

GOKAK POWER & ENERGY LIMITED
A SUBSIDIARY COMPANY

BOARD OF DIRECTORS

DIRECTORS	:	MUKUNDAN SRINIVASAN – <i>Chairman</i> H.S.BHASKAR – <i>Managing Director (upto 29.06.2015)</i> SACHIN KULKARNI – <i>Managing Director (With effect from 28.07.2015)</i> C. G. SHAH KAIWAN KALYANIWALLA PRADIP KAPADIA
PRINCIPAL BANKERS	:	ICICI BANK LTD
AUDITORS	:	MURUGESH & CO.
REGISTERED & CORPORATE OFFICE	:	NO.24, 29TH MAIN BTM LAYOUT II STAGE BANGALORE - 560 076
PLANTS	:	1. GOKAK FALLS- 591 308 (DISTRICT BELGAUM-KARNATAKA) 2. VILLAGE: DHUPDAL , ARABHAVI HOBLI, TAL: GOKAK , DIST. BELGAUM

**DIRECTORS' REPORT**

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts for the financial year from 01.10.2014 to 30.09.2015 ended on 30th September, 2015.**1. FINANCIAL RESULTS:**

The summarized financial results are set out below :

(Rs. in Lakhs)

Particulars	For the year from 01.10.2014 to 30.09.2015 ended 30 th September, 2015	For the year from 01.10.2013 to 30.09.2014 ended 30 th September, 2014
(a) Gross Revenue	1910.79	1934.60
Less: Costs	287.02	280.75
(b) Balance	1623.77	1653.85
Less: Interest	1172.07	1180.53
(c) Cash Profit/(Loss)	451.70	473.32
Less: Depreciation	354.32	523.87
(d) Profit /(Loss) after depreciation carried to Balance Sheet	97.38	(50.55)
Less : Deferred Tax Liability	138.97	(188.42)
(e) Net Profit/ (Loss)	(41.59)	137.87

2. Brief description of the Company's working during the year/State of Company's affair :

During the year under review, your Company has recorded gross income of Rs.1910.79 lakhs and the Net loss after tax of Rs.41.59 lakhs. Due to delay in monsoon, the overall flow of water in the Falls is reduced in terms of number of days during the financial year under review. As a result of which, Company lost the generation of electric power which affected the revenue of the Company. Mini Hydro projects are entitled for Renewable Energy Certificates in proportion to its generation. Company has accounted Renewable Energy Certificate's on accrual basis.

3. Change of Financial Year:

As per the provisions of Section 2(41) and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, the Company has taken necessary steps to change the next financial year covering a period of 6 months i.e. from 1st October, 2015 to 31st March, 2016.

4. Share Capital and Dividend :

The Paid up Share Capital of the Company is Rs.49 Crores. Due to loss sustained by the Company, your Directors do not recommend any dividend for the year and no amount has been transferred to the Reserves.

5. 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.

6. Subsidiary Company/Joint venture/Associate :

Your Company does not have any subsidiary, joint venture or Associate Companies.

7. Deposits :

During the year under review, your 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 deposits.

8. Board of Directors and Key Managerial Personnel :

The Board of Directors of the Company consists of persons with considerable professional experience and expertise. Presently, the Board consists of 5 Directors viz., one executive director and 4 non-executed directors. Out of 4 non-executive directors 2 directors are independent directors.

Mr. S Mukundan, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend the re-appointment of Mr. S Mukundan.

Mr.H.S.Bhaskar, Managing Director, Mr.Govinda R Kadekar, Chief Financial Officer have resigned from the services of the Company with effect from 29th June, 2015 and 17th August, 2015 respectively. Mr.Sachin Kulkarni, has been appointed as an Additional Director and the Managing Director and the Key Managerial Personnel of the Company with effect from 28th July, 2015 for a period of 3 years. Accordingly, resolution for approval of appointment of Mr. Sachin Kulkarni as the Managing Director of the Company form part of the Notice of the Annual General Meeting.

It is proposed to appoint Mr.Pradip N. Kapadia as an Independent Director for a term of five consecutive years with effect from the date of ensuing Annual General Meeting and he shall not be liable to retire by rotation. He has given declaration to the Company in terms of provisions of Section 149(6) of the Companies Act, 2013 read with Schedule IV of the Act, that he meets the criteria of independence. Accordingly, resolution proposing appointment of Independent Directors form part of the Notice of the Annual General Meeting.

Particulars of Directors, who are proposed to be appointed /re-appointed at the ensuing Annual General Meeting are furnished as a separate statement Annexed to the Explanatory Statement of the Notice.

None of the Directors are disqualified from being appointed as Directors as specified in terms of Section 164 of the Companies Act, 2013.

9. Meetings and Attendance :

a) Board Meetings :

During the year, four meetings of the Board of Directors were held viz. 10th November, 2014, 12th February, 2015, 14th May, 2015, 28th July, 2015.

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The names and categories of the Directors on the Board, the details of meetings held and attended during their tenure are as under :

Sl. No.	Name of the Directors	Category	Number of Board Meetings during 2014-2015	
			Held	Attended
1.	Shri. S Mukundan	Non-executiveChairman	4	3
2.	Shri. H.S. Bhaskar @	Managing Director	4	2@
3.	Shri.SachinKulkarni*	Managing Director	4	1*
4.	Shri.C G Shah	Non-ExecutiveNon-Independent	4	3
5.	Shri. Pradip N Kapadia #	Independent	4	2#
6.	Shri. Kaiwan Kalyaniwalla	Independent	4	3

@ Resigned with effect from 29.06.2015 * Appointed with effect from 28.07.2015 # Appointed with effect from 30.03.2015.

b) Audit Committee Meetings :

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

(i) Brief description of terms of reference :

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

Audit Committee mandatorily reviews the following information:

- Company's financial reporting process, Quarterly and Annual financial statements and financial/risk management policies.
- Statement of significant related party transactions
- Management letters/letters of internal control weakness, if any, issued by the statutory auditors
- Adequacy of the internal control systems and functioning of the Internal Audit team
- Appointment, removal and terms of remuneration of the Auditors.

The Managing Director is the permanent invitees to the Audit Committee Meetings.

The Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. Discussions with the Management are held and the Statutory Auditors, the audit plan for the financial year and a joint post-audit review of the same.

(ii) Composition of the Committee :

The Audit Committee comprises of 3 Directors, out of which 2 directors are Independent Directors. The Chairman of the Audit Committee is an Independent Director. All the Members of the Committee have relevant expertise in accounting and financial Management.

In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are also convened.

The Company places all the relevant details before the Audit Committee periodically.

During the year under review, the 4 (four) meetings were held on 10.11.2014, 12.02.2015, 14.05.2015, and 28.07.2015. The gap between two consecutive Board Meetings was not more than 120 days.

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

SL. No	Name	Description	Category	No. of AC Meetings held	No. of AC Meetings attended
1.	Shri. Kaiwan Kalyaniwalla	Chairman	Independent	4	3
2.	Shri. C.G.Shah	Member	Non-Executive Non-Independent	4	2
3.	Shri. Pradip N. Kapadia#	Member	Independent	4	2#

Appointed with effect from 30.03.2015

Mr. K Ramananda Pai, Company Secretary acts as the Secretary to the Audit Committee.

c. Nomination and Remuneration Committee Meeting

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

(i) Brief description of terms of reference:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- 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.
- Formulating the criteria for evaluation of Independent Directors and the Board as a whole.
- Devising a policy on Board diversity.
- Approving the remuneration after taking into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- Reviewing and determining all elements of remuneration package striking the balance between the interest of the Company and the shareholders



7. All information about the Directors/Managing Director/Whole time Directors/Key Managerial Personnel i.e. background details, past remuneration, recognition or awards, job profile etc., shall be considered and disclosed to shareholders, wherever required.

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

The Nomination and Remuneration Committee comprises of 3 Non-executive Directors, out of which 2 directors are Independent Directors.

(iii) **Meeting and attendance :**

During the year under review, One Meeting was held on 28.07.2015. Composition, name of Members and Chairman and Attendance during the year/Meeting held is as under:

SL. No	Name	Description	Category	No. of AC Meetings held	No. of AC Meetings attended
1.	Shri. Kaiwan Kalyaniwalla	Chairman	Independent	1	1
2.	Shri. C.G.Shah	Member	Non-Executive	1	-
3.	Shri. Pradip N. Kapadia	Member	Independent	1	1

10. Declaration by Independent Directors :

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013. Independent Directors are familiarized with their roles, rights and responsibilities in the Company through presentation made to them from time to time.

11. Particulars of Employees :

Pursuant to the Section 136 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 During the year 2014-15, the Company has not employed anyone with a remuneration of Rs.60 lakhs or more per annum.

12. Auditors and Auditors Report :

During 3rd Annual General Meeting held on 29th December, 2014, Messrs. Murugesh & Company, Chartered Accountants had been appointed as Statutory Auditors upto the 6th Annual General Meeting to be held in the year 2017 subject to ratification of their appointment by the Members at every Annual General Meeting. The ratification of appointment of Auditors by the shareholders is sought at the ensuing Annual General Meeting.

The Auditors' Report does not contain any qualification.

13. Particulars of loans, guarantees or investments under section 186 of the Companies Act, 2013:

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.

14. 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 power purchase from the subsidiary company for captive consumption and sale.

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

The particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been disclosed in Form No. AOC-2 as **Annexure I** to this report.

15. Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is forming a part of this Annual Report as **Annexure II**

16. 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.

17. 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.

18. 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. Replaced CFL/LED type streetlights in place of sodium vapour lamps. b. Attended water leakage and oil leakages to reduce the pump operation c. Oil and Water leakages to be attended to reduce the auxiliary power consumption. d. Water leakage in Open Canal to be attended to save water and there by increase the power generation.
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<p>(ii) the steps taken by the company for utilizing alternate sources of energy</p> <p>(iii) the capital investment on energy conservation equipment's</p> <p>(b) Technology absorption :</p> <p>(i) the efforts made towards technology absorption</p> <p>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution</p> <p>(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(a) the details of technology imported</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof and future plan of action</p> <p>(iv) the expenditure incurred on Research and Development</p> <p>(a) Foreign exchange earnings and Outgo :</p>	<p>e. Timers to be fixed for Switching ON/OFF lightening for inside and outside powerhouse. 1.</p> <p>f. Ventilation and Exhaust fan operation to be controlled as per required temperature by utilising temperature controller to save auxiliary energy consumption.</p> <p style="text-align: center;">None</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">NIL</p>
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19. Human Resources :

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

20. 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 :-

- a. that in the preparation of the annual accounts for the financial year from 01.10.2014 to 30.09.2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that they have prepared the annual accounts for the financial year from 01.10.2014 to 30.09.2015 on a 'going concern' basis
- e. that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. Outlook :

Through efficient maintainance & management, company is been putting its all efforts to maximize the generation. Taking the advantage of lower rainfall & lower usage of generators, major replacement / repair work is been undertaken. If good rainfall prevails next year, this work will give advantage during next season. In addition to 2 hydro projects, feasibility studies are undertaken for Solar, Wind Power generation. Conclusion is expected in next 6 months.

22. 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

Mumbai,
23rd November, 2015
Registered Office:
No.24, 29th Main,
BTM Layout II Stage,
Bangalore – 560 076

Kaiwan Kalyaniwalla
Director

**ANNEXURE TO DIRECTORS' REPORT**

Annexure I

FORM NO. 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 the material contracts /arrangements or transactions at arm's length basis	
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 from Gokak Power & Energy Ltd., to Gokak Textiles Limited, Holding Company, captive user for consumption and sale of surplus power.
c	Duration of Contracts /arrangements/transactions	20 years w.e.f. 27.09.2012
d	Salient terms of the contracts / arrangements /transactions including Value, if any	Captive user agrees to pay Rs.3.20 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

Mumbai
23rd November, 2015.For and on behalf of the
Board of Directors
Kaiwan Kalyaniwalla
Director

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Annexure-II

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

For the financial year ended 30th September, 2015
(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1)
of the Companies (Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:	
1. CIN	U40103KA2012PLC062107
2. Date of Incorporation	27.03.2012
3. Name of the Company	Gokak Power & Energy Limited
4. Category	Company Limited by shares
5. Sub-category of the Company	Indian Non-Government Company
6. Address of the Registered Office	No.24, 29 th Main, BTM Layout 2 nd Stage, Bangalore-560076
7. Whether Listed or Not	No
8. Name, Address and Contact Details of Registrar and Transfer Agent, if any	No

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 ASSOCIATES COMPANIES:

Sl No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of Shareheld	Applicable Section
1.	GokakTextiles Limited	L17116KA2006PLC038839	Holding	51%	2(87)



IV. SHARE HOLDING PATTERN: (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise / Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.10.2014				No. of Shares held at the end of the year .i.e 30.09.2015				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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	0	24,989,940	24,989,940	51.00	0	24,989,940	24,989,940	51.00	0.00
	(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	0	24,989,940	24,989,940	51.00	0	24,989,940	24,989,940	51.00	0.00
(2)	Foreign									
	(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	0	24,989,940	24,989,940	51.00	0	24,989,940	24,989,940	51.00	0.00
(B)	Public Shareholding									
	(1) Institutions									
	(a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(i) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	i-IForeign Portfolio Investors (Corporate)	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	24,010,000	24,010,000	49.00	0	24,010,000	24,010,000	49.00	0.00
	(b) Individuals -	0	60	60	0.00	0	60	60	0.00	0.00
	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									
	(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) CBs/Foreign Cos	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B) (2)	0	60	24,010,060	49.00	0	60	24,010,060	49.00	0.00
	Total Public Shareholding (B)=(B)(1)+(B)(2)	24,010,000	60	24,010,060	49.00	24,010,000	60	24,010,060	49.00	0.00
	TOTAL (A)+(B)	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	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
	GRANDTOTAL(A)+(B)+(C)	48,999,940	60	49,000,000	100.00	48,999,940	60	49,000,000	100.00	0.00

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ii) Shareholding Pattern of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.10.2014			Shareholding at the end of the year 30.09.2015			% Change 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	24989940	51 %	0.00	24989940	51 %	0.00	0.00
	TOTAL	24989940	51 %	0.00	24989940	51 %	0.00	0.00

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	There is no change in Promoters' Shareholding between 01.10.2014 to 30.09.2015			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3	At the beginning 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 01.10.2014		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	Shapooji Poallonji Infrastructure Capital Company Limited	24,010,000	49.00	- 30.09.2015	No Change At the end of the year	0	0.00	24,010,000 24,010,000	49.00 49.00
2	Shapoor P Mistry JT1 Gokak Textiles Ltd	10	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	10 10	0.00 0.00
3	H.S.Bhaskar JT1 Gokak Textiles Ltd	10	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	10 10	0.00 0.00
4	Mukundan Srinivasan JT1 Gokak Textiles Ltd	10	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	10 10	0.00 0.00
5	Firoze Kavshah Bhatehna JT1 Gokak Textiles Ltd	10	0.00	- 30.09.2015	No Change At the end of the year	-	-	10 10	0.00 0.00
6	Vasant Narayan Sanzgiri JT1 Gokak Textiles Ltd	10	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	10 10	0.00 0.00
7	RahulAdeshwar Jain JT1 Gokak Textiles Ltd	7	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	7 7	0.00 0.00
8	Govinda R Kadekar JT1 Gokak Textiles Ltd	1	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	1 1	0.00 0.00
9	ARNMurthy JT1 Gokak Textiles Ltd	1	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	1 1	0.00 0.00
10	Ramananda Pai JT1 Gokak Textiles Ltd	1	0.00	- 30.09.2015	No Change At the end of the year	0	0.00	1 1	0.00 0.00

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mukundan Srinivasan - JT1 Gokak Textiles Ltd	10	-	10	-
2	Ramananda Pai - JT1 Gokak Textiles Ltd	1	-	1	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	None of the Directors had any transaction in the shares of the Company during the year			
3	At the end of the year	None of the Directors held shares in the Company at the end of the year			

V) INDEBTEDNESS

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

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	78.56	-	-	78.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.48	-	-	0.48
iv) Premium accrued but not due on NCD	-	-	-	-
v) Credit card utilization	-	-	-	-
Total (i+ii+iii+iv+v)	79.04	-	-	79.04
Change in Indebtedness during the financial year				
* Addition	-	3.10	-	3.10
* Reduction	(6.12)	-	-	(6.12)
Net Change	(6.12)	3.10	-	3.02
Indebtedness at the end of the financial year				
i) Principal Amount	72.52	3.10	-	75.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.40	-	-	0.40
iv) Premium accrued but not due on NCD	-	-	-	-
v) Credit card utilization	-	-	-	-
Total (i+ii+iii+iv+v)	72.92	-	-	76.02



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NIL

B. REMUNERATION TO OTHER DIRECTOR

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others, please specify	Total
1	Independent Directors		-	-	
	Mr.Pradip N Kapadia	30000	-	-	30000
	Mr.Kaiwankalyaniwalla	30000	-	-	30000
	Total (1)	60000	-	-	60000
2	Other Non Executive Directors		-	-	
	Mr.S.Mukundan	20000	-	-	20000
	Mr.Sachin Kulkarni	20000	-	-	20000
	Mr.C.G.Shah	-	-	-	-
	Total (2)	40000	-	-	40000
	Total (B)=(1+2)	100000	-	-	100000
	Total Managerial Remuneration	Nil	-	-	Nil
	Overall Ceiling as per the Companies Act, 2013				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD : NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment Compounding / fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any (give Details)
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		

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INDEPENDENT AUDITOR'S REPORT

To the Members of

GOKAK POWER & ENERGY LIMITED

We have audited the accompanying financial statements of **GOKAK POWER & ENERGY LIMITED** ("the company"), which comprise the Balance Sheet as at 30th September 2015, the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2015;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 30th September, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 30th September, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of Companies (Audit & Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company did not have any pending litigations on its financial position in its the 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 which are required to be transferred, to Investor Education Fund and Protection Fund by the company.

For MURUGESH & Co.,

Chartered Accountants

FRN 002233S

H.B.M.MURUGESH

Proprietor

M. No. 020497

Place : Bangalore

Date : 23rd November, 2015



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and general location of fixed assets.
- (b) As explained to us, the company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (ii) (a) Physical verification of the finished goods, stores, spare parts and raw materials has been conducted by the management at reasonable intervals, except in respect of stocks lying with third parties for which certificates have been obtained.
- (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records, were not material and have been properly dealt with in the books of account.
- (iii) Company has not granted any unsecured loans to the parties covered in the register maintained u/s 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been observed in the internal controls.
- (v) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any deposits so far up to 30th September, 2015.
- (vi) According to the information and explanations given to us, the central government has not prescribed cost records for any of the products of the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/acrued in the books of accounts in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us, there are no amounts due for payment to the Investor Education and Protection Fund under the relevant provisions of the Companies Act, 1956 (1 of 1956) and the rules thereunder.
- (viii) Since the company is registered for less than five year, this provision is not applicable.
- (ix) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. According to records of the company, the company has not borrowed from financial institutions or issued debentures till 30th September, 2015. Hence in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or debenture holders does not arise.
- (x) According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) According to the records of the company, term loans were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For MURUGESH & Co.,
Chartered Accountants
FRN 002233S

H.B.M.MURUGESH
Proprietor
M. No. 020497

Place : Bangalore
Date : 23rd November, 2015

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BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Note	September 30, 2015	September 30, 2014
		₹	₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	4	490,000,000	490,000,000
(b) Reserves and Surplus	5	(45,173,725)	(41,014,306)
		<u>444,826,275</u>	<u>448,985,694</u>
2 Non-current liabilities			
(a) Long Term Borrowings	6	655,400,000	725,150,000
(b) Other Long Term Liabilities	7	10,000,000	10,000,000
(c) Long Term Provisions	8	2,134,997	1,847,239
		<u>667,534,997</u>	<u>736,997,239</u>
3 Current liabilities			
(a) Short Term Borrowings	9	30,991,779	-
(b) Trade payables		-	-
(c) Short-Term Provisions	10	326,027	1,778,899
(d) Other Current Liabilities	11	187,954,600	146,621,283
		<u>219,272,406</u>	<u>148,400,182</u>
TOTAL		<u><u>1,331,633,678</u></u>	<u><u>1,334,383,115</u></u>
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets			
Tangible assets	12	1,140,744,103	1,162,832,548
Intangible assets		-	-
Capital Work in Progress		2,236,056	9,591,298
		<u>1,142,980,159</u>	<u>1,172,423,846</u>
(b) Deferred Tax Asset (Net)	13	4,944,757	18,842,364
(c) Long-Term Loans and Advances	14	5,103,087	-
		<u>1,153,028,003</u>	<u>1,191,266,210</u>
2 Current assets			
(a) Inventories	15	1,571,118	971,765
(b) Trade Receivables	16	3,247,327	2,304,473
(c) Cash and Bank Balances	17	83,723,021	80,054,511
(d) Short Term Loans and Advances	18	1,503,405	2,931,629
(e) Other Current Assets	19	88,560,804	56,854,527
		<u>178,605,675</u>	<u>143,116,905</u>
TOTAL		<u><u>1,331,633,678</u></u>	<u><u>1,334,383,115</u></u>

The notes are an integral part of the these financial statements
As per our Report attached

For and on behalf of
MURUGESH & CO.,
Chartered Accountants
Firm Reg No. 002233S
H B M MURUGESH
Proprietor

Membership No.: 020497
Bangalore

Date: November 23, 2015

For Gokak Power and Energy Limited

Mukundan Srinivasan
Chairman
(DIN: 00276429)

Sachin Kulkarni
Managing Director
(DIN: 06787605)

Pradip Kapadia
Director
(DIN: 00078673)

C G Shah
Director
(DIN: 00002358)

Kaiwan Kalyaniwalla
Director
(DIN: 00060776)

K. Ramananda Pai
Company Secretary

**PROFIT AND LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Note	September 30, 2015 ₹	September 30, 2014 ₹
REVENUE			
Revenue from operations	20	132,318,780	129,752,986
Other Operating Income	20	349,748	66,975
Other Income	20	58,410,948	63,640,318
TOTAL REVENUE		191,079,476	193,460,279
EXPENSES			
Cost of Raw Materials Consumed		—	—
Employee Benefit Expenses	21	7,763,402	8,538,873
Other expenses	22	20,938,258	19,535,921
Depreciation	12	35,432,258	52,387,415
Finance Costs	23	117,207,370	118,053,433
TOTAL EXPENSES		181,341,289	198,515,642
Profit \ (Loss) before tax		9,738,187	(5,055,363)
Tax expense :			
Current tax			
Income tax expense for the year		5,103,087	—
MAT Credit entitlement		(5,103,087)	—
Deferred tax Liability/(Asset)		13,897,607	(18,842,363)
Profit \ (Loss) for the period		(4,159,419)	13,787,000
Earnings per share (in Rs) (Basic and Diluted)		(0.08)	0.28

The notes are an integral part of the these financial statements

As per our Report attached

For and on behalf of

MURUGESH & CO.,

Chartered Accountants

Firm Reg No. 002233S

H B M MURUGESH

Proprietor

Membership No.: 020497

Bangalore

Date: November 23, 2015

For Gokak Power and Energy Limited

Mukundan Srinivasan

Chairman

(DIN: 00276429)

Sachin Kulkarni

Managing Director

(DIN: 06787605)

Pradip Kapadia

Director

(DIN: 00078673)

C G Shah

Director

(DIN: 00002358)

Kaiwan Kalyaniwalla

Director

(DIN: 00060776)

K. Ramananda Pai

Company Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2015

Particulars	Year ended 30.09.2015 ₹	Year ended 30.09.2014 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit \ (Loss) before tax for the year	9,738,187	(5,055,363)
<i>Adjustments for:</i>		
Depreciation expenses	35,432,258	52,387,415
Finance Cost	117,207,370	118,053,433
Interest & Dividend Income	(7,738,448)	(6,895,712)
Cash Generated from operations before working capital changes	154,639,368	158,489,773
<i>Adjustments for:</i>		
(Increase)/decrease in trade receivables	(942,855)	15,683,227
(Increase)/decrease in inventories	(599,354)	(971,765)
(Increase)/decrease in Other Current Assets	(30,278,054)	(52,725,651)
Increase / (Decrease) in Long Term Provision	287,758	(1,797,176)
Increase / (Decrease) in Short Term Provision	(1,452,872)	1,778,899
Increase / (Decrease) in other Current Liabilities	41,333,317	67,593,631
Cash generated from operations	162,987,308	188,050,939
Taxes paid (net of refunds)	(5,103,087)	-
Net cash generated from operating activities - [A]	157,884,221	188,050,939
B. Cash Flow from Investing Activities :		
Purchase of tangible assets	(5,988,570)	(9,504,220)
Interest received	7,738,448	6,895,712
Net cash flow from/ (used in) investing activities [B]	1,749,878	(2,608,508)
C. Cash Flow from Financing Activities :		
Finance Cost (Excl Exchange Loss)	(117,207,370)	(118,053,433)
Repayment of Long-term borrowings	(69,750,001)	(66,050,000)
Proceeds from short term borrowings	30,991,779	-
Net cash flow from/ (used in) financing activities [C]	(155,965,592)	(184,103,433)
Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]	3,668,507	1,338,998
Cash and cash equivalents as at beginning [E]	80,054,511	78,715,513
Cash and cash equivalents as at closing [D]+[E]	83,723,021	80,054,511

Notes:

- i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements".
- ii) Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our Report of even date

For Gokak Power and Energy Limited

For and on behalf of

MURUGESH & CO.,

Chartered Accountants

Firm Reg No. 002233S

H B M MURUGESH

Proprietor

Membership No.: 020497

Bangalore

Date: November 23, 2015

Mukundan Srinivasan

Chairman

(DIN: 00276429)

Sachin Kulkarni

Managing Director

(DIN: 06787605)

Pradip Kapadia

Director

(DIN: 00078673)

C G Shah

Director

(DIN: 00002358)

Kaiwan Kalyaniwalla

Director

(DIN: 00060776)

K. Ramananda Pai

Company Secretary



NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

1 Corporate Information

Gokak Power and Energy Limited is public company incorporated on 17th January 2012 under the provisions of Companies Act. The company is in the business of generation/producing electric power. The Company has 10.8 MW of Hydro power plant. The Company is selling power generated from this combination of long term Power Purchase Agreements and on merchant basis.

2 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

3 Accounting Policies

(a) Use of Estimates :

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant fact and circumstances as on the date of financial statements. The actual outcome may diverge from the estimates.

(b) Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. 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.

(c) 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.

(d) Investments :

Investments are classified into long-term and current investments. Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long-term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

(e) 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.

(f) Revenue recognition :

Income from Power Generation: Sales are accounted for on transmission of power to the customers and are net of taxes.

Income from Power Incentive: Revenue from Renewable Energy Certificates is recognised on accrual basis.

(g) Operating expenses :

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

(j) 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.

(k) Accounting for Taxes on Income

Tax expense for the year comprises of current tax and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Provision for deferred tax is made for all temporary timing difference arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred taxes assets can be realised. Deffered Tax Assets / Liabilities are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

(l) Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, 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.

(m) Impairment

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition exists, the company estimates the recoverable amount of the assets. If the recoverable amount of such assets or recoverable amount of cash generating units to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. 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.

4. Share Capital

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Authorised: Equity Shares of ₹10 each	50,000,000	500,000,000	50,000,000	500,000,000
Issued, Subscribed and Paid up Equity Shares of ₹10 each fully paid	49,000,000	490,000,000	49,000,000	490,000,000
Total	49,000,000	490,000,000	49,000,000	490,000,000

(A) Reconciliation of equity shares outstanding at the beginning and end of the reporting period :

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Shares outstanding at the beginning of the year	49,000,000	490,000,000	49,000,000	490,000,000
Add: Shares Issued during the year	-	-	-	-
Less :Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	49,000,000	490,000,000	49,000,000	490,000,000

(B) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(C) Details of shares held by shareholders holding 5% of the aggregate shares in the Company

Name of the Shareholder	September 30, 2015		September 30, 2014	
	No.	%	No.	%
Gokak Textiles Limited	24,990,000	51%	24,990,000	51%
Shapoorji pallonji Infrastructure Capital Company Limited	24,010,000	49%	24,010,000	49%

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015****5. Reserves & Surplus**

	September 30, 2015 ₹	September 30, 2014 ₹
General Reserve		
Opening Balance		-
(+) Transfer from Profit and Loss	-	-
(-) Utilised for creation of Capital redemption reserve	-	-
(-) Utilised for premium on buy back of shares	-	-
Closing Balance	-	-
Surplus\Deficit) in Statement of Profit and Loss		
Opening balance	(41,014,306)	(54,801,306)
(+) Net profit for the current year	(4,159,419)	13,787,000
(-) Transfer to General Reserve	-	-
Closing Balance	(45,173,725)	(41,014,306)

6. Long Term borrowings

	September 30, 2015 ₹	September 30, 2014 ₹
Secured		
Term Loan	655,400,000	725,150,000
Total	655,400,000	725,150,000

Nature of Security : 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.

Note: The Borrower shall maintain a DSRA during the currency of the facility equivalent to an amount equal to ensuing 6 months Debt servicing obligation.

7. Other Long Term Liabilities

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Deposits from Customers	10,000,000	10,000,000
Total	10,000,000	10,000,000

8. Long Term Provisions

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Provision For Gratuity	1,800,919	1,574,119
Provision For Leave Encashment	334,078	273,120
Total	2,134,997	1,847,239

9. Short Term Borrowings

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Inter corporate Loan	30,991,779	-
Total	30,991,779	-

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

10. Short Term Provisions

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Provision For Gratuity	272,003	1,382,813
Provision For Leave Encashment	54,024	396,086
Total	326,027	1,778,899

11. Other Current Liabilities

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Current Maturities of Long Term Borrowings	69,750,000	60,450,000
Interest Accrued but not due	4,040,801	4,777,164
Advance received from Customer	108,666,039	76,168,042
Deposits	-	589,878
Other Payables	5,497,760	4,636,200
Total	187,954,600	146,621,283

There are no amounts due for payments to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

12. Fixed Assets

(Amount in ₹)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Opening balance as on Oct 1, 2014	Addition during the period	Deduction	Gross Block	Cumulative depreciation upto Oct 1, 2014	Depreciation for the year	Cumulative Depreciation upto 30th SEPT, 2015	As on Sept 30, 2015	As on Sept 30, 2014
A Tangible Assets									
Building	743,061,664	8,004,049	-	751,065,713	49,619,241	23,682,731	73,301,972	677,763,741	693,442,423
Plant and Machinery	522,032,453	5,326,863	-	527,359,316	52,724,179	11,737,744	64,461,923	462,897,393	469,308,274
Furniture, Fixtures and Office Equipment	92,294	12,900	-	105,194	10,442	11,783	22,225	82,969	81,852
Total Tangible Assets	1,265,186,411	13,343,812	-	1,278,530,223	102,353,862	35,432,258	137,786,120	1,140,744,103	1,162,832,548
Previous Period	1,265,177,421	8,990	-	1,265,186,411	49,966,446	52,387,415	102,353,861	1,162,832,550	1,215,210,975
B Intangible Assets									
Computer Software	54,000	-	-	54,000	54,000	-	54,000	-	-
	54,000	-	-	54,000	54,000	-	54,000	-	-
Previous Period	54,000	-	-	54,000	54,000	-	54,000	-	-

Note: Depreciation based on Schedule XIV to Companies Act, 1956 amounts to Rs.5,28,76,849/-. Depreciation for the current period is provided based on the useful life of the asset as specified in Schedule II of Companies Act, 2013. Total amount of depreciation for period amounts to Rs.3,54,32,258/-. Due to change in method of depreciation, Loss has been understated by Rs.1,74,44,591/-.



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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

13. Deferred Tax Asset

	September 30, 2015 ₹	September 30, 2014 ₹
Tax effect of items constituting deferred tax assets:		
Unabsorbed depreciation and brought forward business loss	103,297,567	93,513,282
Provision for Gratuity & Leave Encashment	760,456	1,120,477
Tax effect of items constituting deferred tax liability:		
on difference between book balance & tax balance of fixed assets	(99,113,266)	(75,791,396)
Total	4,944,757	18,842,364

The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the management's estimates of future profits considering the non-cancellable customer orders received by the Company.

14. Long-Term Loans and Advances

	September 30, 2015 ₹	September 30, 2014 ₹
MAT Credit Entitlement	5,103,087	-
Total	5,103,087	-

15. Inventory

	September 30, 2015 ₹	September 30, 2014 ₹
Stores & Spares	1,571,118	971,765
Total	1,571,118	971,765

16. Trade Receivable

	September 30, 2015 ₹	September 30, 2014 ₹
Outstanding for more than 6 months	-	-
Others	3,247,327	2,304,473
Total	3,247,327	2,304,473

17. Cash and Bank Balances

	September 30, 2015 ₹	September 30, 2014 ₹
Cash on Hand	3,541	9,896
<u>Balances with banks</u>		
In Current accounts	10,945	999,198
Deposit account IN DSRA	83,708,535	79,045,417
Total	83,723,021	80,054,511

18. Short Term Loans and Advances

	September 30, 2015 ₹	September 30, 2014 ₹
<u>Unsecured, considered good</u>		
Prepaid Expenses	1,069,861	976,875
Deposit	22,000	22,000
Staff Advance	5,000	-
Advance to Suppliers	406,544	1,932,754
Total	1,503,405	2,931,629

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015****19. Other Current Assets**

	September 30, 2015 ₹	September 30, 2014 ₹
<u>Unsecured, considered good</u>		
TDS Receivable	664,322	676,886
Interest Accrued	3,021,982	3,010,141
REC Income receivable	84,874,500	53,167,500
Total	88,560,804	56,854,527

20. Revenue from Operations

	September 30, 2015 ₹	September 30, 2014 ₹
Revenue from Operations		
Sale of Products	132,318,780	129,752,986
Other Operating Income	349,748	66,975
Other Income	58,410,948	63,640,318
Total	191,079,476	193,460,279

21. Employee Benefit Expenses

	September 30, 2015 ₹	September 30, 2014 ₹
Salaries, Wages, Bonus and Exgratia	7,763,402	8,538,873
Total	7,763,402	8,538,873

22. Other Expenses

	September 30, 2015 ₹	September 30, 2014 ₹
Rates and Taxes	1,183,905	1,130,693
Insurance	3,841,238	3,596,731
Legal and Professional Fees	2,536,106	2,906,109
Printing and Stationery	11,419	33,306
Travelling and Conveyance	230,361	279,619
Administrative expenses	154,784	74,206
Water Royalty Charges	9,637,644	6,366,623
Freight & Handling	28,669	36,261
Repairs & Maintenance	2,048,827	1,559,930
Audit Fees	147,872	146,068
Electricity Charges	97,782	148,842
Stores & Spares consumed	1,019,651	3,257,534
Total	20,938,258	19,535,921

23. Finance Cost

	September 30, 2015 ₹	September 30, 2014 ₹
Finance Charges	1,878	282,885
Interest on Term Loan	101,498,282	110,013,148
Other Interest	15,707,210	7,757,400
Total	117,207,370	118,053,433

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st OCTOBER 2014 TO 30th SEPTEMBER, 2015

- 24** Disclosure of Trade Payables under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the “Micro Small and Medium Enterprises Development Act, 2006”. Amounts overdue as on September 30, 2015 to Micro, Small and Medium Enterprises on account of Principal amount together with interest, aggregate to Rs. Nil (Previous year Rs. Nil)
- 25** In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all liabilities is adequate and not in excess of the amount reasonably necessary.
- 26** Earning per share is calculated by dividing the Profit / (Loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

Particulars	September 30, 2015	September 30, 2014
Net Profit after Tax for the year (Rs.)	(4,159,419)	13,787,000
Weighted average number of Equity Shares outstanding	49,000,000	49,000,000
Nominal Value of Share (Rs.)	10	10
Earnings Per share (Basic and Diluted) (Rs.)	(0.08)	0.28

27 Gratuity

	September 30, 2015	September 30, 2014
a) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	2,956,622	2,778,636
Benefits earned during the year	-	-
Current Service Cost	92,672	82,814
Interest Cost	262,280	257,024
Past Service Cost - Vested Benefit	-	-
Actuarial (Gain) / Loss on Obligation	(6,846)	-
Benefits Paid	(1,232,026)	(161,852)
Present value of the obligation at the end of the year	2,072,702	2,956,622
b) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Contributions by Plan Participants	-	-
Benefits Paid	-	-
Fair value of Plan Assets at the end of the year	-	-
c) Amounts Recognised in the Balance Sheet		
Present value of Obligation at the end of the year	2,072,702	2,956,622
Fair value of Plan Assets at the end of the year	-	-
Net Obligation at the end of the year	2,072,702	2,956,622
d) Amounts Recognised in the Statement of Profit & Loss		
Current Service Cost	92,672	82,814
Interest cost on Obligation	262,280	257,024
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the year	(6,846)	-
Past Service Cost - Vested Benefit recognised in the year	-	-
Expenses recognized in Profit & Loss Account	348,106	339,838
e) Actual return on Plan Assets		
Expected return on Plan Assets	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-
f) Actuarial Assumptions		
i) Discount Rate	7.96%	8.87%
ii) Expected Rate of Return on Plan Assets	-	-
iii) Salary Escalation Rate	4.00%	5.00%
iv) Attrition Rate	2.00%	2.00%
v) Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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.

**28 Related Party Disclosures:****A Names of the related parties and description of relationship****I) Holding Company**

Gokak Textiles Limited

II) Subsidiaries**III) Associate Companies**

Shapoorji Pallonji Infrastructure Capital Company Limited

IV) Key Managerial Personnel

Mr. Sachin Kulkarni - Managing Director

B Particulars of transaction with Related Parties*(Amount in Rs)*

Nature of Transactions	Holding Company	Subsidiary	Associate Companies	Key Managerial Personnel	Total
Sales (including Electricity Tax)	136,479,335	–	–	–	136,479,335
<i>Previous Year (including Electricity Tax)</i>	138,263,265	–	–	–	138,263,265
Interest Expenses	12,938,566	–	2,768,644	–	15,707,210
<i>Previous Year</i>	7,757,400	–	–	–	7,757,400
Advances/Loan Taken	–	–	28,500,000	–	28,500,000
<i>Previous Year</i>	–	–	–	–	–
Expenses / Payments Incurred on behalf	132,622	–	–	–	132,622
<i>Previous Year</i>	439,265	–	–	–	439,265
Deposit Payable	10,000,000	–	–	–	10,000,000
<i>Previous Year</i>	10,000,000	–	–	–	10,000,000
Payables	108,666,039	–	30,991,779	–	139,657,818
<i>Previous Year</i>	76,168,042	–	–	–	76,168,042

Note:

Sales to holding company for the current year contains electricity tax of Rs. 7,852,078/-

Sales to holding company for the previous year contains electricity tax of Rs. 6,332,523/-