

GOKAK TEXTILES LIMITED



14th ANNUAL REPORT 2019-2020

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Fourteenth Annual General Meeting of Gokak Textiles Limited will be held on Tuesday, September 29, 2020 at 3.00 PM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')

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

In accordance with the General Circulars issued by the Ministry of Corporate Affairs (MCA) circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred as "relevant circular") and Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, and to support 'green initiative', copies of the Annual Report are sent through electronic mode.

Directors	: Ramesh R. Patil - Chief Executive Officer & Managing Director Pradip N. Kapadia - Independent Director Vasant N. Sanzgiri - Non-Executive Director D. G. Prasad - Independent Director Tripti J. Navani - Non-Executive Director Nikhil J. Bhatia - Independent Director
Chief Financial Officer	: Avadhut Sarnaik
Company Secretary & Compliance Officer	: Rakesh M. Nanwani
Statutory Auditors	: Batliboi & Purohit, Chartered Accountants
Bankers	: Standard Chartered Bank
Registrars And Share Transfer Agents	: TSR Darashaw Consultants Private Limited (Formerly known as TSR Darashaw Limited) Unit : Gokak Textiles Limited, 6-10, Haji Moosa Patrawal Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011 Tel : +91 22 66 568484 Fax : +91 22 66 568494 Email : csg-unit@tsrdarashaw.com Website : www.tsrdarashaw.com
Branch	: TSR Darashaw Consultants Private Limited (Formerly known as TSR Darashaw Limited) Unit : Gokak Textiles Limited 503, Barton Centre, 5Th Floor, 84, Mahatma Gandhi Road, Bengaluru – 560 001
Mills	: Gokak Falls-591 308 (District Belagavi - Karnataka)
Knitwear Unit	: Bagalkot Road, Village Marihal – 591 167 Dist. Belagavi Karnataka
Registered Office	: #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098 Email: secretarial@gokaktextiles.com Website: www.gokakmills.com
CIN	: L17116KA2006PLC038839
GSTIN	: 29AACCG8244P1ZX

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Gokak Textiles Limited will be held on Tuesday, September 29, 2020 at 3.00 p.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM) to transact the following business:

ORDINARY BUSINESS

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

To receive, consider and adopt:

- a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Report of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Report of the Auditors thereon.

2. Appointment of a Director

To appoint a Director in place of Ms.Tripti J. Navani (DIN: 08190106), who retires by rotation at this Annual General Meeting and being eligible offers herself, for re-appointment.

SPECIAL BUSINESS

3. Ratification of remuneration to Cost Auditor of the Company for the Financial Year 2020-21.

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

"Resolved that pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof), the payment of remuneration of ₹ 2.00 lakhs (Rupees Two Lakhs Only) plus out of pocket expenses and taxes as applicable payable to Mr. Mukesh Dekhtawala, Cost Accountant, (Firm Registration No. 002315), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost accounts of the Company for the financial year ending March 31, 2021 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."

Registered Office:

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, June 29, 2020

NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“the Act”) with respect to the special business set out in the Notice is annexed hereto. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR), in respect of Director seeking re-appointment at the Annual General Meeting (AGM) is annexed as Annexure to this Notice.
2. Pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Act and the SEBI (LODR), the 14th AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of members at a common venue. The deemed venue of the AGM shall be registered office of the Company. In compliance with the aforesaid Circulars issued by MCA and SEBI, Notice of the AGM along with the Annual Report for the Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company /Depositories. Notice and Annual Report for the Financial Year 2019-20 are also available on the website of the Company viz. www.gokakmills.com

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

3. Since the AGM is being held pursuant to the Circulars issued by the Ministry of Corporate Affairs through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly the facility to appoint a proxy by a Member will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. However, the Body Corporates are entitled to appoint authorized representative to attend the AGM though VC/OAVM and participants there at and cast their Vote through remote e-voting.
4. Institutional / Corporate Members are requested to send to the Company a scanned copy (pdf/Jpg format) of certified Authorisation / Board Resolution authorising their representative to participate in the AGM through VC/OAVM on their behalf and to vote through remote e-voting the Scrutinizer by email to kiran@kdsh.co.in with copy marked to evoting@nsdl.co.in and secretarial@gokaktextiles.com
5. **The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020**
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 desiring any additional information/clarification on the Financial Statements, or any other matter to be placed at the AGM are requested to send such requests at the earliest through email on secretarial@gokaktextiles.com on or before September 25, 2020. The same will be replied by the Company suitably at the AGM. The members should mention their name, demat account number/folio number, email id, mobile number while sending the email.**
8. As per Regulation 40 of SEBI LODR, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrars and Transfer Agents, TSR Darashaw Consultants Private Limited (“TCPL”) for assistance in this regard.
9. Members desiring inspection of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act during the AGM may send their request in writing to the company secretarial@gokaktextiles.com by September 25, 2020.

10. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
11. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
12. National Securities Depositories Limited (“NSDL”) will be providing facility for voting through remote e-Voting, for participation in the 14th AGM through VC/OAVM facility and e-Voting during the 14th AGM.
13. Members may join the 14th AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members 30 minutes before the time scheduled to start the 14th AGM and 30 minutes after the scheduled time to start the 14th AGM.
14. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of upto 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 14th AGM without any restriction on account of first-come first- served principle.
15. **Instructions for remote E-Voting**
 - I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means, through e-Voting Services provided by NSDL. Those Members participating in the AGM through VC/OAVM facility and who have not cast their vote by remote e-voting shall be able to exercise their right to vote through e-voting system during the AGM.
 - II. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/ OAVM facility but shall not be entitled to cast their vote again.
 - III. **The remote e-voting period commences on Saturday, September 26, 2020 (9:00 am) (IST) and ends on Monday, September 28, 2020 (5:00 pm) (IST).** During this period Members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 - IV. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/ Depository Participants(s)]. The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

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

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

Details on Step 1 is mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Your password details are given below:

- (i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (ii) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- (iii) How to retrieve your 'initial password'?
 - a) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - b) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nSDL.com
- b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nSDL.com
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nSDL.co.in mentioning your Demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

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

General Guidelines for shareholders

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kiran@kdsh.co.in with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Ms. Sarita Mote from NSDL at the designated e-mail IDs: SaritaM@nsdl.co.in or at telephone nos.: + 91 22 24994890.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) and AADHAR (self-attested scanned copy of Aadhar Card) by email to evoting@nsdl.co.in .
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card) and AADHAR (self-attested scanned copy of Aadhar Card) to evoting@nsdl.co.in.

17. Instructions for Members for participating in the 14th AGM through VC/OAVM are as under:

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Member will be able to attend the AGM through VC/ OAVM facility through the NSDL e-Voting system at <https://www.evoting.nsdl.com> under the Shareholders Members login by using the remote e-voting credentials and selecting the displayed EVEN of Company. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice of the 14th AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Members connecting from Mobile Devices or Tablets or through Laptop etc. connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. **Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at secretarial@gokaktextiles.com on between September 18, 2020 (9.00 a.m. IST) to September 25, 2020 (5.00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.**
7. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in /1800-222-990 or contact Ms. Sarita Mote from NSDL at the designated e-mail IDs: SaritaM@nsdl.co.in or at telephone nos.: + 91 22 24994890

B. Other Instructions:

- I. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 22, 2020 as per the Register of Members/Statements of beneficial ownership maintained by the Depositories, i.e., NSDL and CDSL. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e. September 22, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or csg-unit@tsrdarashaw.com

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

- II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- III. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the meeting.
- IV. Kiran B. Desai, Designated Partner, KDSH & Associates LLP, Company Secretaries, has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
- V. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance, formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 14th AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be disabled by NSDL for voting after 15 minutes of conclusion of meeting.
- VI. The Scrutinizer shall after the conclusion of voting at the AGM, will first download the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- VII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed at the date of AGM.

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

The following explanatory statement sets out material facts relating to the special business set out in the accompanying Notice of the Annual General Meeting (AGM) :

Item No. 3

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Mr. Mukesh Dekhtawala, Cost Accountant, (Firm Registration No. 002315) as cost auditor of the Company at a remuneration of ₹ 2.00 lakhs plus out of pocket expenses and taxes as applicable for the financial year ending March 31, 2021.

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, 2021.

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.

Registered Office:

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, June 29, 2020

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

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director	Ms. Tripti J. Navani	
Director Identification Number (DIN)	08190106	
Date of Birth	November 29, 1985	
Date of first Appointment	August 01, 2018	
Qualification	Bachelors in Banking & Finance – BBI and MBA (Finance)	
Relationships between directors inter-se	Not related to any Director of the Company	
Expertise in specific functional areas	Ms. Tripti Navani has over 14 years of experience in finance and strategy planning and has worked in organisations like Citi, Kotak Mahindra and Indostar. She is a MBA in Finance and presently working with Shapoorji Pallonji Finance since May'2014.	
List of other Public Companies in which Directorship	NIL	
Chairmanship*/ Membership of the Committees of Board (includes only Audit Committee and Stakeholders Relationship Committee) of other Indian Public Companies	NIL	
No. of shares held in the Company	NIL	
Attendance at the Board Meeting held in Financial year 2019 -2020	No. of Meetings held	Attended
	4	3
Details of remuneration	Except for payment of sitting fees for attending meetings of the Board and Committee, no other remuneration is paid / payable.	

Registered Office:

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

By Order of the Board of Directors

Ramesh R. Patil
Chief Executive Officer & Managing Director
DIN: 07568951
Mumbai, June 29, 2020

Report of Board and Management Discussion & Analysis

Dear Members,

The Board of Directors (hereinafter referred to as “the Board”) hereby submits the report of the business and operations of the Company along with the Audited Financial Statements of the Company for the Financial Year (FY) ended March 31, 2020. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

Financial Results and Highlights of Performance

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

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	FY 19-20	FY 18-19	FY 19-20	FY 18-19
Revenue From Operations and Other Income (Total Revenue)	10,216.41	18,001.66	10,742.55	18,685.16
Earnings before Interest, Depreciation & Taxation (EBIDT)	(2,696.36)	(1,602.54)	(2,056.74)	(320.04)
Profit / (Loss) after Interest and before Depreciation and Tax	(3,852.04)	(3,009.50)	(4,047.77)	(2,569.74)
Depreciation	606.75	621.55	710.89	725.46
Profit Before Tax (PBT)	(4,458.79)	(3,631.05)	(4,758.66)	(3,295.20)
Profit after tax (PAT) Owners of the Company	(4,458.79)	(3,631.05)	(4,452.88)	(3,055.63)
Profit after tax (PAT) Non-Controlling Interest	-	-	(305.78)	(239.57)
Other Comprehensive Income	(18.72)	62.43	(18.79)	66.34
Total Comprehensive income attributable to owners of the Company	(4,477.51)	(3,568.62)	(4,777.45)	(3,228.86)
Total Comprehensive income attributable to Non-Controlling Interest	-	-	(0.04)	1.92

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

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

General Performance and Outlook

The Indian economy is one of the fastest growing economies in the world. India is trying to further improve the economy but the pandemic outbreak has affected India to a greater extent, however with the gradual opening of the lockdown, situation is expected to improve.

The Textile industry is one of the largest providers of employment in India after agriculture industry. It mainly depends upon the availability of raw material, cheap power and labor employment. Due to rising disposable income, rapid urbanization with increasing population, the Indian economy will emerge faster like China and Mexico who are responsible for driving higher market growth. Indian textile industry accounts for 13% to 14% of the industry output employing around 38 to 40 million people; it is one of the major contributor to the manufacturing sector.

India is second largest producer and exporter of Textile products after China, there is also severe competition from Bangladesh, Vietnam and Pakistan.

Indian Textile industry continuous to be dominated by cotton followed by polyester and viscose fibers although highest fiber consumption globally is dominated by manmade fibers having 65 % to 70 % of share in total fiber consumption. In textile industry there are various other fibers such as nylon, acrylic, wool, silk, jute, bamboo etc.

The cotton supply for the year 2020-21 is likely to be 354 lakh bales. Due to good monsoon in the last two years, it is expected that cotton cultivation will be good but due to the COVID -19 situation cotton and yarn prices will be under pressure throughout the year domestically and internationally due to lack of demand. Once demand for Garments picks up internationally and locally, situation may improve and start coming back to normalcy and may improve working of the Mills.

The Company has been impacted as much as many others companies and we had to shut our operations from March 24, 2020 to May 03, 2020 due to the nationwide lockdown. The manufacturing and sales operations were at a standstill during this period and operations have commenced w.e.f May 04, 2020. As a result of this situation, sales, profitability and liquidity were impacted negatively in the first quarter of FY 2020 – 21. It is expected that as the situation of COVID-19 improves, operations will reach at optimal levels of capacity in due course of time. The Company's foray into medical textile segment may benefit in near and medium term.

Due to pandemic outbreak since March 2020, covid-19 disease has brought lot of uncertainty and depression in overall market. Country wide lockdown resulted into reduction in sales etc. According to the International Monetary Fund (IMF), due to the COVID-19 pandemic, the global economy is projected to contract sharply by –3 percent in 2020. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 4.0 - 5.8 percent in 2021 as economic activity normalizes, helped by policy support. There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions and the repercussions of the tightening in global financial market conditions, shifts in spending patterns, behavioral changes and volatile commodity prices.

Mills Division -

The Company is in the business of supply of cotton grey and dyed yarn in domestic as well as international markets. The overall textile market was very bad due to lack of demand and high raw material prices. The Company's captive power generation was stopped due to submergence of 8 MW Power plant in the month of August 2019 due to heavy flooding in the river. Therefore outside power purchase cost was high, hence capacity utilization was reduced. All the efforts were made on the marketing on different product mix to supply in the domestic market since demand for the exports were less. The Company also introduced Linen cotton blends with the help of Jayashree Textiles, Kolkata. The Company have also started importing Bamboo fiber and started manufacturing 100% Bamboo yarn and Terry-Towels in-house.

The Company exported yarn approximately amounting ₹ 691.71 lakhs to countries like Sri Lanka, Pakistan, Thailand, Portugal, and Belgium.

Knitwear Division -

New products developed in previous years have been commercialized successfully. The division has started manufacturing Polo T-shirts for Crocodile brand successfully. Efforts are going on to increase customer base.

Risks and Concerns:

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

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

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

Details of Subsidiary/Joint Ventures/Associate Companies

Subsidiary Company

Gokak Power & Energy Limited (GPEL)

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

During the year under review, GPEL has recorded gross income of ₹ 874.32 lakhs (previous year ₹ 1,536.26 lakhs) and net loss for the year of ₹ (550.26) lakhs (previous year net profit ₹ 85.36 lakhs). During the year 2019-20, entire powerhouse of 8.0 MW situated in Gokak Falls was submerged due to an unprecedented flood on August 7, 2019, which has greatly affected the financials of the Company. Out of 8 MW, 4.5 MW set has been repaired and restored for power generation in the month of February 2020. Out of remaining 3.5 MW old hydro power plants, 2.5 MW has been repaired and commissioned in June 2020. Remaining 1 MW plant is heavily damaged and requires major repair, the repair work is under progress and expected to start by October 2020. Details of GPEL is set out in the statement in form AOC-I, pursuant to section 129 of the Companies Act, 2013 and is attach herewith as **Annexure I** to this Report

Financial Performance

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

Segment wise performance

The summarized performance of segment revenues and segment results is as under:

Rupees in Lakhs

Particulars	Segment Revenue		Segment Results	
	FY 19-20	FY 18-19	FY 19-20	FY 18-19
Textiles	10,216.40	18,001.66	(4,458.78)	(3,631.05)
Power (Electricity)	874.32	1,536.26	(299.88)	335.85

Key Financial performance, Operational Information and Ratio Analysis

Key Ratio / Indicators	Standalone		Explanation for change of 25% or more
	FY 2019-2020	FY 2018-19	
Debtors Turnover (in days)	13.95	16.50	The decrease in days is mainly due to collection old dues
Inventory Turnover * (times)	5.08	7.28	-
Interest Coverage Ratio	(2.86)	(1.58)	-
Current Ratio	0.98	1.08	-
Debt Equity Ratio	Since net worth is negative, ratio can't be set on	6.42	Additional Borrowings
Operating Profit Margin %	- 33.63 %	- 12.86%	-
Net Profit Margin %	- 43.64 %	- 20.17%	-
Return on Net Worth	Since Return & Net worth are negative, ratio can't be set on	-2.58	Lesser Net worth

Key Ratio / Indicators	Consolidated		Explanation for change of 25% or more
	FY 2019-2020	FY 2018-19	
Interest Coverage Ratio	-1.39	-0.46	Increase in Losses
Debt Equity Ratio	Since net worth is negative, ratio can't be set on	Since net worth is negative, ratio can't be set on	-
Operating Profit Margin %	-26.90%	-5.83%	Increase in Power Cost due to Flood at GPEL (Captive Power)
Net Profit Margin %	-44.30%	-17.64%	Increase in Power Cost due to Flood at GPEL (Captive Power)
Return on Net Worth	Since Return & Net worth are negative, ratio can't be set on	Since Return & Net worth are negative, ratio can't be set on	-

Revenue

During the year, standalone revenue was ₹ 10,216.41 Lakhs (previous year ₹18,001.66 Lakhs). There is decrease as compared to previous year as power plant of subsidiary Company was submerged for 8 months and production was reduced to keep the costs in control. Consolidated revenue was ₹ 10,742.55 Lakhs (previous year ₹ 18,685.16 Lakhs). There is decrease as compared to previous year as power plant of subsidiary Company was submerged for 8 months and production was reduced to keep the costs in control.

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

During the year, standalone EBIDTA (loss) increased to Rs. (2,696.36) Lakhs (previous year Rs. (1,602.54) Lakhs). Consolidated EBIDTA (loss) increased to Rs. (2,056.74) Lakhs (previous year Rs. (320.04) Lakhs). Due to GPEL (subsidiary Company) Power Plant was submerged in the floods, impacted the increase in power cost and lesser revenues in turn.

Profit Before Tax (“PBT”)

During the year, standalone PBT (loss) increased to Rs. (4,458.79) Lakhs (previous year Rs. (3,631.05) Lakhs). Consolidated PBT (loss) increased to Rs. (4,758.66) Lakhs (previous year Rs. (3,295.20) Lakhs). Due to GPEL (subsidiary Company) Power Plant was submerged in the floods, impacted the increase in power cost and lesser revenues in turn.

Fixed Assets

The standalone year-end Gross Block decreased to ₹ 32,590.03 Lakhs (previous year ₹32,865.35 Lakhs) mainly due to sale of plant & machinery, vehicles and residential flat. The consolidated year-end Gross Block decreased to ₹45,392.51 Lakhs (previous year ₹ 45,663.52 Lakhs) mainly due to sale of plant & machinery, vehicles and residential flat.

Profit/(Loss)

During the year, standalone loss increased to Rs. (4,477.51) Lakhs (previous year Rs. (3,568.62) Lakhs). Consolidated loss increased to Rs. (4,777.45) Lakhs (previous year Rs. (3,228.86) Lakhs). Due to GPEL (subsidiary Company) Power Plant was submerged in the floods, impacted the increase in power cost and lesser revenues in turn.

Current Liabilities

The standalone current liabilities decreased to ₹3,561.36 Lakhs (previous year ₹10,145.17 Lakhs) primarily due to decrease in “current maturities of long term borrowings”. The consolidated current liabilities decreased to ₹10,411.71 Lakhs (previous year ₹15277.59 Lakhs) primarily due to decrease in “current maturities of long term borrowings”.

Loan Funds

During the year, standalone loan funds increased to ₹9,271.55 (previous year ₹6,481.73 Lakhs) primarily on account of increase in long term borrowings from parent Company. The consolidated loan funds increased to ₹14,887.80 Lakhs (previous year ₹10,475.64 Lakhs) primarily on account of increase in long term borrowings from parent Company.

Share Capital and Preference Shares

The paid-up Equity Share Capital of the Company as on March 31, 2020 was ₹18,149.93 Lakhs. During the year under review, the Company has not issued any shares with differential voting rights or 'sweat equity shares' and has not granted any stock options. As on March 31, 2020 none of the Directors of the Company hold shares or convertible instruments of the Company.

Dividend and Transfer to Reserves

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

Material changes and commitments

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

Internal Control Systems and their adequacy:

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

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

Deposits

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

Particulars of loans, guarantees or investments

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

Directors and Key Managerial Personnel

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

Mr. Nikhil J. Bhatia was been appointed as an Additional and Independent Director of the Company with effect from May 22, 2019. His appointment as an Independent Director for a period of 5 years was approved by the Shareholders at the Annual General Meeting held on September 20, 2019.

Mr. Pradip N. Kapadia and Mr. D G Prasad were re-appointment as Independent Directors for second term of five years commencing from December 29, 2019 by the shareholders at the Annual General Meeting held on September 20, 2019.

Mr. Ramesh R. Patil was re-appointment as Chief Executive Officer & Managing Director for a further term of three years commencing from July 18, 2019 by the shareholders at the Annual General Meeting held on September 20, 2019.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

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

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

Audit Committee of the Board of Directors

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

Meetings of the Board

The Board met at least once in each quarter and 4 (four) meetings of Board were held during the year and the maximum time gap between two Board meetings did not exceed the time limit prescribed under the Companies Act, 2013. The details have been provided in the Corporate Governance Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR), 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as, the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders' Relationship Committees.

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

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

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

In a separate meeting of Independent Directors, the performance of Non-Independent Directors of the Board as a whole and the performance of the Chairman were evaluated.

The specific areas of skills/expertise/competencies of the individual directors are given in the Corporate Governance Report.

Remuneration Policy

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

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

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

Auditors and Audit Report

Statutory Auditors

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

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

Cost Auditors

As per the requirements of section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Rules, 2014, the cost accounts of the Company are required to be audited by a Cost Accountant. The Board of Directors of the Company on the recommendation of the Audit Committee, appointed Mr. Mukesh R. Dekhtawala, Cost Accountant as Cost Auditor for the financial year 2020 – 2021 on a remuneration of ₹ 2.00 lakhs plus out of pocket expenses. As required under the Companies Act, 2013 necessary resolution seeking Shareholders ratification for the remuneration to Cost Auditor is included in the Notice convening the 14th Annual General Meeting of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed KDSH & Associates LLP, Company Secretaries, to conduct Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as **Annexure IV** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

The Secretarial Audit of Gokak Power & Energy Limited, (Material Subsidiary) for the FY 2019-20 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Report of the Secretarial Auditor of Gokak Power & Energy Limited does not contain any qualification, reservation or adverse remark or disclaimer.

Corporate Social Responsibility

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility were not applicable to the Company for the FY 2019-20. The Board of Directors of the Company has, however, voluntarily constituted a Corporate Social Responsibility Committee in compliance with Section 135 of the Act.

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

Vigil Mechanism / Whistle Blower Policy

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

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as per the provisions of the Companies Act, 2013 and Rules thereto is annexed herewith as **Annexure V** and forms part of this Report. The said extract is also available on the website of the Company viz. www.gokakmills.com

Related Party Transactions

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

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

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

Corporate Governance and Management Discussion and Analysis

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

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

A certificate from a Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed to the Report on Corporate Governance.

Significant and Material Orders passed by the Regulators or Courts

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

Statutory Compliances

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace as per with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints & Committee (ICC) has been setup to redress complaints received regarding sexual harassment as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the ICC includes external member. During FY 2019-20, no complaints on sexual harassment were received.

Directors' Responsibility Statement

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

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

Human Resources / Industrial Relations

Developments in Human Resources / Industrial Relations front:

The Company has developed a strong human resource base which helped the Company to retain the employees for a very long time in view of learning opportunity, comfortable housing, very good educational facility to children etc.

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

The Company has different HR processes for development of human resource which includes performance management system for appraisal of employee performance, skill development and believes in the fundamentals of Train, Retrain, and Retain employees.

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

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

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

Cautionary Statement:

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

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

Vasant N. Sanzgiri
Director
DIN: 01757117

Registered Office

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

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

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

Part A: Subsidiaries

(₹ in Lakhs)

Name of the Subsidiary	Gokak Power & Energy Limited
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-April-2019 to 31-Mar-2020
Share Capital	4,900.00
Reserves & Surplus	(2,418.23)
Total Assets	11,351.25
Total Liabilities	11,351.25
Investments	0.26
Turnover	874.32
Profit before taxation	(550.26)
Provision for taxation including Deferred Tax	-
Profit after taxation	(550.26)
Proposed Dividend	-
% of shareholding	51%

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

Part B: Associates and Joint Ventures - NIL

For and on behalf of the Board of Directors

Place : Mumbai,
 Date : August 20, 2020

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

Vasant N. Sanzgiri
 Director
 DIN: 01757117

Nomination and Remuneration Policy

Regulatory Framework

I. Section 178 of the Companies Act, 2013

- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- The Nomination and Remuneration Committee shall, while formulating the policy as aforesaid shall ensure that:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meet appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

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

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

Definitions & Interpretation

In this Policy unless the context otherwise requires:

Act shall mean Companies Act, 2013.

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

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

KMPs or Key Managerial Personnel shall mean following:

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

NRC shall mean Nomination and Remuneration Committee.

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

Interpretation

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

Objectives

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

- Ensuing that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- Ensuing that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Ensuing that the remuneration to Directors, KMPs, and other Senior Management Personnel of the Company involves a fine balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, KMPs and to determine their remuneration;
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in the industry;
- To carry out evaluation of the performance of Directors;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and

- To lay down criteria for appointment, removal of directors, KMPs and Senior Management Personnel and evaluation of their performance.

Functions of Nomination and Remuneration Committee

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

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

Appointment of Directors

- The NRC shall ensure that Board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, and consider various factors including but not limited to skills, industry experience, background, race and gender for balanced and diversified Board.
- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and recommend to the Board his/her appointment.
- An Independent Director shall also have experience and knowledge in one or more fields of finance, law, management, marketing, sales, administration, corporate governance, or any other disciplines related to the business of the Company.
- Appointment of Independent Directors shall be subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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

Remuneration of MD

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

Familiarisation Programme for Independent Directors

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

Updating the Directors on a Continuing Basis

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

Remuneration to KMPs and Senior Management

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

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

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

Vasant N. Sanzgiri
Director
DIN: 01757117

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

1. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended on 31st March, 2020.

Non-Executive Directors of the Board were paid only sitting fees during the financial year ended March 31, 2020 as follows:

Director (Non-Executive)	Sitting Fees (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Pradip N. Kapadia	3.75	1.29:1
Mr. Nikhil J. Bhatia *	2.50	0.86:1
Mr. Vasant N. Sanzgiri	1.30	0.45:1
Mr. D.G. Prasad	3.25	1.12:1
Ms. Tripti J. Navani	0.75	0.26:1

* (Appointed Director with effect from May 22, 2019)

Remuneration to Executive Director

Director (Non-Executive)	Gross Remuneration (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr. Ramesh R Patil (Chief Executive Officer & Managing Director)	55.37	19:17:1

2. Percentage increase in remuneration of Key Managerial Personnel (KMPs) in the financial year 2019-2020:

Executive Director, Chief Financial Officer and Company Secretary	% increase on Cost to Company
Mr. Ramesh R. Patil, Chief Executive Officer & Managing Director	7%
Mr. Avadhut Sarnaik, Chief Financial Officer *	0%
Mr. Rakesh M. Nanwani, Company Secretary & Compliance Officer	20%

* No increase as appointed w.e.f February 02, 2019

3. Percentage increase in the median remuneration of employees in the financial year: 4% to 6%.
4. Number of permanent employees on the pay roll of Company as on March 31, 2020 were 1247 and in previous year were 1248
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: 6%.
6. The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

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

Vasant N. Sanzgiri
Director
DIN: 01757117

Form No.MR-3
SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: 31st March, 2020

To,
The Members,
Gokak Textiles Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gokak Textiles Limited (CIN: L17116KA2006PLC038839)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

vi. Other laws applicable specifically to the Company namely:

Labour Laws

- a) The Factories Act, 1948
- b) The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- d) The Employees State Insurance Act, 1948
- e) The Payment of Wages Act, 1936
- f) The Child Labour (Regulation & Abolition) Act, 1970
- g) The Contract Labour (Regulation & Abolition) Act, 1970
- h) The Shops & Establishments Act, 1961
- i) The Industrial Establishments (National and Festival Holidays) Act, 1963

- j) The Karnataka Daily Wage Employees Welfare Act, 2012
- k) The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- l) The Industrial Disputes Act, 1947
- m) The Minimum Wages Act, 1948
- n) The Maternity Benefit Act, 1961

Environmental Laws

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

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

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

Textile & Apparel Sector

- a) Additional Duties of Excise (Textiles and Textile Articles) Act, 1978
- b) Textiles Committee Act, 1963
- c) Textiles (Development and Regulation) Order, 2001
- d) Textiles (Consumer Protection) Regulations, 1988
- e) Collection of Statistics Act, 2008

Other Laws

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting i.e SS-1 and SS-2.
- ii. The Listing Agreements entered into by the Company with the BSE Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

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

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) Notice of Board meetings and Committee meetings of Directors;
- f) The Meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The Annual General Meeting held on 20th September, 2019;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director;
- k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- l) Appointment and remuneration of Auditors and Cost Auditors;
- m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) Investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- q) Board's Report;
- r) Contracts, common seal, registered office and publication of name of the Company;
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act.

We further report that

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

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

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

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924

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

Annexure A

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

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

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

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924

**Form No.MGT-9
EXTRACT OF ANNUAL REPORT
For the financial year ended 31st March, 2020**

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

I. Registration And Other Details

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

II. Principal Business Activities Of The Company

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

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

III. Particulars of Holding Subsidiary And Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Shapoorji Pallonji and Company Private Limited 70, Nagindas Master Road, Fort, Mumbai – 400023.	U45200MH1943PTC003812	Holding	73.56%	2 (46)
2.	Gokak Power & Energy Limited #1, 2 nd Floor, 12 th Cross Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru - 560098	U40103KA2012PLC062107	Subsidiary	51%	2 (87)

IV) Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2019				No. of Shares held at the end of the year .i.e 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	A. Promoters									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0		0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	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		0.00	0	0		0.00	0.00
(e)	Any Other (Specify)	0	0		0.00	0	0		0.00	0.00
	Sub-Total (A) (1)	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	47,80,845	0	47,80,845	73.56	47,80,845	0	47,80,845	73.56	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	71	125	196	0.00	71	110	181	0.00	0.00
(b)	Financial Institutions / Banks	5,930	3,843	9,773	0.15	5,930	3,835	9,765	0.15	0.00
(c)	Central Government / State Governments(s)	15,181	39,990	55,171	0.85	15,181	39,990	55,171	0.85	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	2,95,807	250	2,96,057	4.56	2,95,807	250	2,96,057	4.56	0.00
(f)	Foreign Institutional Investors	200610	25	2,00,635	3.09	200610	25	2,00,635	3.09	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)									
	Sub-Total (B) (1)	5,17,599	44,233	5,61,832	8.64	5,17,599	44,210	5,61,809	8.64	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate	1,13,599	5,208	1,18,807	1.83	1,42,611	5,168	1,47,779	2.27	0.45
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,73,143	2,06,644	8,79,787	13.54	6,71,660	1,93,852	8,65,512	13.32	-0.22
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,56,927	0	1,56,927	2.41	1,42,253	0	1,42,253	2.19	-0.23
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other				0.00					

	Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2019				No. of Shares held at the end of the year .i.e 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Trust	320	0	320	0.00	320	0	320	0.00	0.00
(ii)	Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	OCBs/Foreign Cos	0	790	790	0.01	0	790	790	0.01	0.00
	Sub-total (B) (2)	9,43,989	2,12,642	11,56,631	17.80	9,56,844	1,99,810	11,56,654	17.80	0.00
	Total Public Shareholding (B) = (B)(1)+(B)(2)	14,61,588	2,56,875	17,18,463	26.44	14,74,443	2,44,020	17,18,463	26.44	0.00
	TOTAL (A)+(B)	62,42,433	2,56,875	64,99,308	100.00	62,55,288	2,44,020	64,99,308	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	62,42,433	2,56,875	64,99,308	100.00	62,55,288	2,44,020	64,99,308	100.00	0.00

ii) Share Holding of Promoters

Serial no	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% 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)

At the beginning of the year

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		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					47,80,845	73.56
				-	No Change	0	0.00	47,80,845	73.56
				31.03.2020	At the end of the year	-	-	47,80,845	73.56

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

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	Life Insurance Corporation Of India	2,95,807	4.55		At the beginning of the year			2,95,807	4.55
				-	No Change	0	0.00	2,95,807	4.55
				31-Mar-2020	At the end of the year			2,95,807	4.55
2	India Discovery Fund Limited	2,00,610	3.09		At the beginning of the year			2,00,610	3.09
				-	No Change	0	0.00	2,00,610	3.09
				31-Mar-2020	At the end of the year			2,00,610	3.09
3	Ghanshyam Shares & Stock Brokers Pvt. Ltd.	46,222	0.71		At the beginning of the year		0.00	46,222	0.71
				12-Apr-2019	Decrease	-100	0.00	46,122	0.71
				26-Apr-2019	Decrease	-50	0.00	46,072	0.71
				28-Jun-2019	Increase	29	0.00	46,101	0.71
				19-Jul-2019	Increase	50	0.00	46,151	0.71
				31-Mar-2020	At the end of the year			46,151	0.71
4	Governor Of Kerala	39,990	0.62		At the beginning of the year		0.00	39,990	0.62
					No Change		0.00	39,990	0.62
				31-Mar-2020	At the end of the year			39,990	0.62
5	Vijay Krishan Gupta	33928	0.52		At the beginning of the year			33,928	0.52
				05-Apr-2019	Increase	100	0.00	34,028	0.52
				17-Jan-2020	Increase	10	0.00	34,038	0.52
				31-Mar-2020	At the end of the year	0		34,038	0.52
6	Kamal Kumar Goyal	27,646	0.43		At the beginning of the year		0.00	27,646	0.43
				19-Apr-2019	Decrease	-20,000	-0.31	7,646	0.12
				05-Jul-2019	Increase	20,000	0.31	27,646	0.43
				31-Mar-2020	At the end of the year			27,646	0.43
7	Anantroop Financial Advisory Services Private Limited *	0	0.00		At the beginning of the year			0	0.00
				13-Dec-2019	Increase	25,000	0.38	25,000	0.38
				31-Mar-2020	At the end of the year			25,000	0.38

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No.of Shares	% of total Shares of the Company
8	Savitridevi Radhakishan Jaipuria	22,999	0.35		At the beginning of the year			22,999	0.35
				26-Apr-2019	Decrease	-100	0.00	22,899	0.35
				07-Jun-2019	Increase	100	0.00	22,999	0.35
				28-Jun-2019	Increase	8	0.00	23,007	0.35
				09-Aug-2019	Increase	100	0.00	23,107	0.36
	31-Mar-2020		At the end of the year			23,107	0.36		
9	Madhu Gupta	21000	0.32		At the beginning of the year			21,000	0.32
				-	No Change	0	0.00	21,000	0.32
				31-Mar-2020	At the end of the year			21,000	0.32
10	Manpreet Kaur Sidana	18000	0.28		At the beginning of the year			18,000	0.28
				-	No Change	0	0.00	18,000	0.28
				31-Mar-2020	At the end of the year			18,000	0.28
11	Harcharan Singh Sidana (Huf) **	16000	0.25		At the beginning of the year			16,000	0.25
				-	No Change	0	0.00	16,000	0.25
				31-Mar-2020	At the end of the year			16,000	0.25

* Not in the list of top 10 shareholders as on April 1, 2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2020.

** Ceased to be in the list of top 10 as on March 31, 2020. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2019.

v) Shareholding of Directors and Key Manegerial Personnel :

Sl. No	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No.of Shares	% of total Shares of the Company
1	Mr. Ramesh R. Patil(Chief Executive Officer & Managing Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
2	Mr. Nikhil Bhatia (w.e.f May 22, 2019) Director	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No.of Shares	% of total Shares of the Company
3	Mr. Pradip N. Kapadia (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
4	Mr. Vasant N. Sanzgiri (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
5	Mr. D. G. Prasad (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
6	Ms. Tripti J. Navani (Director)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
7	Mr. Rakesh M. Nanwani (Company Secretary & Compliance Officer)	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
8	Mr. Avadhut A. Sarnaik	0	0.00					0	0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00

V) Indebtedness

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	628.30	5,853.43	-	6,481.73
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	628.30	5,853.43	-	6,481.73
Change in Indebtedness during the financial year				
• Addition	-	3,418.32	-	3,418.32
• Reduction	628.30	-	-	628.30
Net Change	(628.30)	3,418.32	-	2,790.02
Indebtedness at the end of the financial year				
i. Principal Amount	-	9,271.75	-	9,271.75
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	9,271.75	-	9,271.75

Vi. Remuneration of Directors And Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Director and /or Manager

S. No.	Particulars of Remuneration	Name of the Chief Executive Officer & Managing Director Mr. Ramesh R Patil
1.	Gross Salary (including Bonus, PF, Other Benefits & Perquisites)	In ₹ Lakhs
	(a) Salary as per provisions contained in Sec 17 (1) of the Income Tax Act, 1961	55.37
	(b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961	
	(c) Profits in lieu of salary under section 17 (2) of the Income Tax Act, 1961	
2.	Stock option	0
3.	Sweat Equity	0
4.	Commission - as % of profit - others, specify...	0
5.	Others - please specify – Bonus	0
6.	Total	55.37
7.	Ceiling as per the Act, 2013	

B. Remuneration To Other Director

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others please specify	Total
1.	Independent Directors -				
	Mr. Pradip N. Kapadia	3.75	-	-	3.75
	Mr. Nikhil J. Bhatia *	2.50	-	-	2.50
	Mr. D.G. Prasad	3.25	-	-	3.25
	Total (1)	9.50	-	-	9.50
2.	Other Non-Executive Directors				
	Mr. Vasant N. Sanzgiri	1.30	-	-	1.30
	Ms. Tripti J. Navani	0.75	-	-	0.75
	Total (2)	2.05	-	-	2.05
	Total (B)=(1+2)	11.55	-	-	11.55

* Appointed Director with effect from May 22, 2019

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

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary Mr. Rakesh M. Nanwani 01.04.2019 to 31.03.2020	Chief Financial Officer Mr. Avadhut Sarnaik 01.04.2019 to 31.03.2020
1.	Gross Salary	In ₹Lakhs	In ₹ Lakhs
	(a) Salary as per provisions contained in Sec (17) (1) of the Income Tax Act, 1961 (b) Value of perquisites u/s (17) (2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section (17) (2) of the Income Tax Act, 1961	5.88	37.04
2.	Stock option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit - others, specify...	0	0
5.	Others - please specify - Bonus	0	0
6.	Total	5.88	37.04

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

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020**Ramesh R. Patil**
Chief Executive Officer & Managing Director
DIN : 07568951**Vasant N. Sanzgiri**
Director
DIN: 01757117

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-2019 to 31-March-2020
a.	Name of related party and nature of relationship	Gokak Power & Energy Limited (Subsidiary Company)
b.	Nature of contracts / arrangements / transactions	Agreement for purchase of power between Gokak Power & Energy Limited and Gokak Textiles Limited, Holding Company for captive consumption.
c.	Duration of contracts / arrangements/ transactions	20 years w.e.f. 27.09.2012
d.	Salient terms of the contracts / arrangements/ transactions including Value, if any	Captive user agrees to pay ₹4.23 + ₹0.20 (electricity duty) for every unit of power transferred, subject to conditions laid out in the agreement
e.	Dates of Approval by the Board, if any	13.08.2012
f.	Amount paid as advance, if any	Security Deposit – Rupees One Crore

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

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

Vasant N. Sanzgiri
Director
DIN: 01757117

Annexure VII

A. Conservation of energy-

Particulars of Technology Absorption and Foreign Exchange earnings and outgo, as per Section 134 (3)(m) of the Companies Act, 2013 and the Rules made therein and forming part of the Directors' Report for the year ended March 31, 2020

A. Conservation of energy- PAT Cycle –II

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

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

For the last 3 year period of (2016 - 2019), the Company achieved 0.76 SEC in the Energy Conservation, and was entitled for ESCerts of positive 276, The Company has completed the Base Line year and audit also and some of the Energy Conservation Measures adopted by the Company during the year 2019-20 are as below.

(i)	The steps taken to improve energy conservation :-	i.	HESCOM Installation Contract Demand has been reduced from 8000 KVA to 7000 KVA.
		ii.	Mill No-3 OE Humidification plant room stopped, which was having 41 KW load and started small local Humidifier of 1 kw load 2 nos. to maintain RH%.
		iii.	Mill No-2 Preparatory plant supply air fan motor running continuously fixed a cyclic timer for energy saving 50 %.
		iv.	Inverter fixed on Schlafhorst Autoconer suction Motor having 11 KW to control the speed.
		v.	Fixed Inverter for Humidification plant C & D of Mill No-7, Pump motor for 2 nos. 11 KW motors.
		vi.	Ring frame K44 OHTC centralized waste collection fan motor, 5.5 KW, fixed a Cyclic Timer to trim the operation and save energy.
(ii)	The steps taken by the Company for utilizing alternate sources of energy.	Used solar energy in place of HESCOM Energy.	
(iii)	the capital investment on energy conservation equipment's	1)	Replaced new Compressed Air Dryer, against this installation we have stopped less efficient old dryers and saved energy cost.
		2)	Replaced old 3 nos. Benson fans of 0.75 kw, thereby conserving energy.

B. Technology absorption:

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

C. Foreign exchange earnings and Outgo

(₹ in Lakhs)

1	Earnings	691.71
2	Outgo	13.35

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

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

Vasant N. Sanzgiri
Director
DIN: 01757117

Report on Corporate Governance

Corporate Governance Policy:

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

The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices and the guiding principle of the Code of Governance of the Company is Harmony i.e.:

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

Code of Conduct

The Company has strong and consistent legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for All Board Members and Senior Management (the "Code") which will uphold ethical values and legal standards as the Company pursues its objectives. The Code has been communicated to the Directors and the members of the Senior Management. All Board members and senior management have confirmed compliance with the Code for the year ended March 31, 2020. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer & Managing Director.

Code of Practices and Procedures for Fair Disclosure and Conduct

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

Board of Directors:

The Board of Directors are persons of integrity and having wide range of experience and skills. The Board of Directors as on March 31, 2020, comprised of Six (6) Directors. Five (5) Directors are Non-executive (including One (1) Women Director) and One (1) Executive Director. The Board comprises of 3 (50%) Independent Directors.

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

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

The Board met at least once in a quarter, and the maximum time gap between two Board Meetings did not exceeded the time limit prescribed in regulation 17 (2) of SEBI (LODR), 2015. During the year under review, 4 (four) Board meetings were held on May 23, 2019; July 30, 2019; November 09, 2019 and February 14, 2020.

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

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

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

The names and categories of the Directors on the Board, their attendance at the Board Meetings, and Annual General Meeting (AGM) held during the year, the number of Chairmanships/ Directorships of all Boards excluding alternate directorship, directorship of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 and the Committees of Board (Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders' Relationship Committee across all public limited (listed as well as unlisted) including those of the Company), held by them as on March 31, 2020 are as follows:

Sl. No.	Name of the Director	Category	Number of Board Meetings during 2019-2020		Attendance at AGM held on September 20, 2019	Number of shares held	Relationship with other Director	No. of Directorships in all Public Companies	No. of Committee Positions held in all Public Companies		Directorship in other listed entity (Category of Directorship)
			Held	Attended					Chairman	Member	
1	Mr. Ramesh R. Patil Chief Executive Officer and Managing Director DIN : 07568951	Executive Non-Independent	4	4	Yes	Nil	None	2	-	2	NIL
2	Mr. Pradip N. Kapadia DIN : 00078673	Non-Executive Independent	4	4	Yes	Nil	None	7	3	5	1. Mafatlal Industries Limited (Independent Non-Executive) 2. Navin Fluorine International Limited (Independent Non-Executive)
3	Mr. Nikhil J. Bhatia * DIN: 00414281	Non-Executive Independent	4	4	No	Nil	None	3	2	-	1. Forbes & Company Limited (Independent Non-Executive)
4	Mr. D.G. Prasad DIN: 00160408	Non-Executive Independent	4	4	Yes	Nil	None	4	2	3	1. Moschip Technologies Ltd. (Independent Non- Executive) 2. Suven pharmaceuticals Ltd (Independent Non- Executive) 3. Natco Pharma Ltd (Independent Non- Executive)
5	Mr. Vasant N. Sanzgiri DIN: 01757117	Non-Executive Non-Independent	4	4	Yes	Nil	None	1	-	1	NIL
6	Ms. Tripti J. Navani DIN: 08190106	Non-Executive Non-Independent	4	3	No	Nil	None	1	-	-	NIL

*Appointed as an Independent Director w.e.f. May 22, 2019

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

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

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

Director	Areas of Skills/Expertise/Competence
Mr. Ramesh R. Patil Chief Executive Officer & Managing Director	Business Strategy and Business Development, Marketing and communications, Business Governance and General Administration. Operational Management.
Mr. Pradip N. Kapadia Non-Executive – Independent	Business and Corporate Governance, Public Policy, Legal and regulatory, Business Strategy.
Mr. D G Prasad Non-Executive – Independent	Risk Management, Finance and control, Taxation and related Regulatory, Business structuring and Governance.
Mr. Vasant N. Sanzgiri Non-Executive Non- Independent Director	Business Strategy and Business Development, Build and nurture talent, and communications, Building High Performance Teams.
Ms. Tripti J. Navani Non-Executive Non- Independent Director	Fund raising, Business and deal strategy & structuring, Finance and Business Governance.
Mr. Nikhil Bhatia Non-Executive – Independent	Risk Management, Finance and control Taxation and related Regulatory, Business structuring and Governance.

Familiarization Programme for Independent Directors

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

Meeting of Independent Directors:

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

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

The meeting was attended by all Independent Directors.

CEO & CFO Certification

As required by the Regulation 17(8) of SEBI (LODR), 2015 a certificate from Mr. Ramesh R Patil, Chief Executive Officer and Managing Director and Mr. Avadhut Sarnaik, Chief Financial Officer is placed before the Board of Directors.

Audit Committee:

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

- I. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- II. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- III. examination of the financial statement and the auditors' report thereon;
- IV. approval or any subsequent modification of transactions of the Company with related parties;
- V. scrutiny of inter-corporate loans and investments;
- VI. valuation of undertakings or assets of the Company, wherever it is necessary;
- VII. evaluation of internal financial controls and risk management systems;
- VIII. monitoring the end use of funds raised through public offers and related matters;
- IX. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- X. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- XI. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- XII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- XIII. Discussion with internal auditors of any significant findings and follow up thereon;
- XIV. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- XV. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- XVI. To look into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders and creditors;
- XVII. To review the functioning of the Whistle Blower mechanism;
- XVIII. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- XIX. Reviewing, with the management, financial statements, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;

- d) Significant adjustments made in the financial statements arising out of audit findings;
- e) Compliance with listing and other legal requirements relating to financial statements;
- f) Disclosure of any related party transactions; and
- g) Qualification in the draft audit report.

XX. Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding ₹ 100 crores or 10 % of the assets size of the subsidiary, whichever is lower including existing loans/advances/investments.

XXI. Such other functions/duties as may be prescribed by the Act, or SEBI (LODR), 2015 (as amended from time to time); and such other functions/duties as may be entrusted by the Board from time to time.

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

Composition of the Committee:

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

All members are financially literate and at least one member has Accounting expertise. The Audit Committee meetings are attended by Chief Financial Officer, Statutory Auditors and Internal Auditors and the functional heads as and when required. The Company Secretary acts as the Secretary to the Committee. The gap between two consecutive meetings was not more than four months. During the year under review, the 4 (four) Audit Committee meetings were held on May 23, 2019; July 30, 2019; November 09, 2019 and February 14, 2020. The Composition of the Committee and details of meeting attended by its members is as follows:

Sr. No	Name	Description	Category	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
1.	Mr. D G Prasad	Chairman	Non-Executive Independent	4	4
2.	Mr. Pradip N. Kapadia	Member	Non-Executive Independent	4	4
3.	Mr. Ramesh R. Patil	Member	Non-Independent, Executive Director	4	4

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

Nomination and Remuneration Committee:

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

The terms of reference of Nomination and Remuneration Committee includes:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;

- c) Devising a policy on Board diversity;
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- e) To recommend extending or continuing the terms of appointment of Independent Directors, on the basis of report of performance evaluation of Independent Director;
- f) Recommend to the Board, all remuneration, in whatever form payable to senior management and
- g) Such other functions/duties as may be entrusted by the Board from time to time

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

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

Composition of the Committee:

The Nomination and Remuneration Committee comprises of three (3) members, of which 2 are Non-Executive Independent Directors and One (1) Non-Executive Non -Independent Director. During the year under review, one (1) meeting was held on May 23, 2019. The composition of the Committee and details of meeting attended by the members is as follows:

Sl. No.	Name	Description	Category	No. of NRC Meetings held	No. of NRC Meetings attended
1.	Mr. Nikhil J. Bhatia *	Chairman	Non – Executive Independent	1	1
2.	Mr. Pradip N. Kapadia	Member	Non – Executive Independent	1	1
3.	Mr. Vasant N. Sanzgiri	Member	Non-Executive Non-Independent	1	1

* Appointed Director and Chairman w.e.f. May 22, 2019.

Details of Remuneration paid to Directors during the year ended March 31, 2020 are as follows:

A) Non – Executive Directors

(₹ in lakhs)

Name of Director	Sitting fees	Commission Paid	Total ₹
Mr. Pradip N. Kapadia	3.75	Nil	3.75
Mr. Nikhil J. Bhatia #	2.50	Nil	2.50
Mr. D. G. Prasad	3.25	Nil	3.25
Mr. Vasant N. Sanzgiri	1.30	Nil	1.30
Ms. Tripti J. Navani	0.75	Nil	0.75

Appointed Director with effect from May 22, 2019.

No commission was paid to any Non – Executive Director during FY 2019 – 2020.

B) Remuneration paid to Chief Executive Officer & Managing Director

(₹ in lakhs)

Sr. No.	Particulars	Mr. Ramesh R. Patil
a	Salary and allowance	49.02
b	Pension contribution to PF	0.15
c	Annual Performance Incentive & Ex-Gratia	0.00
	Total	49.17
d	Breakup of fixed components and performance linked incentives with performance criteria	Item C is performance linked, others are fixed. Performance criteria include, reduction of costs, improvement of liquidity, steps taken for growth of business both the Company and its subsidiary.
e	Service contracts	July 18, 2019 to July 17, 2022 (subject to retirement policy of the Company)
f	Notice period	Three calendar months
g	Severance fees	Nil
h	Stock Option	Nil

Stakeholders Relationship Committee:

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

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

The Stakeholders' Relationship Committee meeting was held on May 23, 2019.

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

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

The Company Secretary also functions as Compliance Officer.

During the year under review, no complaints were received by the Company from any shareholder and there were no pending complaints at the end of the year. Further no transfers were pending as on March 31, 2020.

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

Corporate Social Responsibility Committee (CSR)

The provisions of section 135 of the Companies Act, 2013 are not presently applicable to the Company. The Board of Directors of the Company has in good governance voluntarily constituted Corporate Social Responsibility Committee in compliance of section 135 of the Companies Act, 2013. The Committee comprises three (3) members viz. Mr. Nikhil Bhatia, Non-Executive Independent Director & Chairman of the Committee, 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 to the Companies Act, 2013.

General Body Meetings

(a) the details of date, time and venue of the Annual General Meetings held during the last 3 years till March 31, 2020 are as follows:

AGM	Date of the AGM	Time	Venue
11 th AGM	September 26, 2017	3.00 p.m	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore -560 001
12 th AGM	September 18, 2018	11.30 a.m	Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru - 560001
13 th AGM	September 20, 2019	12.00 noon	Hotel Chalukya, 44, Race Course Road, Basaveshwara Circle, Bengaluru - 560001

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

September 26, 2017 (11 th AGM)	(1)	Issue and Offer of Non-cumulative, Non-convertible, Re-deemable Preference Shares on a Private Placement basis
	(2)	Adoption of new set of Articles of Association of the Company
September 18, 2018 (12 th AGM)		No Special Resolution was passed at the AGM held on September 18, 2018.
September 20, 2019 (13 th AGM)	(1)	Re-appointment of Mr. Ramesh R. Patil (DIN:07568951) as Chief Executive Officer & Managing Director
	(2)	Re-appointment of Mr. Pradip N. Kapadia (DIN: 00078673) as Independent Director of the Company
	(3)	Re-appointment of Mr. D G Prasad (DIN: 00160408) as Independent Director of the Company
	(4)	Issue and Offer of Non-cumulative, Non-convertible, Redeemable Preference Shares on a Private Placement basis

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

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

Particulars	Amount in lakh (Rs)
Statutory Audit (including quarterly audit)	25.75
Reimbursement of out-of-pocket expenses	0.57
Total	26.32

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

The required disclosures have been made in the Directors' Report for the year ended March 31, 2020 which forms part of this Annual Report for FY 2019-2020.

Related Party transactions:

All related party transactions that were entered into during the financial year were at arm's length basis and were in the ordinary course of business. No materially significant Related Party Transactions has been entered into by the Company with the Promoters, Directors or the Management, Key Managerial Personnel or their relatives etc., that may have potential conflict with the interests of the Company at large except purchase of power for captive consumption and for sale, from the subsidiary Company viz., Gokak Power & Energy Ltd.

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

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

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

Statutory Compliances

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

Vigil Mechanism/ Whistle Blower Policy

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

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

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

- **Shareholders' Rights:** As the quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not sent to the shareholders.
- **Audit Qualifications:** The Statutory Auditors Report on the Company's standalone financial statement for the financial year 2019-20 does not contain any audit qualification.
- **Separate posts of Chairman and CEO:** The Board Members present at the meeting elect a Non- Executive Director to Chair the meeting. The Company has appointed Chief Executive Officer & Managing Director to take care of the day-to-day affairs of the Company.

Means of communication:

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

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

18. General Shareholder Information:

a	Annual General Meeting Date, time and venue	Next Annual General Meeting of the Company is scheduled on Tuesday, September 29, 2020 at 3.00 PM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')
b	Financial year	The Company follows the April-March Financial Year.
c	Date of Book Closure	The Register of Members and the Share Transfer Book of the Company will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020.
d	Dividend Payment date	Board has not recommended any dividend
e	Listing on Stock Exchanges	BSE Limited P.J. Towers, Dalal Street, Mumbai – 400001
f	Stock Code	532957 (ISIN: INE642I01014)

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

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

Month and Year	High	Low	No. of shares	BSE Index High	BSE Index Low
April' 2019	24.15	16.90	6,223	39487.45	38460.25
May' 2019	25.35	21.85	2,177	40124.96	36956.10
June' 2019	20.80	17.05	2,087	40312.07	38870.96
July' 2019	17.05	13.05	1,578	40032.41	37128.26
August' 2019	14.59	9.98	3,806	37807.55	36102.35
September' 2019	12.50	9.76	8,929	39441.12	35987.80

Month and Year	High	Low	No. of shares	BSE Index High	BSE Index Low
October' 2019	12.25	10.75	10,636	40392.22	37415.83
November' 2019	12.51	10.50	2,253	41163.79	40014.23
December' 2019	10.75	8.04	25,733	41809.96	40135.37
January' 2020	8.44	8.04	4,757	42273.87	40476.55
February' 2020	12.00	8.44	3,533	41709.30	38219.97
March' 2020	13.23	12.57	255	39083.17	25638.90

Registrars and Share Transfer Agents:

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

TSR Darashaw Consultants Private Limited (Formerly TSR Darashaw Limited)

Unit: Gokak Textiles Ltd.

6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai 400011.

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

Email: cgs-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

Share Transfer system:

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

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

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

Distribution of Shareholding as at March 31, 2020

Category	No. of Shares	Percentage to Paid-up capital
Promoters	47,80,845	73.56
Central/State Government(s)	55,171	0.85
Nationalised Banks	9,474	0.15
Bodies Corporate	147,468	2.27
Insurance Companies	2,96,057	4.56
Mutual Funds / UTI	181	0.00
FII's/ NRI's/ OCB/ Foreign Company	2,17,394	3.34
Public	9,92,718	15.27
Total	64,99,308	100.00

Distribution by size of holding as at March 31, 2020

Range Start	Range End	Total Shares	Percentage to capital	Total Number of Equity Shareholders	% of Total Paid-up Equity Capital
1	500	431,130	6.63	8,599	96.47
501	1000	121,689	1.87	160	1.79
1001	2000	113,822	1.75	79	0.89
2001	3000	55,817	0.86	22	0.25
3001	4000	37,162	0.57	11	0.12
4001	5000	40,478	0.62	9	0.10
5001	10000	118,895	1.83	17	0.19
10001	Above 10001	5,580,315	85.86	17	0.19
Total		64,99,308	100.00	8,914	100.00

Status of dematerialisation of shares and liquidity as on March 31, 2020:

Details	No. of shareholders	No. of shares	Percentage to paid up Capital
National Securities Depository Limited. (NSDL)	3,415	58,80,225	90.47
Central Depository Services (India) Limited. (CDSL)	1,298	3,75,063	5.77
Total Dematerialised	4,713	62,55,288	96.24
Physical	4,201	2,44,020	3.76
Total	8,914	64,99,308	100

Outstanding Employee Stock options, GDRs, ADRs, etc.

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

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

Commodity price risk or Foreign exchange risk and hedging activities

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

Credit rating by ICRA during FY 2019 – 2020

As there are no long term and short term external borrowings credit rating was not taken during the FY 2019 – 2020.

Plant Locations:

Mills Division :

Gokak Falls – 59130, Dist. Belgaum, Karnataka State

Knitwear Unit:

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

Address for Correspondence:

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

Secretarial Auditors' Certificate:

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

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

As provided under Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the code of conduct for Board of Directors and Senior Management for the year ended March 31, 2020.

For Gokak Textiles Limited

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by **Gokak Textiles Limited** (“the Company”) for the purpose of certifying of the Corporate Governance compliance certificate under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period 1st April 2019 to 31st March, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in Regulation 17 to 27 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924

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

To,
The Members of

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr No	Name of the Director	DIN	Date of Appointment in the Company
1	Pradip Narotam Kapadia	00078673	12/09/2008
2	Govinda Prasad Dasu	00160408	28/05/2012
3	Nikhil Jaysinh Bhatia	00414281	22/05/2019
4	Vasant Narayan Sanzgiri	01757117	22/05/2012
5	Ramesh Ramrao Patil	07568951	18/07/2016
6	Tripti Jagdish Navani	08190106	01/08/2018

Mr. Nikhil Jaysinh Bhatia (DIN: 00414281) appointed as an additional director (Independent) of the Company with effective from 22nd May, 2019 and the shareholders were approved his appointment by passing ordinary resolution at the annual general meeting held on 20th September, 2019.

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

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924

**STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS FORMING PART OF
ANNUAL REPORT OF
GOKAK TEXTILES LIMITED
FOR THE YEAR ENDED MARCH 31, 2020**

INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak Textiles Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Gokak Textiles Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Description of Key Audit Matter:

At March 31, 2020, the Company held provisions of Rs 808.91 lakhs in respect of legal claims and has disclosed total contingent liabilities of Rs 10218.02 lakhs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported loss and balance sheet position.

Refer Note 45 and Note 48 of financial statements and accounting policies for contingent liabilities, provisions, and related disclosures.

Our response:

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

ii. Going Concern Assessment

Description of Key Audit Matter:

During the year, the Company incurred loss before tax (including other comprehensive income) of ₹ 4477.49 lakhs and had accumulated losses of ₹ 26306.78 lakhs as on March 31, 2020. Further the Company's net worth has been fully eroded as at March 31, 2020. These conditions indicate requirement of assessment of the Company's ability to continue as a going concern.

The Company's financial statements have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 50 of the financial statements.

Our response:

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

iii. Impairment testing of investment in subsidiary:

Description of Key Audit Matter:

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

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

GPEL has accumulated losses of ₹ 2418.22 lakhs as on March 31, 2020 which indicates that the investment in GPEL may be impaired and requires impairment testing.

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

Our response:

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

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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

and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its director during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (refer note 45)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No.111749
ICAI UDIN: 20111749AAAACN3491

Place : Mumbai

Date : 29 June 2020

Annexure - A to the Auditors' Report

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

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

Sr. No.	Nature of Asset	No. of Cases	Whether Leasehold / Freehold	Gross Block as on March 31, 2020	Net Block as on March 31, 2020 ₹ in lakh	Remarks
1.	Land	1	Freehold	11.35	11.35	<ul style="list-style-type: none"> The title deeds of the property are in the name of erstwhile entities (Mills Division). As per the government records, some portion of the land is neither in the name of the Company nor in the name of erstwhile entities.
2.	Land	1	Freehold	11.10	11.10	The title deeds of the properties are in the name of erstwhile entity (Garment Division).
3.	Land	1	Leasehold	1.50	Nil	The lease deed of the land is in the name of erstwhile entity (Mills Division).
4.	Building	1	owned	7.78	3.69	The title deeds of all the properties are in the name of erstwhile entity (Mills Division).

- ii. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the frequency of such verification is reasonable. Discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted loans, secured or unsecured to bodies corporate, Firms, Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') Accordingly paragraph 3(iii) of the order is not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to investments made and guarantees provided.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed are not applicable.

- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company, is generally regular in depositing undisputed statutory dues including provident fund, income-tax, duty of customs, employees' state insurance, Goods and service tax, professional tax, cess and other material statutory dues to the appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and service tax, duty of customs, professional tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except for the details given below.

Name of statute	Nature of dues	Amount (in Rs)	Period to which it relates	Due date	Date of payment
Profession Tax, Act	Professional tax	400	July 2019	20 August 2019	25 May 2020

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

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

- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks during the year. There were no dues to financial institutions, Government or debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly paragraph 3(ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has paid / provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the Related Parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Hence, the provision of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 20111749AAAACN3491

Place : Mumbai
Date : 29 June 2020

Annexure - B to the Auditors' Report

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

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

We have audited the Internal Financial Controls over financial reporting of **Gokak Textiles Ltd** ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A Company's Internal Financial Control over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial

Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 20111749AAAACN3491

Place : Mumbai

Date :29 June 2020

GOKAK TEXTILES LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note No.	As at March 31, 2020 ₹ in Lakhs	As at March 31, 2019 ₹ in Lakhs
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	6,770.01	7,349.67
b) Capital work-in-progress		0.39	-
c) Right of use Asset	3A	19.72	-
d) Investment Property	4	11.35	11.35
e) Intangible assets	5	7.47	0.28
		6,808.94	7,361.30
f) Financial Assets:			
i) Investments			
a) Investments in Subsidiaries	6	2,499.00	2,499.00
b) Other Investments	6	0.03	0.03
		2,499.03	2,499.03
ii) Other financial assets	8A	137.19	242.38
		2,636.22	2,741.41
g) Tax assets			
i) Deferred tax assets (net)	19	-	-
ii) Income tax assets (net)	23	87.88	64.57
		87.88	64.57
h) Other non-current assets	11A	925.21	1,161.23
Total Non-current assets		10,458.25	11,328.51
2 Current assets			
a) Inventories	9	2,009.94	2,472.21
b) Financial Assets:			
i) Trade receivables	7	596.09	868.44
ii) Cash and cash equivalents	10A	263.06	20.08
iii) Bank balances other than (ii) above	10B	2.68	4.00
iv) Other financial assets	8B	515.97	470.89
		1,377.80	1,363.41
c) Other current assets	11B	69.84	61.31
Assets classified as held for sale	12	17.60	68.15
Total Current assets		3,475.18	3,965.08
Total Assets		13,933.43	15,293.59
Equity and Liabilities			
Equity			
a) Equity share capital	13	649.93	649.93
b) Other equity	14	(3,729.23)	755.81
Total Equity		(3,079.30)	1,405.74
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	15	12,115.34	2,556.15
ii) Lease Liabilities		19.23	-
		12,134.57	2,556.15

Particulars	Note No.	As at March 31, 2020 ₹ in Lakhs	As at March 31, 2019 ₹ in Lakhs
b) Provisions	18A	1,316.80	1,186.53
Total Non-current liabilities		13,451.37	3,742.68
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	21	-	6,481.73
ii) Trade Payables:	22		
- dues to Micro and Small Enterprises		12.43	1.49
-dues to other Creditors		2,841.67	2,980.82
iii) Lease Liabilities		7.45	-
iv) Other financial liabilities	17	628.02	597.60
		3,489.57	10,061.64
b) Provisions	18B	16.67	10.76
c) Other current liabilities	20	55.12	72.77
Total Current Liabilities		3,561.36	10,145.17
Total Liabilities		17,012.73	13,887.85
Total Equity and Liabilities		13,933.43	15,293.59

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

The notes are an integral part of the these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		Note No.	Year ended March 31, 2020 ₹ in Lakhs	Year ended March 31, 2019 ₹ in Lakhs
I	Revenue from operations	24	9,821.96	17,300.46
II	Other income	25	394.45	701.20
III	Total Income		10,216.41	18,001.66
IV	Expenses:			
	Cost of materials consumed	26	6,357.98	12,127.69
	Changes in inventories of finished goods and work-in-progress	27	467.32	58.61
	Employee benefits expense	28	2,901.32	3,192.30
	Finance costs	29	1,155.68	1,406.96
	Depreciation and amortisation expense	30	606.75	621.55
	Other expenses	31	3,186.16	4,225.60
	Total expenses		14,675.21	21,632.71
V	Profit / (Loss) before exceptional items and tax		(4,458.80)	(3,631.05)
VI	Exceptional items		-	-
VII	Profit / (Loss) before tax		(4,458.80)	(3,631.05)
VIII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
IX	Profit / (Loss) for the year		(4,458.80)	(3,631.05)
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		(18.72)	62.43
	Items that will be reclassified to profit or loss			
	Other Comprehensive Income		(18.72)	62.43
XI	Total Comprehensive Income for the year		(4,477.52)	(3,568.62)
XII	Earning per equity share :	32		
	Basic and diluted earnings per equity share		₹ (68.60)	₹ (55.87)

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

The notes are an integral part of the these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai

Date: June 29, 2020

Avadhut Sarnaik

Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani

Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai

Date: June 29, 2020

GOKAK TEXTILES LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	Year ended March 31, 2020 ₹ in lakh	Year ended March 31, 2019 ₹ in lakh
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(4,458.80)	(3,631.05)
Adjustments for:		
Depreciation and amortisation	606.75	621.55
Interest income	(20.82)	(20.10)
Finance cost	1,155.68	1,406.96
Net Loss / (Profit) on sale of fixed assets	(227.40)	(53.98)
Foreign Exchnage (gain)/ losses	0.72	(13.09)
Credit balances / excess provision written back	(24.00)	(73.74)
Dividend Income	(0.01)	(0.04)
Provision for Doubtful Debts (net of recoveries)	17.85	-
Balances written off	14.18	39.95
Provision for Doubtful Advances	96.31	-
Operating loss before working capital changes	(2,839.54)	(1,723.53)
Adjustments for :		
(Increase)/ Decrease in Inventories	462.27	299.09
(Increase)/ Decrease in Trade and other receivables	253.78	418.51
(Increase)/ Decrease in Other Financial Assets	(36.20)	(227.41)
(Increase)/ Decrease in Other assest	213.86	546.77
Increase/ (Decrease) in Trade payables, other liabilities and provisions	16.92	1,061.10
Cash generated from operations	(1,928.91)	374.53
Direct Taxes (paid) / refund	(23.31)	(8.42)
Net cash (used in) / from operating activities	(1,952.22)	366.11
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP	(31.49)	(21.88)
Sale of Fixed Assets	282.21	54.91
Net Movement in bank balance not considered as cash and cash equivalents	1.32	(0.08)
Interest received	20.82	20.10
Dividend Received	0.01	0.04
Sale of Investment	-	0.50
Net cash (used in)/ from investing activities	272.87	53.59
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Preference Shares	-	3,500.00
Proceeds / (repayment) of Borrowings (net)	2,789.82	(2,765.84)
Payment of lease liabilities	(8.21)	-
Interest paid	(859.28)	(1,180.15)
Net cash (used in)/from financing activities	1,922.33	(445.99)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	242.98	(26.30)
Cash and Cash equivalents at the beginning of the year	20.08	46.38
Cash and Cash equivalents at the end of the year	263.06	20.08
D. COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	2.40	2.35
Balances with banks:		
- In current accounts	260.66	17.73
	263.06	20.08

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

Particulars	As at April 1, 2019	Net Cash inflow/ (outflow)	Non cash movement (Interest Accrued)	As at March 31, 2020
Short Term Borrowings	6,481.73	(6,481.73)	-	-
Long Term Borrowings (including current maturities)	-	9,271.55	-	9,271.55
Debt component of preference shares	2,556.15	-	287.64	2,843.79

Notes

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

The notes are an integral part of the these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
Statement of changes in equity for the year ended March 31, 2020

(₹ in Lakhs)

Statement of changes in equity for the year ended March 31, 2020	
a. Equity share capital	Amount
Balance as at April 1, 2019	649.93
Changes in equity share capital during the year	-
Balance as at March 31, 2019	649.93
Changes in equity share capital during the year	-
Balance as at March 31, 2020	649.93

(₹ in Lakhs)

Statement of changes in equity for the year ended March 31, 2020

b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus			Total Equity Attributable to the Equity Holders of the Company
		General reserve	Retained earnings	Total	
Balance at April 01, 2018	12,351.35	7,160.32	(18,253.12)	(11,092.80)	1,258.55
Profit for the year	-	-	(3,631.05)	(3,631.05)	(3,631.05)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	62.43	62.43	62.43
Total comprehensive income for the year	-	-	(3,568.62)	(3,568.62)	(3,568.62)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	3,065.88	-	-	-	3,065.88
Transfer to retained earnings	-	-	-	-	-
Balance at March 31, 2019	15,417.23	7,160.32	(21,821.74)	(14,661.42)	755.81
Ind AS 116 - Leases transition adjustment (Refer Note 2(t))	-	-	(7.53)	(7.53)	(7.53)
Profit for the year	-	-	(4,458.80)	(4,458.80)	(4,458.80)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	(18.72)	(18.72)	(18.72)
Total comprehensive income for the year	-	-	(4,477.52)	(4,477.52)	(4,477.52)
Balance at March 31, 2020	15,417.23	7,160.32	(26,306.79)	(19,146.47)	(3,729.24)

As per our report of even date

For BATLIBOI & PUROHITChartered Accountants
Firm Reg No. 101048W**Kaushal Mehta**Partner
Membership No. 111749Place: Mumbai
Date: June 29, 2020**Avadhut Sarnaik**
Chief Financial Officer
Membership No. A27260**Rakesh M. Nanwani**
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. SanzgiriDirector
(DIN: 01757117)**Ramesh R. Patil**CEO & Managing Director
(DIN: 07568951)Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 grey yarn, blended yarn, industrial fabrics, terry towels, t-shirts, polos, undergarments, etc.

2 Significant Accounting Policies

(a) Statement of Compliance :

These separate financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act (to the extent notified). and on accrual basis.

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

(b) Basis of Preparation and presentation :

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

(c) Use of estimates

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

(d) Property, plant and equipment:

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

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

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

(e) Intangible Assets:

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

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

Computer Software - 6 Years”

(f) Investment property :

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

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

(g) Investments in Subsidiary :

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

(h) Financial instruments :

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Financial assets :

The Company classifies its financial assets in the following categories:

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

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

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

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

Financial liabilities and equity :

Classification as debt or equity

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

Financial liabilities

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

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

Equity

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

(i) Inventories :

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(j) Borrowing Cost :

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

(k) Revenue Recognition :

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

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

Interest income is recognised using the effective interest rate (EIR) method.

(l) Manufacturing and Operating Expenses :

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

(m) Foreign Exchange Transactions :

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

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

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(p) Accounting for Taxes on Income :

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

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

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

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

(q) Earnings per Share :

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

(r) Impairment of non-financial assets :

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

(s) Borrowings :

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

(t) Leases :

As a lessee

The Company has adopted modified retrospective approach under Ind AS 116 - Leases, with effect from April 01, 2019. Accordingly, the Company has recognised 'Right of use (ROU)' assets of ₹ 26.92 lakhs (including reclassification of leasehold land of Rs 1.50 lakhs), accumulated amortisation of ₹ 11.74 lakhs and present value of lease liabilities of ₹ 21.22 lakhs as on April 01, 2019. In the statement of profit and loss for the year, instead of rent expenses (as accounted

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

under previous periods), amortisation of right of use has been accounted under depreciation and amortisation expenses and unwinding of discount on lease liabilities has been accounted under finance cost. The impact on the profits / (loss) for the year due the above change in accounting policy is additional expense of ₹ 0.92 lakhs.

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

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

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

As a lessor

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

(u) Cash and cash equivalents :

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

(v) Non-current assets held for sale :

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

(w) Employee Benefits :**Short-term Obligations :**

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Other long-term employee benefit obligations

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

Defined Contribution Plans:

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

Defined Benefit Plan

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Factory Building	Residential Building	Plant and machinery	Furniture & Fixtures and Office equipments	Vehicles	Total
Cost or Deemed cost							
Balance at April 1, 2018	11.10	1,944.84	387.75	6,992.38	229.63	12.27	9,577.97
Additions	-	-	-	28.02	2.85	8.70	39.57
Disposal	-	-	-	0.16	-	0.93	1.09
Balance at March 31, 2019	11.10	1,944.84	387.75	7,020.24	232.48	20.04	9,616.45
Additions	-	-	-	11.57	1.73	10.62	23.92
Disposal	-	-	4.33	260.32	0.04	1.46	266.15
Balance at March 31, 2020	11.10	1,944.84	383.42	6,771.49	234.17	29.20	9,374.22
Accumulated depreciation and impairment							
Balance at April 1, 2018	-	279.23	62.67	1,188.76	118.73	3.61	1,653.00
Eliminated on disposals of assets	-	-	-	0.19	-	-	0.19
Depreciation expense	-	106.00	23.84	453.18	30.63	0.33	613.98
Balance at March 31, 2019	-	385.23	86.51	1,641.75	149.36	3.94	2,266.79
Eliminated on disposals of assets	-	-	2.40	260.27	0.04	-	262.71
Depreciation expense	-	105.78	23.18	447.03	22.58	1.56	600.13
Balance at March 31, 2020	-	491.01	107.29	1,828.51	171.90	5.50	2,604.21
Carrying Amount							
Balance at March 31, 2018	11.10	1,665.61	325.08	5,803.62	110.90	8.66	7,924.97
Balance at March 31, 2019	11.10	1,559.61	301.24	5,378.49	83.12	16.10	7,349.67
Balance at March 31, 2020	11.10	1,453.83	276.13	4,942.98	62.27	23.70	6,770.01

3A. Right of Use Asset :-

(₹ In Lakhs)

Particulars	Leasehold land & Premises
Gross Block	
Balance as at 1st April, 2019	26.92
Additions	10.74
Deletion	-
Balance as at 31st Mar, 2020	37.66
Accumulated amortisation and impairment	
Balance as at 1st April, 2019	11.74
Depreciation expense	6.20
Deletion	-
Balance as at 31st Mar, 2020	17.94
Carrying Amount	
Balance as at 1st April 2019	15.18
Balance as at 31st Mar 2020	19.72

(Refer Note 2(t) for transition effect of first time adoption of Ind AS 116)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

4. Investment property

(₹ In Lakhs)

At Cost	As at March 31, 2020	As at March 31, 2019
	11.35	11.35
Total	11.35	11.35

Fair Value :-

As at March 2020	495.00
As at March 2019	450.00

Estimation of Fair value: --

The fair valuation is based on current marked prices of similar properties. This valuation is based on valuations performed by independent valuers.

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

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

5. Intangible assets:-

(₹ In Lakhs)

Particulars	Computer Software
Cost or Deemed cost	
Balance as at 1st Apr, 2018	71.38
Additions	0.12
Deletion	-
Balance as at 31st Mar, 2019	71.50
Additions	7.60
Deletion	-
Balance as at 31st Mar, 2020	79.10
Accumulated amortisation and impairment	
Balance as at 1st Apr, 2018	63.65
Depreciation expense	7.57
Balance as at 31st Mar, 2019	71.22
Depreciation expense	0.41
Balance as at 31st Mar, 2020	71.63
Carrying Amount	
Balance as at 1st Apr, 2018	7.73
Balance as at 31st Mar 2019	0.28
Balance as at 31st Mar 2020	7.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

6. Non Current Investments

(₹ in lakhs)

6A. Break-up of investments				
particulars	As at March 31, 2020		As at March 31, 2019	
	Qty	Amount	Qty	Amount
a) In subsidiary companies (at cost)				
Unquoted Investments				
i) Equity Instruments				
1. Equity shares of ₹ 10 each fully paid up of Gokak Power & Energy Limited	249,90,000	2,499.00	249,90,000	2,499.00
Total of Unquoted Investments in subsidiary	249,90,000	2,499.00	249,90,000	2,499.00
b) Other Investments (FVTPL)				
Unquoted Investments (all fully paid)				
i) Equity Instruments				
1 Equity shares of ₹ 10/- each of New India Co-Operative Bank Ltd.	-	-	-	-
2 Equity shares of ₹ 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
Total of Unquoted Investments	250	0.03	250	0.03
TOTAL OF UNQUOTED INVESTMENTS		2,499.03		2,499.03

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of New India Co-operative Bank limited	-	-
2. In unquoted equity shares of Zoroastrian Co-Operative Bank limited.*	0.03	0.03
	0.03	0.03

* Value of these shares is ₹ 2,500/-

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
7. Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- Related Parties	61.32	45.01
- Others		
a) Unsecured, considered good	534.77	823.43
b) Doubtful	577.37	559.52
Less: Allowance for bad and doubtful debts (expected credit loss)	577.37	559.52
Total (B)	596.09	868.44

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

7.1 Trade receivables

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

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
0 - 60	518.34	795.35
61 - 180	38.06	17.25
181 - 365	39.69	55.84
Above 365 Days	-	-
Total	596.09	868.44

Movement in the allowance for doubtful debts

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of the year	559.52	633.26
Change in allowance for expexted credit loss	17.85	(73.74)
Amounts written off during the year as uncollectible	-	-
Balance at end of the year	577.37	559.52

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

8. Other financial assets

(₹ in lakhs)

8A Non current

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits		
- Unsecured, considered good	137.19	242.38
- Doubtful	-	-
Less : Allowance for bad and doubtful deposits	-	-
Total	137.19	242.38

8B Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other current receivables		
- Staff advance - Unsecured, considered good	10.10	10.91
- Related Parties - Unsecured, considered good	-	-
Insurance Claim Receivables	215.00	229.17
Refund of electricity charges	222.91	222.91
Other Recoveries	67.96	7.90
Total	515.97	470.89

9. Inventories

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories (lower of cost and net realisable value)		
Raw materials	292.51	236.38
Work-in-progress	607.89	684.02
Finished goods	917.23	1,308.40
Stores and spares including packing materials	192.31	243.41
Total	2,009.94	2,472.21

10. Cash and Bank Balances

10 A Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
In current accounts	6.90	17.73
In cash credit accounts (debit balances)	253.76	-
	260.66	17.73
Cash on hand	2.40	2.35
Total	263.06	20.08

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

10 B Other Bank balances

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances held as margin money / under lien with remaining maturity of less than 12 months	2.68	4.00
Total	2.68	4.00

11. Other assets

(₹ in lakhs)

11A. Non Current

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured considered good		
Security Deposits	5.43	5.43
Prepaid expenses	3.37	2.72
Balances with statutory / government authorities	1,012.72	1,153.08
Less : Allowance for bad and doubtful advances	96.31	-
	916.41	1,153.08
Total	925.21	1,161.23

11B. Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Employee Benefit plan Assets (Refer Note 33)	-	8.83
Advances for supply of goods and services		
- To others		
- Unsecured, considered good	37.48	22.82
- Doubtful	80.11	80.11
Less : Allowance for bad and doubtful advances	80.11	80.11
	37.48	22.82
Prepaid expenses, Insurance and GST	31.30	25.28
Claims Receivable (Duty Drawback)	1.06	4.38
Total	69.84	61.31

Movement in the allowance for doubtful advances

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of the year	80.11	192.68
Change in allowance for bad and doubtful advances	96.31	-
Amounts written off during the year as uncollectible	-	(112.57)
Balance at end of the year	176.41	80.11

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

12. Assets classified as held for sale

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Plant and Machineries	17.60	68.15
Total	17.60	68.15

13. Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share capital :		
70,00,000 fully paid equity shares of ₹10 each	700.00	700.00
22,00,00,000 Non Cumulative, non convertible Redemmmable preference shares of ₹ 10 each (as at March 31, 2019, 17,50,00,000)	22,000.00	17,500.00
	22,700.00	18,200.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of ₹10 each	649.93	649.93
	649.93	649.93

13.1 Fully paid equity shares

Particulars	Number of shares	Share capital (₹ in Lakhs)
Balance as at 31st March, 2018	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2019	64,99,308	649.93
Movements	-	-
Balance as at 31st March, 2020	64,99,308	649.93

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	Fully paid ordinary shares	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the period :		
Shapoorji Pallonji and Company Private Limited, the holding Company	47,80,845	47,80,845
Total	47,80,845	47,80,845

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
13.3 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
Fully paid equity shares				
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56
Total	47,80,845	73.56	47,80,845	73.56

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

14. Other equity

(₹ in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
a)	General reserve (Refer Note 1)		
	Balance at beginning of the year	7,160.32	7,160.32
	Movements during the year	-	-
	Balance at end of the year	7,160.32	7,160.32
b)	Equity component of Preference Shares		
	7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	3,573.22	3,573.22
	11% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	11,844.01	11,844.01
	Balance at end of the year	15,417.23	15,417.23
c)	Retained earnings		
	Balance at beginning of year	(21,821.74)	(18,253.12)
	Ind AS 116 - Leases transition adjustment (Refer Note 2(t))	(7.53)	-
	Profit/(Loss) for the year	(4,458.80)	(3,631.05)
	Other Comprehensive income for the year	(18.72)	62.43
	Balance at end of the year	(26,306.79)	(21,821.74)
	Total	(3,729.24)	755.81

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

15. Non-current Borrowings

(₹ in lakhs)

Particulars		Non-current portion		Current maturities	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
a	Liability component of preference shares	2,843.79	2,556.15	-	-
b	Inter corporate deposits -				
	From Holding Company (unsecured)	9,271.55	-	-	-
	Rate of interest for the loans from holding Company is 11.50% per annum and loan is repayable on or after April 1, 2021				
Total Non-current borrowings		12,115.34	2,556.15	-	-

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

Sr. No.	Face Value per Preference Share and Date of Allotment	As at 31.03.2020 in Lakhs	As at 31.03.2019 in Lakhs	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of ₹10 each - September 30, 2015	2,000	2,000	7%	Preference shares shall rank prior in respect of payment of dividend or redemption amount compared to equity shareholders of the Company and in the event of winding up, preferential right over the equity shareholders in participating of surplus funds, surplus assets and profits of the Company.
2	20,000,000 preference shares of ₹10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of ₹10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of ₹10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of ₹10 each - December 30, 2017	3,500	3,500	11%	
6	35,000,000 preference shares of ₹10 each - December 12, 2018	3,500	3,500	11%	
	Total	17,500	17,500		

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
17. Other financial liabilities

(₹ in lakhs)

Current		
Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	21.70	20.48
Other Payables (Salary & Others)	606.32	577.12
Total	628.02	597.60

18. Provisions
18A. Non current

(₹ in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
a) Employee benefits			
	Compensated absences	83.23	86.95
	Gratuity (Funded)	63.46	-
	Gratuity - Badli Workers (Unfunded)	361.20	347.83
b) Other provisions			
	Provision for Contingencies (Refer note 48 for movement in provision for contingencies)	808.91	751.75
	Total	1,316.80	1,186.53

18B. Current

Particulars		As at March 31, 2020	As at March 31, 2019
Employee benefits			
	Compensated absences	14.12	10.76
	Gratuity (Funded)	2.55	-
	Total	16.67	10.76

19. Deferred tax balances

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	1,239.50	1,283.27
Deferred tax liabilities	1,239.50	1,283.27
Net	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Current Year (2019-2020)

(₹ in lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
Deferred tax (liabilities)/ assets in relation to:						
a) Property, plant and equipment	(1,283.27)	43.77	-	-	-	(1,239.50)
b) Other liabilities & Provisions	51.93	(1.16)	-	-	-	50.77
c) Doubtful debts	145.48	(0.17)	-	-	-	145.31
d) Defined benefit obligation	153.90	(21.87)	-	-	-	132.02
e) Lease Liabilities / ROU assets	-	1.75	-	-	-	1.75
f) Provision for Contingencies	195.45	8.14	-	-	-	203.59
g) Provision for Advances	20.83	(0.67)	-	-	-	20.16
h) MAT Credit	238.61	-	-	-	-	238.61
i) Others - Unabsorbed Depreciation and losses	477.07	(29.78)	-	-	-	447.29
Total	-	-	-	-	-	-

Previous Year (2018-2019)

(₹ in lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Liabilities associated with assets classified as held for sale	Closing balance
Deferred tax (liabilities)/ assets in relation to:						
a) Property, plant and equipment	(1,414.64)	(131.37)	-	-	-	(1,283.27)
b) Other liabilities & Provisions	127.53	75.60	-	-	-	51.93
c) Doubtful debts	164.64	19.16	-	-	-	145.48
d) Defined benefit obligation	116.05	(37.85)	-	-	-	153.90
e) Other financial Liabilities	1.33	1.33	-	-	-	-
f) Provision for Contingencies	130.00	(65.45)	-	-	-	195.45
g) Provision for Advances	50.10	29.27	-	-	-	20.83
h) MAT Credit	238.61	-	-	-	-	238.61
i) Others - Unabsorbed Depreciation and losses	586.38	109.31	-	-	-	477.07
Total	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

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

Particulars	As at March 31, 2020	As at March 31, 2019
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)	24,945.49	16,018.99
	24,945.49	16,018.99

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

19.2 Impact of tax rate change: The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change has been recognised in the statement of Profit & Loss for the year.

20. Other liabilities

20 Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers	28.85	54.06
Statutory remittances	26.27	18.71
Total	55.12	72.77

21. Current Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - at amortised cost		
a) Loans repayable on demand		
- from banks (Secured)		
Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. Rate of interest ranging between 10.65% per annum to 13.50% per annum.	-	628.30
- Inter corporate deposits - From Holding Company (unsecured)		
Rate of ineterst for the loans from holding Company is 11.50% per annum.”	-	5,853.43
Total	-	6,481.73

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

22. Trade payables

22 Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables for Goods & Services		
- Related Parties	95.46	88.73
- Others		
(a) Total outstanding dues of micro enterprises, small enterprises and medium enterprises (refer Note No. 36)''	12.43	1.49
(b) Total outstanding dues of creditors other than micro enterprises, small enterprises and medium enterprises''	2,746.21	2,892.09
Total	2,854.10	2,982.31

23. Income tax assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax	87.88	64.57
Total	87.88	64.57

24. Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A) Revenue from contracts with customers		
(i) Sale of products		
Manufactured Goods	9,463.83	16,706.14
(ii) Sale of services		
Processing Income	14.21	54.67
	9,478.04	16,760.81
B) Other operating income		
i) Scrap Sales	332.28	507.66
ii) Export incentives	11.64	31.99
Total	9,821.96	17,300.46

24.1. Reconciliation of revenue recognised with contract price:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Total contract price with customers	9,502.67	16,792.18
Less: adjusted for discounts and rebates	24.63	31.38
Revenue recognised (Goods and Services)	9,478.04	16,760.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
25. Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Interest income earned on financial assets measured at amortised cost		
i) Interest on Security Deposits (From subsidiary)	12.00	12.00
ii) Bank deposits	0.92	-
iii) Interest on Security Deposits (From others)	7.90	8.10
Total (a)	20.82	20.10
b) Dividend Income		
i) from long-term investments	0.01	0.04
Total (b)	0.01	0.04
c) Other Non-Operating Income		
Credit balances / excess provision written back	24.00	73.74
Rent income	118.90	87.69
Miscellaneous income	4.04	452.56
Total (c)	146.94	613.99
d) Other gains and losses		
i) Gain/(loss) on disposal of PPE	227.40	53.98
iii) Net foreign exchange gains/(losses)	(0.72)	13.09
Total (d)	226.68	67.07
Total (a+b+c+d)	394.45	701.20

26. Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Material Stocks at the Commencement of the Year	236.38	426.41
Purchases during the year	6,414.11	11,937.66
	6,650.49	12,364.07
Less: Material Stocks at the Close of the Year	292.51	236.38
	6,357.98	12,127.69

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (including stock in transit)	917.23	1,308.40
ii) Work-in-progress	607.89	684.02
	1,525.12	1,992.42
Inventories at the beginning of the year:		
i) Finished goods (including stock in transit)	1,308.40	1,368.81
ii) Work-in-progress	684.04	682.22
	1,992.44	2,051.03
Net decrease/(increase)	467.32	58.61

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

28. Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
i) Salaries and Wages	2,281.50	2,416.22
ii) Contribution to provident and other funds	352.06	490.32
iii) Staff Welfare Expenses	267.76	285.76
Total	2,901.32	3,192.30

29. Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
(a) Interest costs of financial liabilities at amortised costs :-		
i) Interest on bank overdrafts and loans	3.63	150.58
ii) Interest on loans from related parties	845.88	840.79
iii) Interest on bank Term Loans	-	170.39
v) Bank Charges	15.60	17.79
vi) Unwinding of lease liabilities	2.93	-
vii) Interest on liability component of compound financial instruments	287.64	227.41
Total	1,155.68	1,406.96

30. Depreciation and Amortisation expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
i) Depreciation of property, plant equipment	600.13	613.97
ii) Amortisation of Intangible assets	0.41	7.58
ii) Amortisation of Right of Use asset	6.20	-
Total depreciation and amortisation	606.75	621.55

31. Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Consumption of stores and spare parts	152.08	83.11
Consumption of packing Material	132.86	275.07
Processing charges	7.75	10.90
Power and fuel	1,852.67	2,598.79
Transportation, freight, handling and other charges	127.88	207.66
Hank Yarn Obligation	22.60	46.15
Rent and hire charges	8.19	7.89
Repairs to :		
i) Buildings	16.78	31.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
ii) Plant and machinery	67.98	197.19
iii) Others	76.52	149.32
Insurance	77.27	39.41
Rates and taxes (excluding taxes on income)	127.17	137.25
Brokerage and commission	77.11	131.44
Printing & Stationery	6.16	0.71
Communication	7.23	10.47
Legal and professional charges	152.49	94.44
Travelling and conveyance	22.92	28.15
Sundry Balances written off	14.18	7.27
Directors Sitting Fees	11.55	14.45
Provision for doubtful trade receivables	17.85	-
Provision for doubtful loans and advances	96.31	-
Bad Debts	-	32.68
Miscellaneous expenses	85.29	94.31
Total	3,160.84	4,198.22
a) To Statutory auditors		
i) For audit	14.00	14.00
ii) For tax audit fees	2.00	2.00
iii) For limited review and certification	6.75	8.00
	22.75	24.00
b) To cost auditors for cost audit	2.00	2.00
c) For reimbursement of expenses	0.57	1.38
Total (a+b+c)	25.32	27.38
Total	3,186.16	4,225.60

32. Earnings per share

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A) Profit/(loss) for the year attributable to owners of the Company	(4,458.80)	(3,631.05)
B) Number of equity shares for the purposes of basic/diluted earnings per share (Quantity in Lakhs) (Nominal value of ₹ 10/- each)	64.99	64.99
Basic and diluted Earnings per share (A/B)	(68.60)	(55.87)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

33. Employee benefits obligations :

Defined-contribution plans:

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Provident fund	454.37	460.51
Superannuation fund	12.68	16.99
Total contribution	467.05	477.50

Defined Benefit Plan:

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

Sr. No.	Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,676.46	1,641.71
	Current Service Cost	57.29	58.67
	Interest Cost	127.30	124.11
	Actuarial (Gain) / Loss on Obligation due to experience	(144.71)	(70.40)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	156.21	(2.97)
	Benefits Paid	(163.85)	(145.62)
	Present value of the obligation of Marihal unit		70.95
	Present value of the obligation at the end of the year	1,708.71	1,676.46
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	1,685.29	1,712.39
	Interest Income	127.91	129.46
	Return on plan assets excluding interest income	(7.22)	(10.94)
	Contributions by Plan Participants	0.57	-
	Benefits Paid	(163.85)	(145.62)
	Fair value of Plan Assets at the end of the year	1,642.70	1,685.29
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,708.71)	(1,676.46)
	Fair value of Plan Assets at the end of the year	1,642.70	1,685.29
	Net asset/(liability) at the end of the year	(66.01)	8.83

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Sr. No.	Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	57.29	58.67
	Finance cost / (income)	(0.60)	(5.34)
	Past service cost	-	-
	Net impact on the loss before tax	56.69	53.33
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	11.49	(73.37)
	Return on plan asset excluding interest income	7.22	10.94
	Net (income) / expenses for the period recognised in other comprehensive income	18.73	(62.43)
f)	Actual return on Plan Assets		
	Interest Income	127.91	129.46
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	127.91	129.46
g)	Actuarial Assumptions		
	i) Discount Rate	6.04%	7.59%
	ii) Expected Rate of Return on Plan Assets	6.04%	7.59%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	2.00%	2.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

(₹ in lakhs)

Maturity Analysis of the benefit payments : from the fund	Year Ended March 31, 2020	Year Ended March 31, 2019
Projected Benefits payable in future years from the date of reporting		
1 st Following Year	155.41	202.17
2 nd Following Year	103.52	83.53
3 rd Following Year	134.98	169.25
4 th Following Year	151.93	147.90
5 th Following Year	163.49	150.57
Sum of years 6 th to 10 th	850.81	902.82
Sum of years 11 th and above	1,143.63	1,311.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

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

(₹ in lakhs)

Sensitivity Analysis	Year Ended March 31, 2020	Year Ended March 31, 2019
Projected Benefit obligation On Current Assumptions	1,708.71	1,676.45
Delta effect of +1% Change in rate of Discounting	(106.60)	(99.79)
Delta effect of -1% Change in rate of Discounting	118.85	111.24
Delta effect of +1% Change in rate of Salary increase	120.15	114.15
Delta effect of -1% Change in rate of Salary increase	(109.62)	(104.00)
Delta effect of +1% Change in rate of Employee Turnover	14.86	25.90
Delta effect of -1% Change in rate of Employee Turnover	(16.05)	(28.02)

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

Management has made provision for gratuity payable to badli workers on the basis of actual valuation as in opinion of the management, the future expected service of badli workers could not be estimated. Provision for gratuity payable to badli workers on the basis of actual valuation as at March 31, 2020 is ₹ 361.20 lakh.

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

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

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

34. Lease

The Company has taken certain office premises and leasehold land under cancellable operating leases. In the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts. Lease agreements of the Company do not contain any variable lease payment or any residual value guarantees. The Company has not entered into any sublease agreement.

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

(₹ in lakhs)

Particulars	As at March 31, 2020
Carrying amount right-of-use assets at beginning of the year	15.17
Additions to right-of-use assets during the year	10.74
Deletions to right-of-use assets during the year	-
Amortisation of right-of-use assets during the year	6.20
Interest expense (unwinding of discount) on lease liabilities	2.93
Total cash outflows in respect of leases	8.21
Carrying amount right-of-use assets at year end	19.71

(Refer Note 2(t) for transition effect of first time adoption of Ind AS 116)

(Refer note 42 for maturity analysis of lease liabilities)

Lease rentals of ₹ 8.19 lakhs in respect of short term lease have been recognised in the statement of profit and loss as rent expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

35. Related Party Disclosures

Current Year

Name of the Related Parties and Description of Relationship:

Holding Company

Shapoorji Pallonji and Company Private Limited.

Subsidiary - Direct

Gokak Power & Energy limited.

Fellow Subsidiaries

(where there are transactions)

Forbes & Company limited

Forvol International Services Limited

Suryoday One Energy Pvt Limited

Forbes Technosys Ltd

Trusts

Gokak Falls Education and medical Trust

Gokak Textiles Gratitude Fund

Key Managerial Personnel and their relatives:-

Managing Director, Mr. Ramesh R Patil

Chief Financial Officer, Mr. Avadhut Sarnaik

Company Secretary, Mr. Rakesh M. Nanwani.

Directors:

MR. PRADIP KAPADIA

MR. D G PRASAD

MR. VASANT SANZGIRI

MR. NIKHIL BHATIA

MS. TRIPTI J. NAVANI

Particulars of transaction with Related Parties

(₹ in lakhs)

	Year ended March 31 2020 (Previous Year March 31, 2019)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
	Nature of Transactions						
1	INCOME						
(i)	Interest	-	12.00	-	-	-	12.00
	Previous Year	-	12.00				12.00
(ii)	Other Income			-			-
	Previous Year			115.05			115.05
(iii)	Rent			83.05			83.05
	Previous Year			15.52			15.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

	Year ended March 31 2020 (Previous Year March 31, 2019)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
	Nature of Transactions						
2	EXPENSES						
(i)	Rent	-	-	1.54	-	-	1.54
	Previous Year	-	-	3.70	-	-	3.70
(ii)	Services	1.30	-	3.02	-	-	4.32
	Previous Year	17.30	-	4.96	-	-	22.26
(iii)	Purchase of Electricity (including Electricity Tax)	-	352.06	27.30	-	-	379.36
	Previous Year	-	840.76	-	-	-	840.76
(iv)	Director's sitting fees	-	-	-	11.55	-	11.55
	Previous Year	-	-	-	14.45	-	14.45
(v)	Interest	797.90	-	-	-	-	797.90
	Previous Year	583.95	-	-	-	-	583.95
(vi)	Remuneration	-	-	-	97.28	-	97.28
	Previous Year	-	-	-	88.50	-	88.50
3	Reimbursements						
	Amount recovered on behalf	-	-	-	-	11.44	11.44
	Previous Year	-	-	-	-	16.04	16.04
4	Preference Shares Issued during the year	-	-	-	-	-	-
	Previous Year	3,500.00	-	-	-	-	3,500.00
5	ICD Taken	2,700.00	-	-	-	-	2,700.00
	Previous Year	4,210.00	-	-	-	-	4,210.00
6	ICD Repaid	-	-	-	-	-	-
	Previous Year	3,065.00	-	-	-	-	3,065.00
7	Deposits Received Back	-	100.00	-	-	-	100.00
	Previous Year	-	-	-	-	-	-
8	OUTSTANDINGS						
	Deposits Receivables	-	-	-	-	-	-
	Previous Year	-	100.00	-	-	-	100.00
	Receivables	8.89	-	52.43	-	-	61.32
	Previous Year	8.89	-	36.12	-	-	45.01
	Payables	9,315.24	43.64	7.28	-	0.84	9,367.00
	Previous Year	5,895.16	38.09	8.04	-	0.87	5,942.16
	Preference shares balance	17,500.00	-	-	-	-	17,500.00
	Previous Year	17,500.00	-	-	-	-	17,500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
35A Details of Related Party Transactions

(₹ in lakhs)

Nature Of Transaction	Year Ended March 31, 2020	Year Ended March 31, 2019	Nature Of Transaction	Year Ended March 31, 2020	Year Ended March 31, 2019
Services Received (Expense)			Amounts recovered on behalf		
Shapoorji Pallonji and Company Private Limited	1.30	17.30	Gokak falls Education and medical Trust	11.44	16.04
Forvol International Services Limited	3.02	4.96			
			KMP Remuneration		
Rent (Income)			R R Patil	55.63	46.17
Suryoday one Energy pvt Ltd	83.05	15.52	Vikram Nagar	-	31.83
			Avadhut sarnaik	35.77	5.63
Interest Income			Rakesh Nanwani	5.88	4.88
Gokak Power & Energy Limited	12.00	12.00			
			Sitting Fees		
Rent (Expenses)			MR. KAIWAN D. KALYANIWALLA	-	3.50
Forbes & Co Limited	1.54	3.70	MR. PRADEEP KAPADIA	3.75	4.75
			MR. D G PRASAD	3.25	4.00
Other Services (Income)			MR. VASANT SANZGIRI	1.30	1.70
Suryoday one Energy pvt Ltd	-	115.05	MS. TRIPTI J. NAVANI	0.75	0.50
			MR. NIKHIL BHATIA	2.50	-
Purchase of Electricity			Deposit Receivable		
Gokak Power & Energy Limited	352.06	840.76	Gokak Power & Energy Limited	-	100.00
Suryoday one Energy pvt Ltd	27.30	-			
			Receivables		
Interest expense on ICD			Shapoorji Pallonji and Company Private Limited	8.89	8.89
Shapoorji Pallonji and Company Private Limited	797.90	583.95	Suryoday One Energy Pvt Limited	51.53	35.22
			Forbes Technosys Ltd	0.90	0.90
Loans Taken			Payables		
Shapoorji Pallonji and Company Private Limited	2,700.00	4,210.00	Shapoorji Pallonji and Company Private Limited (ICD)	9,271.54	5,853.43
			Gokak falls Education and medical Trust	0.84	0.87
Preference Shares Issued			Gokak Power & Energy Limited	43.64	38.09
Shapoorji Pallonji and Company Private Limited	-	3,500.00	Forvol International Services Limited	0.13	1.27
			Forbes & Company Limited	7.15	6.77
Loan repayment			Shapoorji Pallonji and Company Pvt. Ltd. (Strategic support)	43.13	41.73
Shapoorji Pallonji and Company Private Limited	-	3,065.00	Shapoorji Pallonji and Company Private Limited (IT AMC)	0.57	-
			Preference Shares Balance		
Deposits Received Back			Shapoorji Pallonji and Company Private Limited	17,500.00	17,500.00
Gokak Power & Energy Limited	100.00	-			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

36 Micro, Small and Medium Enterprises

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

(₹ in lakhs)

Sr. No.	Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	12.43	1.49
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	0.19	0.78
3	Principal amount paid during the year beyond the appointed day	50.10	58.06
4	Interest paid during the year beyond the appointed day	1.17	-
5	The amount of interest due and payable for the year	0.19	0.78
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.19	3.12
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	-	0.50

37 Fair Value Disclosures

(₹ in lakhs)

A)	Categories of Financial Instruments:	March 31, 2020			March 31, 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.03			0.03		
	Trade Receivables			596.09			868.44
	Cash & Bank Balances			263.06			20.08
	Bank balances other than above			2.68			4.00
	Other Financial Assets			653.16			713.27
		0.03	-	1,514.99	0.03	-	1,605.79
ii)	Financial liabilities						
	Borrowings			12,115.34			9,037.88
	Lease Liabilities			26.68			-
	Trade Payables			2,854.10			2,982.31
	Other Financial Liabilities			628.02			597.60
				-	-	-	12,617.79

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Fair Value Hierarchy and Method of Valuation

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

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

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

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

B)	Financial Assets	March 31, 2020					Total
		Notes	Carrying Value	Level 1	Level 2	Level 3	
	Measured at FVTPL						
	Investments						
	Investments in Equity Instruments (unquoted)	6A(b)(i)	0.03	-	-	0.03	0.03

	Financial Assets	March 31, 2019					Total
		Notes	Carrying Value	Level 1	Level 2	Level 3	
	Measured at FVTPL						
	Investments						
	Investments in Equity Instruments (unquoted)	6A(b)(i)	0.03	-	-	0.03	0.03

C) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2020

38 Capital Management

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

(₹ in lakhs)

The capital components of the Company are as given below:	As at March 31, 2020	As at March 31, 2019
Total Equity	(3,079.30)	1,405.74
Short Term Borrowings	-	6,481.73
Long Term Borrowings	12,115.34	2,556.15
Current Maturities of Long Term Borrowings	-	-
Total Debt	12,115.34	9,037.89

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The capital components of the Company are as given below:	As at March 31, 2020	As at March 31, 2019
Cash & bank balances	265.74	24.08
Net Debt	11,849.60	9,013.81
Net Debt Equity ratio		
Debt Equity Ratio = Net debt (Long term borrowings)/ Total Equity	(3.85)	1.80

39 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.

40 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.

41 Currency risk

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

Exposure to currency risk

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

Particulars	As at March 31, 2020	As at March 31, 2019
Export receivables in US \$ (in lakhs)	0.32	2.29
overseas payables in US \$ (in lakhs)	-	-
Total	0.32	2.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Foreign currency sensitivity

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
+ 2% increase in foreign exchange rates	0.49	3.18
- 2% increase in foreign exchange rates	(0.49)	(3.18)

42 Liquidity Risk

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

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

(₹ in lakhs)

	March 31, 2020	March 31, 2019
- Expiring within one year (Bank CC Limits Sanctioned)	1,500.00	3,306.70
	1,500.00	3,306.70

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

(₹ in lakhs)

Maturities of Financial Liabilities	Total	March 31, 2020			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	12,115.34	-	-	-	12,115.34
Trade Payables	2,854.10	2,854.10	-	-	-
Lease Liabilities	26.68	7.45	13.23	0.74	5.26
Other Financial Liabilities	628.02	628.02	-	-	-
	15,624.14	3,489.57	13.23	0.74	12,120.60

(₹ in lakhs)

Maturities of Financial Liabilities	Total	March 31, 2019			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	9,037.88	6,481.73	-	-	2,556.15
Trade Payables	2,982.31	2,982.31	-	-	-
Other Financial Liabilities	597.60	597.60	-	-	-
	12,617.79	10,061.64	-	-	2,556.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**43 Interest Rate Risk:-**

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

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

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Variable-rate instruments		
Financial liabilities		
Borrowing	9,271.55	6,481.73
Total	9,271.55	6,481.73

Interest Rate sensitivity

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
- 100 basis points increase	(92.72)	(64.82)
+ 100 basis points decrease	92.72	64.82

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

(₹ in lakhs)

Maturities of Financial Assets	Total	March 31, 2020			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.03	-	-	-	2,499.03
Trade Receivables	596.09	596.09	-	-	-
Cash and Bank balances	263.06	263.06	-	-	-
Bank balances other than above	2.68	2.68	-	-	-
Other Financial Assets	653.16	515.97	-	-	137.19
	4,014.02	1,377.80	-	-	2,636.22

(₹ in lakhs)

Maturities of Financial Assets	Total	March 31, 2019			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	2,499.03	-	-	-	2,499.03
Trade Receivables	868.44	868.44	-	-	-
Cash and Bank balances	20.08	20.08	-	-	-
Bank balances other than above	4.00	4.00	-	-	-
Other Financial Assets	713.27	470.89	-	-	242.38
	4,104.82	1,363.41	-	-	2,741.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued
45. Contingent liabilities:-

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts		
1 Taxes in dispute:-		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	3.99
2 Labour matters:-		
i) labour matter in dispute	69.36	69.36
ii) Provident Fund (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
3 Other:		
i) Demand for increased lease rent (as per lease rent agreement, rent was supposed to be reviewed by the Government authorities; which was not reviewed and demand for the same is raised during the year 2018-19. The Company has disputed on the grounds of working and restrospective effect of the same)	9,858.98	9,858.98
Total	10,218.02	10,218.02

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

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

46. Bonus Payable :-

Liability towards bonus payable to employees upto March 31, 2018 is due on November, 2020. Hence, it is classified as current financial liability. However, the Company has made request to the Labour Commissioner on November 17, 2018 to defer the 50% payment of bonus for the period 2017-18 as 50% is paid during the year 2018-19.

47. Segment reporting :-

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

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

	2019-20	2018-19
Revenue from domestic sales and Services	8,786.33	14,388.81
Revenue from export sales	691.71	2,372.00
Total	9,478.04	16,760.81

48. Details of provision for contingencies

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

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Balance as at the beginning of the year	751.75	500.00
2	Add: Provision made during the year	57.16	251.75
3	Less: Utilisation/ Reversal	-	-
4	Balance as at the end of the year	808.91	751.75

49. 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.
50. During the year, the Company incurred loss before tax (including other comprehensive income) of ₹ 4477.51 lakhs and had accumulated losses of ₹ 26306.78 lakhs as on March 31, 2020. Further the Company's net worth has been fully eroded as at March 31, 2020.

The Company has witnessed demand for its yarns in the months of May and June 2020 and the Management believes that it is likely to continue. Due to adequate labour available at the Plant the Company will be able to meet the demand. Further the Company anticipates cost savings on raw materials and other operating expenses in the forthcoming year due to alternative options available. As a result of the above initiatives the operations and revenues of the Company will witness growth. In addition, the Company has continued support from the Holding Company for Operational and Financial requirements when needed. Currently, the Company does not have any external borrowings, except for cash credit facility from the Bank. Based on the above, the Financial Statements of the Company have been prepared on a going concern basis.

51. In view of the country-wide lockdown due to the outbreak of COVID-19 pandemic, operations/despatches and administrative offices of the Company were scaled down or shut down for certain days beginning from March 24, 2020, The lockdown is being lifted with systematic process by the Government and operations of the Company resumed from May 4, 2020 in a phased manner.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, trade receivables and other current assets. Based on the current assessment of the management, the eventual outcome or impact of COVID-19 on the Company's financial statement is not likely to materially differ from that estimated as at the date of approval of these financial statements"

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

- 52.** On August 3, 2019, there was a ransomware attack on the Computer servers of the Company and accounting software of the Company was affected and due to which the Company had to shift its books of accounts to a new accounting software using the back up of the data available in the servers. The Management of the Company has taken appropriate steps and due care regarding the completeness and accuracy of the data while transferring the data to the new software and no significant data was lost due to the said ransomware attack.
- 53.** Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 54.** Approval of Financial Statements:- The financial statements were approved for issue by the board of directors on June 29, 2020.

The notes are an integral part of these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak Textiles Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Gokak Textiles Limited** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Description of Key Audit Matter:

At March 31, 2020, the Group held provisions of ₹ 808.91 lakhs in respect of legal claims and has disclosed total contingent liabilities of ₹ 10218.02 lakhs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Group's reported loss and balance sheet position.

Refer Note 49 and Note 51 of financial statements for contingent liabilities and provisions and accounting policies related disclosures.

Our response:

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

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

ii. Going Concern Assessment

Description of Key Audit Matter:

During the year, the Group incurred loss before tax (including other comprehensive income) of ₹ 4777.46 lakhs and had accumulated losses of ₹ 32720.07 lakhs as on March 31, 2020. Further the net worth of the Group has been eroded as at the year end. These conditions indicate requirement of assessment of the Group's ability to continue as a going concern.

The Group's financial statements have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 53 of the Consolidated financial statements.

Our response:

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

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

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

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

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

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

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its subsidiary incorporated in India and relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Company and reports other auditors.
 - c) The consolidated balance sheet, the statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account maintained by the Company and its subsidiary incorporated in India including the relevant records relating to the preparation of the aforesaid consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India, none of the directors of the Company and its subsidiary incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of such controls.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us the remuneration paid by the Company to the director during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. (Refer Note 49 of the consolidated financial statements.)
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No. 111749
ICAI UDIN: 20111749AAAACO6662

Place : Mumbai
Date :29 June 2020

Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **GOKAK TEXTILES LIMITED** ("the Holding Company") and its subsidiary incorporated in India (the Holding Company and its subsidiary incorporated in India collectively referred to as "the Company" or "the Group")

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company and its subsidiary incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No. 111749
ICAI UDIN: 20111749AAAACO6662

Place : Mumbai
Date : 29 June 2020

GOKAK TEXTILES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	Note No.	As at 31 st March 2020 (₹ In Lakhs)	As at 31 st March 2019 (₹ In Lakhs)
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	4	9,297.86	9,977.39
b) Capital work-in-progress		0.39	10.11
c) Right of use asset	5	19.72	-
d) Investment Property	6	11.35	11.35
e) Other Intangible assets	7	7.47	0.28
		9,336.79	9,999.13
f) Financial Assets:			
i) Investments			
a) Other Investments	8	0.03	0.03
		0.03	0.03
ii) Other financial assets			
	9A	137.19	142.38
		137.22	142.41
g) Tax assets			
i) Deferred tax assets (net)			
	10	-	-
ii) Income tax assets (net)			
	11	101.81	83.85
		101.81	83.85
h) Other non-current assets			
	12A	926.22	1,173.41
		10,502.04	11,398.80
Total Non-current assets			
2 Current assets			
a) Inventories	13	2,022.03	2,485.05
b) Financial Assets:			
i) Trade receivables			
	14	999.82	1,130.00
ii) Cash and cash equivalents			
	15A	319.84	31.68
iii) Bank balances other than (ii) above			
	15B	983.86	921.50
iv) Other financial assets			
	9B	515.97	241.72
		2,819.49	2,324.90
c) Other current assets			
	12B	95.91	332.38
		2,915.40	2,657.28
Assets classified as held for sale			
	16	17.60	68.15
		4,955.03	5,210.48
Total Current assets			
Total Assets			
		15,457.07	16,609.28
Equity and Liabilities			
Equity			
a) Equity share capital			
	17	649.93	649.93
b) Other equity			
	18	(10,142.51)	(5,663.34)
		(9,492.58)	(5,013.41)
Equity attributable to owners of the Company			
		(9,492.58)	(5,013.41)
Total Equity			
		(888.87)	(583.05)
Non Controlling Interest			

Particulars	Note No.	As at 31 st March 2020 (₹ In Lakhs)	As at 31 st March 2019 (₹ In Lakhs)
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	19	14,089.09	5,738.90
ii) Lease liabilities		19.23	-
iii) Other financial liabilities		-	-
		14,108.32	5,738.90
b) Provisions	20A	1,318.49	1,189.25
Total Non-current liabilities		15,426.81	6,928.15
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	21	5,616.25	10,475.64
ii) Trade payables	22		
(A) Total outstanding dues of micro enterprises and small enterprises		12.43	1.49
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,810.73	2,951.15
iii) Lease Liabilities		7.45	-
iv) Other financial liabilities	23	1,874.14	1,757.92
		10,321.00	15,186.20
b) Provisions	20B	22.44	11.03
c) Other current liabilities	24	68.27	80.36
		90.71	91.39
Total Current Liabilities		10,411.71	15,277.59
Total Liabilities		25,838.52	22,205.74
Total Equity and Liabilities		15,457.07	16,609.28

See accompanying notes forming part of the financial statements **1 to 58**

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2020

Particulars	Note No.	Year ended 31 st March, 2020 (₹ In Lakhs)	Year ended 31 st March, 2019 (₹ In Lakhs)
I Revenue from operations	25	10,288.74	17,931.62
II Other income	26	453.81	753.54
III Total Income (I + II)		10,742.55	18,685.16
IV Expenses:			
Cost of materials consumed	27	6,357.98	12,127.69
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	467.32	58.60
Employee benefits expense	29	2,960.28	3,255.86
Finance costs	30	1,991.03	2,249.70
Depreciation and amortisation expense	31	710.89	725.46
Other expenses	32	3,013.71	3,563.05
Total expenses		15,501.21	21,980.36
V Profit / (Loss) before exceptional items and tax (III - IV)		(4,758.66)	(3,295.20)
VI Exceptional items - Income		-	-
VII Profit / (loss) before tax (V + VI)		(4,758.66)	(3,295.20)
VIII Tax expense:			
(a) Current tax	33	-	-
(b) Deferred tax	33	-	-
IX Profit / (loss) for the year (VII - VIII)		(4,758.66)	(3,295.20)
X Other Comprehensive Income			
(a) Remeasurement of the defined benefit plans (net of taxes)		(18.79)	66.34
Other Comprehensive Income		(18.79)	66.34
XI Total Comprehensive Income for the period (IX + X)		(4,777.45)	(3,228.86)
XII Profit for the year attributable to:			
- Owners of the Company		(4,452.88)	(3,055.63)
- Non-controlling interests		(305.78)	(239.57)
		(4,758.66)	(3,295.20)
XIII Other comprehensive income for the year attributable to:			
- Owners of the Company		(18.76)	64.42
- Non-controlling interests		(0.04)	1.92
		(18.79)	66.34
XIV Total comprehensive income for the year attributable to:			
- Owners of the Company		(4,471.63)	(2,991.21)
- Non-controlling interests		(305.82)	(237.65)
		(4,777.45)	(3,228.86)
XV Earning per equity share :			
Basic and diluted earnings per equity share (in Rs)	34	(68.51)	(47.01)

See accompanying notes forming part of the financial statements

1 to 58

As per our report of even date

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Kaushal Mehta

Partner
Membership No. 111749

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

Place: Mumbai
Date: June 29, 2020

Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

	Year ended 31 st March, 2020 (₹ In Lakhs)	Year ended 31 st March, 2019 (₹ In Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(4,758.66)	(3,295.20)
Adjustments for:		
Depreciation	710.89	725.46
Dividend Income	(0.01)	(0.04)
Interest income	(79.58)	(70.43)
Interest and financial charges	1,991.03	1,086.49
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(227.39)	(53.98)
Credit balances / excess provision written back	(24.61)	(73.76)
Net foreign exchange gains/(losses)	0.73	(13.08)
Provision for Doubtful Debts	77.60	32.68
Trade and other receivable advance written off	14.18	7.27
Provision for Doubtful Advances	96.31	-
Operating loss before working capital changes	(2,199.51)	(1,654.59)
Adjustments for :		
(Increase)/ Decrease in Inventories	463.02	300.25
(Increase)/ Decrease in Trade and other receivables	155.96	556.46
(Increase)/ Decrease in Provisions	121.89	353.92
Increase/ (Decrease) in Trade payables and other liabilities	(101.31)	751.67
Cash generated from operations	(1,559.95)	307.71
Direct Taxes (paid) / refund	(17.95)	(7.42)
Net cash (used in) / from operating activities	(1,577.90)	300.29
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of investments	-	0.50
Dividend Income	0.01	0.04
Purchase of PPE and Intangible assets	(26.09)	(22.52)
Sale of Fixed Assets	281.37	56.57
Net Movement in bank balance not considered as cash and cash equivalents	(62.36)	(56.18)
Interest received	79.58	70.43
Net cash (used in)/ from investing activities	272.51	48.85
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Preference Shares	-	3,499.98
Proceeds of Long/Short Term Borrowing	4,505.17	1,978.81
Repayment of Long/Short Term Borrowing	(1,209.00)	(5,042.84)
Lease rentals paid	(2.17)	-
Interest paid	(1,700.45)	(859.09)
Net cash (used in)/from financing activities	1,593.55	(423.14)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	288.16	(74.00)
Cash and Cash equivalents at the beginning of the year	31.68	105.68
Cash and Cash equivalents at the end of the year	319.84	31.68
D. COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	2.51	2.38
Balances with banks:		
- In current accounts	317.33	29.30
- In deposit accounts	-	-
	319.84	31.68

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

Particulars	As on 1 st April 2019	Net Cash inflow / (outflow)	Non cash movement (Interest Accrued)	As on 31 st March 2020
Short Term Borrowings	10,475.64	(4,859.39)	-	5,616.25
Long Term Borrowings including current maturities	4,298.75	8,155.55	-	12,454.30
Debt component of preference shares	2,556.15	-	287.64	2,843.79

Notes

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

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri

Director
(DIN: 01757117)

Ramesh R. Patil

CEO & Managing Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ In Lakhs)

Statement of changes in equity for the year ended 31 st March, 2020		Amount
a. Equity share capital		
Balance as at 01st April 2018		649.93
Changes in equity share capital during the year		-
Balance as at 31st March 2019		649.93
Changes in equity share capital during the year		-
Balance as at 31st March, 2020		649.93

(₹ In Lakhs)

Statement of changes in equity for the year ended 31 st March, 2020						
b. Other equity	Equity Components of Compound Financial Instruments	Reserves and surplus				Total Equity Attributable to the Equity Holders of the Company
		General reserve	Retained earnings	Other items of other comprehensive income	Total	
Balance at April 01, 2018	12,351.35	7,160.32	(25,249.68)			(5,738.01)
Profit/(loss) for the year	-		(3,055.63)	-	-	(3,055.63)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	64.42	-	-	64.42
Total comprehensive income for the year	-	-	(2,991.21)	-	-	(2,991.21)
Issue of Non-cumulative, non-convertible Redeemable preference Shares	3,065.88	-	-	-	-	3,065.88
Balance at March 31, 2019	15,417.23	7,160.32	(28,240.89)			(5,663.34)
Ind AS 116 - Leases transition adjustment (Refer Note 3(q))			(7.53)			(7.53)
Profit/(loss) for the year	-		(4,452.88)	-	-	(4,452.88)
Remeasurement of the net defined benefit liability/asset, net of income tax	-	-	(18.76)	-	-	(18.76)
Total comprehensive income for the year	-	-	(4,471.64)	-	-	(4,471.64)
Balance at March 31, 2020	15,417.23	7,160.32	(32,720.06)			(10,142.51)

See accompanying notes forming part of the financial statements

As per our report of even date

For BATLIBOI & PUROHITChartered Accountants
Firm Reg No. 101048W**Kaushal Mehta**Partner
Membership No. 111749Place: Mumbai
Date: June 29, 2020**Avadhut Sarnaik**
Chief Financial Officer
Membership No. A27260**Rakesh M. Nanwani**
Company Secretary
Membership No. A45718**For and on behalf of the Board of Directors****Vasant N. Sanzgiri**Director
(DIN: 01757117)**Ramesh R. Patil**CEO & Managing Director
(DIN: 07568951)Place: Mumbai
Date: June 29, 2020

GOKAK TEXTILES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1 Corporate Information

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

2 Basis of Consolidation

(i) Subsidiaries

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

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

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(v) Transactions eliminated on consolidation

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and associate companies considered in the consolidated financial statements:

Name of the Company	Relationship	Country of incorporation	Ownership Interest (in %)	
			31-Mar-20	31-Mar-19
Gokak Power & Energy Limited	Subsidiary	India	51%	51%

(vii) Principles of consolidation

These consolidated financial statements have been prepared by consolidation of the financial statements of the group and its subsidiaries on a line-by-line basis after fully eliminating the inter-group transactions.

a) Statement of Compliance :

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

b) Basis of Preparation and presentation :

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

3 Accounting Policies

(a) Use of Estimates :

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

(b) Property, plant and equipment:

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

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

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

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

(c) Intangible Assets:

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

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows: Computer Software - 6 Years

(d) Investment property :

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognised.

(e) Financial instruments :

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instruments.

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

Financial assets :

The group classifies its financial assets in the following categories:

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

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

Equity instruments: The group measures its equity instruments at fair value through profit and loss.

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

Financial liabilities and equity :

Classification as debt or equity

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

Financial liabilities

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

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

Equity

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

(f) Inventories :

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

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

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

(g) Borrowing Cost :

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

(h) Revenue Recognition :

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

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

Interest income is recognised using the effective interest rate (EIR) method.

Revenue from sale of hydro power is recognised net of cash discount over time for each unit of electricity delivered at contracted price.

(i) Manufacturing and Operating Expenses :

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(j) Foreign Exchange Transactions :

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

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

(k) Provisions and Contingent Liability :

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

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

(l) Grants :

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

(m) Accounting for Taxes on Income :

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

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

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

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

(n) Earnings per Share :

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

(o) Impairment of non-financial assets :

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

(p) Borrowings :

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

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

(q) Leases :

As a lessee

The Group has adopted modified retrospective approach under Ind AS 116 - Leases, with effect from April 01, 2019. Accordingly, the Group has recognised 'Right of use (ROU)' assets of ₹ 26.92 lakhs (including reclassification of leasehold land of ₹ 1.50 lakhs), accumulated amortisation of ₹ 11.74 lakhs and present value of lease liabilities of ₹ 21.22 lakhs as on April 01, 2019. In the statement of profit and loss for the year, instead of rent expenses (as accounted under previous periods), amortisation of right of use has been accounted under depreciation and amortisation expenses and unwinding of discount on lease liabilities has been accounted under finance cost. The impact on the profits / (loss) for the year due the above change in accounting policy is additional expense of ₹ 0.92 lakhs.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**As a lessor**

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

(r) Cash and cash equivalents :

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

(s) Non-current assets held for sale :

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

(t) Segment reporting :

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

(u) Employee Benefits :**Short-term Obligations**

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

Other long-term employee benefit obligations

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

Defined Contribution Plans:

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

Defined Benefit Plan

Retirements benefits in the form of Gratuity for eligible permanent employees is considered as defined benefit obligations and are provided on the basis of actuarial valuation, using the projected unit credit method. Gratuity of badli workers is determined on accrual basis.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

(v) Cash flow statement :

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

4. Property, plant and equipment

(₹ In Lakhs)

Gross Block	Land	Building and structures	Plant and machinery	Furniture & Fixtures And Office equipments	Vehicles	Total
Gross Block						
Balance as at 31st March 2018	11.10	3,858.27	8,456.72	230.24	12.27	12,568.60
Additions	-	-	28.02	2.85	9.33	40.20
Disposal	-	-	(0.16)	-	(0.93)	(1.09)
Balance as at 31st March 2019	11.10	3,858.27	8,484.58	233.09	20.67	12,607.71
Additions	-	-	15.56	2.03	10.60	28.19
Disposal	-	(4.33)	(260.33)	(0.04)	(1.46)	(266.16)
Balance as at 31st March 2020	11.10	3,853.94	8,239.81	235.08	29.81	12,369.74
Depreciation						
Balance as at 31st March 2018	-	507.90	1,282.01	119.06	3.61	1,912.58
Depreciation expense	-	196.22	490.60	30.67	0.39	717.88
Eliminated on disposals of assets	-	-	(0.14)	-	-	(0.14)
Balance as at 31st March 2019	-	704.12	1,772.47	149.73	4.00	2,630.32
Depreciation expense	-	195.51	484.47	22.67	1.63	704.28
Eliminated on disposals of assets	-	(2.41)	(260.27)	(0.04)	-	(262.72)
Balance as at 31st March 2020	-	897.22	1,996.67	172.36	5.63	3,071.88
Carrying Amount						
Balance at March 31, 2019	11.10	3,154.15	6,712.11	83.36	16.67	9,977.39
Balance at March 31, 2020	11.10	2,956.72	6,243.14	62.72	24.18	9,297.86

5. Right of use asset

(₹ In Lakhs)

Particulars	Leasehold land & Premises
Gross Block	
Balance as at 1st April, 2019	26.92
Additions	10.74
Deletion	-
Balance as at 31st Mar, 2020	37.66
Accumulated amortisation and impairment	
Balance as at 1st April, 2019	11.74
Depreciation expense	6.20
Deletion	-
Balance as at 31st Mar, 2020	17.94
Carrying Amount	
Balance as at 1st April 2019	15.18
Balance as at 31st Mar 2020	19.72

(Refer Note 3(q) for transition effect of first time adoption of Ind AS 116)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

6. Investment property

At cost	As at 31 st March 2020	As at 31 st March 2019
	11.35	11.35
Balance at end of year	11.35	11.35

Fair Value :-

As at 31st March 2020	495.00
As at 31st March 2019	450.00

Estimation of Fair value --

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

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

7. Other intangible assets

(₹ In Lakhs)

Particulars	Computer Software
Gross Block	
Balance as at 31st March 2018	71.38
Addition	0.12
Deletion	-
Balance as at 31st March 2019	71.50
Addition	7.60
Deletion	-
Balance as at 31st March 2020	79.10
Accumulated depreciation and impairment	
Balance as at 31st March 2018	63.65
Eliminated on disposal of Assets	-
Depreciation expense	7.57
Balance as at 31st March 2019	71.22
Eliminated on disposal of Assets	-
Depreciation expense	0.41
Balance as at 31st March 2020	71.63
Carrying Amount	-
Balance as at 31st March, 2019	0.28
Balance as at 31st March, 2020	7.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

8. Non Current Investments

(₹ In Lakhs)

Break-up of investments					
Particulars	As at 31 st March 2020		As at 31 st March 2019		
	Qty	Amount	Qty	Amount	
a) Investment in equity instrument of other companies (FVTPL)					
Unquoted Investments (all fully paid)					
In Equity Instruments					
i	Equity shares of ₹ 10/- each of Zoroastrian Co-op Bank Ltd.	250	0.03	250	0.03
ii	Equity shares of ₹ 10/- each fully paid up of Suryoday One Energy Pvt. Ltd.	2,600	0.26	2,600	0.26
	Less: Share of loss		(0.26)		(0.26)
TOTAL AGGREGATE OF UNQUOTED INVESTMENTS			0.03	-	0.03

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
Investments carried at fair value through profit or loss (FVTPL)		
1. In unquoted equity shares of Zoroastrian Co- Operative Bank limited.*	0.03	0.03
	0.03	0.03

* Value of these shares is ₹ 2,500/-

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

9 Other financial assets

9A Non current

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Security deposits		
- Unsecured, considered good	137.19	142.38
- Doubtful	-	-
Less : Allowance for bad and doubtful deposits	-	-
Total	137.19	142.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

9B Current Assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Other current receivables		
- Staff advance - Unsecured, considered good	10.10	10.91
Insurance Claim Receivable	215.00	-
Refund of electricity charges - Unsecured, considered good	222.91	230.81
Other Recoveries	67.96	-
Total	515.97	241.72

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

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
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)	24,945.49	16,018.99
	24,945.49	16,018.99

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

9.2 Impact of tax rate change: The Parent Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company has re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change has been recognised in the statement of Profit & Loss for the year.

10. Deferred tax balances

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

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Deferred tax assets	1,502.26	1,546.02
Deferred tax liabilities	1,502.26	1,546.02
Net	-	-

Current Year (2019-2020)

(₹ In Lakhs)

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Closing Balance
Deferred tax (liabilities)/assets in relation to:					
a) Property, plant and equipment	(1,546.02)	43.76	-	-	(1,502.26)
b) Other liabilities & Provisions	203.13	(1.16)	-	-	201.97
c) Doubtful debts	183.80	(0.17)	-	-	183.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Reclassified from equity to profit or loss	Closing Balance
d) Defined benefit obligation	78.20	(21.87)	-	-	56.33
e) Other financial Liabilities	2.66	1.75	-	-	4.41
f) MAT Credit	238.61	8.14	-	-	246.75
g) Provision for Contingencies	64.55	(0.67)	-	-	63.88
h) Provision for Advances	79.37	-	-	-	79.37
i) Others	695.70	(29.78)	-	-	665.92
Total	-	-	-	-	-

Previous Year (2018-2019)

(₹ In Lakhs)

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

11. Current tax assets and liabilities

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current tax assets		
Tax refund receivable	101.81	83.85
Total	101.81	83.85

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

12 Other assets

12A Non Current Assets

(₹ In Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposits	5.44	5.43
Prepaid expenses	4.37	14.90
Balances with statutory / government authorities	1,012.72	1,153.08
Less : Allowance for doubtful advances	(96.31)	-
	916.41	1,153.08
	926.22	1,173.41

12B Current

Particulars	As at 31st March 2020	As at 31st March 2019
Advances for supply of goods and services		
- To others		
- Unsecured, considered good	44.49	25.15
- Doubtful	80.11	80.11
Less : Allowance for doubtful advances	(80.11)	(80.11)
	44.49	25.15
Security Deposits	0.22	0.22
Prepaid expenses, Insurance and GST	43.58	25.28
REC Receivables	-	38.71
Claims Receivable (Duty Drawback)	1.06	233.55
Advance to employees	0.08	0.04
Balances with statutory / government authorities	0.39	-
Employee Benefit plan Assets (Refer Note 36)	6.09	9.43
Total	95.91	332.38

Movement in the allowance for doubtful advances

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Balance at beginning of the year	80.11	192.68
Change in allowance for bad and doubtful advances	96.31	-
Amounts written off during the year as uncollectible	-	(112.57)
Balance at end of the year	176.42	80.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

13 Inventories

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Inventories (lower of cost and net realisable value)		
Raw materials	292.51	236.38
Work-in-progress	607.89	684.02
Finished goods	917.23	1,308.40
Stores and spares including packing materials	204.40	256.25
Total	2,022.03	2,485.05

14 Trade Receivables

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Trade receivables		
- Related party	61.32	45.01
- Others		
Unsecured, considered good	938.50	1,084.99
Doubtful	637.12	559.52
Less: Allowance for doubtful debts (expected credit loss allowance)	(637.12)	(559.52)
Total	999.82	1,130.00

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

14.1 Trade receivables

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

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

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
0 - 60	543.75	1,056.91
61 - 180	39.63	17.25
181 - 365	223.34	55.84
Above 365 Days	193.10	-
Total	999.82	1,130.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Movement in the allowance for doubtful debts

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Balance at beginning of the year	559.52	633.26
Impairment losses recognised on receivables	77.60	(73.74)
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	-
Balance at end of the year	637.12	559.52

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

15 Cash and Bank Balances

15A Cash and Cash equivalents

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balances with Banks		
In current accounts	63.57	29.30
In cash credit accounts (debit balances)	253.76	-
	317.33	29.30
Cash in hand	2.51	2.38
Total	319.84	31.68

15B Other bank balances

Particulars	As at 31 st March 2020	As at 31 st March 2019
In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI Bank under lien.	981.18	917.50
Balances held as margin money / under lien with remaining maturity of less than 12 months	2.68	4.00
Total	983.86	921.50

16 Assets classified as held for sale

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Assets Classified held for sale:--		
Plant and Machinerries	17.60	68.15
Total	17.60	68.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

17. Equity Share Capital

(₹ In Lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Authorised Share capital :		
70,00,000 fully paid equity shares of ₹ 10 each	700.00	700.00
22,00,00,000 Non Cumulative, non convertible Redemmmable preference shares of ₹ 10 each (as at March 31, 2019 17,50,00,000)	22,000.00	17,500.00
Total	22,700.00	18,200.00
Issued, subscribed and paid-up share capital:		
64,99,308 fully paid equity shares of ₹ 10 each (as at March 31, 2019: 64,99,308)	649.93	649.93
Total	649.93	649.93

17A Fully paid equity shares

Particulars	As at March 31,2020	As at March 31,2019
	Number of shares	Number of shares
Balance as at 31 st March, 2018	64,99,308	64,99,308
Movements	-	-
Balance as at 31st March, 2019	64,99,308	64,99,308
Movements	-	-
Balance as at 31st March, 2020	64,99,308	64,99,308

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

Particulars	Fully paid ordinary shares	Fully paid ordinary shares
	As at March 31,2020	As at March 31,2019
Balance at the beginning of the period :		
Shapoorji Pallonji and Company Private Limited, the holding Company	47,80,845	47,80,845
Total	47,80,845	47,80,845

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

Particulars	As at March 31,2020		As at March 31,2019	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
Fully paid equity shares				
Shapoorji Pallonji and Company Private Limited	47,80,845	73.56	47,80,845	73.56
Total	47,80,845	73.56	47,80,845	73.56

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

18. Other equity

(₹ In Lakhs)

Particulars		As at March 31,2020	As at March 31,2019
a)	General reserve (Refer Note 1)		
	Balance at beginning of the year	7,160.32	7,160.32
	Balance at end of the year	7,160.32	7,160.32
b)	Equity Component of Preference Shares		
	7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	3,573.22	3,573.22
	11% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	11,844.01	11,844.01
	Balance at end of the year	15,417.23	15,417.23
c)	Retained earnings		
	Balance at beginning of year	(28,240.89)	(25,249.68)
	Profit/(Loss) attributable to owners of the Company	(4,452.88)	(3,055.63)
	Actuarial (Gain)/ Loss- Gratuity- OCI	(18.76)	64.42
	Ind AS 116 - Leases transition adjustment (Refer Note 3(q))	(7.53)	-
	Balance at end of the year	(32,720.06)	(28,240.89)
	Total	(10,142.51)	(5,663.34)

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

19. Non-current Borrowings

(₹ In Lakhs)

19.1 Particulars	Non-current portion		Current maturities	
	As at 31 st March 2020	As at 31 st March 2019	As at 31 st March 2020	As at 31 st March 2019
Secured – at amortised cost				
(a) Term loans - From Banks				
i) ICICI Bank Ltd	1,973.75	3,182.75	1,209.00	1,116.00
ICICI BANK LIMITED - First ranking mortgage/ hypothecation/ assignment/security interest /charge/ pledge on all the moveable, immovable both present and future, all rights, titles, permits, approvals and interests of the company in, to and in respect of all the assets of the Company, all clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares. Repayment is being made at ₹ 255.75 lakhs per quarter Interest rate during the year is 12.60% p.a. (Previous year 12.60% p.a.)			-	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

19.1 Particulars	Non-current portion		Current maturities	
	As at 31 st March 2020	As at 31 st March 2019	As at 31 st March 2020	As at 31 st March 2019
Unsecured – at amortised cost				
i) Inter Corporate deposits - From Holding Company Rate of interest for the loans from holding Company is 11.50% per annum and loan is repayable on or after April 1, 2021	9,271.55	-	-	-
	11,245.30	3,182.75	1,209.00	1,116.00
Less: Amount disclosed under “Other current financial liabilities	-	-	(1,209.00)	(1,116.00)
	11,245.30	3,182.75	-	-
(b) Liability component of preference shares	2,843.79	2,556.15	-	-
Total	14,089.09	5,738.90	-	-

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

Sr. No.	Face Value per Preference Share and Date of Allotment	As at 31 st March 2020	As at 31 st March 2019	Rate of Dividend	Terms of Repayment
1	20,000,000 preference shares of ₹10 each - September 30, 2015	2,000	2,000	7%	Preference shares shall rank prior in respect of payment of dividend or redemption amount compared to equity shareholders of the Company and in the event of winding up, preferential right over the equity shareholders in participating of surplus funds, surplus assets and profits of the Company.
2	20,000,000 preference shares of ₹10 each - March 17, 2016	2,000	2,000	7%	
3	30,000,000 preference shares of ₹10 each - September 27, 2016	3,000	3,000	11%	
4	35,000,000 preference shares of ₹10 each - March 24, 2017	3,500	3,500	11%	
5	35,000,000 preference shares of ₹10 each - December 30, 2017	3,500	3,500	11%	
6	35,000,000 preference shares of ₹10 each - December 12, 2018	3,500	3,500	11%	
	Total	17,500	17,500		

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

20. Provisions

20A. Non current

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
a) Employee benefits		
Compensated absences	84.92	89.67
Gratuity (Funded)	63.46	-
Gratuity (Badli Workers) (Unfunded)	361.20	347.83
b) Other provisions		
Provision for Contingencies (Refer note 52 for movement in provision for contingencies)	808.91	751.75
Total	1,318.49	1,189.25

20B. Current

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Employee benefits		
Compensated absences	14.30	11.03
Gratuity (Funded)	2.55	-
Gratuity (Badli Workers) (Unfunded)	5.59	-
Total	22.44	11.03

21. Current Borrowings

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Secured - at amortised cost		
a) Loans repayable on demand		
i) from banks (secured)		
Cash credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. Rate of interest ranging between 10.65% per annum to 13.50% per annum.	-	628.30
ii) Inter corporate deposits From Related parties (unsecured).	5,616.25	9,847.34
Rate of interest for the loans are 11.50% per annum and loans are repayable on demand."		
Total	5,616.25	10,475.64

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

22. Trade payables

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Trade payables		
- Related Parties	55.61	53.52
- Others	-	-
(A) Total outstanding dues of micro enterprises and small enterprises	12.43	1.49
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,755.12	2,897.63
Total	2,823.16	2,952.64

23. Other Current financial liabilities

23A. Current

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
a) Current maturities of long-term borrowings	1,209.00	1,116.00
b) Others :-		
- Security deposits	21.70	20.48
- Other Payables (Salary & Others)	643.44	621.44
Total	1,874.14	1,757.92

24. Other Current liabilities

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
a) Advances from customers	28.85	54.06
b) Statutory remittances	39.42	26.30
Total	68.27	80.36

25. Revenue from operations

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Income from Sale of Yarn and Apparels		
Sales		
a) Sale of products		
i) Manufactured Goods	9,463.83	16,706.14
ii) Electricity	210.63	390.32
	9,674.46	17,096.46
b) Sale of services		
i) Processing Income	14.21	54.67
	14.21	54.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
c) Other operating revenues		
i) Scrap Sales	332.71	510.04
ii) Export incentives	11.64	31.99
iii) Sale of REC's	255.72	238.46
	600.07	780.49
Total	10,288.74	17,931.62

25.1 Reconciliation of revenue recognised with contract price:

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Total contract price with customers	9,713.30	17,182.51
Less: adjusted for discounts and rebates	24.63	31.38
Revenue recognised (Goods and Services)	9,688.67	17,151.13

26. Other Income

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
a) Interest income earned on financial assets that measured at amortised cost		
i) Bank deposits	71.68	62.33
ii) Interest on Security Deposits	7.90	8.10
Total (a)	79.58	70.43
b) Dividend Income		
i) from long-term investments	0.01	0.04
Total (b)	0.01	0.04
c) Other Non-Operating Income (Net of expenses directly attributable to such income)		
i) Credit balances / excess provision written back	24.61	73.76
ii) Rent received	118.91	87.69
iii) Miscellaneous income	4.04	454.56
Total (c)	147.56	616.01
d) Other gains and losses		
i) Gain on disposal of property, plant and equipment	227.39	53.98
ii) Net foreign exchange gains/(losses)	(0.73)	13.08
Total (d)	226.66	67.06
Total (a+b+c+d)	453.81	753.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

27. Cost of materials consumed

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Material Stocks at the Commencement of the Year	236.38	426.41
Purchases	6,414.11	11,937.66
	6,650.49	12,364.07
Less: Material Stocks at the Close of the Year	292.51	236.38
Total	6,357.98	12,127.69

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

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
i) Finished goods (Including stock in transit)	917.23	1,308.40
ii) Work-in-progress	607.89	684.02
Total	1,525.11	1,992.41
Inventories at the beginning of the year:		
i) Finished goods (Including stock in transit)	1,308.40	1,368.81
ii) Work-in-progress	684.02	682.22
Total	1,992.41	2,051.03
Net decrease/ (increase)	467.32	58.60

29. Employee benefits expense

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
i) Salaries and Wages	2,332.64	2,468.90
ii) Contribution to provident and other funds	357.78	499.27
iii) Staff Welfare Expenses	269.86	287.69
Total	2,960.28	3,255.86

30. Finance costs

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
i) Interest on bank overdrafts and loans	3.63	150.58
ii) Interest on loans from related parties	1,270.70	1,163.21
iii) Interest on bank Term Loans	410.52	690.71
iv) Bank Charges	15.61	17.79
v) Unwinding of lease liabilities	2.93	-
vi) Interest on liability component of compound financial instruments	287.64	227.41
Total	1,991.03	2,249.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

31. Depreciation and amortisation expense

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
i) Depreciation of property, plant and equipment pertaining to continuing operations	704.28	717.88
ii) Amortisation of right to use	6.20	-
iii) Amortisation of intangible assets	0.41	7.58
Total depreciation and amortisation	710.89	725.46

32. Other expenses

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Consumption of stores and spare parts	163.70	103.00
Consumption of packing Material	132.86	275.07
Processing charges	7.75	10.90
Power and fuel	1,517.00	1,758.38
Water Royalty Charges	14.55	60.01
Transportation, freight, handling and other charges	128.01	207.76
Hank Yarn Obligation	22.60	46.15
Rent and hire charges	8.19	7.89
Repairs to :		
i) Buildings	17.03	32.75
ii) Plant and machinery	98.29	220.01
iii) Others	77.19	158.99
	192.51	411.75
Insurance	92.63	58.85
Rates and taxes (excluding taxes on income)	129.59	148.22
Brokerage, commission, discount and other selling expenses	77.11	131.44
Printing & Stationery	6.17	0.71
Communication	7.23	10.47
Legal and professional charges	172.28	118.49
Travelling and conveyance	23.64	28.47
Trade receivables / advances written off	14.18	7.27
Directors Sitting Fees	16.05	19.45
Provision for doubtful trade receivables	77.60	-
Bad Debts	-	32.68
Provision for doubtful loans and advances	96.31	-
Miscellaneous expenses	85.43	95.71
Total	2,985.39	3,532.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
a) To Statutory auditors		
i) For audit	16.25	16.25
ii) For tax audit fees	2.75	2.75
iii) For Limited review and certification	6.75	8.00
	25.75	27.00
b) To cost auditors for cost audit	2.00	2.00
c) For reimbursement of expenses	0.57	1.38
d) Service Tax	-	-
Total (a+b+c+d)	28.32	30.38
Total	3,013.71	3,563.05

33. Income taxes**33.1 Income tax recognised in profit or loss**

(₹ In Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
Deferred tax		
In respect of the current year	-	-
Total Deferred tax	-	-
Total income tax expense recognised in the current year	-	-

34. Earnings per share

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Basic earnings per share	(68.51)	(47.01)

34.1 Basic Earnings per share

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

(₹ In Lakhs)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit/(loss) for the year attributable to owners of the Company (A)	(4,452.88)	(3,055.63)
Number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B) (Nominal value of ₹ 10/- each)	64.99	64.99
Basic and diluted Earnings per share (A/B)	(68.51)	(47.01)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

35. Obligations under finance leases

Leasing arrangements

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

36. Employee benefits obligations :

Defined-contribution plans:

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
Provident fund	463.12	469.18
Superannuation fund	12.68	16.98
Total contribution	475.80	486.16

Defined Benefit Plan:

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

Sr. No.	Particulars	As at 31 st March 2020	As at 31 st March 2019
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	1,690.32	1,661.59
	Current Service Cost	58.20	59.50
	Interest Cost	128.39	125.67
	Actuarial (Gain) / Loss on Obligation due to experience	(145.63)	(74.59)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	157.15	(2.84)
	Benefits Paid	(170.25)	(149.99)
	Present value of the obligation of Marihal unit	-	70.95
	Present value of the obligation at the end of the year	1,718.16	1,690.32
b)	Change in Plan Assets		
	Fair value of Plan Assets at the beginning of the year	1,699.74	1,729.97
	Interest Income	129.04	130.84
	Return on plan assets excluding interest income	(7.28)	(11.09)
	Contributions by Plan Participants	0.59	-
	Benefits Paid	(163.85)	(149.99)
	Fair value of Plan Assets at the end of the year	1,658.24	1,699.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Sr. No.	Particulars	As at 31 st March 2020	As at 31 st March 2019
c)	Amounts Recognised in the Balance Sheet		
	Present value of Obligation at the end of the year	(1,718.16)	(1,690.32)
	Fair value of Plan Assets at the end of the year	1,658.24	1,699.74
	Net asset/(liability) at the end of the year	(59.92)	9.42
d)	Amounts Recognised in the Statement of Profit & Loss		
	Current Service Cost	58.20	59.50
	Finance cost / (income)	(0.65)	(5.17)
	Past service cost	(6.40)	-
	Net impact on the loss before tax	51.15	54.33
e)	Amounts Recognised in Other Comprehensive Income		
	Actuarial (gains) / losses for the period	11.51	(77.43)
	Return on plan asset excluding interest income	7.28	11.09
	Net (income) / expenses for the period recognised in other comprehensive income	18.79	(66.34)
f)	Actual return on Plan Assets		
	Interest Income	129.04	130.84
	Actual return on Plan Assets	129.04	130.84
g)	Actuarial Assumptions		
	i) Discount Rate	6.04 % to 6.84%	7.59 % to 7.78%
	ii) Expected Rate of Return on Plan Assets	6.04 % to 6.84%	7.59 % to 7.78%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00 % to 2.00%	1.00 % to 2.00%
	v) Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality(2006-08) Ultimate

(₹ In Lakhs)

Maturity Analysis of the benefit payments : from the fund	As at 31 st March 2020	As at 31 st March 2019
Projected Benefits payable in future years from the date of reporting		
1 st Following Year	155.58	202.46
2 nd Following Year	103.71	83.84
3 rd Following Year	135.17	173.87
4 th Following Year	152.14	148.14
5 th Following Year	163.71	150.83
Sum of years 6 th to 10 th	854.19	904.35
Sum of years 11 th and above	1,161.35	1,343.35

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

(₹ in lakhs)

Sensitivity Analysis	As at 31st March 2020	As at 31st March 2019
Projected Benefit obligation On Current Assumptions	1,718.16	1,690.31
Delt effect of +1% Change in rate of Discounting	(107.59)	(101.07)
Delt effect of -1% Change in rate of Discounting	119.99	112.76
Delt effect of +1% Change in rate of Salary increase	121.32	115.71
Delt effect of -1% Change in rate of Salary increase	(110.65)	(105.33)
Delt effect of +1% Change in rate of Employee Turnover	15.12	26.51
Delt effect of -1% Change in rate of Employee Turnover	(16.33)	(26.56)

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

Management has made provision for gratuity payable to badli workers on the basis of actual valuation as in opinion of the management, the future expected service of badli workers could not be estimated. Provision for gratuity payable to badli workers on the basis of actual valuation as at March 31, 2020 is ₹ 366.79 lakh.

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

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

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

37. Related Party Disclosures

Current Year

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

Name of related party and descriptions of relationship :-

Holding Company

Shapoorji Pallonji and Company Private Limited.

Fellow Subsidiaries

(where there are transactions)

Forbes & Company limited

Forvol International Services Limited

Eureka Forbes Limited

Shapoorji Pallonji Infrastructure Capital Company Private Limited

Shapoorji Pallonji Energy (Gujarat) Private Limited

Forbes Technosys Limited

Suryoday One Energy Pvt Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**Trusts**

Gokak Falls Education and medical Trust
Gokak Textiles Gratitude Fund

Key Managerial Personnel and their relatives:-

Mr. R R Patil, Chief Executive officer and Managing Director
Mr. Avadhut Sarnaik, Chief Financial Officer
Mr. Rakesh M. Nanwani, Company Secretary

Directors

Mr. Vasant N. Sanzgiri, Director.
Mr. D G Prasad, Director.
Mr. Pradip N. Kapadia, Director.
Mr. Chandrakant G. Shah, Director.
Ms. Tripti J Navani
Mr. Mukundan Srinivasan
Mr. Nikhil J. Bhatia

Particulars of transaction with Related Parties

(₹ In Lakhs)

Year ended March 31 2020, (Previous Year March 31, 2019)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions					
Rent income	-	83.05	-	-	83.05
Previous Year	-	15.52	-	-	15.52
Rent paid	-	1.54	-	-	1.54
Previous Year	-	3.70	-	-	3.70
Purchase of electricity		27.30			27.30
Previous Year					-
Services Received	2.03	3.02			5.05
Previous Year	17.83	4.96	-	-	22.79
Preference Shares Issued	-	-	-	-	-
Previous Year	3,500.00	-	-	-	3,500.00
Borrowings	3,940.00	-	-	-	3,940.00
Previous Year	4,635.00	-	-	-	4,635.00
Interest expense	1,186.50	36.23	-	-	1,222.73
Previous Year	870.14	36.23	-	-	906.37
Other Services (Income)	-	-	-	-	-
Previous Year	-	115.05	-	-	115.05
Reimbursement of Expenses	-	-	-	0.90	0.90
Previous Year	-	-	-	0.77	0.77
Loan repayment	-	-	-	-	-
Previous Year	3,065.00	-	-	-	3,065.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Year ended March 31 2020, (Previous Year March 31, 2019)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Trust	Total
Nature of Transactions					
Receivables	8.89	52.43	-	-	61.32
Previous Year	8.89	36.12	-	-	45.01
Director's sitting fees			16.05		16.05
Previous Year	-	-	19.45	-	19.45
Remuneration			97.28		97.28
Previous Year	-	-	88.51	-	88.51
Amount recovered on behalf				11.44	11.44
Previous Year	-	-	-	16.04	16.04
Payables	14,442.44	499.96		1.00	14,943.40
Previous Year	9,431.81	468.12	-	0.93	9,900.86
Investments in Equity Shares of Associate Company					
Previous Year	-	-	-	-	-
Preference shares balance	17,500.00	-	-	-	17,500.00
Previous Year	17,500.00	-	-	-	17,500.00

37A Details of Related Party Transactions

(₹ In Lakhs)

Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019	Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019
Services Received			Amounts recovered on behalf		
Shapoorji Pallonji & Company Limited	2.03	17.83	Gokak falls Education and medical Trust	11.44	16.04
Forvol International Services Limited	3.02	4.96	KMP Remuneration		
			R R Patil	55.63	46.17
Amount received from Trust			Vikram Nagar		31.83
Gokak Textiles Graituity Fund	-	-	Rakesh Nanwani	5.88	4.88
			Avadhut sarnaik	35.77	5.63
Rent (Expenses)			Receivables		
Forbes & Co Limited	1.54	3.70	Shapoorji Pallonji & Co. Pvt. Ltd	8.89	8.89
Purchase of Electricity			Suryoday One Energy Pvt Limited	51.53	35.22
Suryoday one Energy pvt Ltd	27.30	-	Forbes Technosys Limited	0.90	0.90
Interest expense on ICD			Payables		
Shapoorji Pallonji & Co. Pvt. Ltd	1186.5	870.14	Shapoorji Pallonji & Co. Pvt. Ltd	14,442.44	9,431.81
Shapoorji Pallonji infrastructure Capital Company private Limited	32.78	32.78	Forbes & Company Limited	7.15	6.77
Shapoorji Pallonji Energy (Gujarat) private Limited	3.45	3.45	Gokak falls Education and medical Trust	1.00	0.93
			Forvol International Services Limited	0.13	1.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019	Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019
Loans /Advances taken			Shapoorji Pallonji infrastructure Capital Company private Limited	441.56	412.06
Shapoorji Pallonji & Co. Pvt. Ltd	3,940.00	4,635.00	Shapoorji Pallonji Energy (Gujarat) private Limited	51.12	48.02
Reimbursement of Expenditure			Preference Shares as at		
Gokak Falls Education & Medical Trust	0.90	0.77	Shapoorji Pallonji & Co. Pvt. Ltd	17,500.00	17,500.00
Preference Shares Issued			Director's Sitting Fees		
Shapoorji Pallonji & Co. Pvt. Ltd	-	3,500.00	Mr. Kaiwan D. Kalyaniwalla	-	5.00
Loan repayment			Mr. Pradeep Kapadia	5.15	6.25
Shapoorji Pallonji & Co. Pvt. Ltd	-	3,065.00	Mr. D G Prasad	3.25	4.00
Rent (Income)			Mr. Vasant Sanzgiri	1.30	1.70
Suryoday one Energy pvt Ltd	83.05	15.52	Ms. Tripti J. Navani	0.75	0.50
Other Services (Income)			Mr. S. Mukundan	0.40	0.60
Suryoday one Energy pvt Ltd	-	115.05	Mr. C. G. Shah	1.30	1.40
			Mr. Nikhil Bhatia	3.90	-

38 Micro, Small and Medium Enterprises

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

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 st March 2020	As at 31 st March 2019
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	12.43	1.49
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*	0.19	0.78
3	Principal amount paid during the year beyond the appointed day	50.10	58.06
4	Interest paid during the year beyond the appointed day	1.17	-
5	The amount of interest due and payable for the year	0.19	0.78
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.19	3.12
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid or date of signing whichever is earlier.	-	0.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

39 Fair Value Disclosures

(₹ In Lakhs)

A)	Categories of Financial Instruments:	As at 31 st March 2020			As at 31 st March 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.03	-	-	0.03	-	-
	Loans	-	-	-	-	-	-
	Trade Receivables	-	-	999.82	-	-	1,130.00
	Cash & Bank Balances	-	-	319.84	-	-	31.68
	Bank balances other than above	-	-	983.86	-	-	921.50
	Other Financial Assets	-	-	653.15	-	-	384.09
		0.03	-	2,956.67	0.03	-	2,467.27
ii)	Financial liabilities						
	Borrowings (including current maturities)	-	-	20,914.34	-	-	17,330.54
	Trade Payables	-	-	2,823.16	-	-	2,952.64
	Lease Liabilities	-	-	26.68	-	-	-
	Other Financial Liabilities	-	-	665.14	-	-	641.92
		-	-	24,429.32	-	-	20,925.10

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

Fair Value Hierarchy and Method of Valuation

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

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

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

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

(₹ In Lakhs)

B)	Financial Assets	As at March 31, 2020					
		Notes	Carrying Value	Level 1	Level 2	Level 3	Total
	Measured at FVTPL Investments						
	Investments in Equity Instruments (unquoted)	8(a)	0.03	-	-	0.03	0.03

(₹ In Lakhs)

Financial Assets	As at March 31, 2019					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL Investments						
Investments in Equity Instruments (unquoted)	8(a)	0.03	-	-	0.03	0.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

- c) Considering the value of investments, the management has determined the fair value of these investment as constant throughout the period till March 31, 2020.

40 Capital Management

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

The capital components of the Group are as given below:

	(₹ In Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Total Equity	(9,492.58)	(5,013.41)
Short Term Borrowings	5,616.25	10,475.64
Long Term Borrowings	14,089.09	5,738.90
Current Maturities of Long Term Borrowings	1,209.00	1,116.00
Total Debt	20,914.34	17,330.54
Cash & Cash equivalents	319.84	31.68
Bank balances other than above	983.86	921.50
Net Debt	19,610.64	16,377.36
Net Debt Equity ratio	(1.47)	(1.18)
Debt Equity Ratio = Net debt (long term borrowings) / Total Equity		

41 Financial risk management objectives

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

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

42 Market Risk

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

43 Currency risk

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

Exposure to currency risk

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

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export receivables in US \$	0.32	2.29
Overseas payables in US \$	-	-
Total	0.32	2.29

Foreign currency sensitivity

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

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
+2% increase in foreign exchange rates	0.49	3.18
-2% increase in foreign exchange rates	(0.49)	(3.18)
Net Increase/(decrease)	-	-

44 Liquidity Risk

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

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

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
- Expiring within one year (Bank CC Limits Sanctioned)	1,500.00	3,306.70
	1,500.00	3,306.70

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(₹ In Lakhs)

Maturities of Financial Liabilities	Total	As at March 31, 2020			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	20,914.34	10,480.55	7,590.00		2,843.79
Trade Payables	2,823.16	2,823.16	-	-	-
Lease Liabilities	26.68	7.45	13.23	0.74	5.26
Other Financial Liabilities	665.14	665.14	-	-	-
	24,429.32	13,976.30	7,603.23	0.74	2,849.05

(₹ In Lakhs)

Maturities of Financial Liabilities	Total	As at March 31, 2019			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	17,330.54	10,475.64	2,903.75	1,395.00	2,556.15
Trade Payables	2,952.64	2,952.64	-	-	-
Other Financial Liabilities	641.92	641.92	-	-	-
	20,925.11	14,070.21	2,903.75	1,395.00	2,556.15

45 Interest Rate Risk:-

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

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

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Variable-rate instruments		
Financial liabilities		
Borrowing	-	628.30
Total	-	628.30

Interest Rate sensitivity

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

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
- 100 basis points increase	-	(6.28)
+ 100 basis points decrease	-	6.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

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

(₹ In Lakhs)

Maturities of Financial Assets	Total	As at March 31, 2020			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.03				0.03
Trade Receivables	999.82	999.82			
Cash and Bank balances	1,303.70	1,303.70			
Other Financial Assets	653.15	515.97			137.19
	2,956.70	2,819.49	-	-	137.22

(₹ In Lakhs)

Maturities of Financial Assets	Total	As at March 31, 2019			
		Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments	0.03				0.03
Trade Receivables	1,130.00	1,130.00			
Other Financial Assets	384.09	241.72			142.38
	1,514.12	1,371.72	-	-	142.41

47 Segment reporting :-

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. the managing Director and Chief executive officer of the Company who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision - maker.

Reporting of Segment wise Revenue, Results, Assets And Liabilities

(₹ In Lakhs)

Particulars	Consolidated	
	Year ended 31.03.2020	Year ended 31.03.2019
	Audited	Audited
1) Segment Revenue		
a) Textile	10,216.40	18,001.66
b) Electricity and Power	874.32	1,536.26
c) Others		-
Less: Inter-segment eliminations	(348.17)	(852.76)
Income from Operations	10,742.55	18,685.16
2) Segment Result:		
Profit / (Loss) before Tax and Interest		
a) Textile	(4,458.78)	(3,631.05)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	Consolidated	
	Year ended 31.03.2020	Year ended 31.03.2019
	Audited	Audited
b) Electricity and Power	(299.88)	335.85
Total	(4,758.66)	(3,295.20)
Less: Inter-segment eliminations		-
Total	(4,758.66)	(3,295.20)
Less : Interest		-
Total Profit before Tax	(4,758.66)	(3,295.20)
3) Segment Assets		
a) Textile	13,933.35	15,293.59
b) Electricity and Power	1,567.38	1,453.78
c) Others		
Less: Intersegment elimination	(43.66)	(138.09)
	15,457.07	16,609.28
4) Segment Liabilities		
a) Textile	17,012.70	13,887.85
b) Electricity and Power	8,869.48	8,455.98
c) Others		
Less: Intersegment elimination	(43.66)	(138.09)
	25,838.52	22,205.74
5) Capital Employed	(10,381.44)	(5,596.46)
6) Capital Expenditure		
a) Textile	31.49	39.56
b) Electricity and Power	4.31	0.63
c) Others		
Less: Intersegment elimination		
	35.80	40.19
7) Depreciation and Amortisation expense		
a) Textile	606.75	621.55
b) Electricity and Power	104.14	103.90
c) Others		
Less: Intersegment elimination		
	710.89	725.45

Notes:

1. Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management. Expenses not directly allocable to the segments are treated as "Unallocated Expenses".
2. Segment revenues, expenses and results include transfers between business segments. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

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

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

	2019-20	2018-19
Revenue from domestic sales and services	9,597.03	15,559.62
Revenue from export sales	691.71	2,372.00
Total	10,288.74	17,931.62

48 Lease:-

The Group has taken certain office premises and lease holdland under cancellable operating leases. In the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts. Lease agreements of the Company do not contain any variable lease payment or any residual value guarantees. The Group has not entered into any sublease agreement.

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

(₹ in lakhs)

Particulars	As at March 31, 2020
Carrying amount right-of-use assets at beginning of the year	15.17
Additions to right-of-use assets during the year	10.74
Deletions to right-of-use assets during the year	-
Amortisation of right-of-use assets during the year	6.20
Interest expense (unwinding of discount) on lease liabilities	2.93
Total cash outflows in respect of leases	8.21
Carrying amount right-of-use assets at year end	19.71

(Refer Accounting policy no 3(q) for transition effect of first time adoption of Ind AS 116 - Leases)

(Refer note 44 for maturity analysis of lease liabilities)

Lease rentals of ₹ 8.19 lakhs in respect of short term lease have been recognised in the statement of profit and loss as rent expense.

49. Contingent liabilities:-

(₹ In Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Claims against the Company not acknowledged as debts		
1 Taxes in dispute:-		
i) Excise duty Demand	143.00	143.00
ii) Entry-tax	114.58	114.58
iii) Income tax demand	3.99	3.99
2 Labour matters:-		
i) labour matter in dispute	69.36	69.36
ii) Customs duty (Advance paid 12 Lakhs; Previous year 12 Lakhs)	28.11	28.11
3 Other:-		
i) Demand for increased lease rent (as per lease rent agreement, rent was supposed to be reviewed by the Government authorities; which was not reviewed and demand for the same is raised during the year 2018-19. The Company has disputed on the grounds of working and restrospective effect of the same)	9,858.98	9,858.98
Total	10,218.02	10,218.02

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

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

50. Bonus Payable :-

Liability towards bonus payable to employees upto March 31, 2018 is due on November, 2020. Hence, it is classified as current financial liability. However, the Company has made request to the Labour Commissioner on November 17, 2018 to defer the 50% payment of bonus for the period 2017-18 as 50% is paid during the year 2018-19.

51. Details of movements in provision for contingencies

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

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 st March 2020	As at 31 st March 2019
1	Balance as at the beginning of the year	751.75	500.00
2	Add: Provision made during the year	57.16	251.75
3	Less: Utilisation/ Reversal	-	-
4	Balance as at the end of the year	808.91	751.75

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

53. During the year there were floods at the power plant operated by the Subsidiary Company (Gokak Power and Energy Limited) due to which the operations of the Group were affected. The Group incurred loss for the year before tax (including other comprehensive income) of ₹ 4777.45 lakhs and had accumulated losses of ₹ 32720.06 lakhs as on March 31, 2020. Further the Group's net worth has been fully eroded as at March 31, 2020.

The Group has witnessed demand for its yarns in the months of May and June 2020 and the Management believes that it is likely to continue. Due to adequate labour available at the Plant the Company will be able to meet the demand. Further the Group anticipates cost savings on raw materials and other operating expenses in the forthcoming year due to alternative options available. The power plant of the Subsidiary has also been operational now. As a result of the above initiatives the operations and revenues of the Group will witness growth in the next year. In addition, the Group has continued support from the Holding Company for Operational and Financial requirements when needed. Based on the above, the Annual Financial statement of the Group have been prepared on a going concern basis.

54. Approval of Financial Statements:- The Consolidated financial statements were approved for issue by the board of directors on June 29, 2020.

55. In view of the country-wide lockdown due to the outbreak of COVID-19 pandemic, operations/despatches and administrative offices of the Group were scaled down or shut down for certain days beginning from March 24, 2020, The lockdown is being lifted with systematic process by the Government and operations of the Company resumed from May 4, 2020 in a phased manner.

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, trade receivables and other current assets. Based on the current assessment of the management, the eventual outcome or impact of COVID-19 on the Group financial statement is not likely to materially differ from that estimated as at the date of approval of these financial statements."

56. On August 3, 2019, there was a ransomware attack on the Computer servers of the Parent Company and accounting software of the Parent Company was affected and due to which the Parent Company had to shift its books of accounts to a new accounting software using the back up of the data available in the servers. The Management of the Parent Company has taken appropriate steps and due care regarding the completeness and accuracy of the data while transferring the data to the new software and no significant data was lost due to the said ransomware attack.
57. During the quarter ended September 30, 2019, hydro power plant of the subsidiary Company (Gokak Power and Energy Limited) situated at Gokak Falls having total capacity of 8 MW was submerged in the flood water due to heavy rains and the power generation has been suspended since August 07, 2019. The Subsidiary Company has estimated the repair and replacement cost of approximately ₹ 3.29 Crores and the sub plant of 4.5 and 3.5 MW out of entire plant is operational from February 2020 and remaining 1MW plant expected to be in operation by September 2020. The management is of the opinion that significant portion of the repairs and replacement cost incurred will be recovered through insurance claim, however the entire claim is not lodged with the insurance Company. The Company has received an advance amount of ₹ 100 lakhs from the Insurance Company towards the expenses incurred on repairs. The Company has recorded provision for expenses of ₹ 19.97 lakhs for work completed over and above the advance insurance claim received.
- In addition to the damage of the plant and machinery of the power plant, the canal system was also damaged due to deluge of floods. The complete assessment of extent of damage will be carried out after the reduction of water levels. The canal system is insured with The Oriental Insurance Company under a Fire, Flood and Earthquake policy and the quantum of claim versus the expenses and the impact on the accounts will be known once the canal is dry and empty, though the management expects limited or no impact on the profit and loss accounts.”
58. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No. 27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Vasant N. Sanzgiri
Director
(DIN: 01757117)

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

Place: Mumbai
Date: June 29, 2020

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**BOARDS' REPORT
AND
FINANCIAL STATEMENTS OF
GOKAK POWER & ENERGY LIMITED
FOR THE YEAR ENDED MARCH 31, 2020**

Directors	:	Mukundan Srinivasan	- Chairman (upto August 24, 2020)
		Ramesh R. Patil	- Wholetime Director
		Pradip N. Kapadia	- Independent Director
		Chandrakant G. Shah	- Non-Executive Director
		Nikhil J. Bhatia	- Independent Director
Chief Financial Officer	:	Avadhut Sarnaik	
Company Secretary & Compliance Officer	:	Rakesh M. Nanwani	
Statutory Auditors	:	Batliboi & Purohit, Chartered Accountants	
Bankers	:	ICICI Bank Limited	
Hydro Power House	:	Gokak Falls-591 308 (District Belagavi - Karnataka)	
D J Madan Power House	:	Dupdhal, Taluka : Gokak Dist. Belagavi, Karnataka	
Registered Office	:	#1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560 098	
CIN	:	U40103KA2012PLC062107	
GSTIN	:	29AAECG7331B1ZU	



Report of Board and Management Discussion & Analysis

To,
The Members of
Gokak Power & Energy Limited

Your Directors present their Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2020.

1. Financial Results and State of Company's Affairs

(₹ in Lakhs)

	Particulars	For the Financial Year 01.04.2019 to 31.03.2020	For the Financial Year 01.04.2018 to 31.03.2019
(a)	Gross Revenue	874.32	1,536.26
	Less: Costs	222.69	241.74
(b)	Balance	651.63	1,294.52
	Less Interest	847.36	854.74
(c)	Cash Profit / (Loss)	(195.73)	439.78
	Less Depreciation	354.53	354.42
(d)	Profit / Loss (after depreciation carried to balance sheet)	(550.26)	85.36
	Less: Deferred Tax	-	-
	Other Comprehensive (Income) / Expense	(0.08)	3.91
(e)	Net Profit/ (Loss)	(550.34)	89.27

2. Operations

During the year under review, your Company has recorded gross income of ₹ 874.32 lakhs (previous year ₹ 1,536.26 lakhs) and net loss for the year of ₹ (550.26) lakhs (previous year net profit ₹ 85.36 lakhs). During the year 2019-20, entire powerhouse of 8.0 MW situated in Gokak Falls was submerged due to an unprecedented flood on August 7, 2019, which has greatly affected the financials of the Company. Out of 8 MW, 4.5 MW set has been repaired and restored for power generation in the month of February 2020. Out of remaining 3.5 MW old hydro power plants, 2.5 MW has been repaired and commissioned in June 2020. Remaining 1 MW plant is heavily damaged and requires major repair, the repair work is under progress and expected to start by October 2020. Total loss of generation was around 54.8% with respect to the annual budget which comes to around 170 lakhs unit worth around ₹6.5 Cr.

The Company has originally estimated the repair and replacement cost of approximately ₹ 3.29 Cr, which was revised to ₹ 2.70 Crores. The management is of the opinion that significant portion of the repairs and replacement cost incurred will be recovered through insurance claim, however the entire claim is not lodged with the insurance Company. The Company has received an advance amount of ₹ 100 lakhs from the Insurance Company towards the expenses incurred on repairs. The Company has recorded provision for expenses of ₹ 19.97 lakhs for work completed over and above the advance insurance claim received and the balance work is in progress and then the entire claim will be launched.

In addition to the damage of the plant and machinery of the power plant, the canal system was also damaged due to deluge of floods. The complete assessment of extent of damage will be carried out after the reduction of water levels. The canal system is insured with The Oriental Insurance Company under a Fire, Flood and Earthquake policy and the quantum of claim versus the expenses and the impact on the accounts will be known once the canal is dry and empty, though the management expects limited or no impact on the profit and loss accounts.

3. Outlook

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

4. Share Capital

The paid up equity share capital of the Company as on March 31, 2020 was ₹ 49 Crores. During the year under review, the Company has not issued any shares with differential voting rights or 'sweat equity shares' and has not granted any stock options.

5. Dividend and Transfer to Reserves

In view of the results for the year, no dividend has been recommended for the year. No amount has been transferred to the Reserves during the year.

6. Material changes and commitments

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

7. Holding Company / Subsidiary Company/Joint venture/Associate

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

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

8. Deposits

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and Rules framed there under and there is no outstanding deposit.

9. Board of Directors and Key Managerial Personnel

The composition of Board of Directors of the Company is as under:

Sr. No	Name of the Director	Designation	Category
1	Mr. Mukundan Srinivasan@ (DIN: 00276429)	Chairman	Non-Executive Non-Independent
2	Mr. Chandrakant G Shah (DIN: 00002358)	Director	Non-Executive Non-Independent
3	Mr. Nikhil J. Bhatia # (DIN: 00414281)	Director	Non-Executive Independent
4	Mr. Pradip N Kapadia (DIN:00078673)	Director	Non-Executive Independent
5	Mr. Ramesh R Patil (DIN:07568951)	Wholetime Director	Executive Non- Independent

@ Ceased to be Director with effect from August 24, 2020

Appointed as Director with effect from May 16, 2019.



Mr. Chandrakant G. Shah is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommends his re-appointment as Director of the Company.

Mr. Nikhil Bhatia was appointed as an Additional and Independent Director of the Company with effect from May 16, 2019. His appointment as an Independent Director for a period of 5 years was approved by the Shareholders at the Annual General Meeting held on September 20, 2019.

Mr. Ramesh R. Patil was re-appointed as whole-time Director for a further term of three years commencing from September 08, 2019 by the shareholders at the Annual General Meeting held on September 20, 2019.

Based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the Shareholders at the ensuing Annual General Meeting, the Board of Directors approved re-appointment of Mr. Pradip N. Kapadia as Independent Director for second term of 5 years commencing from December 28, 2020.

Mr. Mukundan Srinivasan, Director of the Company on account of his other commitments resigned from the Directorship of the Company with effect from August 24, 2020. The Board places on record its appreciation for the valuable services rendered by Mr. Mukundan Srinivasan to the Board and the Company during their tenure as Chairman of the Board / Director of the Company.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances, which may affect their status as the Independent Directors during the year.

10. Meetings of the Board of Directors and Attendance

The Board met at least once in each quarter. 4 Meetings were held during the financial year ended March 31, 2020 i.e. on May 23, 2019; July 26, 2019; November 09, 2019 and February 14, 2020. 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, 2020	
		Held	Attended
1.	Mr. Mukundan Srinivasan@	4	2
2.	Mr. Chandrakant G. Shah	4	4
3.	Mr. Nikhil J. Bhatia #	4	4
4.	Mr. Pradip N. Kapadia	4	4
5.	Mr. Ramesh R. Patil	4	4

@ Ceased to be Director with effect from August 24, 2020

Appointed as Director with effect from May 16, 2019.

11. Committees of the Board

a. Audit Committee

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

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

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

Appointed as Director and Chairman of Audit committee with effect from May 16, 2019.

The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial Management. The Wholetime Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings. The Company Secretary also functions as Compliance Officer.

The Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. Discussions with the Management and the Statutory Auditors, the audit plan for the financial year and a joint post-audit review of the same are held at regular intervals.

The Company places all the relevant details before the Audit Committee periodically.

The Committee meets at least once in each quarter. 4 Meetings were held during the financial year ended March 31, 2020 i.e. on May 23, 2019; July 26, 2019; November 09, 2019 and February 14, 2020.

The number of meetings held and attended during the year are as under:

Sr. No	Name of the Directors	Number of Audit Committee Meetings held during the Financial year ended March 31, 2020	
		Held	Attended
1.	Mr. Nikhil J. Bhatia - Chairman #	4	4
2.	Mr. Chandrakant G. Shah	4	4
3.	Mr. Pradip N. Kapadia	4	4

Appointed as Director and Chairman of Audit committee with effect from May 16, 2019.

b. Nomination and Remuneration Committee

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

Brief description of terms of reference:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.



3. Formulating the criteria for evaluation of Independent Directors and the Board as a whole.
4. Devising a policy on Board diversity.
5. Approving the remuneration after taking into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
6. Reviewing and determining all elements of remuneration package striking the balance between the interest of the Company and the shareholders
7. All information about the Directors/Managing Director/ Whole time Director/ Key Managerial Personnel i.e background details, past remuneration, recognition or awards, job profile, etc., shall be considered and disclosed to Shareholders, whenever required.

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

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

Appointed as Director and Chairman of Nomination and Remuneration Committee with effect from May 16, 2019.

One (1) Meeting was held during the financial year ended March 31, 2020 i.e. on May 23, 2019.

The number of meetings held and attended during the year are as under:

Sr. No	Name of the Directors	Number of Nomination and Remuneration Committee Meetings held during the Financial year ended March 31, 2020	
		Held	Attended
1.	Mr. Nikhil J. Bhatia- Chairman #	1	1
2.	Mr. Chandrakant G. Shah	1	1
3.	Mr. Pradip N. Kapadia	1	1

Appointed as Director and Chairman of Nomination and Remuneration Committee with effect from May 16, 2019.

12. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as, the evaluation of the working of its Audit and Nomination and Remuneration Committees.

In a separate meeting of Independent Directors, performance of Non- Independent Directors of the Board as a whole and the performance of the Chairman were evaluated.

In the opinion of the Board the Independent Director appointed during the FY 2019 – 2020 has the requisite integrity, expertise and experience (including the proficiency) as required in the Board.

13. Particulars of Employees

During the financial year 2019 - 20, the Company did not have any employee who was in receipt of remuneration in aggregate not less than ₹ 1.02 crores p.a if employed through the financial year and in aggregate not less than ₹ 8.50 lakhs p.m if employed for part of financial year.

14. Auditors and Auditors Report :

(a) Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration no. 101048W) were appointed as the Statutory Auditors of the Company for a term of 5 (five) years to hold office from the conclusion of the 6th Annual General Meeting of the Company till the conclusion of the 11th Annual General Meeting of the Company.

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

(b) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has appointed KDSH & Associates LLP, Company Secretaries, to conduct Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as **Annexure I** to this Report. The Report of the Secretarial Auditor of the Company does not contain any qualification, reservation or adverse remark or disclaimer.

15. Particulars of loans, guarantees or investments under section 186

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

16. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

During the year under review, there were no materially significant related party transactions with the Promoter, Directors, Key Managerial Personnel or the Designated Persons, which may have a potential conflict with the interest of Company at large except sale of power to the holding Company, which has been approved by the shareholders.

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

The particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been disclosed in Form No. AOC-2 as **Annexure II** to this report.

17. Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is forming a part of this Annual Report as **Annexure III**



18. Statutory Disclosures :

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status and Company's operations in future.

19. Obligation of Company under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 :

The Company has adopted a policy as per the provisions of Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for prevention, prohibition and redressal of complaints of sexual harassment at workplace. During the year under review, no complaints on sexual harassment were received.

20. Conservation of energy, technology absorption and foreign exchange earnings and outgo :

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a) Conservation of energy :

(i)	The steps taken or impact on conservation of energy.	a	Re-Insulation done in one more 500 kilowatt power generation set was completed, which will result in improved efficiency of generator.
		b	Water leakages in the canal were repaired to stop wastage of water, thereby using the same water for power generation. This is an ongoing process and it will be continued.
		c	Replacing of old sodium vapor lamp & tube lights by LED lamps @40 nos. in all our power plants is completed.
(ii)	The steps taken by the Company for utilizing alternate sources of energy.	The Company has its own Hydro-Generation.	
(iii)	The capital investment on energy conservation equipments.	NIL	

(b) Technology absorption :

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

(c) Foreign exchange earnings and outgo : NIL

21. Human Resources :

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

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

22. Directors' Responsibility Statement:

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

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

23. Internal Financial Control and their adequacy:

The Company has Internal Control systems, which ensure that all transactions are satisfactorily recorded and reported and all assets are protected against loss from an unauthorized use or otherwise. The internal control systems are supplemented by an internal audit system carried out by independent firm of Chartered Accountants and a periodical review by the management. The findings of such Internal Audits are addressed through suitable corrective measures. The Audit Committee of the Board meets at regular intervals and advises on significant issues raised by, both, the Internal Auditors and the Statutory Auditors. The process of internal control, systems, statutory compliance, risk analysis, information technology and its management are woven together to provide a meaningful support to the management of the business.

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

24. Risk Management Policy:

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

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

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Competition, Business risk, Technology obsolescence, retention of talent and expansion of facilities.



As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

25. Details Of Fraud Report By Auditor:

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

26. Corporate Social Responsibility Committee (CSR)

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

27. Statutory Compliances

The Company has ensured necessary compliance with the requirements of the Companies Act, 2013 and other authorities and the details of non-compliance and penalties are not applicable. The Company follows all relevant Accounting Standards. The Company as complied with all the Secretarial Standards (SS) issued by The Institute of Company Secretaries of India.

28. Acknowledgements :

Your Directors wish to place on record their sincere appreciation for the assistance given by the Company's Bankers and acknowledge that their support has been a source of considerable strength. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead.

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

S Mukundan
Chairman
DIN: 00276429

Registered Office:

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

Form No.MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: 31st March, 2020

To,
The Members,

GOKAK POWER & ENERGY LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GOKAK POWER & ENERGY LIMITED (CIN: U40103KA2012PLC062107)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;-Not Applicable
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment and overseas direct investment and External Commercial Borrowings. (No such transaction took place during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; -Not Applicable
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;- Not Applicable
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; -Not Applicable
 - d) The Securities and Exchange Board of India ((Share Based Employee Benefits) Regulations, 2014; -Not Applicable
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -Not Applicable
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -Not Applicable
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998; -Not Applicable
 - i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; -Not Applicable
- vi. Other laws applicable specifically to the Company namely:

Labour Laws

 - a) The Factories Act, 1948
 - b) The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
 - c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
 - d) The Employees State Insurance Act, 1948
 - e) The Payment of Wages Act, 1936
 - f) The Child Labour (Regulation & Abolition) Act, 1970
 - g) The Contract Labour (Regulation & Abolition) Act, 1970



- h) The Shops & Establishments Act, 1961
- i) The Industrial Establishments (National and Festival Holidays) Act, 1963
- j) The Karnataka Daily Wage Employees Welfare Act, 2012
- k) The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- l) The Industrial Disputes Act, 1947
- m) The Minimum Wages Act, 1948
- n) The Maternity Benefit Act, 1961
- o) Payment of Bonus Act, 1965

Environmental Laws

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

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

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

Power Sector

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting i.e SS-1 and SS-2.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

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

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) Notice of Board meetings and Committee meetings of Directors;
- f) The Meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The Annual General Meeting held on 20th September, 2019;
- 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 Whole-time Director;
- k) Payment of remuneration to Directors including the Whole-time Directors;
- l) Appointment and remuneration of Auditors and Cost Auditors;
- m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) Investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- q) Board's Report;
- r) Contracts, common seal, registered office and publication of name of the Company;
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act.

We further report that

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

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

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

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924

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

'Annexure A'

To,
The Members,
Gokak Power & Energy Limited
CIN: U40103KA2012PLC062107
#1, 2nd Floor, 12th Cross Ideal Homes,
Near Jayanna Circle, Rajarajeshwari Nagar
Bangalore-560098

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

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

Place: Bangalore
Date: June 29, 2020

For **KDSH & Associates LLP**

Kiran Desai
Designated Partner
FCS10056| CP No: 12924



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

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

1.		Details of contracts / arrangements or transactions not at arm's length basis	NIL
2.		Details of material contracts / arrangements or transactions at arm's length basis	01-April-2019 to 31-March-2020
	a.	Name of related party and nature of relationship	Gokak Textiles Limited (Holding Company)
	b.	Nature of contracts / arrangements /transactions	Agreement for transfer of power between Gokak Power & Energy Limited and Gokak Textiles Limited, Holding Company captive user for consumption.
	c.	Duration of contracts / arrangements/ transactions	20 years w.e.f. 27.09.2012
	d.	Salient terms of the contracts / arrangements/ transactions including Value, if any	Captive user agrees to pay ₹ 4.23 + ₹0.20 (electricity duty) for every unit of power transferred, subject to conditions laid out in the agreement
	e.	Dates of Approval by the Board, if any	22.05.2012
	f.	Amount paid as advance, if any	Security Deposit – Rupees One Crore

For and on behalf of the Board of Directors

Place : Mumbai,
Date : August 20, 2020

S Mukundan
Chairman
DIN: 00276429

Form No.MGT-9
EXTRACT OF ANNUAL REPORT
For the financial year ended 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS

1.	CIN	U40103KA2012PLC062107
2.	Date of Incorporation	17.01.2012
3.	Name of the Company	Gokak Power & Energy Limited
4.	Category	Company Limited by Shares
5.	Sub-Category of the Company	Indian Non-Government Company
6.	Address of the Registered Office	#1, 2 nd Floor, 12 th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Benagluru - 560 098 Ph : +91 80 29744077 ; +91 80 29744078
7.	Whether Listed or not	No
8.	Name, Address and Contact details of the Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name/Description of Main Products/ Services	NIC Code of Product/ Service	% to Total Turnover of the Company
1	Hydro Electric Power	35101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Gokak Textiles Limited #1, 2 nd Floor, 12 th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Benagluru - 560 098	L17116KA2006PLC038839	Holding	51%	2 (46)



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

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2019				No. of Shares held at the end of the year i.e 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	A. Promoters									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	100.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Promoter Group – Body Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	100.00	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	100.00	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B) (1)	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0.00	0	0	0	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	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	OCBs/Foreign Cos	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B) (2)	0	0	0	0	0	0	0	0	0.00
	Total Public Shareholding (B) = (B) (1)+(B)(2)	0	0	0	0	0	0	0	0	0.00
	TOTAL (A)+(B)	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	100.00	0.00

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Gokak Textiles Limited	2,49,90,000	51%	-	2,49,90,000	51%	-	-
2.	Shapoorji Pallonji Infrastructure Capital Company Pvt. Ltd.	2,40,10,000	49%	-	2,40,10,000	49%	-	-
	Total	4,90,00,000	100%	-	4,90,00,000	100%	-	-

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

Sl. No	Particulars	Shareholding at the beginning of the year as on 01.04.2019		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	There is no Promoters' Shareholding between 01.04.2019 to 31.03.2020			
3	At the end of the year				

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

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	Shapoor P. Mistry JT1 Gokak Textiles Ltd	10	0.00					10	0.00
				-	No Change	0	0.00	10	0.00
		-		31.03.2020	At the end of the year	-	-	10	0.00
2	Mukundan Srinivasan JT1 Gokak Textiles Ltd	10	0.00					10	0.00
				-	No Change	0	0.00	10	0.00
		-		31.03.2020	At the end of the year	-	-	10	0.00
3	Firoze Kavshah Bhatehna JT1 Gokak Textiles Ltd	10	0.00					10	0.00
				-	No Change	0	0.00	10	0.00
		-		31.03.2020	At the end of the year	-	-	10	0.00
4	Vasant N. Sanzgiri JT1 Gokak Textiles Ltd	10	0.00					10	0.00
				-	No Change	0	0.00	10	0.00
		-		31.03.2020	At the end of the year	-	-	10	0.00
5	Rahul Adeshwar Jain JT1 Gokak Textiles Ltd	7	0.00					7	0.00
				-	No Change	0	0.00	7	0.00
		-		31.03.2019	At the end of the year	-	-	7	0.00
6	K S Ballal JT1 Gokak Textiles Ltd	1	0.00					1	0.00
				-	No Change	1	0.00	1	0.00
		-		31.03.2020	At the end of the year	-	-	1	0.00



Sl. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No.of Shares	% of total Shares of the Company
7	Ramesh R. Patil JT1 Gokak Textiles Ltd	10	0.00				0.00	10	0.00
					No Change	10	0.00	10	0.00
		-		31.03.2020	At the end of the year	-	-	10	0.00
8	Vikram V. Nagar JT1 Gokak Textiles Ltd	1	0.00				0.00	1	0.00
					No Change	1	0.00	1	0.00
		-		31.03.2020	At the end of the year	-	-	1	0.00
9	Pradeep P. Andhare JT1 Gokak Textiles Ltd	1	0.00				0.00	1	0.00
					No Change	1	0.00	1	0.00
		-		31.03.2020	At the end of the year	-	-	1	0.00

v) Shareholding of Directors and Key Manegerial Personnel :

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Date	Reason	Purchase of Shares/ Decrease in Shareholding		Cummulative Shareholding during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the Company	No.of Shares	% of total Shares of the Company
1	Ramesh R. Patil JT 1 Gokak Textiles Limited	10	0.00		At the end of the year			10	0.00
				-	Increase	0	0.00	10	0.00
				31.03.2020	At the end of the year	-	-	10	0.00
2	Mukundan Srinivasan JT 1 Gokak Textiles Limited	10	0.00					10	0.00
				-	No Change	0	0.00	10	0.00
				31.03.2020	At the end of the year	-	-	10	0.00
3	Nikhil J. Bhatia (w.e.f May 16, 2019)	0	0.00						0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
4	Pradip N. Kapadia	0	0.00						0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
5	Chandrakant G. Shah	0	0.00						0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
6	Rakesh M. Nanwani	0	0.00						0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00
7	Avadhut Sarnaik	0	0.00						0.00
				-	No Change	0	0.00	0	0.00
				31.03.2020	At the end of the year	-	-	0	0.00

V) INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	4,298.75	3,993.91	100.00	8,392.66
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,298.75	3,993.91	100.00	8,392.66
Change in Indebtedness during the financial year				
• Addition	-	1,622.34	-	1,622.34
• Reduction	1,116.00	-	-	1,116.00
Net Change	(1,116.00)	1,622.34	-	(322.51)
Indebtedness at the end of the financial Year				
i. Principal Amount	3,182.75	5,616.25	100.00	8,899.00
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,182.75	5,616.25	100.00	8,899.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others please specify	Total
1.	Mr. S. Mukundan	40,000	-	-	40,000
2.	Mr. C. G. Shah	1,30,000	-	-	1,30,000
3.	Mr. Pradip N. Kapadia	1,40,000	-	-	1,40,000
4.	Mr. Nikhil J. Bhatia #	1,40,000	-	-	1,40,000
	Total	4,50,000	-	-	4,50,000

Appointed as Director w.e.f. May, 16, 2019

Note : None of the Key Managerial Personnel are receiving any remuneration from the Company.

VII. PENALTIES / PUNISHMENTS/COMPOUNDING OF OFFENCES

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



INDEPENDENT AUDITOR'S REPORT

To the Members of Gokak power & Energy Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Gokak Power & Energy Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year under the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations that would impact its financial position in its Ind AS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

For BATLIBOI & PUROHIT

Chartered Accountants
ICAI Firm Reg. No.101048W

Kaushal Mehta

Partner
Membership No.111749
ICAI UDIN: 20111749AAAACM8334

Place : Mumbai
Date: 29 June 2020



Annexure - A to the Auditors' Report

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

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- b) As informed to us, the Company has a regular program for physical verification of fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, fixed assets could not be physically verified by the management during the year as per the program due to floods, hence we are unable to comment on the discrepancies if any.
- c) In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the Company the title deeds of immovable properties are held in the name of the Company.
- ii. The management has conducted physical verification of inventory of stores and spares at during the year. In our opinion the frequency of such verification is reasonable. Discrepancies noticed on physical verification of inventories were not material.
- iii. The Company has not granted loans, secured or unsecured to bodies corporate, Firms, Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') Accordingly paragraph 3(iii) of the order is not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to loan and investments made.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the Company. Accordingly, paragraph 3 (vi) of the Order are not applicable to the Company.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company, is generally regular in depositing undisputed statutory dues including provident fund, income-tax, duty of customs, employees' state insurance, Goods and service tax, professional tax, cess and other material statutory dues to the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, professional tax, cess and other material statutory dues in arrears as at year end for a period of more than six months from the date they became payable except for the details given below.

Name of statute	Nature of dues	Amount (in Rs)	Period to which it relates	Due date	Date of payment
Profession Tax, Act	Professional tax	200	July 2019	20 August 2019	25 May 2020

According to the information and explanations given to us by the Company and on the basis of our examination of the books of account and the record, there are no dues of Provident Fund, employees' state insurance Income Tax, Goods and service tax, Duty of Customs, outstanding on account of any dispute.

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

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 20111749AAAACM8334

Place : Mumbai

Date : 29 June 2020



Annexure - B to the Auditors' Report

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

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

We have audited the Internal Financial Controls over financial reporting of Gokak Power & Energy Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A Company's Internal Financial Control over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial

Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg. No.: 101048W

Kaushal Mehta

Partner
Membership No: 111749
ICAI UDIN: 20111749AAAACM8334

Place : Mumbai
Date :29 June 2020



**GOKAK POWER & ENERGY LIMITED
BALANCE SHEET AS AT MARCH 31, 2020**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
1 Non-current assets			
a) Property, Plant and Equipment	3	9,812.58	10,162.80
b) Capital work-in-progress		-	10.08
		9,812.58	10,172.88
c) Financial Assets:			
i) Investments	4	0.26	0.26
d) Tax assets			
i) Deferred tax assets (net)		-	-
ii) Income tax assets (net)		13.93	19.28
		13.93	19.28
e) Other non-current assets	8A	1.00	12.18
Total Non-current assets		9,827.77	10,204.60
2 Current assets			
a) Inventories	6	12.09	12.84
b) Financial Assets:			
i) Trade receivables	5	447.38	299.65
ii) Cash and cash equivalents	7A	56.78	11.60
iii) Bank balances other than (ii) above	7B	981.18	917.50
		1,485.34	1,228.75
c) Other current assets	8B	26.06	41.90
Total Current assets		1,523.49	1,283.49
Total Assets		11,351.26	11,488.09
Equity and Liabilities			
Equity			
a) Equity share capital	9	4,900.00	4,900.00
b) Other equity	10	(2,418.22)	(1,867.88)
Total Equity		2,481.78	3,032.12
Liabilities			
1 Non-current liabilities			
a) Financial liabilities:			
i) Borrowings	11	1,973.75	3,182.75
ii) Other financial liabilities	12	-	100.00
		1,973.75	3,282.75
b) Provisions	14	1.69	2.72
Total Non-current liabilities		1,975.44	3,285.47

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
2 Current liabilities			
a) Financial liabilities:			
i) Borrowings	17	5,616.25	3,993.91
ii) Trade payables	18		
- dues to Micro and small enterprises		-	-
- dues to other Creditors		12.72	8.41
iii) Other financial liabilities	13	1,246.11	1,160.32
		6,875.08	5,162.64
b) Provisions	15	5.78	0.27
c) Other current liabilities	16	13.18	7.59
Total current liabilities		6,894.04	5,170.50
Total Liabilities		8,869.48	8,455.97
Total Equity and Liabilities		11,351.26	11,488.09

See accompanying notes forming part of the financial statements **1 to 37**

The notes are an integral part of the these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020



GOKAK POWER & ENERGY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakhs)

Particulars		Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
I	Revenue from operations	19	802.95	1,471.92
II	Other income	20	71.37	64.34
III	Total Income		874.32	1,536.26
IV	Expenses:			
	Employee benefits expense	21	58.96	63.56
	Finance costs	22	847.36	854.74
	Depreciation and amortisation expense	23	354.53	354.42
	Other expenses	24	163.73	178.18
	Total expenses		1,424.58	1,450.90
V	Profit / (Loss) before exceptional items and tax		(550.26)	85.36
VI	Profit / (loss) before tax		(550.26)	85.36
VII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
VIII	Profit /(loss) for the year		(550.26)	85.36
IX	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans	25	(0.08)	3.91
	Items that will be reclassified to profit or loss		-	-
	Other Comprehensive Income, net of tax		(0.08)	3.91
X	Total Comprehensive Income / (loss) for the year		(550.34)	89.27
XI	Earning per equity share			
	Basic and diluted earnings per equity share		₹ (1.12)	₹ 0.17

See accompanying notes forming part of the financial statements **1 to 37**

The notes are an integral part of the these financial statements

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

GOKAK POWER & ENERGY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit \ (Loss) before tax for the year	(550.26)	85.36
Adjustments for:		
Depreciation expenses	354.53	354.42
Finance Cost	847.36	854.74
Balances written off / (back)	(0.61)	(0.02)
Interest Income	(70.76)	(62.33)
Provision for Doubtful Debt	59.75	-
Cash Generated from operations before working capital changes	640.02	1,232.17
Adjustments for:		
(Increase)/decrease in trade receivables	(207.47)	(185.35)
(Increase)/decrease in inventories	0.75	1.16
(Increase)/decrease in Other Assets	(36.66)	61.76
(Increase)/decrease in trade payables	4.31	(1.47)
Increase / (Decrease) in Provision	4.47	1.77
Increase / (Decrease) in other Liabilities	(101.54)	12.90
Cash generated from operations	303.87	1,122.94
Taxes paid (net of refunds)	5.35	1.01
Net cash generated from operating activities - [A]	309.22	1,123.95
B. Cash Flow from Investing Activities :		
Purchase of tangible assets (including CWIP)	5.79	(0.63)
Movements in other bank balances	-	(56.10)
Interest received	70.76	62.33
Net cash flow from/ (used in) investing activities [B]	76.55	5.60
C. Cash Flow from Financing Activities :		
Finance Cost	(846.94)	(879.05)
Repayment of Long-term borrowings	(1,115.99)	(1,023.00)
Proceeds from short term borrowings	1,622.34	724.80
Net cash flow from/ (used in) financing activities [C]	(340.59)	(1,177.25)
Net increase/ (decrease) in cash and cash equivalents [D]=[A]+[B]+[C]	45.18	(47.70)
Cash and cash equivalents as at beginning [E]	11.60	59.30
Cash and cash equivalents as at closing [D]+[E]	56.78	11.60



PARTICULARS		Year ended March 31, 2020	Year ended March 31, 2019
D. COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on Hand		0.11	0.03
Balances with banks:			
- In current accounts		56.67	11.57
Total		56.78	11.60

Notes:

- i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS-7), "Cash Flow Statements".
- ii) Change in Borrowings are shown net of receipts and payments.
- iii) Previous year figures have been rearranged/regrouped wherever necessary.

As per our report of even date

For BATLIBOI & PUROHITChartered Accountants
Firm Reg No. 101048W**Kaushal Mehta**Partner
Membership No. 111749Place: Mumbai
Date: June 29, 2020**Avadhut Sarnaik**
Chief Financial Officer
Membership No. A27260**Rakesh M. Nanwani**
Company Secretary
Membership No. A45718**For and on behalf of the Board of Directors****Mukundan Srinivasan**Chairman
(DIN: 00276429)**Ramesh R. Patil**Whole-time Director
(DIN: 07568951)Place: Mumbai
Date: June 29, 2020

GOKAK POWER & ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Statement of changes in equity for the year ended 31st March, 2020		Amount
a. Equity share capital		
Balance as at April 1, 2018		4,900.00
Changes in equity share capital during the year		-
Balance as at March 31, 2019		4,900.00
Changes in equity share capital during the year		-
Balance as at March 31, 2020		4,900.00

Statement of changes in equity for the year ended March 31, 2020		
b. Other equity	Reserves and surplus (₹ In Lakhs)	
	Retained Earnings	Total Equity attributable to equity holders of the Company
Balance at April 1, 2018	(1,957.15)	(1,957.15)
Profit / (Loss) for the year	85.36	85.36
Other comprehensive income for the year, net of income tax	3.91	3.91
Total comprehensive income for the year	89.27	89.27
Balance at March 31, 2019	(1,867.88)	(1,867.88)
Profit for the year	(550.26)	(550.26)
Other comprehensive income for the year, net of income tax	(0.08)	(0.08)
Total comprehensive income for the year	(550.34)	(550.34)
Balance at March 31, 2020	(2,418.22)	(2,418.22)

As per our report of even date

For BATLIBOI & PUROHITChartered Accountants
Firm Reg No. 101048W**Kaushal Mehta**Partner
Membership No. 111749Place: Mumbai
Date: June 29, 2020**Avadhut Sarnaik**
Chief Financial Officer
Membership No.A27260**Rakesh M. Nanwani**
Company Secretary
Membership No. A45718**For and on behalf of the Board of Directors****Mukundan Srinivasan**Chairman
(DIN: 00276429)**Ramesh R. Patil**Whole-time Director
(DIN: 07568951)Place: Mumbai
Date: June 29, 2020



GOKAK POWER & ENERGY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1 Corporate Information

Gokak Power and Energy Limited is public Company incorporated on 17th January 2012 under the provisions of Companies Act, 1956. The Company is in the business of generation/producing hydro power. The Company has 10.8 MW of Hydro power plant. Its registered office at #1, 2nd Floor, 12th Cross Ideal Homes, Near Jayanna Circle ,Rajarajeshwari Nagar, Bangalore KA 560098.

2 Basis of preparation

(a) Statement of Compliance -

The financial statement have been prepared in accordance with Indian Accounting standards (IND AS) notified under section 133 of the Companies Act 2013, the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Details of the Company's accounting policies are included in Note 3.

(b) Functional and presentation currency:-

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

(d) Use of Estimates :

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively

Assumptions and estimations of uncertainties

Information about assumptions and estimations of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note 27 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(b) - useful life of property, plant and equipment
- Note 3(d) - Financial Instruments

(e) Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The Company has an established control framework with respect to the measurement of fair values

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

Note 32 - financial instruments.

3 Significant accounting policies**(a) Property, plant and equipment:**

Items of property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from the exchange rates variances relating to liabilities attributable to fixed assets are expensed out.

(b) Depreciation /Amortisation:

Depreciation is provided on a pro-rata basis on the straight line method at the rates prescribed under Schedule II to the Companies Act, 2013.

Sr. No.	Particulars	Useful Life In years
1	Building & Structures	30
2	Plant & Machinery	40
3	Furniture and Fixture	10
4	Office Equipments	5

(c) Borrowing cost :

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(d) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement

Financial assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. De-recognition

Financial assets

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**Financial liabilities**

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also de-recognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Off setting

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

(e) Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or service . Revenue from sale of hydro power is recognised net of cash discount over time for each unit of electricity delivered at contracted price.

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

(f) Provisions and Contingent Liability

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty. Contingent Assets are not recognised.

(g) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company off sets, the current tax assets and liabilities (on year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(h) Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with IND AS 33, on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(i) Impairment

(i) Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

(ii) Non -financial assets

Intangible assets and property, plant and equipment

- (a) Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. “

(j) Inventories :

Inventories are valued at lower of cost and net realisable value. Stores, Spares and loose Tools cost is determined on weighted average method.

(k) Employee Benefits :

Short - term obligations

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

Other long term Employee benefit obligation

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

Defined Contribution Plans:

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

Defined Benefit Plan

Retirements benefits in the form of Gratuity for eligible employees is considered as defined benefit obligations and are provided on the basis of actuarial valuation, using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(l) Cash and Cash equivalents :

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, bank balance, deposits held at call with financial institutions.

(m) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Building and structures	Plant and machinery	Furniture, Fixtures & Office Equipments	Vehicle	Total
Cost or Deemed cost					
Balance at April 1, 2018	6,777.64	4,640.68	0.84	-	11,419.14
Additions	-	-	-	0.63	0.63
Disposal	-	-	-	-	-
Balance at April 1, 2019	6,777.64	4,640.68	0.84	0.63	11,419.79
Additions	-	4.01	0.30	-	4.31
Disposal	-	-	-	-	-
Balance at 31st March, 2020	6,777.64	4,644.69	1.14	0.63	11,424.08
Accumulated depreciation and impairment					
Balance at April 1, 2018	601.10	301.14	0.31	-	902.55
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.55	117.71	0.12	0.06	354.44
Balance at April 1, 2019	837.65	418.85	0.43	0.06	1,256.99
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	236.55	117.76	0.16	0.06	354.53
Balance at 31st March, 2020	1,074.20	536.61	0.59	0.12	1,611.52
Carrying Amount					
Balance at April 1, 2018	6,176.54	4,339.54	0.53	-	10,516.59
Balance at April 1, 2019	5,939.99	4,221.83	0.41	0.57	10,162.80
Balance at 31st March, 2020	5,703.44	4,108.08	0.55	0.51	9,812.58

4. Non Current Investments

(₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Qty	Amount	Qty	Amount
Unquoted Investments at FVTPL				
a) Equity Instruments				
1. In unquoted 2600 equity shares of ₹ 10 each fully paid up of Suryodaya One Energy pvt. ltd	2,600	0.26	2,600	0.26
TOTAL	2,600	0.26	2,600	0.26

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

5. Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
a) Unsecured, considered good	463.50	261.56
b) Unsecured, considered good	-	-
c) Doubtful	-	-
d) Related Parties	43.64	38.09
Less: Allowance for doubtful debts (expected credit loss allowance)	(59.75)	-
Total	447.38	299.65

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

5.1 Trade receivables

The average credit period on sales is 60 days. No interest is charged on trade receivables overdue. The Company has recognised an allowance for doubtful debts at 100% against all receivables over 365 days and 50% against all receivables between 180 -365 days as standard policy.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired :

Particulars	As at March 31, 2020	As at March 31, 2019
Not Due		
0 - 90	69.06	299.65
91 - 180	1.57	-
181 - 365	183.65	-
Above 365 Days	193.10	-
Total	447.38	299.65

Movement in the allowance for doubtful debts :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	-	-
Impairment losses recognised on receivables	59.75	-
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	-
Balance at end of the year	59.75	-

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

6. Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
a) Inventories (lower of cost and net realisable value)		
Stores and spares	12.09	12.84
Total	12.09	12.84

7. Cash and Bank Balances

7A. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
a) In current accounts	56.67	11.57
	56.67	11.57
Cash on hand	0.11	0.03
Cash and cash equivalents	56.78	11.60
7B. Other Bank balances		
a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with ICICI under lien.	981.18	917.50
Total	981.18	917.50

8. Other assets

8A. Non Current

Particulars	As at March 31, 2020	As at March 31, 2019
a) Prepaid expenses	1.00	12.18
Total	1.00	12.18

8B Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Advances to Employees	0.08	0.04
b) Advances for supply of goods and services	7.01	2.33
d) REC Receivable	-	38.71
e) Security Deposits	0.22	0.22
f) Prepaid expenses	12.27	-
g) Balances with statutory / government authorities	0.39	-
h) Prepaid employee benefit plan asset	6.09	0.60
Total	26.06	41.90

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

9. Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share capital :		
5,00,00,000 fully paid equity shares of ₹ 10 each	5,000.00	5,000.00
Issued, subscribed and paid-up share capital:		
4,90,00,000 fully paid equity shares of ₹ 10 each	4,900.00	4,900.00
Total	4,900.00	4,900.00

9.1 Fully paid equity shares

(₹ in lakhs)

Particulars	Number of shares	Share capital
Balance as at April 1, 2018	490,00,000	4,900
Movements	-	-
Balance as at March 31, 2019	490,00,000	4,900
Movements	-	-
Balance as at March 31, 2020	490,00,000	4,900

Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

9.2 Details of shares held by the holding Company, its subsidiaries and associates

Particulars	Fully paid ordinary shares	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the period :		
Gokak Textile Limited - Holding Company (51%)	249,90,000	249,90,000
Total	249,90,000	249,90,000

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<u>Fully paid equity shares</u>				
Shapoorji Pallonji Infrastructure Capital Company Private limited	240,10,000	49%	240,10,000	49%
Total	240,10,000	49%	240,10,000	49%

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

10. Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus/ Deficit in retained earnings		
Balance at beginning of the year	(1,867.88)	(1,957.15)
Profit / (loss) during the year	(550.26)	85.36
Other comprehensive income for the year, net of income tax	(0.08)	3.91
Balance at end of the year	(2,418.22)	(1,867.88)

11. Non-current Borrowings

(₹ in lakhs)

Particulars	Non Current maturities		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured – at amortised cost				
(a) Term loans				
From banks				
i) ICICI Bank Ltd	1,973.75	3,182.75	1,209.00	1,116.00
ICICI BANK LIMITED - First ranking mortgage/hypothecation/ assignment/security interest /charge/pledge on all the moveable, immovable both present and future, all rights, titles, permits, approvals and interests of the company in, to and in respect of all the assets of the Company, all clearances in relation to the project as well as in the project documents, all contractor guarantees, performance bonds and any letter of credit provided to the company, all insurance contracts, all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares. Repayment is being made at ₹ 255.75 per quarter Interest rate during the year is 12.60% p.a. (Previous year 12.60% p.a.)				
Total	1,973.75	3,182.75	1,209.00	1,116.00

12. Other financial liabilities -Non Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Unsecured considered good		
Security deposits	-	100.00
Total	-	100.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

13. Other financial liabilities -Current

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Current maturities of long-term borrowings	1,209.00	1,116.00
b) Others :-		
- Other Payables Salary & Others	37.11	44.32
Total	1,246.11	1,160.32

14. Non current Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Employee benefits		
Compensated absences	1.69	2.72
Total	1.69	2.72

15. Current Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Employee benefits		
Compensated absences	0.18	0.27
Gratuity (Badli workers)	5.60	-
Total	5.78	0.27

16. Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
a) Statutory remittances	13.18	7.59
Total	13.18	7.59

17. Current Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured - at amortised cost		
a) Inter corporate deposits - loans from Related parties Rate of interest for the loans from holding Company is 11.50% per annum and loan is repayable on demand"	5,616.25	3,993.91
Total	5,616.25	3,993.91

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued****18. Trade payables**

Current		
Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
- dues to Micro and small enterprises	-	-
- dues to Related parties	3.79	2.88
- dues to other Creditors	8.93	5.53
Total	12.72	8.41

Note - There are no dues outstanding to Micro, Small and Medium enterprises as per MSMED Act 2006.

19. Revenue from operations

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue from Contracts with customers		
a) Income from Sale of Power	546.80	1,231.08
Total (a)	546.80	1,231.08
b) Other operating revenues		
i) Sale of RECs	255.72	238.46
ii) Scrap Sales	0.43	2.38
Total (b)	256.15	240.84
Total (a+b)	802.95	1,471.92

* There are no adjustments during the year to the contract price for revenue recognition

20. Other Income

Particulars	As at March 31, 2020	As at March 31, 2019
i) Bank deposits	70.76	62.33
ii) Credit balances / excess provision written back	0.61	0.02
iii) Miscellaneous income	-	1.99
Total	71.37	64.34

21. Employee benefits expense

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Salaries and Wages	51.15	52.67
ii) Contribution to provident and other funds	5.72	8.96
iii) Staff Welfare Expenses	2.09	1.93
Total	58.96	63.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

22. Finance Costs

Particulars	As at March 31, 2020	As at March 31, 2019
i) Interest on Security Deposits	12.00	12.00
ii) Interest on bank Term Loans	410.52	520.32
iii) Bank Charges	0.01	0.01
iv) Interest on Inter Corporate Deposits	424.83	322.42
Total	847.36	854.75

23. Depreciation and amortisation expense

Particulars	As at March 31, 2020	As at March 31, 2019
i) Depreciation of property, plant and equipment	354.53	354.44
Total depreciation and amortisation	354.53	354.44

24. Other expenses

Particulars	As at March 31, 2020	As at March 31, 2019
a) Consumption of stores and spare parts	11.62	19.89
b) Power and fuel	0.48	0.35
c) Freight and Handling	0.14	0.10
d) Directors Sitting fees	4.50	5.00
e) Repairs to :		
i) Buildings	0.26	1.19
ii) Plant and machinery	10.34	22.82
iii) Repair & mantinance (plant revival)	19.97	-
iv) Others	0.68	9.67
f) Insurance	15.36	19.44
g) Rates and taxes	2.42	10.97
h) Administrative Expenses	0.13	1.37
i) Printing & Stationery	0.01	0.00
j) Provision for Doubtful Debt	59.75	-
k) Legal and professional charges	19.79	24.05
l) Travelling and conveyance	0.73	0.32
m) Water Royalty Charges	14.55	60.01
Total (a)	160.73	175.18
o) To Statutory auditors		
i) For audit fee	2.25	2.25
ii) For tax audit fee	0.75	0.75
Total (o)	3.00	3.00
Total (a+o)	163.73	178.18

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued****25. Other comprehensive income**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Re-measurement of defined benefit obligation	(0.08)	3.91
Total	(0.08)	3.91

26. Earnings per share :

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ per share	₹ per share
Basic earnings per share	(1.12)	0.17

Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	As at March 31, 2020	As at March 31, 2019
Profit / (Loss) for the year attributable to owners of the Company (A)	(550.26)	85.35
Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in Lakhs) (B)	490.00	490.00
Basic & Diluted Earnings per share (A/B)	(1.12)	0.17

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

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provident fund	8.75	8.68
Superannuation fund	-	-
Total contribution	8.75	8.68

Defined Benefit Plan:

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Sr. No.	Particulars	2019-20	2018-19
a)	Change in Present Value of Obligation		
	Present value of the obligation at the beginning of the year	13.85	19.88
	Current Service Cost	0.90	0.83
	Interest Cost	1.08	1.56
	Actuarial (Gain) / Loss on Obligation due to experience	(0.92)	(4.18)
	Actuarial (Gain) / Loss on Obligation due to change in financial assumptions	0.94	0.13
	Benefits Paid	(6.40)	(4.37)
	Present value of the obligation at the end of the year	9.45	13.85
b)	Change in Plan Assets		-
	Fair value of Plan Assets at the beginning of the year	14.45	17.58
	Interest Income	1.12	1.38
	Return on plan assets excluding interest income	(0.06)	(0.15)
	Contributions by Employer	0.02	-
	Benefits Paid	-	(4.37)
	Fair value of Plan Assets at the end of the year	15.54	14.45
c)	Amounts Recognised in the Balance Sheet		-
	Present value of Obligation at the end of the year	(9.45)	(13.85)
	Fair value of Plan Assets at the end of the year	15.54	14.45
	Funded Status	6.09	0.60
	Net asset/(liability) at the end of the year	6.09	0.60
d)	Amounts Recognised in the Statement of Profit & Loss		-
	Current Service Cost	0.90	0.83
	Finance cost / (income)	(0.05)	0.18
	Past service cost	(6.40)	-
	Net impact on the loss before tax	(5.55)	1.01
e)	Amounts Recognised in Other Comprehensive Income	-	-
	Actuarial (gains) / losses for the period	0.02	(4.06)
	Return on plan asset excluding interest income	0.06	0.15
	Net (income) / expenses for the period recognised in other comprehensive income	0.08	(3.91)
f)	Actual return on Plan Assets	-	-
	Interest Income	1.12	1.38
	Actuarial Gain / (Loss) on Plan Assets	-	-
	Actual return on Plan Assets	1.12	1.38
g)	Actuarial Assumptions		
	i) Discount Rate	6,84%	7.78%
	ii) Expected Rate of Return on Plan Assets	6,84%	7.78%
	iii) Salary Escalation Rate	4.00%	4.00%
	iv) Attrition Rate	1.00%	1.00%
	v) Mortality	Indian	Indian
		Assured Lives	Assured Lives
		Mortality(2006-08)	Mortality(2006-08)
		Ultimate	Ultimate



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Maturity Analysis of the benefit payments : from the fund	As at 31st March, 2020	As at 31st March, 2019
Projected Benefits payable in future years from the date of reporting		
1 st Following Year	0.18	0.30
2 nd Following Year	0.19	0.31
3 rd Following Year	0.20	4.62
4 th Following Year	0.21	0.25
5 th Following Year	0.22	0.26
Sum of years 6 th to 10 th	3.38	1.53
Sum of years 11 th and above	17.72	31.53

Maturity Analysis of the benefit payments : from the fund	As at 31st March, 2020	As at 31st March, 2019
Projected Benefit obligation On Current Assumptions	9.45	13.85
Delta effect of +1% Change in rate of Discounting	(0.99)	(1.28)
Delta effect of -1% Change in rate of Discounting	1.14	1.52
Delta effect of +1% Change in rate of Salary increase	1.16	1.56
Delta effect of -1% Change in rate of Salary increase	(1.03)	(1.34)
Delta effect of +1% Change in rate of Employee Turnover	0.26	0.60
Delta effect of -1% Change in rate of Employee Turnover	(0.28)	(0.69)

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

Above disclosures have been made on the basis of certificate received from actuary.

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

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

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

28. Related Party Disclosures :

Current Year

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

Nature of Relationship	Name of Entity
Holding Company	1 Gokak Textiles Limited
Ultimate Holding Company	1 Shapoorji Pallonji & Company Private Limited
Fellow Subsidiaries	1 Shapoorji Pallonji Infrastructure Capital Company Private Limited 2 Shapoorji Pallonji Energy (Gujarat) Private Limited 3 Suryoday One Energy Private Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Key Management Personnel
and their relatives
("KMP")

- 1 Mr. Ramesh R Patil, Whole Time Director.
- 2 Mr. Avadhut Sarnaik, Chief Financial Officer.
- 3 Mr. Rakesh Nanwani, Company Secretary.
- 4 Mr. Mukundan Srinivasan, Chairman.
- 5 Mr. Pradip N. Kapadia, Director.
- 6 Mr. Chandrakant G. Shah, Director.
- 7 Mr. Nikhil Bhatia, Director.

Trusts

- 1 Gokak Falls Education & Medical Trust

(b) transactions/ balances with above mentioned related parties (mentioned in note 28 above)

	Nature of Transactions	Holding Company	Ultimate Holding Company	Associate Companies	Fellow Subsidiary	Key Managerial Personnel	Trust	Total
1	INCOME							
(i)	Sales (including Electricity Tax)	352.06	-	-	-	-	-	352.06
	Previous Year (including Electricity Tax)	875.33	-	-	-	-	-	875.33
2	EXPENSES							
(i)	Interest Accrued	12.00	388.60	-	36.23	-	-	436.83
	Previous Year	12.00	286.19	-	36.23	-	-	334.42
(ii)	Services received	-	0.73	-	-	-	-	0.73
	Previous Year	-	0.53	-	-	-	-	0.53
(iii)	Director sitting fees	-	-	-	-	4.50	-	4.50
	Previous Year	-	-	-	-	5.00	-	5.00
3	Reimbursement of Expenditure	-	-	-	-	-	0.90	0.90
	Previous Year	-	-	-	-	-	0.77	0.77
	Refund Received	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-
4	Borrowings during the year	-	1,240.00	-	-	-	-	1,240.00
	Previous Year	-	425.00	-	-	-	-	425.00
5	Deposit Repaid during the year	100.00	-	-	-	-	-	100.00
	Previous Year	-	-	-	-	-	-	-
6	OUTSTANDINGS							
	Receivables	43.64	-	-	-	-	-	43.64
	Previous Year	38.09	-	-	-	-	-	38.09
	Deposit Payable	-	-	-	-	-	-	-
	Previous Year	100.00	-	-	-	-	-	100.00
	Payables	-	5,127.20	-	492.68	-	0.16	5,620.04
	Previous Year	-	3,536.65	-	460.08	-	0.06	3,996.79



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(b) transactions/ balances with above mentioned related parties (mentioned in note 28 above)

Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019	Nature Of Transaction	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Electricity			Deposit Payable		
Gokak Textiles limited	352.06	875.33	Gokak Textiles Limited	-	100.00
Services Received			Receivables		
Shapoorji Pallonji and Company Private Limited	0.73	0.53	Gokak Textiles limited	43.64	38.09
Interest accrued			Director Sitting Fees		
Gokak Textiles limited	12.00	12.00	Mr. S. Mukundan	0.40	0.60
Shapoorji Pallonji and Company Private Limited	388.60	286.19	Mr. C. G. Shah	1.30	1.40
Shapoorji Pallonji Infrastructure Capital Company Private Limited	32.78	32.78	Mr. Pradip N. Kapadia	1.40	1.50
Shapoorji Pallonji Energy (Gujarat) Private Limited	3.45	3.45	Mr. Kaiwan D. Kalyaniwala	-	1.50
Borrowings during the year			Mr. Nikhil Bhatia	1.40	-
Shapoorji Pallonji and Company Private Limited	1,240.00	425.00	Payables		
Refund received			Gokak Falls Education & Medical Trust	0.16	0.06
Gokak Textiles limited	-	-	Shapoorji Pallonji and Company Private Limited	5,123.57	3,533.83
Reimbursement of Expenditure			Shapoorji Pallonji Infrastructure Capital Company Private Limited	441.56	412.06
Gokak Textiles limited	-	-	Shapoorji Pallonji Energy (Gujarat) Private Limited	51.12	48.02
Gokak Falls Education & Medical Trust	0.90	0.77	Shapoorji Pallonji and Company Private Limited (Strategic support)	3.63	2.82
Deposit Repaid during the year					
Gokak Textiles limited	100.00	-			

29 Capital Management :

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 11, 12B and 16 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans. The funding requirements are met through short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	March 31, 2020	March 31, 2019
Total Equity	2,481.78	3,032.12
Short Term Borrowings	5,616.25	3,993.91
Long Term Borrowings	1,973.75	3,182.75
Current Maturities of Long Term Borrowings	1,209.00	1,116.00
Total Debt	8,799.00	8,292.66
Cash & Cash equivalents	56.78	11.60
Total Cash and Cash Equivalents	56.78	11.60
Net Debt	8,742.22	8,281.06
Debt Equity ratio	1.26	1.41
Debt Equity Ratio = Net long term debt / Total Equity		

30 Financial risk management objectives :

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

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

(a) Market Risk :

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

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

Currency risk

The Company is not exposed to currency risk, since there are not transaction in foreign currency.

Interest Risk and Sensitivity Analysis :

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed to interest rate risks.

(b) Liquidity Risk :

Prudent liquidity risk management implies maintaining sufficient cash and bank balance and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

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

The Company do not have credit lines as at the end of the reporting period.

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

₹ in Lakhs

Maturities of Financial Liabilities	March 31, 2020			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,799.00	6,825.25	1,973.75	-
Trade Payables	12.72	12.72	-	-
Other Financial Liabilities	37.11	37.11	-	-
Total	8,848.83	6,875.08	1,973.75	-

₹ in Lakhs

Maturities of Financial Liabilities	March 31, 2019			
	Total	Upto 1 year	1 to 3 Years	3 years & above
Borrowings (Long term and Short term, Including current maturities)	8,292.66	5,109.91	1,787.75	1,395.00
Trade Payables	8.41	8.41	-	-
Other Financial Liabilities	144.32	44.32	-	100.00
Total	8,445.39	5,162.64	1,787.75	1,495.00

(c) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets that potentially expose the Company to credit risks are listed below:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Particulars	March 31, 2020	March 31, 2019
Trade receivables	447.38	299.65
Total	447.38	299.65

The above receivables are pertaining to only two customers i.e. the holding Company and a State government, hence the Company's credit risk is significantly low.

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

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

Particulars	As on 1 st april 2019	Cash in flow	Cash out flow	Non cash movement	As on 31 st March 2020
Short Term Borrowings	3,993.91	1,622.35	-	-	5,616.25
Long Term Borrowings Including current maturities	4,298.75	-	1,116.00	-	3,182.75

32 Financial Instrument - Fair Value & Risk management:

	Categories of Financial Instruments:	March 31, 2020			March 31, 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
i)	Financial Assets						
	Investments	0.26			0.26		
	Trade Receivables			447.38			299.65
	Cash & Bank Balances			56.78			11.60
	Bank balances other than above			981.18			917.50
		0.26	-	1,485.34	0.26	-	1,228.74
ii)	Financial liabilities						
	Borrowings			8,799.00			8,292.66
	Trade Payables			12.72			8.41
	Other Financial Liabilities			37.11			144.32
		-	-	8,848.83	-	-	8,445.39

33 Segment reporting :-

The Chief Operating Decision maker of the Company examines Company's performance as one operating segment only namely - Power Out of the total revenue, 84% (Previous year 85%) of the revenue pertains to only two customers i.e. the holding Company and a State government.

34 In view of the country-wide lockdown due to the outbreak of COVID-19 pandemic, operations/despaches and administrative offices of the Company were scaled down or shut down for certain days beginning from March 24, 2020, The lockdown is being lifted with systematic process by the Government and operations of the Company resumed from May 4, 2020 in a phased manner.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, trade receivables and other current assets. Based on the current assessment of the management, the eventual outcome or impact of COVID-19 on the Company's financial statement is not likely to materially differ from that estimated as at the date of approval of these financial statements."

35 During the quarter ended September 30, 2019, hydro power plant of the subsidiary Company (Gokak Power and Energy Limited) situated at Gokak Falls having total capacity of 8 MW was submerged in the flood water due to heavy rains and the power generation has been suspended since August 07, 2019. The Subsidiary Company has estimated the repair and replacement cost of approximately ₹ 3.29 Crores and the sub plant of 4.5 and 3.5 MW out of entire plant is operational from February 2020 and remaining 1MW plant expected to be in operation by September 2020. The management is of the opinion that significant portion of the repairs and replacement cost incurred will be recovered through insurance claim, however the entire claim is not lodged with the insurance Company. The Company has received an advance amount of ₹ 100 lakhs from the Insurance Company towards the expenses incurred on repairs. The Company has recorded provision for expenses of ₹ 19.97 lakhs for work completed over and above the advance insurance claim received.

In addition to the damage of the plant and machinery of the power plant, the canal system was also damaged due to deluge of floods. The complete assessment of extent of damage will be carried out after the reduction of water levels. The canal system is insured with The Oriental Insurance Company under a Fire, Flood and Earthquake policy and the quantum of claim versus the expenses and the impact on the accounts will be known once the canal is dry and empty, though the management expects limited or no impact on the profit and loss accounts."

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

37 Approval of Financial Statements:- The financial statements were approved for issue by the board of directors on 29th June 2020.

As per our report of even date

For BATLIBOI & PUROHIT

Chartered Accountants
Firm Reg No. 101048W

Kaushal Mehta

Partner
Membership No. 111749

Place: Mumbai
Date: June 29, 2020

Avadhut Sarnaik
Chief Financial Officer
Membership No.A27260

Rakesh M. Nanwani
Company Secretary
Membership No. A45718

For and on behalf of the Board of Directors

Mukundan Srinivasan

Chairman
(DIN: 00276429)

Ramesh R. Patil

Whole-time Director
(DIN: 07568951)

Place: Mumbai
Date: June 29, 2020

Gokak Textiles Limited

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