) EXIM Bank Technology Upgradation Loan - Secured by exclusive charge by way of hypothecation of the specific movable fixed assets to be acquired out of the loan. In addition to this, mortgage of the immovable fixed assets of the Company. [Repayable in 25 equal quarterly installments of Rs. 96 lakh each commencing at the end of 2 years after first disbursement. (Rate of interest : 11.90% per annum)]	-	-	97	-	290	443
v) 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.	5,322	6,182	6,554	860	744	698
<b>Total</b>	<b>8,161</b>	<b>12,090</b>	<b>9,360</b>	<b>3,930</b>	<b>3,310</b>	<b>3,246</b>
Less : Amount disclosed under "other current financial Liabilities".	-	-	-	3,930	3,310	3,246
<b>Total</b>	<b>8,161</b>	<b>12,090</b>	<b>9,360</b>	-	-	-
(c) Liability component of compound financial instru.	1,302	439	204	-	-	-
<b>Total Non-current borrowings</b>	<b>9,463</b>	<b>12,529</b>	<b>9,564</b>	-	-	-

**18.1 Details of Non-cumulative, Non-Convertible, Non-participating, Redeemable Preference Shares issued by the Compan:**

*Rs. in Lakh*

Sr. No.	Details of Preference Share allotted and Date of Allotment	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015	Rate of Dividend	Terms
1	20,000,000 preference shares of Rs.10 each - September 30, 2015	2,000	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. Tenure, manner and mode of redemption - not exceeding 20 years from the date of issue with or without a put / call option as may be determined by the Board."
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	-	-	11%	
4	35,000,000 preference shares of Rs.10 each - March 24, 2017	3,500	-	-	11%	
	<b>Total</b>	<b>10,500</b>	<b>4,000</b>	<b>2,000</b>		

18.2 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 be 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.

18.3 There is no default in repayment of borrowings and payment of interest as at March 31, 2017, March 31, 2016 and October 1, 2015.

**19. Other financial liabilities - 19B. Current**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Current maturities of long-term borrowings	3,930	3,310	3,246
b) Interest accrued but not due on borrowings	31	141	79
c) Interest accrued and due on borrowings	644	264	93
d) Others :-			
- Security deposits	39	96	94
- Payable to Capital Creditors	3	4	11
- Other Payables	12	806	738
- Other Payables Salary & Others	688	560	561
	742	1,466	1,404
<b>Total</b>	<b>5,347</b>	<b>5,181</b>	<b>4,822</b>
e) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the year end.			
<b>Financial Liabilities carried at amortised cost</b>	<b>5,347</b>	<b>5,180</b>	<b>4,822</b>
<b>Financial Liabilities carried at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>

**20. Provisions**
**20A. Non current**
*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) Employee benefits</b>			
Compensated absences	75	116	138
Gratuity	77	75	79
<b>b) Other provisions</b>			
Provision for Contingencies	500	500	-
<b>Total</b>	<b>652</b>	<b>691</b>	<b>217</b>

**20B. Current**
*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>a) Employee benefits</b>			
Compensated absences	39	31	36
Gratuity	199	19	10
<b>Total</b>	<b>238</b>	<b>50</b>	<b>46</b>

**21. Deferred tax balances**

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Deferred tax assets	784	330	49
Deferred tax liabilities	139	381	286
<b>Net</b>	<b>645</b>	<b>(51)</b>	<b>(237)</b>

**Current Year (2016-2017)**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>				
a) Property, plant and equipment	(2,867)	(1,370)	-	(4237)
b) Other liabilities and provisions	146	(1)	-	145
c) Doubtful debts	206	(17)	-	189
d) Defined benefit obligation	36	189	(81)	144
e) Other financial liabilities	(16)	-	-	(16)
<b>Total (A) ...</b>	<b>(2,495)</b>	<b>(1,199)</b>	<b>(81)</b>	<b>(3775)</b>
a) Tax losses	-	-	-	-
b) Others - Unabsorbed Depreciation	2,444	1,976	-	4420
<b>Total (B) ...</b>	<b>2,444</b>	<b>1,976</b>	<b>-</b>	<b>4420</b>
<b>Total (A+B) ...</b>	<b>(51)</b>	<b>777</b>	<b>(81)</b>	<b>645</b>

**Previous Year (2015-2016)**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>				
a) Property, plant and equipment	(2,678)	(189)	-	2867
b) Other liabilities and provisions	120	26	-	146
c) Doubtful debts	201	5	-	206
d) Defined benefit obligation	34	21	(19)	36
e) Other financial liabilities	-	(16)	-	(16)
<b>Total (A) ...</b>	<b>(2,323)</b>	<b>(153)</b>	<b>(19)</b>	<b>(2495)</b>
a) Tax losses	-	-	-	-
b) Others - Unabsorbed Depreciation	2,086	358	-	2444
<b>Total (B) ...</b>	<b>2,086</b>	<b>358</b>	<b>-</b>	<b>2444</b>
<b>Total (A+B) ...</b>	<b>(237)</b>	<b>205</b>	<b>(19)</b>	<b>(51)</b>

**21.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
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)	11,430	7,962	8,699
<b>Total</b>	<b>11,430</b>	<b>7,962</b>	<b>8,699</b>

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

**22. Other liabilities****22A. Current***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
a) Advances from customers	73	445	253
b) Statutory remittances	176	30	51
c) Others			
- Gratuity Fund Payable	-	-	67
- Other Payables (refer note No. 41)	38	312	445
<b>Total</b>	<b>287</b>	<b>787</b>	<b>816</b>

**23. Current Borrowings***Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Secured - at amortised cost</b>			
a) Loans repayable on demand			
- <b>from banks</b>			
Repayable on demand - Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. Rate of interest ranging between 11.5% per annum to 12.85% per annum.	2,024	3,567	6,811
<b>Repayable on demand - From Holding Company</b>	1,550	2,536	3,968
<b>Repayable on demand - From Related party</b>	2,426	1,083	-
<b>Total</b>	<b>6,000</b>	<b>7,186</b>	<b>10,779</b>

23.1 There is no default in repayment of borrowings and payment of interest as at March 31, 2017, March 31, 2016 and October 1, 2015.

**24. Trade payables**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Trade payables</b>			
- Related Parties	-	24	23
- Others			
(A) Total outstanding dues of micro enterprises and small enterprises	4	29	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises"	2,152	2,647	4,700
<b>Total</b>	<b>2,156</b>	<b>2,700</b>	<b>4,723</b>

**25. Current tax assets and liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
<b>Current tax assets</b>			
Tax refund receivable	60	83	65
<b>Total</b>	<b>60</b>	<b>83</b>	<b>65</b>

**26. Revenue from operations**

Particulars	CONSOLIDATED GTL	
	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a) Sale of products</b>		
i) Manufactured Goods	6,844	9,553
ii) Traded Good	409	-
ii) Energy	551	24
	<b>7,804</b>	<b>9,577</b>
<b>b) Sale of services</b>		
i) Processing Income	18	123
ii) Others	-	85
	<b>18</b>	<b>207</b>
<b>c) Other operating revenues</b>		
i) Scrap Sales	327	289
ii) Export incentives	41	48
iii) Other recoveries	119	32
	<b>487</b>	<b>369</b>
<b>Total</b>	<b>8,309</b>	<b>10,153</b>

**27. Other Income**

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a) Interest Income</b>		
i) Bank deposits	67	36
ii) Income Tax refund	8	-
iii) Others	13	-
<b>Total (a)</b>	<b>88</b>	<b>36</b>
Above all amounts are measured at amortised cost		
<b>b) Other Non-Operating Income (Net of expenses directly attributable to such income)</b>		
i) Credit balances / excess provision written back	969	-
ii) Other Non-Operating Income (Net of expenses directly attributable to such income)	22	1
<b>Total (b)</b>	<b>991</b>	<b>1</b>
<b>c) Other Gains / (Losses)</b>		
i) Gain/(loss) on disposal of property, plant and equipment	218	380
iii) Net foreign exchange gains/(losses)	-	14
<b>Total (c)</b>	<b>218</b>	<b>394</b>
<b>Total (a+b+c)</b>	<b>1,297</b>	<b>431</b>

**28. Cost of materials consumed**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Material Stocks at the Commencement of the Year	580	579
Purchases	4,297	5,814
	<b>4,877</b>	<b>6,393</b>
Less: Material Stocks at the Close of the Year	512	580
	-	-
	<b>4,365</b>	<b>5,813</b>

## 29. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>Inventories at the end of the year:</b>		
i) Finished goods	1,610	1,998
ii) Work-in-progress	650	771
	<b>2,260</b>	<b>2,769</b>
<b>Inventories at the beginning of the year:</b>		
i) Finished goods	1,998	2,436
ii) Work-in-progress	771	889
	<b>2,769</b>	<b>3,325</b>
<b>Net increase</b>	<b>509</b>	<b>556</b>

## 30. Trading Goods

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
i) Purchase Of Trading Stock	349	91
<b>Total</b>	<b>349</b>	<b>91</b>

## 31. Employee benefits expense

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
i) Salaries and Wages	1,795	1,480
ii) Contribution to provident and other funds (Refer note: 42 )	585	170
iii) Staff Welfare Expenses	227	168
<b>Total</b>	<b>2,607</b>	<b>1,818</b>

## 32. Finance costs

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>(a) Interest costs :-</b>		
i) Interest on bank overdrafts and loans	536	357
ii) Interest on loans from related parties	392	187
iii) Interest on bank Term Loans	1,578	844
iv) Other Interest	1	80
v) Bank Charges	42	28
vi) Interest on liability component of compound financial instruments	75	12
<b>Total interest expense for financial liabilities not classified as at FVTPL</b>	<b>2,624</b>	<b>1,508</b>

## 33. Depreciation and amortisation expense

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
i) Depreciation of property, plant and equipment pertaining to continuing operations	789	394
ii) Amortisation of intangible assets	26	13
<b>Total depreciation and amortisation</b>	<b>815</b>	<b>407</b>

## 34. Other expenses

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
a) Consumption of stores and spare parts	81	57
b) Consumption of packing Material	106	20
c) Processing charges	10	2
d) Power and fuel	855	1,375
e) Transportation, freight, handling and other charges	126	132

f) Hank Yarn Obligation	8	8
g) Rent and hire charges	9	22
h) Repairs to :		
i) Buildings	28	8
ii) Plant and machinery	69	120
iii) Others	129	94
	<b>226</b>	<b>222</b>
i) Insurance	87	58
j) Rates and taxes (excluding taxes on income)	127	147
k) Brokerage, commission, discount and other selling expenses	42	100
l) Printing & Stationery	3	9
m) Communication	16	10
n) Legal and professional charges	216	66
o) Traveling and conveyance	37	18
p) Trade receivables / advances written off	141	-
Less: Provision held	-	-
	<b>141</b>	-
q) Directors Sitting Fees	19	12
r) Provision for doubtful trade receivables	(55)	15
s) Provision for doubtful loans and advances	1	-
t) Provision for contingencies	-	500
u) Net foreign exchange gains/(losses)	14	-
v) Water Royalty Charges	61	17
w) Miscellaneous expenses	116	190
<b>Total</b>	<b>2,246</b>	<b>3,164</b>
a) To Statutory auditors		
i) For audit	25	12
ii) For taxation matters	-	1
iii) For tax audit fees	5	3
iv) For certification	12	4
v) For branch auditors	1	1
	<b>43</b>	<b>21</b>
b) To cost auditors for cost audit	3	2
c) For reimbursement of expenses	3	1
d) Service Tax	7	3
<b>Total</b>	<b>56</b>	<b>27</b>

**35. Income taxes relating to continuing operations**

**35.1 Income tax recognised in profit or loss**

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>Current tax</b>		
In respect of prior years	14	6
	<b>14</b>	<b>6</b>
<b>Deferred tax</b>		
In respect of the current year	(776)	(205)
	<b>(776)</b>	<b>(205)</b>
<b>Total income tax expense recognised in the current year relating to continuing Operations</b>	<b>(762)</b>	<b>(199)</b>

**35.2 Income tax recognised in other comprehensive income**

*Rs. in Lakh*

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of defined benefit obligation	81	19
<b>Total income tax recognised in other comprehensive income (A+B)</b>	<b>81</b>	<b>19</b>

Rs. In Lakh

## 36. Segment Information

Particulars	Year ended March 31, 2017			Period ended March 31, 2016				
	Textile	Electricity & Power	Others	Total	Textile	Electricity & Power	Others	Total
<b>Segment Revenue:</b>								
Total External Revenue	8,967	551	88	9,606	10,440	108	36	10,584
Inter Segment Revenue	-	503	-	503	-	194	-	194
<b>Net turnover before Inter-Segment Eliminations</b>	<b>8,967</b>	<b>1,054</b>	<b>88</b>	<b>10,109</b>	<b>10,440</b>	<b>302</b>	<b>36</b>	<b>10,778</b>
Less: Inter-Segment Elimination	-	(502)	-	(502)	-	(194)	-	(194)
<b>Net Turnover</b>	<b>8,967</b>	<b>552</b>	<b>88</b>	<b>9,607</b>	<b>10,440</b>	<b>108</b>	<b>36</b>	<b>10,584</b>
<b>Segment Results:</b>								
Profit/(Loss) before Tax and Interest and before Inter-Segment Elimination	(2,104)	411	-	(1,693)	(1,468)	(66)	-	(1,534)
Less: Inter-Segment Elimination (Expense)/Income	(502)	184	-	(318)	(194)	(40)	-	(234)
<b>Profit/(Loss) before Tax and Interest and after Inter-Segment Elimination</b>	<b>(1,602)</b>	<b>227</b>	<b>-</b>	<b>(1,375)</b>	<b>(1,274)</b>	<b>(26)</b>	<b>-</b>	<b>(1,300)</b>
Add: Interest Expense (Net)				2,535				1,472
Add: Unallocated Expenses				-				-
<b>Profit / (Loss) Before Tax</b>				<b>(3,910)</b>				<b>(2,772)</b>
Taxes				(763)				(199)
<b>Net Profit / (Loss) After Tax</b>				<b>(3,147)</b>				<b>(2,573)</b>
<b>Segment Assets:</b>								
Segment Assets	17,416	11,454		28,870	20,573	12,034		32,607
Less: Inter-Segment Elimination				10,647				12,032
Unallocated Assets				2,244				2,371
<b>Total Assets</b>				<b>20,467</b>				<b>22,946</b>
<b>Segment Liabilities:</b>								
Segment Liabilities	7,256	2,929		10,185	11,404	2,723		14,127
Less: Inter-Segment Elimination				111				1,246
Unallocated Liabilities				14,206				16,624
<b>Total Liabilities</b>				<b>24,280</b>				<b>29,505</b>
<b>Capital Employed:</b>								
Unallocated Capital & Reserves				(3,813)				6,559
<b>Other Information:</b>								
Capital Expenditure	4	0		4	5	-		5
Depreciation	711	104		815	355	52		407

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.



**37. Contingent Liabilities**

*Rs. in Lakh*

Particulars	As At 31.03.2017	As At 31.03.2016	As At 30.09.2015
a. Claims against the Company not acknowledged as debts			
(i) Taxes in dispute			
- Special Entry tax	115	115	115
- Excise Duty	143	143	143
- Provident Fund	28	28	28
(ii) Labour matters in dispute	52	52	52
b. Bonds given by Company in favour of Customs Authorities	4,629	4,648	4,783
c. Other demands contested by the company			
- Creditors claims	-	1	1
- Electricity duty	-	-	6
<b>Total</b>	<b>4,967</b>	<b>4,987</b>	<b>5,128</b>

The amounts included above, represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible liabilities are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately.

**38.** Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (As at 31 March 2016 Rs. 2, As at 1st October 2015 Rs. Nil).

**39.** 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.

*Rs. in Lakh*

Sr. No.	Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.10.2015
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	4	29	-
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	6	1	-
3	Principal amount paid during the year beyond the appointed day	63	64	-
4	Interest paid during the year beyond the appointed day	-	-	-
5	The amount of interest due and payable for the year	6	6	-
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	6	6	-
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	-	2	-

\*The Company has not recorded the interest payable in the books for the current year.

**40.** Trade receivables and Trade Payables are subject to Independent balance confirmations and reconciliations. Management is of the opinion that no variance of a material sum is expected on such independent confirmations and reconciliations

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

## 42. Gratuity

Rs. in Lakh

	Particulars	CONSOLIDATED GTL	
		Year ended 31st March, 2017	Period ended 31st March, 2016
<b>a)</b>	<b>Change in Present Value of Obligation</b>		
	Present value of the obligation at the beginning of the year	1,782	1,827
	Benefits earned during the year	-	-
	Current Service Cost	91	50
	Interest Cost	143	76
	Past Service Cost - Vested Benefit	184	-
	Actuarial (Gain) / Loss on Obligation	(413)	(68)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	58	(9)
	Benefits Paid	(160)	(94)
	<b>Present value of the obligation at the end of the year</b>	<b>1,685</b>	<b>1,782</b>
<b>b)</b>	<b>Change in Plan Assets</b>		
	Fair value of Plan Assets at the beginning of the year	1,707	1,742
	Expected return on Plan Assets	137	69
	Return on plan assets excluding interest income	(94)	(6)
	Assets transferred out / divestments	-	(10)
	Contributions by Plan Participants	130	-
	Benefits Paid	(157)	(88)
	<b>Fair value of Plan Assets at the end of the year</b>	<b>1,723</b>	<b>1,707</b>
<b>c)</b>	<b>Amounts Recognised in the Balance Sheet</b>		
	Present value of Obligation at the end of the year	1,685	1,782
	Fair value of Plan Assets at the end of the year	1,719	(1,707)
	Funded Status	3,404	75
	<b>Net Obligation at the end of the year</b>	<b>3,404</b>	<b>75</b>
<b>d)</b>	<b>Amounts Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	91	45
	Finance cost / (income)	6	7
	Past service cost	184	-
	<b>Net impact on the loss before tax</b>	<b>281</b>	<b>52</b>
<b>e)</b>	<b>Amounts Recognised in Other Comprehensive Income</b>		
	Actuarial (gains) / losses for the period	(355)	(72)
	Return on plan asset excluding interest income	94	6
	Change in asset ceiling	-	-
	<b>Net (income) / expenses for the period recognised in other comprehensive income</b>	<b>(261)</b>	<b>(66)</b>
<b>f)</b>	<b>Actual return on Plan Assets</b>		
	Expected return on Plan Assets	137	69
	Actuarial Gain / (Loss) on Plan Assets	-	-
	<b>Actual return on Plan Assets</b>	<b>137</b>	<b>69</b>
<b>g)</b>	<b>Actuarial Assumptions</b>		
	i) Discount Rate	7.51%	8.08%
	ii) Expected Rate of Return on Plan Assets	7.51%	0.00%
	iii) Salary Escalation Rate	4.00%	5.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality		
		Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

42.1 Above disclosures have been made on the basis of certificate received from the actuary.

42.2 Sensitivity for significant actuarial assumptions 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.

42.3 The Company hitherto had a practice of making provision for gratuity payable to permanent and badli workers as per actuarial valuation based on the number of years of service counted since the date of joining. During the current year, the 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, 2017 is Rs. 314 lakhs.

43. Earning 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 basic and diluted earnings are stated below:

Particulars	CONSOLIDATED GTL	
	Year ended 31st March, 2017	Period ended 31st March, 2016
Net (Loss)/Profit before and after extraordinary items (Net of tax) (Rs. in Lakhs)	(3,147)	(2,573)
Weighted average number of Equity Shares outstanding (Nos.)	64,99,308	64,99,308
Nominal Value of Share (Rs.)	10	10
Basic and Diluted Earnings per share before and after extraordinary items (Net of tax) (Rupees)	(48.42)	(39.59)

44. **Lease Transactions**

The Group has significant operating leases for premises. These lease arrangements ranging upto 8 years, which include both cancellable and non-cancellable leases. With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:

Particulars	CONSOLIDATED GTL	
	Year ended 31st March, 2017	Period ended 31st March, 2016
<b>Minimum Lease Payments:</b>		
- Not Later than one year	3	2
- Later than one year and not later than five years	2	4
- Later than five years	-	-
<b>Total</b>	<b>5</b>	<b>6</b>

45. **Disclosure in respect of Specified Bank Notes held and transacted**

The Company had held and transacted in Specified Bank Notes or other denominations notes during the period from November 08,2016 to December 30, 2016. As recovered under the notification G.S.R. 308(E) dated March 31,2017 issued by the ministry of corporate affairs. The details of Specified Bank Notes and other denomination notes held and transacted during the period from November 08,2016 to December 13, 2016 are as given below. These disclosures are in accordance with the books of account maintained by the company.

*Rs. in Lakh*

Particulars	Specified Bank Notes*	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	2	3	5
(+) Permitted receipts	-	33	33
(-) Permitted payments	1	13	14
(-) Non permitted payments	-	-	-
(-) Amount deposited in Banks	1	11	12
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>12</b>	<b>12</b>

\* for the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 8th November, 2016.

46. **Related Party Disclosures:**

**A. Names of the related parties and description of relationship**

**I) Holding Company**

Shapoorji Pallonji & Company Private Limited

**III) Fellow Subsidiaries**

Forbes & Company Limited

Eureka Forbes Limited

Forval International Services Limited

**IV) Key Management Personnel**

Mr. Ramesh R Patil

Managing Director and Chief Executive Director (w.e.f. July 18, 2016)

Mr. Sachin Kulkarni

Whole Time Director (upto May 16, 2016)

Mr. Vikram Nagar

Whole Time Finance Director (w.e.f. May 16, 2016 to August 7, 2016) and Chief Financial Officer (w.e.f. March 29, 2016)

Mr. Ashok Barat

Chairman (upto September 19, 2016)

Mr. D. G. Prasad

Non Executive Director

Mr. Pradip Kapadia

Non Executive Director

Mr. Kaiwan Kalyaniwalla	Non Executive Director
Mr. Vasant Sanzgiri	Non Executive Director
Ms. Zarine Commissariat	Non Executive Director
Mr. R. N. Jha	Non Executive Director (upto December 30, 2015)

**IV) Trusts**

Gokak Textiles Gratuity Fund  
Gokak Falls Education and Medical Trust

**V) Associate Companies**

Shapoorji Pallonji Infrastructure Capital Company Private Limited  
Shapoorji Pallonji Energy (Gujarat) Private Limited  
Shapoorji Pallonji & Company Private Limited

**B. Particulars of transaction with Related Parties***(Rs. In lakh)*

Year Ended March 31 2017 Period ended March 31, 2016	Holding Company	Fellow Subsidiaries	Associate Companies	Key Management Personnel	Trusts	Total
<b><u>Nature of Transactions</u></b>						
<b>Rent</b>	-	4	-	-	-	4
Previous Year	-	2	-	-	-	2
<b>Services Received</b>	11	1	-	-	-	12
Previous Year	-	6	-	-	-	6
<b>Directors Sitting Fees</b>	-	-	-	11	-	11
Previous Year	-	-	-	7	-	7
<b>Remuneration</b>	-	-	-	56	-	56
Previous Year	-	-	-	18	-	18
<b>Preference Shares Issued</b>	6,500	-	-	-	-	6,500
Previous Year	2,000	-	-	-	-	2,000
<b>Borrowings</b>	5,488	-	1,158	-	-	6,646
Previous Year	1,851	-	1,366	-	-	3,217
<b>Interest Paid</b>	576	-	41	-	-	617
Previous Year	191	-	21	-	-	212
<b>Expenses/Payments incurred on behalf</b>	-	-	-	-	1	1
Previous Year	-	-	-	-	-	-
<b>Reimbursement of Deposit received on behalf</b>	-	-	-	-	-	-
Previous Year	-	2	-	-	-	2
<b>Amount recovered on behalf</b>	-	-	-	-	14	14
Previous Year	-	-	-	-	20	20
<b>Amount received from Trust</b>	-	-	-	-	870	870
Previous Year	-	-	-	-	-	-
<b>Receivables</b>	9	-	-	-	-	9
Previous Year	9	17	-	-	-	26
<b>Payables</b>	1,851	7	2,779	-	1	4,638
Previous Year	2,473	25	1,410	1	-	3,909

**C. Details of Related Party Transactions**

Nature of Transaction	Year ended March 31, 2017	Period ended March 31, 2016	Nature of Transaction	Year ended March 31, 2017	Period ended March 31, 2016
<b>Sales</b>			<b>Amount recovered on behalf</b>		
Shapoorji Pallonji & Company Limited	-	-	Gokak Falls Education and Medical Trust	-	-
Forbes & Company Limited	-	-		14	20
<b>Services Received</b>			<b>Directors Remuneration</b>		
Shapoorji Pallonji & Co Ltd	11	-	R. R. Patil	28	-
Forvol International Services Limited	1	3	Vikram Nagar	28	-
Eureka Forbes Limited	-	-	Sachin Kulkarni	-	18
Forbes & Company Limited	-	3	<b>Directors Sitting Fees</b>		
<b>Amount received from Trust</b>			Mr. Ashok Barat	1	2
Gokak Textiles Gratuity Fund	870	-	Mr. D. G. Prasad	2	1
<b>Rent</b>			Mr. Pradip Kapadia	3	2
Forbes & Co Limited	4	2	Mr. Kaiwan Kalyaniwalla	2	1
<b>Interest Paid</b>			Mr. Vasant Sanzgiri	2	1
Shapoorji Pallonji & Co. Pvt. Ltd	576	191	Ms. Zarine Commissariat	1	1
Shapoorji Pallonji Infrastructure Capital Company Private Limited	32	21	<b>Receivables</b>		
Shapoorji Pallonji Energy (Gujarat) Private Limited	9	-	Shapoorji Pallonji & Co. Pvt. Ltd	9	9
<b>Loans Taken</b>			<b>Payables</b>		
Shapoorji Pallonji & Co. Pvt. Ltd	6,646	1,851	Shapoorji Pallonji & Co. Pvt. Ltd	4,189	2,473
Shapoorji Pallonji Infrastructure Capital Company Private Limited	-	1,366	Forbes & Company Limited	7	24
<b>Preference Shares Issued</b>			Forvol International Services Limited	-	1
Shapoorji Pallonji & Company Limited	6,500	2,000	Shapoorji Pallonji Infrastructure Capital Company Private Limited	353	1,410
			Shapoorji Pallonji Energy (Gujarat) Private Limited	88	-
			Gokak Falls Education and Medical Trust	1	-

**47. Fair Value Disclosures**

**a) Categories of Financial Instruments:**

Particulars	March 31, 2017			March 31, 2016			October 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>									
Investments	1	-	-	1	-	-	1	-	-
Trade Receivables	-	-	751	-	-	1,184	-	-	1,282
Cash & Bank Balances	-	-	78	-	-	692	-	-	2,064
Bank balances other than above	-	-	959	-	-	899	-	-	840
Other Financial Assets	-	-	746	-	-	1,055	-	-	1,157
	<b>1</b>	<b>-</b>	<b>2,534</b>	<b>1</b>	<b>-</b>	<b>3,830</b>	<b>1</b>	<b>-</b>	<b>5,343</b>
<b>Financial liabilities</b>									
Borrowings	-	-	12,684	-	-	18,305	-	-	20,033
Trade Payables	-	-	2,168	-	-	2,701	-	-	4,724
Other Financial Liabilities	-	-	5,347	-	-	5,180	-	-	4,822
	<b>-</b>	<b>-</b>	<b>20,199</b>	<b>-</b>	<b>-</b>	<b>26,186</b>	<b>-</b>	<b>-</b>	<b>29,579</b>

(FVTPL - fair value through profit & loss account, FVOCI - fair value through other comprehensive income)

**b) Fair Value Hierarchy and Method of Valuation**

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).

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

Financial Assets	March 31, 2016					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL Investments</b> Investments in Equity Instruments (unquoted)	i.	1	-	-	1	1

Financial Assets	October 1, 2015					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Measured at FVTPL Investments</b> Investments in Equity Instruments (unquoted)	i.	1.00	-	-	1.00	1.00

Notes: i. Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2017.

**48 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 18, 19 (a) and 23 offset by cash and bank balances) and total equity and financial liability in respect of preference share capital of the Company.

The capital component of the company are as given below :

*Rs. in Lakh*

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2015
Total Equity	6,722	4,227	5,120
Short Term Borrowings	6,000	7,186	10,779
Long Term Borrowings	9,463	12,529	9,564
Current Maturities of Long Term Borrowings	3,930	3,310	3,246
<b>Total Debt</b>	<b>19,393</b>	<b>23,025</b>	<b>23,589</b>
Cash & Cash equivalents	78	692	2,064
Bank balances other than above	959	899	840
<b>Net Debt</b>	<b>18,356</b>	<b>21,434</b>	<b>20,685</b>
<b>Debt Equity ratio</b>	<b>1.99</b>	<b>3.75</b>	<b>2.50</b>
Debt Equity Ratio = Long Term Borrowings (including current maturities) / Equity Shareholders Fund			

**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.

#### 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.

#### Liquidity Risk

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

The 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 contractual maturity is based on the earliest date on which the Company may be required to pay.

*Rs. in Lakh*

	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	6,000	2,839	5,322	1,302
Trade Payables	2,152	4	-	-
Other Financial Liabilities (including current maturities of long term borrowings)	5,347	-	-	-
	<b>13,499</b>	<b>2,843</b>	<b>5,322</b>	<b>1,302</b>

*Rs. in Lakh*

	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	7,186	5,908	6,182	439
Trade Payables	2,691	10	-	-
Other Financial Liabilities (including current maturities of long term borrowings)	5,180	-	-	-
	<b>15,057</b>	<b>5,918</b>	<b>6,182</b>	<b>439</b>

*Rs. in Lakh*

	October 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Liabilities</b>				
Borrowings	10,779	2,806	6,554	204
Trade Payables	4,718	6	-	-
Other Financial Liabilities (including current maturities of long term borrowings)	4,822	-	-	-
	<b>20,319</b>	<b>2,812</b>	<b>6,554</b>	<b>204</b>

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.

Rs. in Lakh

	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments	-	-	-	2,500
Loans	-	-	-	-
Trade Receivables	665	-	-	-
Other Financial Assets	32	-	-	258
	<b>697</b>	-	-	<b>2,758</b>

Rs. in Lakh

	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments				2,500
Loans				-
Trade Receivables	1,172			-
Other Financial Assets	56			260
	<b>1,228</b>	-	-	<b>2,760</b>

Rs. in Lakh

	April 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
<b>Maturities of Financial Assets</b>				
Investments	-	-	-	2,500
Trade Receivables	1,250	-	-	-
Other Financial Assets	24	-	-	254
	<b>1,274</b>	-	-	<b>2,754</b>

**Interest Rate 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 significantly exposed to interest rate risks.

**49. Details of provision for contingencies**

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

Rs. in Lakh

Particulars	Year ended 31st March, 2017	Period ended 31st March, 2016
Balance as at the beginning of the year	500	-
Add: Provision made during the year	-	500
Less: Utilisation/ Reversal	-	-
	<b>500</b>	<b>500</b>

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



51. Additional Information as required under Schedule III to the Companies Act, 2013 of Enterprises consolidated as subsidiary.

*Rs. in Lakh*

Name of the Enterprise	Net Assets (i.e. total assets minus total liabilities)		Share in (Profit) / Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Rupees	As % of consolidated net profit	Rupees	As % of consolidated net assets	Rupees	As % of consolidated net profit	Rupees
Gokak Textiles Limited	(67%)	2568	107%	(3382)	100%	180	108%	(3202)
Gokak Power and Energy Limited	(109%)	4154	1%	(16)	0%	-	1%	(15)
Inter-Company Eliminations	290%	(11078)	(8%)	251	0%	-	-9%	250
Minority Interest	(14%)	542	0%	-	0%	-	0%	-
	<b>100%</b>	<b>(3814)</b>	<b>100%</b>	<b>(3147)</b>	<b>100%</b>	<b>180</b>	<b>100%</b>	<b>(2967)</b>

52. Pursuant to orders dated May 4, 2007 and July 13, 2007 passed by the Hon'ble High Court at Mumbai and Bangalore respectively sanctioning the scheme of Demerger of the Textiles Business of Forbes Gokak Limited (now known as Forbes & Company Limited) into the Company 1 (one) fully paid up equity shares of face value of Rs. 10 each of the Company was issued and allotted for (and not in exchange of) every 2 (two) equity shares at Rs. 10 each held in Forbes Gokak Limited. Fraction entitlements arising out of issue and allotment were consolidated and the proceeds thereof were distributed to the persons entitled thereof.

As per the provisions of section 124 of the Companies Act, 2013, the company, during the year, transferred the unclaimed fractional entitlements proceeds aggregating to Rs. 0.34 lakhs to Investor Education and Protection Fund. There was little delay of four days in this transfer which was unprecedented and due to administrative reasons.

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



**Financial Statements of  
Gokak Power & Energy  
Limited**





Gokak Power & Energy Limited

---

DIRECTORS	:	MUKUNDAN SRINIVASAN - Chairman RAMESH R. PATIL – Wholetime Director PRADIP N. KAPADIA KAIWAN D. KALYANIWALLA CHANDRAKANT G. SHAH
CHIEF FINANCIAL OFFICER	:	VIKRAM V. NAGAR
COMPANY SECRETARY	:	RAKESH M. NANWANI (wef June 1, 2017)
STATUTORY AUDITORS	:	Messrs. MURUGESH & CO.
BANKERS :	:	ICICI BANK LIMITED
HYDRO POWER HOUSE	:	GOKAK FALLS-591 308 (DISTRICT BELGAUM- KARNATAKA)
D J MADAN POWER HOUSE	:	DUPDHAL TALUKA: GOKAK DIST. BELGAUM KARNATAKA
REGISTERED OFFICE	:	# 1, 2 <sup>ND</sup> FLOOR, 12 <sup>TH</sup> CROSS, IDEAL HOMES, NEAR JAYANNA CIRCLE, RAJARAJESHWARI NAGAR, BENGALURU - 560 098

## BOARD'S REPORT

To,  
The Members of  
Gokak Power & Energy Limited

Your Directors present their Report together with the Audited Financial Statements of your Company for the Financial Year (FY) ended March 31, 2017.

### 1. Financial Results

The company's performance during the financial year under review is summarised as follows :

(Rs. In Lakhs)			
	Particulars	For the Financial Year 01.04.2016 to 31.03.2017 (12 months)	For the period from 01.10.2015 to 31.03.2016 (6 months)
(a)	Gross Revenue	1128.98	337.68
	Less: Costs	220.90	82.23
(b)	Balance	<b>908.08</b>	<b>255.44</b>
	Less: Interest	1022.53	624.14
		<b>(114.45)</b>	<b>(368.70)</b>
	Less: Depreciation	354.64	193.64
(d)	Profit/(Loss) after depreciation carried to Balance Sheet	<b>(469.09)</b>	<b>(562.34)</b>
	Less : Deferred Tax Liability	(453.53)	(281.80)
	Other Comprehensive Income	0.54	2.70
(e)	Net Profit/(Loss)	<b>(15.02)</b>	<b>(279.10)</b>

Note : The Company has adopted Indian Accounting Standards (IND AS) with effect from April 1, 2016 and accordingly this financial results alongwith the comparatives have been prepared in accordance with the recognition and measurement principles stated therein. The above figures are extracted from the financial statements as per 'INDAS'.

The Financial Results for the FY 2015-16 were drawn for a period of 6 (six) months ending March 31, 2016 to align with the definition of financial year as per section 2(41) of the Companies Act, 2013. The current year's figures are for a period of 12 (twelve) months commencing from April 1, 2016 to March 31, 2017, hence not directly comparable with the previous year.

### 2. Operations

During the year under review, your Company has recorded gross income of Rs.1128.98 lakhs (*previous period Rs. 337.68 lakhs*) and the Net loss after tax of Rs. 15.56 lakhs (*previous period Rs. 281.80 lakhs*). The Regulatory Authorities have made changes to the Renewal Energy Certificate mechanism, as applicable to the Company. This has meant that despite a higher generation of electricity during the year, on account of the non-availability of Renewal Energy Certificate during the year, though the Company has been able to reduce the loss, but the results have not been positive. The Company is making all efforts to qualify for the Renewal Energy Certificate, as may be allowed. During the period overall flow of water from various sources (Dams, rivers and canal) was significantly better as compared to previous period, as a result of which, generation of electricity has slightly improved.

### 3. Outlook

The Company has been putting its all efforts to maximize the generation through efficient management and efficient maintenance.

During the lean period and lower usage of generators, major repair works have been undertaken. If good rainfall prevails in current year, this repair work will give advantage during next electricity generation season.

In addition to 2 hydro projects, feasibility studies are undertaken for Solar, Wind Power generation. Further advice on these proposals are awaited from government agencies in the near future.

### 4. Share Capital

The paid up equity share capital of the Company as on March 31, 2017 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

Regulatory Authorities have initiated a process to revise downwards floor price of the Renewal Energy Certificate and decisions are awaited. At the present, in petitions filed by others, the Supreme Court has granted a stay against trading of the Renewal Energy Certificate. Except this, there were no material changes and commitments affecting the financial position of the Company which have occurred, between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

## 7. Subsidiary Company/Joint venture/Associate

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

## 8. Deposits

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and Rules framed there under and there is no outstanding deposit.

## 9. Board of Directors and Key Managerial Personnel

The composition of Board of Directors of the Company is as under:

Sr. No	Name of the Director	Designation	Category
1	Mr. Mukundan Srinivasan (DIN: 00276429)	Chairman	Non Executive Non Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Director	Non Executive Non Independent
3	Mr. Kaiwan D. Kalyaniwalla (DIN: 00060776)	Director	Non Executive Independent
4	Mr. Pradip N. Kapadia (DIN: 00078673)	Director	Non Executive Independent
5	Mr. Ramesh R. Patil DIN: 07568951)	Wholetime Director	Executive Non Independent

Mr. Mukundan Srinivasan is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommend his re-appointment as Director of the Company.

Mr. Vikram V. Nagar who was appointed Whole time Director & Chief Financial Officer with effect from June 21, 2016 by the shareholders of the Company at their Annual General Meeting held on September 2, 2016 had resigned as the Whole time Director with effect from September 8, 2016, he continues as Chief Financial Officer of the Company.

Mr. Ramesh R. Patil had been appointed as an Additional Director and subject to the approval of the shareholders, Wholetime Director of the Company with effect from September 8, 2016.

Key Managerial Personnel of the Company are Mr Ramesh R. Patil, Wholetime Director and Mr. Vikram V. Nagar, Chief Financial Officer. Mr. Mohan Ketkar, who was appointed the Company Secretary with effect from August 1, 2016 resigned with effect from January 1, 2017.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances, which may affect their status as the Independent Directors during the year.

## 10. Meetings of the Board of Directors and Attendance

The Board met at least once in each quarter. 5 Meetings were held during the financial year ended March 31, 2017 i.e. on June 21, 2016, September 8, 2016, October 7, 2016, November 30, 2016 and January 24, 2017. The number of meetings held and attended during the year are as under:

Sr.No	Name of the Directors	Number of Board Meetings during the Financial Year ended March 31, 2017	
		Held	Attended
1.	Mr. Mukundan Srinivasan	5	3
2.	Mr. Chandrakant G. Shah	5	5
3.	Mr. Kaiwan D. Kalyaniwalla	5	5
4.	Mr. Pradip N. Kapadia	5	5
5.	Mr. Vikram V. Nagar #	1	1
6.	Mr. Ramesh R. Patil *	4	4

# Resigned with effect from September 8, 2016

\* Appointed with effect from September 8, 2016

**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.

**Brief description of terms of reference :**

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

**Audit Committee mandatory reviews the following information:**

- Company's financial reporting process, Quarterly and Annual financial statements and financial/risk management policies.
- Statement of significant related party transactions
- Management letters/letters of internal control weakness, if any, issued by the statutory auditors
- Adequacy of the internal control systems and functioning of the Internal Audit team
- Appointment, removal and terms of remuneration of the Auditors.

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

Sr. No	Name of the Director	Category
1	Mr. Kaiwan D. Kalyaniwalla -Chairman (DIN: 00060776)	Non Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non Executive Non Independent
3	Mr. Pradip N. Kapadia (DIN: 00078673)	Non Executive Independent

The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial management. The Wholetime Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings.

The Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. Discussions with the Management and the Statutory Auditors, the audit plan for the financial year and a joint post-audit review of the same are held at regular intervals.

The Company places all the relevant details before the Audit Committee periodically.

The Committee meets at least once in each quarter. 5 Meetings were held during the financial year ended March 31, 2017 i.e. on June 21, 2016, September 8, 2016, October 7, 2016, November 30, 2016 and January 24, 2017.

The number of meetings held and attended during the year are as under:

Sr. No	Name of the Director	Number of Audit Committee Meetings held during the Financial Year ended March 31, 2017	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - Chairman	5	5
2.	Mr. Chandrakant G. Shah	5	5
3.	Mr. Pradip N. Kapadia	5	5

**b. Nomination and Remuneration Committee**

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

**Brief description of terms of reference:**

- 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 Directors/Key Managerial Personnel i.e. background details, past remuneration, recognition or awards, job profile etc., shall be considered and disclosed to shareholders, wherever required.

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

Sr. No	Name of the Director	Category
1	Mr. Kaiwan D. Kalyaniwalla Chairman (DIN: 00060776)	Non Executive Independent
2	Mr. Chandrakant G. Shah (DIN: 00002358)	Non Executive Non Independent
3	Mr. Pradip N. Kapadia (DIN: 00078673)	Non Executive Independent

Two (2) Meetings were held during the financial year ended March 31, 2017 i.e. on June 21, 2016 and September 8, 2016.

The number of meetings held and attended during the year are as under:

Sr.No	Name of the Director	Number of Nomination and Remuneration Committee Meetings held during the Financial Year ended March 31, 2017	
		Held	Attended
1.	Mr. Kaiwan D. Kalyaniwalla - 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 2016 -17, 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 throughout 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 :

The present statutory auditors, Messrs. Murugesh & Company, Chartered Accountants will retire upon the conclusion of the forthcoming Annual General Meeting of the Company, in compliance with the provisions relating to mandatory rotation of Auditors under the Companies Act, 2013.

The Board of Directors of the Company at their meeting held on May 26, 2017 have, subject to the approval of the shareholders of the Company, approved the appointment of Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W) as the statutory auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of 11<sup>th</sup> Annual General Meeting of the Company.

Batliboi & Purohit, Chartered Accountants have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder, for appointment as Auditors of the Company. The auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Audit Report of the retiring auditors, Messrs. Muruges & Company, Chartered Accountants forms part of the Annual Report. The Auditors' Report does not contain any qualification.

**15. Particulars of loans, guarantees or investments under section 186**

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

**16. Particulars of contracts or arrangements with related parties:**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

During the year under review, there were no materially significant related party transactions with the Promoter, Directors, Key Managerial Personnel or the Designated Persons, which may have a potential conflict with the interest of Company at large except sale of power to the holding company, which have been approved by the shareholders.

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

The particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been disclosed in Form No. AOC-2 as **Annexure I** to this report.

**17. Extract of Annual Return:**

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 is forming a part of this Annual Report as **Annexure II**

**18. Statutory Disclosures :**

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status and Company's operations in future.

**19. Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :**

The Company has adopted a policy as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for prevention, prohibition and redressal of complaints of sexual harassment at workplace.

During the year under review, no complaints on sexual harassment were received.

**20. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :**

The details of conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:

(a) Conservation of Energy :

(i)	the steps taken or impact on conservation of energy	<p>a. Water and oil leakages identified and attended which in turn resulted in higher efficiency of pump operation.</p> <p>b. Timers to be fixed for switching ON/OFF lightening for inside and outside powerhouse.</p> <p>c. Ventilation and exhaust fan operation to be controlled as per required temperature by utilizing temperature controller to save auxiliary energy consumption.</p> <p>d. Minor water leakages in the canal were repaired to stop wastage of water, thereby using the same water for power generation.</p>
(ii)	the steps taken by the Company for utilizing alternate sources of energy	The Company has its own Hydro-Generation. The Company is in the process of exploring solar option.
(iii)	the capital investment on energy conservation equipment's	The Company has added energy conservation equipments.



(b) Technology Absorption :

(i)	the efforts made towards technology absorption	NA
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	NA
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (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	NA NA NA NA
(iv)	the expenditure incurred on Research and Development	Nil

( c ) Foreign Exchange Earnings and Outgo : NIL

**21. Human Resources :**

Your Company treats its “human resources” as one of its most important assets.

Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

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

**23. Acknowledgments :**

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

Mumbai,  
May 26, 2017

S Mukundan  
Chairman

Registered Office:  
#1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes,  
Near Jayanna circle, Rajarajeshwari Nagar,  
Bengaluru- 560 098

**Annexure I****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 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-2016 to 31-Mar-2017
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. 3.90 for every unit of power transferred, subject to conditions laid out in the agreement
e.	Date of approval by the Board, if any	22.05.2012
f.	Amount paid as advance, if any	Security Deposit - Rupees One Crore

For and on behalf of the Board of Directors

**S. Mukundan**  
Chairman

Place : Mumbai

Date : May 26, 2017



**Form No.MGT-9**  
**EXTRACT OF ANNUAL REPORT**

As at March 31, 2017

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

**I. REGISTRATION AND OTHER DETAILS**

1.	CIN	U40103KA2012PLC062107
2.	Date of Incorporation	27.03.2012
3.	Name of the Company	Gokak Power & Energy Limited
4.	Category	Company Limited by Shares
5.	Sub-Category of the Company	Indian Non-Government Company
6.	Address of the Registered Office and Contact details	# 1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru- 560 098 Ph : +91 80 29744077 ; +91 80 29744078
7.	Whether Listed or not	No
8.	Name, Address and Contact details of the Registrar and Transfer Agent, if any	NA

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

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

Sl. No.	Name/Description of Main Products/Services	NIC Code of Product/Service	% to Total Turnover of the Company
1	Hydro Electric Power	35101	100%

**III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name AND Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of Shares Held	Applicable Section
1	Gokak Textiles Limited	L17116KA2006PLC038839	Holding	51%	2 (87)

**IV) Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

	Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2016				No. of Shares held at the end of the year i.e 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
©	Bodies Corporate	24,989,940	0	24,989,940	51.00	24,989,940	0	24,989,940	51.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>24,989,940</b>	<b>0</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	24,010,000	0	24,010,000	49.00	24,010,000	0	24,010,000	49.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs.1 lakh	0	60	60	0.00	0	60	60	0.00	0.00
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	OCBs/Foreign Cos	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B) (2)</b>	<b>24,010,000</b>	<b>0</b>	<b>24,010,000</b>	<b>49.00</b>	<b>24,010,000</b>	<b>0</b>	<b>24,010,000</b>	<b>49.00</b>	<b>0.00</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.0</b>	<b>0.00</b>



**Gokak Power & Energy Limited**

<b>ii) Shareholding pattern of Promoter-</b>								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Gokak Textiles Limited	2,49,90,000	51%	-	2,49,90,000	51%	-	-
2.	Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd.,	2,40,10,000	49%	-	2,40,10,000	49%	-	-
	<b>Total</b>	<b>4,90,00,000</b>	<b>100%</b>	<b>-</b>	<b>4,90,00,000</b>	<b>100%</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in Promoters' Shareholding between 01.04.2016 to 31.03.2017			
3	At the end of the year				

**IV) Shareholding of Top 10 Shareholders(other than Directors, Promoters and holders of GDR's and ADR's )**

	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2016		Date	Reason	Purchase of Shares/Decrease in Shareholding		Commutative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
1	Shapoorji Pallonji Infrastructure Capital Company Pvt. Limited	24,010,000	49.00			-	-	24,010,000	49.00
				31.03.2017	No Change At the end of the year	0	0	0.00	0.00
2	Shapoor P. Mistry JT1 Gokak Textiles Ltd	10	0.00	-	No Change At the end of the year	0	0.00	10	0.00
		-		31.03.2017		-	-	10	0.00
3	Sachin Kulkarni JT1 Gokak Textiles Ltd	10	0.00	-	No Change At the end of the year	10	0.00	10	0.00
		-		31.03.2017		-	-	10	0.00
4	Mukundan Srinivasan JT1 Gokak Textiles Ltd	10	0.00	-	No Change At the end of the year	0	0.00	10	0.00
		-		31.03.2017		-	-	10	0.00
5	Firoze kavshah Bhatehna JT1 Gokak Textiles Ltd	10	0.00	-	No Change At the end of the year	0	0.00	10	0.00
		-		31.03.2017		-	-	10	0.00
6	Vasant Narayan Sanzgiri JT1 Gokak Textiles Ltd	10	0.00	-	No Change At the end of the year	0	0.00	10	0.00
		-		31.03.2017		-	-	10	0.00

7	Rahul Adeshwar Jain JT1 Gokak Textiles Ltd	7	0.00					7	0.00
				-	No Change	0	0.00	7	0.00
				31.03.2017	At the end of the year	-	-	7	0.00
8	Mohan Ketkar JT1 Gokak Textiles Ltd	1	0.00					1	0.00
					Transfer	1	0.00	1	0.00
				31.03.2017	At the end of the year	-	-	1	0.00
9	K S Ballal JT1 Gokak Textiles Ltd	1	0.00					1	0.00
				-	No Change	1	0.00	1	0.00
				31.03.2017	At the end of the year	-	-	1	0.00
10	Ramananda Pai JT1 Gokak Textiles Ltd	1	0.00					1	0.00
				-	No Change	1	0.00	1	0.00
				31.03.2017	At the end of the year	-	-	1	0.00

## v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year				
	Mukundan Srinivasan - JT 1 Gokak Textiles Ltd. Ramananda Pai - JT 1 Gokak Textiles Ltd.	10 1	- -	10 1	- -
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the end of the year				
	Mukundan Srinivasan - JT 1 Gokak Textiles Ltd. Ramananda Pai - JT 1 Gokak Textiles Ltd.	10 1	- -	10 1	- -





**V) INDEBTEDNESS**

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	69.26	14.10	-	83.36
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.40	-	-	0.40
<b>Total (i+ii+iii)</b>	<b>69.66</b>	<b>14.10</b>	<b>-</b>	<b>83.76</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	20.82	13.69	-	34.51
* Reduction	-	-	-	-
<b>Net Change</b>	<b>20.82</b>	<b>13.69</b>	<b>-</b>	<b>34.51</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	61.82	27.79	-	89.61
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	28.66	-	-	28.66
<b>Total (i+ii+iii)</b>	<b>90.48</b>	<b>27.79</b>	<b>-</b>	<b>118.27</b>

In Rupees

**VI. REMUNERATION TO OTHER DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sl. No.	Particulars of Remuneration	Fees for attending Board/ Committee Meetings	Commission	Others please specify	Total
1	Mr. S. Mukundan	60000	-	-	60000
2	Mr. C. G. Shah	170000	-	-	170000
3	Mr. Pradip N. Kapadia	180000	-	-	180000
4	Mr. Kaiwan D. Kalyaniwala	180000	-	-	180000
	<b>Total</b>	<b>590000</b>	<b>-</b>	<b>-</b>	<b>590000</b>

Note : None of the Key Managerial personnel are receiving any remuneration from the Company.

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

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

## INDEPENDENT AUDITORS' REPORT

### To the Members of GOKAK POWER & ENERGY LIMITED

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **GOKAK POWER & ENERGY LIMITED** ('the company'), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state affairs of the company as at 31 March 2017 and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of 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.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.



Gokak Power & Energy Limited

- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of the such controls, refer to our separate report in 'Annexure B'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit & Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company did not have any pending litigations on its financial position in its the Ind AS financial statements;
  - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - III. There has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the company.
  - IV. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. **Refer to Note : 9.9 A (ii)** to the standalone Ind AS financial statements.

**For MURUGESH & CO.,**

Chartered Accountants

Firm Reg No. 002233S

**H B M Murugesh**

Proprietor

Membership No. 020497

Place : Bengaluru

Date : May 9, 2017

## ANNEXURE'S TO THE AUDITORS' REPORT

### ANNEXURE 'A'

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a program for physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the years and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Physical verification of the finished goods, stores, spare parts and raw materials has been conducted by the management at reasonable intervals, except in respect of stocks lying with third parties for which certificates have been obtained. The discrepancies noticed on physical verification of stocks as compared to book records, were not material and have been properly dealt with in the books of account.
- (iii) Company has not granted any unsecured loans to the parties covered in the register maintained u/s 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products of 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 accounts in respect of undisputed statutory dues including provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of duty, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. According to records of the company, the company has not issued debentures till 31<sup>st</sup> March, 2017. Company is regular in repayment of dues to banks.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us and on the basis of examination of records of the company, term loans were applied for the purpose for which the loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company by its officers or employees has been noticed or reported during the course of audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.



## **ANNEXURE 'B'**

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

We have audited the internal financial controls over financial reporting of Gokak Power & Energy Limited ('the Company') as of 31 March 2017 in conjunction with our audit of Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on 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 the Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Companies act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the standards on Auditing, 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 Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether adequate internal financial controls over financial reporting were 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 and their operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of 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 control 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 statement 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 the generally accepted accounting policies, and that receipts and expenditures of the Company are being made only in accordance with authorization of the 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 Limitation of Internal Financial Control 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 misstatement due to errors or fraud may occur and not be detected. Also, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Chartered Accountants of India.

**For MURUGESH & CO.,**

Chartered Accountants

Firm Reg No. 002233S

**H B M Murugesh**

Proprietor

Membership No. 020497

Place : Bengaluru  
Date : May 9, 2017

**GOKAK POWER & ENERGY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at 31st Mar., 2017 in Lakhs	As at 31st Mar., 2016 in Lakhs	As at 31st Oct. 2015 in Lakhs
<b>Assets</b>				
<b>1 Non-current assets</b>				
a) Property, Plant and Equipment	4	10,859.18	11,213.81	11,407.44
b) Capital work-in-progress		14.26	22.36	22.36
		-	-	-
<b>g) Tax assets</b>				
i) Deferred tax assets (net)	16	783.51	329.98	49.45
ii) Income tax assets (net)	20A	13.53	13.90	6.64
		797.04	343.88	56.09
h) Other non-current assets	10A	71.03	75.18	61.78
<b>Total Non-current assets</b>		<b>11,741.51</b>	<b>11,655.23</b>	<b>11,547.67</b>
<b>2 Current assets</b>				
a) Inventories	8	14.40	17.83	15.71
<b>b) Financial Assets:</b>				
i) Investments	11B	-	-	-
ii) Trade receivables	5	86.44	12.45	32.47
iii) Cash and cash equivalents	9A	35.87	529.18	0.15
iv) Bank balances other than (ii) above	9B	956.17	895.73	837.09
v) Loans	6	-	-	-
vi) Other financial assets	7	455.90	738.60	878.96
		1,534.38	2,175.96	1,748.67
c) Current tax assets (net)	20B	-	-	-
d) Other current assets	10B	3.55	5.10	4.29
		1,537.93	2,181.06	1,752.96
<b>Total Current assets</b>		<b>1,552.33</b>	<b>2,198.89</b>	<b>1,768.67</b>
<b>Total Assets</b>		<b>13,293.84</b>	<b>13,854.12</b>	<b>13,316.34</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
a) Equity share capital	11A	4,900.00	4,900.00	4,900.00
b) Other equity	12	(745.85)	(730.84)	(451.74)
Equity attributable to owners of the Company		<b>4,154.15</b>	<b>4,169.16</b>	<b>4,448.26</b>
<b>Total Equity</b>		<b>4,154.15</b>	<b>4,169.16</b>	<b>4,448.26</b>
<b>Liabilities</b>				
<b>1 Non-current liabilities</b>				
<b>a) Financial liabilities:</b>				
i) Borrowings	13	5,321.75	6,182.00	6,554.00
ii) Other financial liabilities	14A	100.00	100.00	100.00
		<b>5,421.75</b>	<b>6,282.00</b>	<b>6,654.00</b>
b) Provisions	15A	16.63	19.64	21.35
c) Other non-current liabilities	17A	-	-	-
<b>Total Non-current liabilities</b>		<b>5,438.38</b>	<b>6,301.64</b>	<b>6,675.35</b>



<b>2 Current liabilities</b>				
<b>a) Financial liabilities:</b>				
i) Borrowings	<b>18</b>	2,779.22	1,409.58	309.92
ii) Trade payables	<b>19A</b>	12.64	10.53	12.54
iii) Other financial liabilities	<b>14B</b>	900.82	807.46	775.25
		<b>3,692.68</b>	<b>2,227.57</b>	<b>1,097.71</b>
b) Provisions	<b>15B</b>	0.67	3.33	3.26
d) Other current liabilities	<b>17B</b>	7.96	1,152.42	1,091.76
		<b>3,701.31</b>	<b>3,383.32</b>	<b>2,192.73</b>
Liabilities directly associated with assets classified as held for sale		-	-	-
<b>Total Current Liabilities</b>		<b>3,701.31</b>	<b>3,383.32</b>	<b>2,192.73</b>
<b>Total Liabilities</b>		<b>9,139.69</b>	<b>9,684.96</b>	<b>8,868.08</b>
<b>Total Equity and Liabilities</b>		<b>13,293.84</b>	<b>13,854.12</b>	<b>13,316.34</b>
See accompanying notes forming part of the financial statements	<b>1 to 38</b>			

In terms of our report attached  
**For MURUGESH & CO.,**  
Chartered Accountants  
Firm Reg No. 002233S

**VIKRAM NAGAR**  
Chief Financial Officer

**H B M MURUGESH**  
Proprietor  
Membership No. 020497  
Bengaluru, 09th May, 2017

**MUKUNDAN SRINIVASAN**  
(DIN: 00276429)

Chairman

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

Whole Time Director

**C.G. SHAH**  
(DIN: 00002358)

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

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

Directors

Mumbai, 09th May, 2017

**GOKAK POWER & ENERGY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	Note No.	Year Ended 31st Mar., 2017 in Lakhs	Year Ended 31st Mar., 2016 in Lakhs
A I Revenue from operations	21	1,053.91	302.00
II Other income	22	75.07	35.67
III Total Income (I + II)		<b>1,128.98</b>	<b>337.67</b>
<b>IV Expenses:</b>	24	-	-
Cost of materials consumed	23	0.01	-
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	-	-
Employee benefits expense	23	58.29	26.93
Finance costs	24	1,022.53	624.14
Depreciation and amortisation expense	25	354.64	193.64
Other expenses	26	162.60	55.30
Total expenses		<b>1,598.07</b>	<b>900.01</b>
<b>V Profit / (Loss) before exceptional items and tax (III - IV)</b>		<b>(469.09)</b>	<b>(562.34)</b>
VI Exceptional items - Income	26B	-	-
<b>VII Profit before tax (V + VI)</b>		<b>(469.09)</b>	<b>(562.34)</b>
<b>VIII Tax expense:</b>			
(a) Current tax	27	-	-
(b) Deferred tax	27	(453.53)	(280.54)
		(453.53)	(280.54)
<b>IX Profit for the year from continuing operations (VII - VIII)</b>		<b>(15.56)</b>	<b>(281.80)</b>
<b>B DISCONTINUED OPERATIONS</b>			
<b>X Profit / (Loss) before tax from discontinued operations</b>		-	-
XI Tax expense of discontinued operations		-	-
		-	-
<b>XII Profit / (Loss) for the year from discontinued operations (after tax) [X - XI]</b>		-	-
<b>C TOTAL OPERATIONS</b>			
<b>XIII Profit for the year (IX + XII)</b>		<b>(15.56)</b>	<b>(281.80)</b>
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Changes in revaluation surplus		0.54	2.70
Remeasurement of the defined benefit plans		-	-
(c) Equity instruments through other comprehensive income		-	-
(d) Others		-	-
(e) Share of other comprehensive income in associates and joint ventures, to the extent not to be reclassified to profit or loss		-	-
		<b>0.54</b>	<b>2.70</b>
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
		<b>0.54</b>	<b>2.70</b>
<b>B (i) Items that may be reclassified to profit or loss</b>			
(a) Exchange differences in translating the financial statements of foreign operations including the gain / loss on related hedging instrument		-	-
(b) Debt instruments through other comprehensive income		-	-
(c) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		-	-
(d) Others		-	-
(e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss		-	-
		-	-





<b>B (ii) Income tax relating to items that may be reclassified to profit or loss</b>		-	-
		-	-
<b>Other Comprehensive Income A</b>		<b>0.54</b>	<b>2.70</b>
<b>XV Total Comprehensive Income for the period (XIII + XIV)</b>		<b>(15.02)</b>	<b>(279.10)</b>
<b>XVI Earning per equity share (for continuing operation):</b> Basic and diluted earnings per equity share ₹	28	₹ (0.03)	₹ (0.58)
<b>XVII Earning per equity share (for discontinued operation):</b> Basic and diluted earnings per equity share ₹		₹ 0.00	₹ 0.00
<b>XVIII Earning per equity share (for continuing and discontinued operation):</b> Basic and diluted earnings per equity share `		₹ (0.03)	₹ (0.58)
<b>See accompanying notes forming part of the financial statements</b>	<b>1 to 41</b>		

In terms of our report attached  
**For MURUGESH & CO.,**  
 Chartered Accountants  
 Firm Reg No. 002233S

**VIKRAM NAGAR**  
 Chief Financial Officer

**H B M MURUGESH**  
 Proprietor  
 Membership No. 020497  
 Bengaluru, 09th May, 2017

**MUKUNDAN SRINIVASAN**  
 (DIN: 00276429)

Chairman

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

Whole Time Director

**C.G. SHAH**  
 (DIN: 00002358)

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

**PRADIP N. KAPADIA**

Directors

Mumbai, 09th May, 2017

**GOKAK POWER & ENERGY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Year Ended 31st Mar., 2017	Year Ended 31st Mar., 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit \ (Loss) before tax for the year	(468.54)	(559.64)
<b>Adjustments for:</b>		
Depreciation expenses	354.64	193.64
Finance Cost	1,022.53	624.14
Interest & Dividend Income	(75.07)	(35.67)
<b>Cash Generated from operations before working capital changes</b>	<b>833.56</b>	<b>222.47</b>
<b>Adjustments for:</b>		
(Increase)/decrease in trade receivables	(73.99)	20.03
(Increase)/decrease in inventories	3.42	(2.12)
(Increase)/decrease in Other Current Assets	288.77	118.89
(Increase)/decrease in trade payables	12.64	-
Increase / (Decrease) in Long Term Provision	(3.01)	(1.71)
Increase / (Decrease) in Short Term Provision	(2.66)	0.07
Increase / (Decrease) in other Current Liabilities	(1,177.88)	90.86
<b>Cash generated from operations</b>	<b>(119.15)</b>	<b>448.49</b>
Taxes paid (net of refunds)	-	-
<b>Net cash generated from operating activities - [A]</b>	<b>(119.15)</b>	<b>448.49</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of tangible assets	8.08	-
Interest received	75.07	35.67
<b>Net cash flow from/ (used in) investing activities [B]</b>	<b>83.16</b>	<b>35.67</b>
<b>C. Cash Flow from Financing Activities :</b>		
Finance Cost (Excl Exchange Loss)	(1,022.53)	(624.14)
Repayment of Long-term borrowings	(744.00)	(372.00)
Proceeds from short term borrowings	1,369.65	1,099.66
<b>Net cash flow from/ (used in) financing activities [C]</b>	<b>(396.88)</b>	<b>103.52</b>
<b>Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]</b>	<b>(432.87)</b>	<b>587.69</b>
<b>Cash and cash equivalents as at beginning [E]</b>	<b>1,424.92</b>	<b>837.23</b>
<b>Cash and cash equivalents as at closing [D]+[E]</b>	<b>992.05</b>	<b>1,424.92</b>

**Notes:**

- i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements".
- ii) Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

See accompanying notes forming part of the financial statement.

**MUKUNDAN SRINIVASAN**  
(DIN: 00276429)

Chairman

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

Whole Time Director

**C.G. SHAH**  
(DIN: 00002358)

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

Directors

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

In terms of our report attached  
**For MURUGESH & CO.,**  
Chartered Accountants  
Firm Reg No. 002233S

**VIKRAM NAGAR**  
Chief Financial Officer

**H B M MURUGESH**  
Proprietor  
Membership No. 020497  
Bengaluru, 09th May, 2017

Mumbai, 09th May, 2017



## **GOKAK POWER & ENERGY LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

#### **1 Corporate Information**

Gokak Power & Energy Limited is public company incorporated on 17th January, 2012 under the provisions of Companies Act, 1956. The company is in the business of generation/producing electric power. The Company has 10.8 MW of Hydro power plant. The Company is selling power generated from this combination of long term Power Purchase Agreements and on merchant basis.

#### **2 Basis of Preparation**

i. The financial statements of the Company have been prepared on in accordance with Indian accounting standards herein after 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 provision of the Act. The financial statements have been prepared on accrual basis and under the historical cost convention.

ii. Company has prepared Current financial statements for the Period April 01, 2016 to March 31, 2017, previous financial statements are prepared for a period of 6 months from October 1, 2015 to March 31, 2016 as required Under the Act. Hence the figures for the current accounting period are not comparable with those of the previous accounting year.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS separate financial statements. The date of transition to Ind AS is Oct.01,2015. Refer Note xxiii for the details of first-time adoption exemptions availed by the Company.

iii. 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.

#### **3 Significant Accounting Policies**

##### **(a) Statement of Compliance :**

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

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

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

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period

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.

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 .

##### **(c) Fixed Assets :**

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation. 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. Adjustments arising from the exchange rates variances relating to liabilities attributable to fixed assets are expensed out.

##### **(d) Investment property :**

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

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

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of Oct.01,2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(e) Depreciation /Amortisation:**

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. Items costing less than and up to Rs. 5,000 are fully depreciated in the year of purchase. Cost of Leasehold Land and Building are amortised over the period of lease.

**(f) Investments in Subsidiary :**

Investments are classified into long-term and current investments. Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long-term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment. Current investments are stated at lower of cost and fair value.

**(g) Financial instruments :**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. 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 liabilities and equity instruments :**

**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.

**Equity instruments**

An equity instrument 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.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at 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.

**(h) 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.

**(i) Revenue Recognition**

**Income from Power Generation:** Sales are accounted for on transmission of power to the customers and are net of taxes.

**Income from Power Incentive:** Revenue from Renewable Energy Certificates is recognised on accrual basis.

**NOTE :** Previously company was eligible for REC benefit on 10.8 WW with recent 4th amendment gazette notification dated : 30.03.2016, now company is eligible for REC income on 4.5 MW after installation of ABT meter, REC income will be regularized.

**(j) Operating Expenses :**

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

**(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 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.



**(i) 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. Provision for deferred tax is made for all temporary timing difference arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Credit Available in respect of MAT under the Income Tax Act, 1961, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. 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.

**(m) Earnings per Share :**

The Company reports basic and diluted earnings per equity share in accordance with AS-20, 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.

**(n) Impairment :**

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.

**(o) 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 is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gain/losses, if any, are immediately 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**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity, post-retirement medical benefits and non-compete fees plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR 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.

**(p) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(q) First-time adoption – mandatory exceptions, optional exemptions****Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of Oct. 01, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

**Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after Oct.01,2015 (the transition date).

**Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

**Assessment of embedded derivatives**

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

**Deemed cost for property, plant and equipment, investment property and intangible assets**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of Oct.01,2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.



**GOKAK POWER & ENERGY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

**4. Property, plant and equipment**

in Lakhs

	<b>Building and structures</b>	<b>Plant and machinery</b>	<b>Furniture, Fixtures &amp; Office Equipments</b>	<b>Data processing equipments</b>	<b>Total</b>
<b>Cost or Deemed cost</b>					
<b>Balance at October 1, 2015</b>	<b>6,777.64</b>	<b>4,628.97</b>	<b>0.83</b>	<b>-</b>	<b>11,407.44</b>
Additions	-	-	-	-	-
Acquisitions through business Combinations	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-
Others	-	-	-	-	-
<b>Balance at April 1, 2016</b>	<b>6,777.64</b>	<b>4,628.97</b>	<b>0.83</b>	<b>-</b>	<b>11,407.44</b>
Additions	-	-	0.01	-	0.01
Acquisitions through business Combinations	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-
Others	-	-	-	-	-
<b>Balance at April 1, 2017</b>	<b>6,777.64</b>	<b>4,628.97</b>	<b>0.84</b>	<b>-</b>	<b>11,407.45</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at Oct.01,2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Eliminated on disposals of assets	-	-	-	-	-
Eliminated on reclassification as held for sale	-	-	-	-	-
Depreciation expense	127.66	65.92	0.06	-	193.64
Others	-	-	-	-	-
<b>Balance at April 1, 2016</b>	<b>127.66</b>	<b>65.92</b>	<b>0.06</b>	<b>-</b>	<b>193.64</b>
Eliminated on disposals of assets	-	-	-	-	-
Eliminated on reclassification as held for sale	-	-	-	-	-
Depreciation expense	236.89	117.62	0.13	-	354.64
Others	-	-	-	-	-
<b>Balance at April 1, 2017</b>	<b>364.55</b>	<b>183.53</b>	<b>0.19</b>	<b>-</b>	<b>548.28</b>
<b>Carrying Amount</b>					
<b>Balance at Oct.01,2015</b>	<b>6,777.64</b>	<b>4,628.97</b>	<b>0.83</b>	<b>-</b>	<b>11,407.44</b>
Addition	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-
Depreciation expense	127.66	65.92	0.06	-	193.64
Others	-	-	-	-	-
<b>Balance at April 1, 2016</b>	<b>6,649.98</b>	<b>4,563.06</b>	<b>0.77</b>	<b>-</b>	<b>11,213.81</b>
Addition	-	-	0.01	-	0.01
Disposal	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-
Depreciation expense	236.89	117.62	0.13	-	354.64
Others	-	-	-	-	-
<b>Balance at April 1, 2017</b>	<b>6,413.50</b>	<b>4,445.93</b>	<b>0.65</b>	<b>-</b>	<b>10,859.18</b>

**GOKAK POWER & ENERGY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

**5. Trade receivables**

5. Current	Particulars	GTL		
		As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
	<b>Trade receivables</b>			
	a) Unsecured, considered good	86.44	12.45	32.47
	b) Doubtful	-	-	-
	Allowance for doubtful debts (expected credit loss allowance)	-	-	-
	<b>Total (B)</b>	<b>86.44</b>	12.45	32.47
	<b>Total (A+B)</b>	<b>6.44</b>	12.45	32.47

**5.1 Trade receivables**

The average credit period on sales is 15 to 30 days. No interest is charged on trade receivables overdue. The Company doesn't recognise an allowance for doubtful debts as standard policy as majority of sales is to Holding Company.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired

Particulars	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
Not Due			
0 - 60	86.44	12.45	32.47
61- 180			
181 - 365			
Above 365 Days			
<b>Total</b>	<b>86.44</b>	12.45	32.47

**7. Other financial assets****7. Current***in Lakhs*

Particulars	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>a) Accruals:</b>			
i) Interest accrued on deposits with bank	-	-	-
ii) Interest accrued on investments	-	-	-
iii) Interest accrued on loans	-	-	30.22
<b>sub total (a)</b>	-	-	30.22
<b>b) Other current receivables</b>			
- Unsecured, considered good	455.90	738.60	848.75
- Claim Receivable			
- Super Annuation Fund Receivable			
<b>sub total (d)</b>	<b>455.90</b>	738.60	848.75
<b>Total (a+b)</b>	<b>455.90</b>	738.60	878.96





**8. Inventories**

Particulars	<i>in Lakhs</i>		
	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>a) Inventories (lower of cost and net realisable value)</b>			
Raw materials	-	-	-
Work-in-progress	-	-	-
Finished goods	-	-	-
Stock-in-trade	-	-	-
Stores and spares	14.40	17.83	15.71
	-	-	-
<b>Total (a)</b>	<b>14.40</b>	17.83	15.71
<b>b) Goods-in-transit</b>	-	-	-
<b>Total (a)</b>	<b>14.40</b>	17.83	15.71

**9.9 A. (i) Cash and cash equivalents**

Particulars	<i>in Lakhs</i>		
	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>Balances with Banks</b>			
a) In current accounts	35.48	528.69	0.11
b) In EEFC Accounts	-	-	-
	<b>35.48</b>	528.69	0.11
<b>Cheques, drafts on hand</b>	-	-	-
<b>Cash on hand</b>	00.39	0.50	0.04
<b>Cash and cash equivalents as per balance sheet</b>	<b>35.88</b>	529.19	0.14

**Note : 9.9 A. (ii)**

**Disclosure on Specified Bank Notes**

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows

Particulars	Specified Bank	Other	Total
	Notes*	denomination notes	
Closing cash in hand as on November 8, 2016	-	4,654.00	4,654.00
Add : Permitted receipts	-	103,807.00	103,807.00
Less : Permitted payments	-	69,391.00	69,391.00
Less : Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	39,070.00	39,070.00

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

**9.9 B. Other Bank balances**

a) Earmarked accounts:			
- Unpaid dividends	-	-	-
b) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI Bank under lien.	956.17	895.73	837.09
c) Balances held as margin money / under lien with remaining maturity of less than 12 months	-	-	-
	<b>956.17</b>	<b>895.73</b>	<b>837.09</b>

**10. Other assets****10A. Non Current***in Lakhs*

Particulars	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
a) Capital Advances	-	-	-
b) Security Deposits	-	-	-
c) Advances to Employees	0.54	0.84	0.05
b) Prepaid expenses	19.46	23.31	10.70
d) Balances with statutory / government authorities			
- Unsecured, considered good	-	-	-
- Doubtful	-	-	-
Less : Allowance for doubtful balances	-	-	-
	-	-	-
e) Minimum Alternate Tax	51.03	51.03	51.03
<b>Total</b>	<b>71.03</b>	<b>75.18</b>	<b>61.78</b>

**10 B. Current***in Lakhs*

Particulars	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
a) Advances for supply of goods and services			
- Unsecured, considered good	3.33	4.88	4.07
- Doubtful	-	-	-
Less : Allowance for doubtful advances	-	-	-
	3.33	4.88	4.07
b) Prepaid expenses	-	-	-
c) Security Deposits	0.22	0.22	0.22
d) Balances with statutory / government authorities			
- Unsecured, considered good	-	-	-
- Doubtful	-	-	-
Less : Allowance for doubtful balances	-	-	-
	-	-	-
e) Claims Receivable & Duty Drawback Detailed Note to be given	-	-	-
f) Other Current Assets	-	-	-
g) Interest Subsidy Receivable	-	-	-
h) Advance Tax and TDS Receivable	-	-	-
<b>Total</b>	<b>3.55</b>	<b>5.10</b>	<b>4.29</b>

**11. Equity Share Capital****GPEL**

Particulars	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>Authorised Share capital :</b> 70,00,000 fully paid equity shares of Rs. 10 each	-	-	-
<b>Issued, subscribed and paid-up share capital:</b> 64,99,308 fully paid equity shares of Rs. 10 each (as at March 31, 2016: 49,000,000; as at October 01, 2015: 49,000,000)	4,900	4,900	4,900
	-	-	-
	<b>4,900</b>	<b>4,900</b>	<b>4,900</b>



**11.1 Fully paid equity shares**

Particulars	Number of shares	Share capital (in Lakhs)
Balance as at 1st Oct., 2015	49,000,000	90,000,000
Movements	-	-
Balance as at 31st Mar., 2016	49,000,000	490,000,000
Movements	-	-
<b>Balance as at 31st Mar., 2017</b>	<b>49,000,000</b>	<b>490,000,000</b>

**11.2 Details of shares held by the holding company, its subsidiaries and associates**

Particulars	Fully paid ordinary shares		
	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>Balance at the beginning of the period</b>			
Gokak Textile Limited - Holding Company	24,990,000	24,990,000	24,990,000
<b>Total</b>	<b>24,990,000</b>	24,990,000	24,990,000

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

Particulars	As at 31st Mar., 2017		As at 31st Mar., 2016		As at 1st Oct., 2015	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b>						
Shapoorji Pallonji Infrastructure Capital Company Private limited.	240.10	49%	240.10	49%	240.10	49%
<b>Total</b>	<b>240.10</b>	<b>0.49</b>	<b>240.10</b>	<b>0.49</b>	<b>240.10</b>	<b>0.49</b>

**11.4** 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.

**12. Other equity**

Particulars	GPEL		
	As at 31st Mar., 2017	As at 31st Mar., 2016	As at 1st Oct., 2015
<b>a) General reserve (Refer Note 1)</b>			
Balance at beginning of the year	(730.84)	(451.74)	(410.14)
Movements	-	-	-
<b>Balance at end of the year</b>	<b>(730.84)</b>	(451.74)	(410.14)
<b>b) Preference Share Capital</b>			
7% Non-cumulative, non-convertible, Redeemable Preference Shares of `10 each	-	-	-
11% Non-cumulative, non-convertible, Redeemable Preference Shares of `10 each	-	-	-
<b>Balance at end of the year</b>	-	-	-
<b>c) Retained earnings</b>			
Balance at beginning of year	-	-	-
Profit/(Loss) attributable to owners of the Company	(15.01)	(279.10)	(41.59)
	-	-	-

Actuarial (Gain)/ Loss- Gratuity- OCI- Opening	-	-	-
Add: Other comprehensive income arising from re-measurement of defined benefit obligation net of income tax	-	-	-
Change in fair value of financial liability attributable to changes in the credit risk which is FVTPL	-	-	-
Difference arising on disposal of interest that does not result in loss of control	-	-	-
Payment of dividends on equity shares	-	-	-
Share buy-back	-	-	-
Related income tax	-	-	-
Opening Ind AS adjustment	-	-	-
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	-	-
<b>Balance at end of the year</b>	<b>(15.01)</b>	<b>(279.10)</b>	<b>(41.59)</b>
<b>Total</b>	<b>(745.85)</b>	<b>(730.84)</b>	<b>(451.74)</b>



**GOKAK POWER & ENERGY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2017**

Statement of changes in equity for the year ended 31st March, 2017	
In Nos	
a. Equity share capital	Amount
Balance as at 1st Oct., 2015	49,000,000
Changes in equity share capital during the year	-
<b>Balance as at 31st Mar., 2016</b>	<b>49,000,000</b>
Changes in equity share capital during the year	-
<b>Balance as at 31st Mar., 2017</b>	<b>49,000,000</b>

*in Lakhs*

Statement of changes in equity for the year ended 31st March, 2017 – continued										
b. Other equity	Reserves and surplus						Money received against share warrants	Attributable to owners of the parent	Non-controlling interests	Total
	General reserve	Capital reserve for bargain purchase business combinations	Foreign currency monetary items translation difference account	Debenture redemption reserve	Retained earnings	Total				
<b>Balance at October 1, 2015</b>	(451.74)	-	-	-	-	(451.74)	-	(451.74)	-	(451.74)
Profit for the year	-	-	-	-	(281.80)	(281.80)	-	(281.80)	-	(281.80)
Other comprehensive income for the year, net of income tax	-	-	-	-	0.00	0.00	-	0.00	-	0.00
<b>Total comprehensive income for the year</b>	-	-	-	-	(281.80)	(281.80)	-	(281.80)	-	(281.80)
Payment of dividends	-	-	-	-	-	-	-	-	-	-
Additional non-controlling interests arising on acquisition	-	-	-	-	-	-	-	-	-	-
Disposal of partial interest in subsidiary	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Income tax relating to transactions with owners	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2016</b>	<b>(451.74)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(281.80)</b>	<b>(733.54)</b>	<b>-</b>	<b>(733.54)</b>	<b>-</b>	<b>(733.54)</b>
Profit for the year	-	-	-	-	(15.55)	(15.55)	-	(15.55)	-	(15.55)
Other comprehensive income for the year, net of income tax	-	-	-	-	0.00	0.00	-	0.00	-	0.00
<b>Total comprehensive income for the year</b>	-	-	-	-	(15.55)	(15.55)	-	(15.55)	-	(15.55)
Payment of dividends	-	-	-	-	-	-	-	-	-	-
Additional non-controlling interests arising on acquisition	-	-	-	-	-	-	-	-	-	-
Disposal of partial interest in subsidiary	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Income tax relating to transactions with owners	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2017</b>	<b>(451.74)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(297.36)</b>	<b>(749.09)</b>	<b>-</b>	<b>(749.09)</b>	<b>-</b>	<b>(749.09)</b>

## 13. Non-current Borrowings

(in Lakhs)

## GPEL

	Non-current portion			Current maturities		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015	As at 31.03.2017	As at 31.03.2016	As at 1.10.2015
<b>Secured – at amortised cost</b>						
(a) <b>Debentures (Refer Footnote)</b>	-	-	-	-	-	-
(b) <b>Term loans</b>						
<b>From banks</b>						
i) <b>ICICI BANK LIMITED</b> - 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.	5,321.75	6,182.00	6,554.00	860.25	744.00	697.50
	-	-	-	-	-	-
	5,321.75	6,182.00	6,554.00	860.25	744.00	697.50
c) <b>Finance lease obligations</b> - Secured by Computer Hardware financed [Repayable in quarterly equated installments. First installment was due in July, 2011 and last installment is due in December, 2015. Rate of Interest in the range of 7.68% to 9.33 % p.a.]	-	-	-	-	-	-
	5,321.75	6,182.00	6,554.00	860.25	744.00	697.50
Less: Amount disclosed under "Other current financial liabilities"	-	-	-	(860.25)	(744.00)	(697.50)
	5,321.75	6,182.00	6,554.00	-	-	-
(d) Deposits	-	-	-	-	-	-
(e) Loans from related parties (see note 54.3)	-	-	-	-	-	-
(f) Long term maturities of finance lease obligations	-	-	-	-	-	-
(g) Liability component of compound financial instruments	-	-	-	-	-	-
(h) Other loans	-	-	-	-	-	-
<b>Total Non-current borrowings</b>	<b>5,321.75</b>	<b>6,182.00</b>	<b>6,554.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 14. Other financial liabilities

## 14A. Non Current

Particulars	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 1.10.2015
Security deposits	100.00	100.00	100.00
For Premium payable on redemption of debentures	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## 14B. Current

Particulars	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
a) Current maturities of long-term borrowings	860.25	744.00	697.50
b) Current maturities of finance lease obligations	-	-	-
c) Interest accrued but not due on borrowings	28.66	35.75	40.41



d) Interest accrued and due on borrowings	-	-	-
f) Unpaid matured deposits and interest accrued thereon	-	-	-
h) Others :-			
- Payables on purchase of fixed assets	-	-	
- Security deposits	-	-	
- Payable to Capital Creditors	-	-	
- Other Payables	11.91	27.71	37.34
- Other Payables Salary & Others			
<b>Total</b>	<b>11.91</b>	<b>27.71</b>	<b>37.34</b>
	<b>900.82</b>	<b>807.46</b>	<b>775.25</b>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

**15. Provisions**

**15A. Non current**

Particulars	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
<b>a) Employee benefits</b>			
Compensated absences	2.93	3.08	3.34
Gratuity	13.70	16.56	18.01
Other post retirement benefits	-	-	-
<b>b) Other provisions</b>			
Provision for Contingencies	-	-	-
<b>Total</b>	<b>16.63</b>	<b>19.64</b>	<b>21.35</b>

**15B. Current**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
	<b>a) Employee benefits</b>		
Compensated absences	0.30	0.50	0.54
Gratuity	0.38	2.82	2.72
<b>b) Other provisions</b>			
For wealth tax less payments [net of advance tax ` xxx Lakhs (Previous year: ` xxx Lakhs)]	-	-	-
For statutory dues	-	-	-
For estimated losses on onerous contracts (Refer Note 25.1)	-	-	-
<b>Total</b>	<b>0.67</b>	<b>3.33</b>	<b>3.26</b>

**16. Deferred tax balances**

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

Particulars	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
Deferred tax assets	783.51	329.98	49.45
Deferred tax liabilities	-	-	-
<b>Net</b>	<b>783.51</b>	<b>329.98</b>	<b>49.45</b>

**17. Other liabilities**

**17B. Current**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
	a) Advances from customers	-	1,145.65
b) Customers' balances and advances for supplies and services to be rendered	-	-	-
c) Statutory remittances	7.96	6.77	5.10
d) Others			
- Gratuity Fund Payable	-	-	-
- Other Payables	-	-	-
- Deferred revenue	-	-	-
<b>Total</b>	<b>7.96</b>	<b>1,152.42</b>	<b>1,091.76</b>

**18. Current Borrowings**

	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
Unsecured - at amortised cost			
a) Loans from other parties			
Repayable on Demand - from Holding Company	353.06	326.70	309.92
Repayable on Demand - from Related party	2,426.16	1,082.88	-
Total	2,779.22	1,409.58	309.92
Secured - at amortised cost			
a) Loans repayable on demand			
- from banks	-	-	-
Repayable on demand - Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables.	-	-	-
Repayable on demand - From Holding Company	-	-	-
Total	-	-	-
<b>Total</b>	<b>2,779.22</b>	<b>1,409.58</b>	<b>309.92</b>

**19. Trade payables****19A Current**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
Trade payables			
- Related Parties	-	-	-
- Others	12.64	10.53	12.54
<b>Total</b>	<b>12.64</b>	<b>10.53</b>	<b>12.54</b>

**20. Current tax assets and liabilities**

	GPEL		
	As at 31.03.2017	As at 31.03.2016	As at 01.10.2015
Current tax assets			
Benefit of tax losses to be carried back to recover taxes paid in prior periods	-	-	-
Tax refund receivable	13.53	13.90	6.64
Others [describe]	-	-	-
	<b>13.53</b>	<b>13.90</b>	<b>6.64</b>
Current tax liabilities			
Income tax payable	-	-	-
Others [describe]	-	-	-
Current Tax Assets (current portion)	-	-	-
Current Tax Assets (non-current portion)	-	-	-





**21. Revenue from operations**

The following is an analysis of the Group's revenue for the year from continuing operations (excluding other income – see note X).

Particulars	GPEL	
	Year ended 31st Mar., 2017	Year ended 31st Mar.,2016
a) Sales		
Sale of products		
i) Sale of Energy	1,053.91	217.42
ii) Traded Good	-	-
Total (a)	<b>1,053.91</b>	<b>217.42</b>
b) Other operating revenues		
i) Scrap Sales	-	-
ii) REC Income	-	84.59
iii) Others		
Total (b)	-	<b>84.59</b>
<b>Total (a + b)</b>	<b>1,053.91</b>	<b>302.00</b>

**22. Other Income**

Particulars	GPEL	
	Year ended 31st Mar., 2017	Year ended 31st Mar., 2016
i) Bank deposits	66.76	35.67
ii) Inter-corporate deposit	-	-
iii) Income Tax refund	8.32	-
<b>Total (a)</b>	<b>75.07</b>	<b>35.67</b>

**23. Employee benefits expense**

Particulars	GPEL	
	Year ended 31st Mar., 2017	Year ended 31st Mar., 2016
i) Salaries and Wages	52.55	23.86
ii) Contribution to provident and other funds	4.31	2.58
iii) Staff Welfare Expenses	1.43	0.49
<b>Total</b>	<b>58.29</b>	<b>26.93</b>

**24. Finance costs**

Continuing operations		
(a) Interest costs :-		
i) Interest on loans,Deposits & Advances	293.05	113.00
ii) Interest on bank Term Loans	729.47	430.98
iii) Processing Fees	-	80.15
iv) Bank Charges	0.01	0.01
Total interest expense for financial liabilities not classified as at FVTPL	<b>1,022.53</b>	<b>624.14</b>

**25. Depreciation and amortisation expense**

i) Depreciation of property, plant and equipment pertaining to continuing operations	354.64	193.64
Total depreciation and amortisation pertaining to continuing operations	<b>354.64</b>	<b>193.64</b>

**26. A. Other expenses**

Particulars	GPEL	
	Year ended 31st Mar., 2017	Year ended 31st Mar., 2016
a) Consumption of stores and spare parts	16.31	3.26
b) Water Royalty	61.10	16.50
c) Processing charges	-	-
d) Power and fuel	1.35	1.07
e) Transportation, freight, handling and other charges	0.03	0.13
h) Repairs to :		
i) Buildings	6.59	0.05
ii) Plant and machinery	7.58	3.60
iii) Water Canal & Others	10.55	0.17
	<b>24.73</b>	<b>3.82</b>
i) Insurance	28.40	16.25
j) Rates and taxes (excluding taxes on income)	1.89	1.41
k) Printing & Stationery	0.06	0.00
l) Legal and professional charges	18.56	7.44
m) Travelling and conveyance	1.16	0.58
n) Directors Sitting Fees	6.79	2.98
o) Miscellaneous expenses	0.17	0.00
<b>Total</b>	<b>160.53</b>	<b>53.44</b>
a) To Statutory auditors		
i) For audit	2.07	1.87
ii) For taxation matters	-	-
iii) For company law matters	-	-
iv) For other services	-	-
v) For reimbursement of expenses	-	-
<b>Total</b>	<b>2.07</b>	<b>1.87</b>

**27. Income taxes relating to continuing operations****27.1 Income tax recognised in profit or loss**

Particulars	GPEL	
	Year ended 31st Mar., 2017	Year ended 31st Mar., 2016
<b>Current tax</b>		
In respect of the current year	-	-
In respect of prior years	-	-
Others [describe]	-	-
<b>Deferred tax</b>		
In respect of the current year	(453.53)	(280.54)
Deferred tax reclassified from equity to profit or loss	-	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
Others [describe]	-	-
<b>Total income tax expense recognised in the current year relating to continuing Operations</b>	<b>(453.53)</b>	<b>(280.54)</b>
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(469.08)	(562.34)
Income tax expense recognised in profit or loss (relating to continuing operations)	-	-



27.2 Income tax recognised in other comprehensive income		
Others	-	-
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of defined benefit obligation	(0.54)	(2.70)
Others [describe]	-	-
Total (A)	(0.54)	(2.70)
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to designated portion of derivatives in cash flow hedges	-	-
Relating to financial assets measured at fair value through other comprehensive income	-	-
On disposal of a foreign operation	-	-
On related hedging instrument entered into to hedge the net investment in the said foreign operation	-	-
Total (B)	-	-
<b>Total income tax recognised in other comprehensive income (A+B)</b>	<b>(0.54)</b>	<b>(2.70)</b>

**28 Gratuity**

	<b>MARCH 31, 2017</b>	<b>MARCH 31, 2016</b>
a) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	19.38	25.86
Benefits earned during the year		-
Current Service Cost	0.96	1.03
Interest Cost	1.57	2.06
Past Service Cost - Vested Benefit		
Benefits Paid	(3.29)	(5.91)
Actuarial (Gain) / Loss on Obligation - Due to change in Demographic Assumptions	(0.47)	
Actuarial (Gain) / Loss on Obligation - Due to change in Demographic Assumptions	(0.86)	(0.16)
Actuarial (Gain) / Loss on Obligation - Due to change in Demographic Assumptions	0.84	(3.50)
Present value of the obligation at the end of the year	18.13	19.38
b) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Contributions by the Employer	4.00	-
Benefits Paid	-	-
Return on Plan Assets	0.06	
Fair value of Plan Assets at the end of the year	4.06	-
c) Amounts Recognised in the Balance Sheet		
Present value of Obligation at the end of the year	18.13	19.38
Fair value of Plan Assets at the end of the year	-	-
Net Obligation at the end of the year	18.13	19.38
d) Amounts Recognised in the Statement of Profit & Loss		
Current Service Cost	0.96	0.00
Interest cost on Obligation	1.57	2.06
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the year	(0.54)	(3.65)
Past Service Cost - Vested Benefit recognised in the year	-	-
Expenses recognized in Profit & Loss Account	2	(1)
e) Actual return on Plan Assets		
Expected return on Plan Assets	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-

f) Actuarial Assumptions		
i) Discount Rate	7.66%	8.08%
ii) Expected Rate of Return on Plan Assets	-	-
iii) Salary Escalation Rate	4.00%	5.00%
iv) Attrition Rate	1.00%	2.00%
v) Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

28.1 Above disclosures have been made on the basis of certificate received from the actuary.

28.2 Sensitivity for significant actuarial assumptions 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.

## 29 Fair Value Disclosures

Rs. in Lakhs

a) Categories of Financial Instruments:	March 31, 2017			March 31, 2016			October 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Investments									
Loans									
Trade Receivables			86.44			12.45			32.47
Cash & Bank Balances			35.87			529.18			0.15
Bank balances other than above			956.17			895.73			837.09
Other Financial Assets			455.90			738.60			878.96
	-	-	<b>1,534.38</b>	-	-	<b>2,175.96</b>	-	-	<b>1,748.67</b>
Financial liabilities									
Borrowings			5,321.75			6,182.00			6,554.00
Trade Payables			12.64			10.53			12.54
Other Financial Liabilities			900.82			807.46			775.25
	-	-	<b>6,235.21</b>	-	-	<b>6,999.99</b>	-	-	<b>7,341.79</b>

## 30 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 13, 18, 9 (A)(B) and 27 offset by cash and bank balances) and total equity and financial liability in respect of preference share capital of the Company.

Rs. in Lakh

The capital components of the Company are as given below:	March 31, 2017	March 31, 2016	October 1, 2015
Total Equity	4,154.15	4,169.16	4,448.26
Short Term Borrowings	2,779.22	1,409.58	309.92
Long Term Borrowings	5,321.75	6,182.00	6,554.00
Current Maturities of Long Term Borrowings	860.00	744.00	698.00
Total Debt	8,960.97	8,335.58	7,561.92
Cash & Cash equivalents	35.87	529.18	0.15
Bank balances other than above	956.17	895.73	837.09
Net Debt	7,968.93	6,910.67	6,724.68
Debt Equity ratio	1.49	1.66	1.63
Debt Equity Ratio = Long Term Borrowings (including current maturities) / Equity Shareholders Fund			



### 31 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.

### 32 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.

### 33 Liquidity Risk

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

The Company do not have credit lines as at the end of the reporting period.

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

Rs. in Lakh

Maturities of Financial Liabilities	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	2779.22	2139.00	2511.00	671.75
Trade Payables	8.84	3.80	0.00	0.00
Other Financial Liabilities (including current maturities of long term borrowings)	900.82	0.00	0.00	0.00
	<b>3688.88</b>	<b>2142.80</b>	<b>2511.00</b>	<b>671.75</b>

Rs in Lakh

Maturities of Financial Liabilities	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	1409.58	1883.25	2325.00	1973.75
Trade Payables	0.65	9.88	0.00	0.00
Other Financial Liabilities (including current maturities of long term borrowings)	807.46	0.00	0.00	0.00
	<b>2217.69</b>	<b>1893.13</b>	<b>2325.00</b>	<b>1973.75</b>

Rs in Lakh

Maturities of Financial Liabilities	October 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	309.92	1743.75	2232.00	2578.25
Trade Payables	6.88	5.66	0.00	0.00
Other Financial Liabilities (including current maturities of long term borrowings)	775.25	0.00	0.00	0.00
	<b>1092.05</b>	<b>1749.41</b>	<b>2232.00</b>	<b>2578.25</b>

### 34 Interest Rate 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 significantly exposed to interest rate risks.

**35 Related Party Disclosures:****A Names of the related parties and description of relationship****I) Holding Company**

Gokak Textiles Limited

**II) Trusts**

Gokak Falls Education &amp; Medical Trust

**III) Associate Companies**

Shapoorji Pallonji Infrastructure Capital Company Private Limited

Shapoorji Pallonji Energy (Gujarat) Private Limited

Shapoorji Pallonji &amp; Company Private Limited

**IV) Key Managerial Personnel**

Mr. Sachin Kulkarni

Managing Director (resigned wef 16.05.2016)

Mr. Ramesh R. Patil

Whole Time Director (appointed wef 08.09.2016)

Mr. Mukundan Srinivasan

Chairman

Mr. C. G. Shah

Director

Mr. Kaiwan Kallyaniwalla

Director

Mr. Pradip Kapadia

Director

Mr. Vikram Nagar

Whole Time Director (Appointed wef 21.06.2016-08.09.2016)

**B Particulars of transaction with Related Parties**

(Amount in Lakhs)

Nature of Transactions	Holding Company	Trusts	Associate Companies	Key Managerial Personnel	Total
Sales (including Electricity Tax)	502.74	-	-	-	502.74
Previous Year (including Electricity Tax)	199.08	-	-	-	199.08
Interest Expenses	67.78	-	225.27	-	293.04
Previous Year	92.04	-	20.95	-	112.99
Advances/Loan Taken	-	-	1,158.00	-	1,158.00
Previous Year	-	-	1,366.00	-	1,366.00
Directors Sitting Fees	-	-	-	5.90	5.90
Previous Year	-	-	-	2.60	2.60
Reimbursement of Expenditure	1.14	0.76	-	-	1.90
Previous Year	0.49	0.21	-	-	0.70
Deposit Payable	100.00	-	-	-	100.00
Previous Year	100.00	-	-	-	100.00
Receivables	11.46	-	-	-	11.46
Previous Year	-	-	-	-	-
Payables	-	0.03	2,779.22	-	2,779.25

- 36 Disclosure of Trade Payables under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro Small and Medium Enterprises Development Act, 2006". Amounts overdue as on March 31, 2017 to Micro, Small and Medium Enterprises on account of Principal amount together with interest, aggregate to Rs. Nil (Previous year Rs. Nil)
- 37 In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all liabilities is adequate and not in excess of the amount reasonably necessary.



38 Earning 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 basic and diluted earnings are stated below:

Particulars	MARCH 31, 2017	MARCH 31, 2016
Net Profit after Tax for the year (Rs.)	(15.56)	(281.80)
Weighted average number of Equity Shares outstanding	490.00	490.00
Nominal Value of Share (Rs.)	10.00	10.00
Earnings Per share (Basic and Diluted) (Rs.)	(0.03)	(0.58)

39 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

- I. Reconciliation of Balance Sheet as at October 1, 2015 (transition date)
- II. Reconciliation of Balance Sheet as at March 31, 2016
- III. Reconciliation of Statement of Profit and Loss for the period ended March 31, 2016
- IV. Reconciliation of total comprehensive income for the period ended March 31, 2016
- V. Reconciliation of equity as at October 1, 2015 and March 31, 2016

39.1 Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS

(Rs. in Lakh)

	Particulars	Note	Opening Balance Sheet as at October 1, 2015			Balance Sheet as at March 31, 2016		
			IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
1	Non-current assets							
	(a) Property, Plant and Equipment		11,407.44	-	11,407.44	11,213.81	-	11,213.81
	(b) Capital work-in-progress		22.36	-	22.36	22.36	-	22.36
	(c) Investment Property		-	-	-	-	-	-
	(d) Other Intangible assets		-	-	-	-	-	-
	(e) Financial Assets:		-	-	-	-	-	-
	(i) Investments		-	-	-	-	-	-
	- Investments in Subsidiaries		-	-	-	-	-	-
	- Other Investments		-	-	-	-	-	-
	(ii) Other financial assets		-	-	-	-	-	-
	(f) Tax assets		-	-	-	-	-	-
	Income tax assets (net)		49.45	-	49.45	329.98	-	329.98
	(g) Other non-current assets		51.03	-	51.03	51.03	-	51.03
	Total Non-current assets		11,530.28	-	11,530.28	11,617.18	-	11,617.18
2	Current assets							
	(a) Inventories		15.71	-	15.71	17.83	-	17.83
	(b) Financial Assets:		-	-	-	-	-	-
	(i) Trade receivables	39.1.1	32.47	-	32.47	12.45	-	12.45
	(ii) Cash and cash equivalents		0.14	-	0.14	529.19	-	529.19
	(iii) Bank balances other than (ii) above		837.09	-	837.09	895.73	-	895.73
	(iv) Other financial assets		848.75	-	848.75	738.60	-	738.60
	(c) Other current assets		51.90	-	51.90	43.15	-	43.15

	(d)	Assets classified as held for sale			-			-
		Total Current assets		1,786.06	-	1,786.06	2,236.94	- 2,236.94
		Total Assets		13,316.34	-	13,316.34	13,854.12	- 13,854.12
		Equity and Liabilities						
		Equity						
	(a)	Equity share capital		4,900.00		4,900.00	4,900.00	4,900.00
	(b)	Other equity	39.1.2	(451.74)		(451.74)	(730.84)	(730.84)
		Total Equity		4,448.26	-	4,448.26	4,169.16	- 4,169.16
		Liabilities						
1		Non-current liabilities						
	(a)	Financial liabilities:						
	(i)	Borrowings	39.1.3	6,554.00		6,554.00	6,182.00	6,182.00
	(ii)	Other financial liabilities		100.00		100.00	100.00	100.00
				-		-	-	-
	(b)	Provisions		21.35		21.35	19.64	19.64
	(c)	Deferred Tax liability (Net)	39.1.4	-		-	-	-
		Total Non-current liabilities		6,675.35	-	6,675.35	6,301.64	- 6,301.64
2		Current liabilities						
	(a)	Financial liabilities:						
	(i)	Borrowings		309.92		309.92	1,409.58	1,409.58
	(ii)	Trade payables		-		-	10.53	10.53
	(iii)	Other financial liabilities	39.1.5	-		-	-	-
				-		-	-	-
	(b)	Provisions		3.26		3.26	3.33	3.33
	(c)	Other current liabilities		1,879.55		1,879.55	1,959.88	1,959.88
		Total Current Liabilities		2,192.72	-	2,192.72	3,383.32	- 3,383.32
		Total Liabilities		8,868.07	-	8,868.07	9,684.96	- 9,684.96
		Total Equity and Liabilities		13,316.34	-	13,316.34	13,854.12	- 13,854.12

Explanations for reconciliation of Balance sheet as previously reported under previous GAAP to IND AS

#### 39.1.1 Trade Receivables

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

#### 39.1.2 Other Equity

- (a) Adjustments to components of other equity on account adjustments in accordance with Ind AS as stated in other notes.
- (b) In addition, as per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in statement of profit and loss under previous GAAP.

#### 39.1.3 Borrowings

- (a) Adjustments include recognition of liability component of compound financial instruments (Preference Shares) in accordance with Ind AS 32 - Financial Instruments - Presentation.
- (b) Adjustment include deferral of origination fees on long term borrowings over the tenure of the borrowing in accordance with Ind AS 109 - Financial Instruments.

#### 39.1.4 Deferred Tax Liability (Net)

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees.

#### 39.1.5 Other Financial Liabilities

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.





**39.2 Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS**

(Rs. in Lakh)

Particulars	Note	Six Months ended March 31, 2016		
		Previous GAAP	Effects of transition to Ind AS	Ind AS
I Revenue from operations		217.42		217.42
II Other income		120.26		120.26
III Total Income (I + II)	39.2.1	337.68	-	337.68
IV Expenses:				
Cost of raw materials and components consumed		-	-	-
Purchases of trading goods			-	-
Changes in inventories of finished goods and work-in-progress			-	-
Employee benefits expense	39.2.2	24.23	2.70	26.93
Finance costs	39.2.3	624.14		624.14
Depreciation and amortisation expense		193.64	-	193.64
Other expenses		55.30	-	55.30
Total expenses		897.31	2.70	900.02
V Profit before tax (III - IV)		(559.64)	(2.70)	(562.34)
VI Tax expense:				
(a) Current tax			-	-
(b) Deferred tax	39.2.4	(280.54)		(280.54)
VII Profit for the year (V - VI)		(279.10)	(2.70)	(281.80)
VIII Other Comprehensive Income				
(a) Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans (net of tax)	39.2.2		2.70	2.70
(b) Items that may be reclassified to profit or loss		-	-	-
Total other comprehensive Income, net of tax		-	2.70	2.70
IX Total Comprehensive Income for the period (VIII + IX)		(279.10)	-	(279.10)

Explanations for reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to INDAS

**39.2.1 Revenue**

Transactions pertaining to earlier periods recorded in respective periods as required under Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

**39.2.2 Employee benefit expenses**

As per Ind AS 19 - Employee Benefits, actuarial gains and losses on defined benefit obligations are recognized in 'other comprehensive income' as compared to being recognized under 'employee benefit expenses' under previous GAAP.

**39.2.3 Finance Costs**

Adjustments include interest on financial liability component of compound financial instrument as per Ind AS 32 and adjustment on account of reversal of origination fees on long term borrowings in accordance with Ind AS 109.

**39.2.4 Deferred Tax**

Deferred tax component on adjustments relating to transactions pertaining to earlier periods and origination fees. Further, deferred tax on actuarial gains and losses recognised in 'other comprehensive income'.

**39.3 Cash flow statement**

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

**GOKAK POWER & ENERGY LIMITED**  
**ANNEXURE II**

## (a) Reconciliation of Standalone and Consolidated Statement of Profit and Loss as previously reported under IGAAP and Ind AS

Particulars	STANDALONE
	Year ended 31-03-2016
Profit and Loss After Tax as per previous GAAP	(279.10)
Interest on liability component of compound financial instruments	-
Prior period errors	-
Other Ind AS adjustments	(2.70)
Total adjustments to equity	(2.70)
Profit and Loss After Tax as per Ind AS	(281.80)

## (b) Reconciliation of Standalone and Consolidated Statement of Equity as previously reported under IGAAP and Ind AS

Particulars	Rs. in lakh	
	31 March 2016 Standalone	01 Oct 2015 Standalone
Total Equity and Reserves (shareholders' funds) under previous GAAP	4,169.16	4,448.26
	-	-
Liability component of compound financial instruments	-	-
Prior period errors	-	-
Interest on liability component of compound financial instruments	-	-
Other Ind AS adjustments -processing fees on borrowings (net of tax)	-	-
Total adjustments to equity	-	-
Total Equity & Reserves under Ind AS	4,169.16	4,448.26

D J MADAN POWER HOUSE





---

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