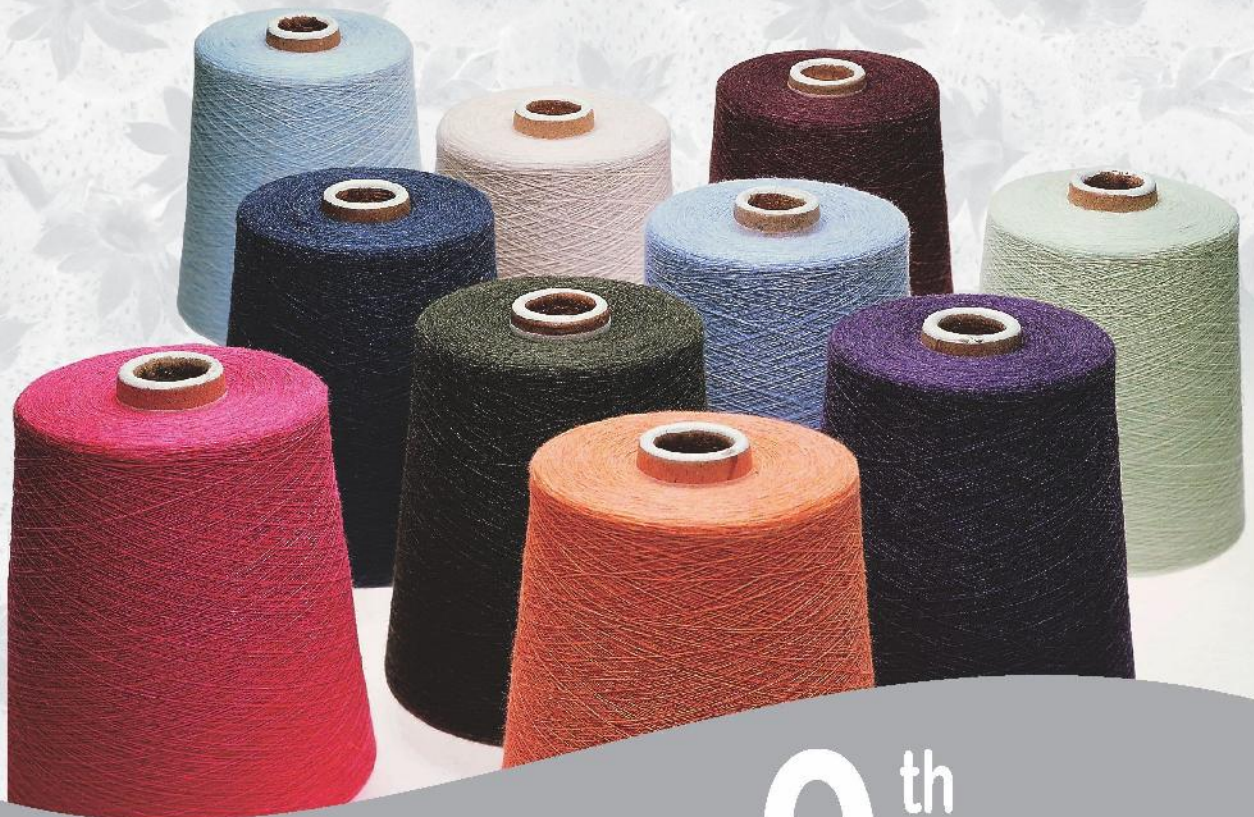




  
**GOKAK**<sup>TM</sup>  
TEXTILES LIMITED



9<sup>th</sup>  
Annual Report  
2014 - 2015



<b>DIRECTORS</b>	: SHAPOOR P. MISTRY ASHOK BARAT H.S.BHASKAR SACHIN KULKARNI PRADIP N. KAPADIA R.N.JHA KAIWAN KALYANIWALLA VASANT SANZGIRI D. G. PRASAD ZARINE K COMMISSARIAT	– <i>Chairman (up to 31.03.2015)</i> – <i>Chairman (with effect from 14.05.2015)</i> – <i>Executive Director &amp; CEO (upto 13.07.2015)</i> – <i>Whole Time Director (with effect from 13.07.2015)</i>  – <i>(With effect from 31.03.2015)</i>
<b>CHIEF FINANCIAL OFFICER</b>	: GOVINDA R KADEKAR	– <i>(Upto to 17.08.2015)</i>
<b>COMPANY SECRETARY</b>	: K.RAMANANDA PAI	
<b>AUDITORS</b>	: Messrs. KALYANIWALLA & MISTRY	
<b>BANKERS</b>	: PUNJAB NATIONAL BANK STANDARD CHARTERED BANK STATE BANK OF INDIA EXPORT IMPORT BANK OF INDIA AXIS BANK LIMITED THE RATNAKAR BANK LIMITED NEW INDIA CO-OPERATIVE BANK LIMITED	
<b>REGISTRARS AND SHARE TRANSFER AGENTS</b>	: TSR DARASHAW LIMITED UNIT: GOKAK TEXTILES LIMITED, 6-10, HAJI MOOSA PATRAWALA INDUSTRIAL ESTATE, 20, DR.E.MOSES ROAD, MAHALAXMI, MUMBAI 400 011	
<b>BRANCH</b>	: TSR DARASHAW LIMITED UNIT : GOKAK TEXTILES LIMITED 503. BARTON CENTRE, 5TH FLOOR 84, MAHATMA GANDHI ROAD BANGALORE – 560 001	
<b>MILLS</b>	: GOKAK FALLS-591 308 (DISTRICT BELGAUM-KARNATAKA)	
<b>KNITWEAR UNIT</b>	: BAGALKOT ROAD VILLAGE MARIHAL - 591 167 DIST. BELGAUM KARNATAKA	
<b>REGISTERED OFFICE &amp; CORPORATE OFFICE</b>	: No. 24, 29TH MAIN BTMLAYOUT II STAGE BANGALORE - 560076.	

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Annual General Meeting will be held on Monday, the 28th December, 2015 at 3.00 p.m. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore-560 001.

## Annual Report 2014 - 2015

### NOTICE

NOTICE is hereby given that the 9<sup>th</sup> ANNUAL GENERAL MEETING of the Members of GOKAK TEXTILES LIMITED, will be held on Monday, the 28<sup>th</sup> December, 2015 at 3.00 p.m. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore to transact the following business :

#### **Ordinary Business :**

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements for the year ended 30<sup>th</sup> September, 2015, Audited Balance Sheet as at 30<sup>th</sup> September, 2015 and the Statement of Profit and Loss for the year ended that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Vasant Sanzgiri (DIN 01757117) who retires by rotation and being eligible, offers himself for re-appointment.
3. Ratification of Appointment of Statutory Auditors :

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

“RESOLVED that pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, as amended from time to time, the appointment of Messrs. Kalyaniwalla & Mistry, Chartered Accountants (Registration No.104607W), as the Statutory Auditors of the Company, who were appointed by Members at the 8<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> December, 2014 to hold office until the conclusion of 11<sup>th</sup> Annual General Meeting to be held in the year 2017, be and is hereby ratified until the conclusion of next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors plus applicable taxes thereon and reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the Company”.

4. Ratification of Appointment of Branch Auditors :

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 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (Act) and Rules made thereunder, as amended from time to time, the appointment of Messrs. Muruges & Co., Chartered Accountants (Registration no.002233S) as the Branch Auditors of the Company, who were appointed by Members at the 8<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> December, 2014 to hold office until the conclusion of 11<sup>th</sup> Annual General Meeting to be held in the year 2017, be and is hereby ratified until the conclusion of next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors plus applicable taxes thereon and reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the Company”.

#### **Special Business :**

5. Appointment of Ms.Zarine K Commissariat (DIN 07146151) as a Director :

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

“RESOLVED that Ms.Zarine K Commissariat (DIN 07146151) be and is hereby appointed as a Director of the Company liable to retire by rotation”.

6. Ratification of remuneration to Cost Auditor :

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 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration of Rs.1,50,000 plus service tax, as applicable, reimbursement of actual travel and out-of-pocket expenses payable to Messrs. A.G.Anikhindi & Co., (Registration No.100049) Cost Auditors, appointed by the Board of Directors of the Company, for the financial year from 1<sup>st</sup> October, 2015 to 31<sup>st</sup> March, 2016, to conduct the audit of the cost records pertaining to textiles activities of the Company be and is hereby ratified and confirmed”.

“RESOLVED FURTHER that the Board of Directors of the Company 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 and/or incidental thereto”.

Mumbai  
23<sup>rd</sup> November, 2015.

Registered Office :  
No.24, 29<sup>th</sup> Main  
BTM Layout II Stage  
Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Sachin Kulkarni**  
Whole time Director

**NOTES :**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted in respect of item nos.5 to 6 is annexed hereto.
2. **(a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT OF APPOINTMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME SCHEDULED FOR COMMENCEMENT OF THE MEETING.**
  - (b) Pursuant to the provisions of 105 of the Companies Act, 2013, a Person can act as Proxy on behalf of Members not exceeding 50(fifty) and holding in aggregate not more than 10% of the total Share Capital of the Company. Members holding more than 10%, of the total Share Capital of the Company may appoint a single person as Proxy and such person shall not act as Proxy for any other Member. Proxies submitted on behalf of Limited Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable. Attendance slip cum Proxy form for the Annual General Meeting is enclosed.
  - (c) A Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, provided that not less than three days of notice in writing is given to the Company.
3. **Voting through electronic means (Remote e-voting) :** Pursuant to the provisions of Section, 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide e-voting facility to the Members to exercise their right to vote electronically on all the items/resolutions set forth in the Notice of the 9<sup>th</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> December, 2015. Instructions relating to e-voting facility forming part of this notice is annexed to this Notes.
4. **Poll at the Meeting :** The facility for voting through Ballot paper shall be made available at the Annual General Meeting and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their rights at the Meeting through Ballot paper. Poll will be conducted and supervised under Scrutinizer appointed by the Company for the purpose of conducting e-voting process. The results of the Poll aggregated with the results of e-voting will be announced by the Company on its website [www.gokakmills.com](http://www.gokakmills.com) within two days from the date of the Annual General Meeting of the Company and also inform the Bombay Stock Exchange Ltd.,
5. Member(s) can opt for only one mode of voting i.e. e-voting or physical voting at the Annual General Meeting. In case a member has cast multiple votes, then voting done by e-voting will be treated as valid.
6. The relevant details as required under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, of persons seeking re-appointment/appointment as Directors/Independent Directors are annexed to the Notice.
7. Members/Proxies are requested to bring their copy of Annual Report and duly-filled Attendance slips sent herewith to attend the meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Registrar of Members will be entitled to vote.
9. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution to the Company authorizing their representative to attend and vote on their behalf at the Meeting.
10. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 21<sup>st</sup> December, 2015 to Monday, the 28<sup>th</sup> December, 2015 (both days inclusive).
11. Members are requested to promptly notify any change in their address, e-mail address, contact numbers etc., to the Registrars and Share Transfer Agents or the Depository Participants (in case of shares held in dematerialized mode).
12. The shareholders desirous of obtaining any information with regard to audited accounts or any other related matters are requested to write to the company well in advance before the date fixed for the Annual General Meeting, so that, the information required could be kept ready.
13. All the documents referred to in Statement pursuant to Section 102 of the Companies Act, 2013 will be available for inspection during normal business hours (9.30 a.m. to 5.00 p.m. Monday to Friday) on all working days upto the date of the declaration of the results of the 9<sup>th</sup> Annual General Meeting of the Company.
14. **Nomination of shares :** Individual/Joint Shareholders holding Equity Shares of the Company either singly or jointly may nominate an individual to whom all the rights in such Shares shall vest in the event of death of the sole/all joint Shareholders. Such person can obtain Nomination Form No.SH-13 either from the Registrar and Transfer Agents or from the Company.
15. **Permanent Account Number (PAN) :** The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agent.
16. Your company has sent Annual Report containing the Notice, Directors Reports, Audited Financial Statements, Auditors Report, Report on Corporate Governance, Process and manner of e-voting etc., along Attendance Slip cum Proxy Form by electronic mode to the e-mail IDs registered by you with your Depository Participant or registered with the Registrar & Transfer Agent unless any Members has requested for a physical copy of the same. For Members who have not registered their e-mail address, physical copies of the Annual Report containing Notice etc., are being sent by the permitted mode.
17. To support the 'Green Initiative', the Members holding shares in dematerialised form are requested to update / register their e-mail address with their Depository Participant and Members holding shares in physical mode are requested to update / register their e-mail address with [tsrdbang@tsrdarashaw.com](mailto:tsrdbang@tsrdarashaw.com), or [ramanandapai@gokaktextiles.com](mailto:ramanandapai@gokaktextiles.com) so as to ensure that the Annual Report and other documents reach them on their preferred e-mail ID.

## Annual Report 2014 - 2015

18. Please address all communications including lodging of Transfer Deeds to  
REGISTRARS AND SHARE TRANSFER AGENTS

TSR Darashaw Limited

UNIT: GOKAK TEXTILES LIMITED

6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road,  
Mahalaxmi, Mumbai 400 011

Tel. : 91 22 66568484, Fax. :91 22 66568494

Business Hours : 10.00 a.m. to 3.30 p.m. (Monday to Friday)

Email : [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

### Branch Offices

- |  |  |
|--|--|
| <p>1. TSR Darashaw Limited<br/>503, Barton Centre, 5th floor,<br/>84, Mahatma Gandhi Road,<br/>Bangalore 560 001<br/>Tel.:080-25320321 Fax:080-25580019<br/>e-mail:tsrdlbg@tsrdarashaw.com</p> | <p>3. TSR Darashaw Limited<br/>Bungalow No.1, "E" Road,<br/>Northern Town, Bistupur,<br/>Jamshedpur 831 001<br/>Tel.:0657-2426616 Fax:0657-2426937<br/>e-mail:tsrdljsr@tsrdarashaw.com</p> |
| <p>2. TSR Darashaw Limited<br/>Tata Cente, 1st floor,<br/>43, Jawaharlal Nehru Road,<br/>Kolkata 700 071<br/>Tel.:033-22883087 Fax:033-22883062<br/>e-mail:tsrdlcal@tsrdarashaw.com</p>        | <p>4. TSR Darashaw Limited<br/>Plot No.2/42, Sant Vihar,<br/>Ansari Road, Daryaganj,<br/>New Delhi 110 002<br/>Tel.:011-23271805 Fax:011-23271802<br/>e-mail:tsrdldel@tsrdarashaw.com</p>  |

Investors, if they so prefer, can send transfer request, correspondence and queries to the Company at the following address –  
Company Secretary

GOKAK TEXTILES LIMITED

No.24, 29<sup>th</sup> Main

BTM Layout II Stage,

Bangalore – 560 076.

Telephone: 080-26689605/06

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

**Kindly quote your Ledger Folio No./Client ID No**

Mumbai

23<sup>rd</sup> November, 2015.

Registered Office :

No.24, 29<sup>th</sup> Main

BTM Layout II Stage

Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Sachin Kulkarni**

*Whole time Director*

### 19. VOTING THROUGH ELECTRONIC MEANS- REMOTE E-VOTING

- (i). Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, your Company is pleased to provide e-voting facility to the Members holding equity shares either in physical or in dematerialised form as on 22<sup>nd</sup> December, 2015 (cut-off date) to cast their vote electronically.
- (ii). The Members not casting their vote electronically, may cast their vote through Poll at the Annual General Meeting. The voting rights of Members shall be in proportion to their shares of the paid-up-equity share capital of the Company as on cut-off date.
- (iii) The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility. The e-voting facility is available at the link <https://www.evoting.nsdl.com>
- (iv) The Electronic Voting Event Number (EVEN), User ID and User e-voting particulars are set out in the Attendance Slip cum Proxy Form as stated below:

Electronic Voting Event Number (EVEN)	User ID	Password
103631	Provided in the Attendance Slip cum Proxy Form	

- (v) The Companies (Management and Administration) Rules, 2014 provides that the electronic voting period shall be for a minimum period of 3 days prior and upto 5.00 p.m. on the previous date of the Annual General Meeting . Accordingly, the e-voting facility will be available during the following voting period:

Commencement of e-voting : From 10.00 AM (IST) on 25<sup>th</sup> December, 2015

End of e-voting : Upto 5.00 PM (IST) on 27<sup>th</sup> December, 2015

- (vi). The voting shall not be allowed after the end of e-voting period. The e-voting module shall be disabled by National Securities Depository Ltd., (NSDL) for voting thereafter. Once the vote on a resolution is cast by the Member by e-voting, the Member shall not be allowed to change it subsequently.

**20. INSTRUCTIONS AND OTHER INFORMATION RELATING TO REMOTE E-VOTING AREAS UNDER:**

The Members holding shares either in physical form or in dematerialised form, as on 22<sup>nd</sup> December, 2015 (cut-off date) are entitled to cast their vote electronically on all the resolutions set forth in this Notice. The voting rights of Members shall be in proportion to their shares of the paid-up-equity share capital of the Company as on cut-off date.

**I. In case of a Member receives an e-mail from TSR Darashaw Limited to their Registered e-mail ID**

- (a) Open the e-mail and also open PDF File namely 'GTL e-voting.pdf' with Client ID or Folio Number as password. The said .PDF file contains your User ID and Password for e-voting. Please note that the password provided in .PDF is an Initial Password.
- (b) Open the internet browser and type the URL <https://www.evoting.nsdl.com>
- (c) Click on Shareholder – Login
- (d) If you are already registered with National Securities Depositories Ltd., (NSDL) for e-voting, then you can use your existing user ID and password for Login.
- (e) If you are logging in for the first time, please enter the User ID and Password provided in the Attendance Slip cum Proxy Form.
- (f) Insert User-ID and Initial Password as noted in step (a) above and click 'Login'
- (g) The Password change menu will appear on your screen. Change to a new password of your choice, making sure that it contains minimum of 8 digits or characters or a combination of both. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (h) Home page of e-voting will open. Click on e-Voting > Active Voting Cycles.
- (i) Select 'EVEN' (E-Voting Event Number) of Gokak Textiles Limited which is 103631. Once you enter the number, the 'Cast Vote' page will open and now you are ready for e-voting
- (j) Cast your vote by selecting appropriate option and click on 'Submit'. Also click on 'Confirm' when prompted. Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (k) Once you have voted on a resolution, you will not be allowed to modify your vote. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Annual General Meeting.
- (l) 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, together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer through an e-mail at [srinivas.cosecsri.com](mailto:srinivas.cosecsri.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**II. In case of a Member receives physical copy of the Notice of Annual General Meeting (AGM) :**

- (i) Initial Password is provided, as follows, in the Attendance Slip cum Proxy Form enclosed on the top of the Annual Report.

EVEN (E-voting Event Number)	User ID	Password
103631	Provided in the Attendance Slip cum Proxy Form	

Please follow all steps from Sr. No. (a) to Sr. No. (j) above, to cast your vote.

- (ii) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the 'Downloads' section of NSDL's e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL by e-mail at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**III. Other Instructions :**

1. Member(s) can opt for only one mode of voting i.e. either e-voting or Poll at the Annual General Meeting. In case a member has cast multiple votes, then voting done by e-voting will be treated as valid.
2. A copy of the said Notice of the Annual General Meeting and e-voting instructions are also available on the website of the Company viz., [www.gokakmills.com](http://www.gokakmills.com) under Investor Corner.
3. Mr.B.S.Srinivas, Practising Company Secretary / Mr. Kiran Desai, Practising Company Secretary, Bangalore has been appointed as the Scrutinizer to scrutinize the e-voting process including Poll at the Annual General Meeting, in a fair and transparent manner.
4. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, unlock the votes in the presence of at least 2 (two) witnesses, not in employment of the Company and make not later than 3 (three) days a Consolidated Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
5. The Scrutinizer's decision on the validity of the vote shall be final and binding.
6. The Results shall be declared on 30<sup>th</sup> December, 2015 at 11.00 a.m. at the Registered Office of the Company. The Results declared alongwith the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.gokakmills.com](http://www.gokakmills.com) under 'Investor Corner' and the e-voting website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and shall also be communicated to the Bombay Stock Exchange Ltd. where the shares of the Company are listed.
7. The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the date of the Annual General Meeting, subject to receipt of requisite number of votes in favour, through a compilation of e-voting, and Poll at the venue of Annual General Meeting.



**Annual Report**  
**2014 - 2015**

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**ANNEXURE TO THE NOTICE**

**1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.**

In respect of Item No.5

The Board of Directors of the Company, appointed Ms. Zarine K Commissariat (DIN 07146151) as an Additional Director, Non-Independent, Woman Director of the Company with effect from 31<sup>st</sup> March, 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with Article 124 of the Articles of Association of the Company (hereinafter referred to as “the Articles”). Ms. Zarine K Commissariat holds office upto the date of the ensuing Annual General Meeting.

A Notice in writing, has been received from a Member under Section 160 of the Act together with the requisite deposit, signifying her intention to propose Ms. Zarine K Commssariat as a candidate for appointment as a Director.

Ms.Zarine K Commissariat is a Diploma holder in Marketing Management from Jannalal Bajaj-Mumbai University, Social Communications and Mass Media from Sophia Polytechnic-Mumbai University and a Bachelor of Commerce. At present, she is working as Head Corporate Social Responsibility for the SP Group. Her strengths includes strategic planning and brand building, leadership identification and development, new business generation team working and conceptualizing and monitoring. The Board of Directors consider that the appointment of Ms.Zarine K Commissariat, Women Director would be in the best interest of the Company and accordingly, Board commends passing of Ordinary Resolution proposed at Item No.5 of the Notice.

None of the directors and/or the Key Managerial Personnel and their relatives is in any way concerned or interested, financially or otherwise in the said Resolution other than Ms.Zarine K Commissariat.

In respect of Item No.6

The Board on the recommendation of the Audit Committee, approved the appointment and the remuneration payable to Messrs. A. G. Anikhindi, Cost Auditors to conduct the audit of the Cost records for the financial year 2015-16.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2015-16 by way of an Ordinary Resolution is being sought from the members as set out at Item No.6 of the Notice.

None of the Directors and / or the Key Managerial Personnel and their relatives is in any way concerned or interested, financially or otherwise in the said Resolution.

The Board commends the Ordinary Resolution as set out at Item No.6 of the Notice for approval by the Members.

Mumbai  
23<sup>rd</sup> November, 2015.

Registered Office :  
No.24, 29<sup>th</sup> Main  
BTM Layout II Stage  
Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Sachin Kulkarni**  
*Whole time Director*

2. Information required to be furnished under Clause 49VIIIIE(1) of the Listing Agreement.

<b>Name of the Director</b>	<b>Mr.Vasant Sanzgiri(DIN 01757117)</b>	<b>Ms.Zarine K Commissariat (DIN 07146151)</b>
Date of Birth	12 <sup>th</sup> September, 1960	29 <sup>th</sup> April, 1965
Date of First Appointment	22 <sup>nd</sup> May, 2012	31 <sup>st</sup> March, 2015
Qualification	B' Sc, M.B.A.	Diploma holder in Marketing Management from Jamnalal Bajaj-Mumbai University, Social Communications and Mass Media from Sophia Polytechnic-Mumbai University and a Bachelor of Commerce.
Relationships between directors inter-se	Not related to any directors of the Company	Not related to any directors of the Company
Expertise in specific functional areas	Mr.Vasant Sanzgiri is presently working as Group Head of Human Resources, Shapoorji Pallonji Group, Mumbai. He has wide and varied experience of 25 years in different industries like Taj Group of Hotels, Cyanamid India Ltd., Modi Xerox India Ltd., DCW Home Products, Owen Corning India Ltd., and ICICI Prudential AMC Ltd.,	Ms.Zarine K Commissariat is presently working as Head Corporate Social Responsibility for the Shapoorji Pallonji Group. Her strengths includes strategic planning and brand building, leadership identification and development, new business generation team working and conceptualizing and monitoring.
List of Public Limited Companies in which Directorship held as on 30 <sup>th</sup> September, 2015	<u>PUBLIC COMPANIES</u> 1.United Motors (India) Limited 2.Aquamall Water Solutions Limited	<u>PUBLIC COMPANIES</u> NIL
Member of the Board Committees	NIL	NIL
No. of shares held	NIL	NIL

Mumbai  
23<sup>rd</sup> November, 2015.

Registered Office :  
No.24, 29<sup>th</sup> Main  
BTM Layout II Stage  
Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Sachin Kulkarni**  
*Whole time Director*

**Annual Report**  
**2014 - 2015**  
**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 30<sup>th</sup> September, 2015.

**1. Financial summary / highlights of Performance :**

The summarized financial performance of the Company are set out below :

	<b>(Rs. In Crores)</b>			
	<b>Standalone</b>		<b>Consolidated</b>	
	<b>FY 14-15</b>	FY 13-14	<b>FY 14-15</b>	FY 13-14
(a) Gross Income	<b>331.59</b>	344.13	<b>336.54</b>	350.13
(b) Less: Costs	<b>350.09</b>	345.44	<b>340.09</b>	335.68
(c) Balance	<b>(18.50)</b>	(1.31)	<b>(3.55)</b>	14.45
(d) Less: Interest and Financial Charges (Net)	<b>21.95</b>	22.86	<b>32.38</b>	33.89
(e) Balance	<b>(40.45)</b>	(24.17)	<b>(35.93)</b>	(19.44)
(f) Less: Depreciation	<b>7.59</b>	10.35	<b>8.63</b>	11.96
(g) Loss after depreciation carried to Balance Sheet	<b>(48.04)</b>	(34.52)	<b>(44.56)</b>	(31.40)
(h) Balance	<b>(48.04)</b>	(34.52)	<b>(44.56)</b>	(31.40)
(i) Add: Net Tax Credit	<b>2.56</b>	0.39	<b>1.17</b>	2.28
(j) Loss for the year	<b>(45.48)</b>	(34.13)	<b>(43.39)</b>	(29.12)
(k) Less : Minority Interest	-	-	<b>(4.64)</b>	(3.32)
(l) Loss after tax	<b>(45.48)</b>	(34.13)	<b>(38.75)</b>	(25.80)
(m) Add : Balance brought forward	<b>(42.18)</b>	(8.05)	<b>(121.28)</b>	(95.48)
(n) Add : Carrying value of assets recognized	<b>(1.56)</b>	-	<b>(1.56)</b>	-
(o) Balance carried to Balance Sheet	<b>(89.22)</b>	(42.18)	<b>(161.59)</b>	(121.28)

**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.331.59 Crores as compared to Rs.344.13 Crores in the previous year and the Net loss after tax of Rs.45.48 Crores as compared to Net Loss of Rs.34.13 Crores in the previous year. Your Company's performance review of the business /operations are covered in detail in the Management Discussion and Analysis Report, which is forming part of this Report.

The consolidated financial statements for the year ended 30<sup>th</sup> September, 2015 of the Company and its subsidiary together with the Auditors Report thereon are attached.

**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 1<sup>st</sup> October, 2015 to 31<sup>st</sup> March, 2016.

**4. Share Capital and Preference Shares :**

During the year under review, the Company has increased Authorised Share Capital from Rs.7 crores to Rs.27 Crores.

The Paid up Capital of the Company has been increased from Rs.6,49,93,080 to Rs.26,49,93,080 pursuant to allotment of 2 crores Non-cumulative, Non-convertible, Redeemable preference shares of Rs.10/- each amounting to Rs.20 crores to Messrs. Shapoorji Pallonji & Company Private Limited, Promoter, on Private Placement basis. None of the Directors of the Company hold equity or preference shares.

**5. Dividend and Transfer to Reserve :**

Due to the loss sustained by the Company and to preserve funds for the operations, no dividend for the year is proposed by the Board of Directors. No amount has been transferred to the Reserves.

**6. Material changes and commitments :**

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

## **7. Subsidiary Company :**

Your Company had formed a Subsidiary Company viz., 'Gokak Power & Energy Limited' on 17<sup>th</sup> January, 2012 and obtained a Certificate of Commencement of Business on 26<sup>th</sup> March, 2012. The main object of the subsidiary company is 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.

The Audited Statements of Accounts along with the Report of Board of Directors of Gokak Power & Energy Ltd., together with the Auditors' Report for the financial year from 01.10.2014 to 30.09.2015 are appended separately to this Annual Report.

While preparing Consolidated Financials Statements of the Company, financials of its Subsidiary company viz., Gokak Power & Energy Ltd., have been consolidated as per Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, which forms part of the Annual Report.

## **8. Knitwear Business :**

Members are aware that the company has already taken permission from the shareholders as required under section 192 (a) of the Companies Act, 1956 and corresponding section 110 of the Companies Act, 2013 to sell the Knitwear business as a going concern. As the deal did not materialize with the reasonable price and the buyer, presently, the Company is reviving its knitwear business.

## **9. Management Discussion and Analysis Report :**

### **9.1 Industry Structure and Development :**

The past year has been a challenging year for the Textile Industry with lots of ups and downs. In spite of the above, the industry has been able to maintain its steady performance during the year under review. The recoveries in US, European and Asian economies is good for the Industry and will boost the exports to these economies. Textile Industry has played a key role in the country's progress over the years and the situation is likely to gain momentum in the times ahead. The Industry continues to hold a dominant position in country's economic structure because of its huge contribution towards employment generation.

No industry is free from normal business risk and concerns. Indian Textile Industry continues to face stiff competition from China, Bangladesh, Sri Lanka and other emerging economies. The relative competitiveness of Industry is dependent upon the raw cotton prices, exchange rates and prevalent interest rates regime. The primary raw material for the manufacturing of yarn is cotton with share of around 60% of total cost. Cotton being an agriculture produce, its supply and quality are subject to forces of nature i.e. Monsoon. Any increase in the prices of raw cotton will make the things difficult for the Textile Industry resulting weak demand and thin margins. Thus availability of raw cotton at the reasonable prices is crucial for the spinning industry.

Raw material costs have fairly stabilized during the year under review and are expected to remain stable. The recovery of the textile industry seems to be round the corner as domestic demand is expected to pick up this year on account of improved economic sentiments. In spite of the adverse market conditions prevailing in various businesses in which the Company operates, the overall performance of the Company during the year has improved compared to that of the previous year.

### **9.2 Opportunities and Treats :**

There is confidence of a revival in global the economic outlook in the coming years though this view is not presently supported by economic fundamentals driven by higher economic growth in the advance economies and constrained by moderate growth in emerging markets.

A 'Make in India' campaign has been unveiled by the Prime Minister. The 'Make in India' scheme also puts in place the systems to address in a timely manner queries of potential investors. At present, the Government of India allows 100% Foreign Direct Investment (FDI) under the automatic route in the textile sector, subject to all applicable regulations and laws, which effectively backs the Make in India program for the textile and garment industry. Under the 'Make in India' initiative, investment opportunities for foreign companies and entrepreneurs are available across the entire value chain of synthetics, value-added and specialty fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments, and retail brands.

Changes in China's Textile Policy severely affected the country's export to that country. In spite of the above, we are of the firm opinion that the future of the Textile Industry is quite promising. We hope that with the recoveries in economies of U.S.A and European Union will propel the growth of the Textile Industry. Ever growing retailing sector and increased purchasing power of both urban and rural people, are still present in the economy and will lead to the growth of the Industry. The shifting of orders from China to India, due to various favourable factors will also help the Industry to increase its global share.

### **9.3 Segment-wise product-wise performance :**

Company has successfully introduced wider product range. In particular, fine counts for Home textile and Shirting segments were successfully introduced and performing good. Specialty yarns like fluorescent yarns, flame retardant yarns were introduced and are doing well. Dyed yarn sale is maintaining consistent position.

Export to Middle east, Europe, South Africa is been initiated and is been going consistently.

Melange yarns for Undergarment and Night ware manufacturing industry were introduced successfully and are consistently doing well.

### **9.4 Business outlook :**

The Company is taking all efforts to improve the quality of production and new products which yields better returns.

Broadening the Product and Customer base is the Theme followed for Business growth. Through exports, Company is also increasing its presence in International market. Company is also seriously looking out for Joint Ventures for Business growth in the areas of home

## Annual Report 2014 - 2015

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textiles. Company has successfully introduced many new raw materials like coolmax, thermolite, kernel apart from bamboo, modal, lyocel. It has been decided to introduce at least 1 product in every six months.

### 9.5. Risks and Concerns :

The company has drawn and put in place a comprehensive Risk Management Policy to assess and mitigate various risks. The Company wide awareness of risk management policies and practices is being inculcated to minimize the adverse effect of risks on the operating results and the subject of management of risks are being approached in a planned and co-ordinated manner. The acceptability of cotton as premium product can only enhance value perception of the yarn and knitwear we produce. The Company is accelerating this process by moving up the value chain by well researched and designed products. Company has taken several steps to introduce high performance fibres to move up in the value chain and in-house research in developing these products commercially has been a success.

### 9.6. Internal Control Systems and their adequacy :

The Company has a benefit of internal control systems developed over years which ensured that all transactions are satisfactorily recorded and reported and all assets are protected against loss from an unauthorized use or otherwise. The internal control systems are supplemented by an internal audit system carried out by independent firms of Chartered Accountants and a periodical review by the management. The 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 and systems, statutory compliance, risk analysis and its management and information technology are woven together to provide a meaningful support to the management process. The system adopted, especially relating to internal control systems are adequate and commensurate with the nature of its business and size of its operations, though continuous efforts are being made to strengthening the same.

### 9.7. Material developments in Human Resources / Industrial Relations front :

In the past few years, as the job market has opened widely, the demand for talents has been continuously rising and continuous learning has therefore become inevitable. As such, the Company continued thrust on Human Asset Management and Development activity. In order to cope with this requirement for talent, apart from locating talents from outside market wherever necessary, the Company also focused on the activity of nurturing and developing its human capital from within, by the process of training and upgrading competence level.

On the Industrial Relations front, a cordial relationship has been maintained with the workmen and their Union and there has not been any loss of man hours in the manufacturing units. Your Company has put in place a series of HRD measures including appraisal of employees, recognition and reward for good work, developing career plans, training etc., In the context of the changing business scenario, professional competence and skills are being nurtured keeping the growth perspective in mind. Your Company has successfully introduced Internal Auditors for ISO 9001 from the workmen category which was a very successful effort put in by the Management. Apart from this, a team of workers have been formed as change agents who are very active in training other co-workers in many aspects of shop floor functioning. These efforts have started yielding intangible results and it is expected that continuation of such efforts will start yielding tangible results too, in future.

### 9.8. Cautionary Statement :

The statements in this report on 'Management Discussion and Analysis' describing the Company's objectives, estimates, expectations or projections, outlook etc., may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. These statements are based on certain assumptions and expectations of future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

### 10. 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.

### 11. Directors and Key Managerial Personnel :

Mr.H.S.Bhaskar, Whole time Director, Mr.Govinda R Kadekar, Chief Financial Officer have resigned from the services of the Company with effect from 13<sup>th</sup> July, 2015 and 17<sup>th</sup> August, 2015 respectively. Mr.Sachin Kulkarni has been appointed as the Whole time Director with effect from 13<sup>th</sup> July, 2015

Mr.Vasant Sanzgiri (DIN 01757117) Director is due to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, Ms.Zarine K Commissariat (DIN 07146151) was appointed as Non-independent Woman Director with effect from 31<sup>st</sup> March, 2015.

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.

### 12. Meetings :

During the year, eight Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

A calendar of Meetings is prepared and circulated in advance to the Directors.

**13. Board Evaluation :**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee.

**14. 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 and under Clause 49 of the Listing Agreement. Independent Directors are familiarized with their roles, rights and responsibilities in the Company through presentation made to them from time to time.

**15. Remuneration Policy :**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Remuneration Policy of the Company acts as a guidelines for determining, inter-alia, qualification, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of the performance of the Director, Key Managerial Personnel and Senior Management. The Remuneration Policy is stated in the Corporate Governance Report.

Disclosure 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.

**16. 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.

**17. Details of Subsidiary/Joint Ventures/Associate Companies :**

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiary viz., Gokak Power & Energy Limited has been disclosed in Form No. AOC-1 as **Annexure I** to this report.

The Company do not have joint ventures/associate companies. The Audited financial statements, Directors' Report of subsidiary company viz. Gokak Power & Energy Limited is attached and forming part of this Annual Report.

**18. Auditors and Auditors Report :**

During 8<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> December, 2014, Messrs. Kalyaniwalla & Mistry Chartered Accountants had been appointed as Statutory Auditors upto the 11<sup>th</sup> 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. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

**19. Disclosure about Cost Audit :**

As per the Cost Audit Orders, Cost Audit was not applicable to the Company's products/ business for the Financial Year 2014-15. However, the Cost Audit is applicable for the year 2015-16. In terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Messrs. A G Anikhindi & Co., Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2015-16. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting.

**20. Secretarial Audit Report :**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, the Company has appointed Mr.B S Srinivas, Practising Company Secretary to conduct Secretarial Audit of the Company. The report of the Secretarial Auditors in Form No. MR-3 is enclosed as **Annexure IV** to this report. The report is self-explanatory and do not call for any further comments. There is no qualification in the Report.

**21. Corporate Social Responsibility :**

During the year 2013-14, as per the provisions of Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has formed Corporate Social Responsibility Committee of the Directors comprising of Mr.Kaiwan Kalyaniwalla, Mr.Pradip N. Kapadia and Mr.Vasant Sanzgiri to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013. Due to net loss, your Company has not earmarked any amount on CSR Activities. However, since inception, the Company is spending on afforestation, schools and hospitals, and continued to support causes of public utility both directly and indirectly in the field of education, medical relief, relief of poverty and promotion of sports and art. Your Company is re-cycling all the process waste and manufacture quality yarns and other products for both local and export markets which greatly helped in reduction of carbon-emission. Your Company has always strived to increase its output to input ratio which once again reduces carbon-emission.

## Annual Report 2014 - 2015

**22. Internal Audit & Controls :**

The Company continues to engage Internal Auditors. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

**23. Vigil Mechanism/ Whistle Blower Policy :**

The Company has Whistle Blower Policy/Vigil Mechanism to deal with instances of fraud and mis-management, if any. The policy has been uploaded on the website of the Company at [www.gokakmills.com](http://www.gokakmills.com) under Investor Corner.

**24. Risk Management Policy :**

The company has drawn and put in place a comprehensive Risk Management Policy to assess and mitigate various risks. The details of which is covered under Management Development and Analysis Report forming part of this Report.

**25. 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 V**.

**26. 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.

**27. 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. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature.

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.

The policy on dealing with Related Party Transactions as approved by the Board is disclosed on the Company's website [www.gokakmills.com](http://www.gokakmills.com). The related party transactions with details are furnished in the Notes forming a part of the accounts

**28. Corporate Governance :**

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 as stipulated in Clause 49 of the Listing Agreement issued by Mr.B.S.Srinivas, Practising Company Secretary is annexed to the Report on Corporate Governance.

**29. Statutory Disclosures :**

(a) 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.

(b) Details in respect of adequacy of internal financial controls with reference to the Financial Statements are given in the Management Discussion and Analysis Report forming part of this Report.

**30. 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.

**31. Conservation of energy, technology absorption and foreign exchange earnings and outgo :**

(a) The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(i) the steps taken or impact on conservation of energy	i. Replacement of lower efficiency motors to higher efficiency motors. ii. Refurbishing of 224 kg dyeing machine enabling power saving. iii. Conventional lighting arrangements replaced with LED lights. iv. Re-arrangement of lighting circuits to switch off the lights. v. Time optimization of overhead cleaner motors to Ring Frame machines for power savings.
(ii) the steps taken by the company for utilizing alternate sources of energy	None
(iii) the capital investment on energy conservation equipment's	Nil

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

(c) Foreign exchange earnings and Outgo	(Rs.in Crores)
1 Earnings	10.40
2 Outgo	4.85

**32. 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.

**33. 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 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;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts for the financial year from 01.10.2014 to 30.09.2015 on a ‘going concern’ basis
- that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**34. Listing of Shares :**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the Annual Listing Fees for the year 2015-2016 to the Stock Exchange.

**35. Acknowledgements :**

Your Company continues to occupy a place of respect amongst the many stakeholders it is associated with, most of all, our valued customers. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge the co-operation extended by workmen and its Union. Your Directors thank all other stakeholders including Financial Institutions, Banks and suppliers of various goods and services for their valuable and sustained support, encouragement and look forward to receive similar support and encouragement in the years ahead.

Mumbai  
23<sup>rd</sup> November, 2015.

Registered Office :  
No.24, 29<sup>th</sup> Main  
BTM Layout II Stage  
Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Ashok Barat**  
Chairman



**Annual Report**  
**2014 - 2015**

**ANNEXURE TO DIRECTORS' REPORT**

**Annexure I**

**FORM NO. AOC-1**

**(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**

(Information in respect of each subsidiary to be presented with amounts in Rupees)

1.	Name of the Subsidiary	Gokak Power & Energy Limited (Unlisted Indian subsidiary)
2	Reporting period of subsidiary concerned, if different from the holding company's reporting period	30.09.2015 Same as Holding Company
3	Reporting currency	NA
4	Share Capital	Rs. 49,00,00,000
5	Reserves & Surplus	Rs. (4,51,73,725)
6	Total Assets	Rs. 133,16,33,678
7	Total Liabilities	Rs. 88,68,07,403
8	Investments	Rs. Nil
9	Turnover	Rs. 132,318,780
10	Profit before Taxation	Rs. 97,38,187
11	Provision for Taxation	Rs. 1,38,97,607
12	Loss After Taxation	Rs. (41,59,419)
13	Proposed Dividend	NIL
14	% 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

Mumbai  
23<sup>rd</sup> November, 2015.

For and on behalf of the  
Board of Directors

**Ashok Barat**  
*Chairman*

FORM NO. A0C-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 Power & Energy Limited Subsidiary Company
b	Nature of contracts / arrangements/transactions	Agreement for purchase of power between Gokak Power & Energy Ltd., and Gokak Textiles Limited, Holding Company for captive 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	13.08.2012
f	Amount paid as advance, if any	Security Deposit - Rupees One crore

Mumbai  
23<sup>rd</sup> November, 2015.

Registered Office :  
No.24, 29<sup>th</sup> Main  
BTM Layout II Stage  
Bangalore – 560 076.

For and on behalf of the  
Board of Directors

**Ashok Barat**  
Chairman

**Annual Report**  
**2014 - 2015**

Annexure III

**Disclosure under Section 197(12) 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 2014-15 ended on 30<sup>th</sup> September, 2015.**

During the financial year 2014-15, the Non-Executive Directors of the Board, Members of the Audit Committee, Nomination and Remuneration Committee were paid sitting fees of Rs.20,000/- and Rs.10,000/- per meeting of Board and Committees respectively for the year ended 30<sup>th</sup> September, 2015 :

Director	Sitting Fees (Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr.Ashok Barat (Chairman)	2.00	0.33:1
Mr.Pradip Narotam Kapadia	1.70	0.28:1
Mr.Rudra Narain Jha	2.20	0.37:1
Mr.Kaiwan Kalyaniwalla	1.50	0.25:1
Mr.Vasant Narayan Sanzgiri	2.00	0.33:1
Mr.Govinda Dasu Prasad	2.10	0.35:1
Mr.Zarine K Commissariat	0.60	0.10:1
Remuneration to Executive Director	(Rs in lakhs)	Ratio to Median (No. of times to Median Salary)
Mr.Sachin Kulkarni(Whole time Director) from 13.07.2015 to 30.09.2015	688749	1.14:1
Mr.H.S.Bhaskar (Whole time Director) from 01.10.2014 to 13.07.2015	4146425	6.91:1

- Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year : **NIL**
- Percentage increase in the median remuneration of employees in the financial year : **NIL**
- Number of permanent employees on the rolls of Company as on 30<sup>th</sup> September, 2015 were **1571**
- Expalantion on the relationship between average increase in remuneration and company performance : **N.A.**
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the company : **N.A. as Company has incurred losses.**
- Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variation in the net worth of company as at the close of the current financial year and previous financial year :

Date	Closing Market Price in Rs.	EPS	P/E ratio	Market Capitalisation in Rs. crores	% Change
30.09.2014	48.90	(52.51)	N.A.	317.36	N.A.
30.09.2015	52.80	(69.98)	N.A.	342.67	7.97

- 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 : **N.A.**
- Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company : **N.A. as Company has incurred loss.**
- Key parameters for any variable component of remuneration availed by the directors : **NIL**
- Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : **No employee receive remuneration in excess of the highest paid Director during the year.**
- Affirmation that the remuneration is as per the remuneration policy of the Company: **Board of Directors affirm that the remuneration paid is as per the Remuneration Policy of the Company.**

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

For and on behalf of the  
Board of Directors

**Ashok Barat**  
Chairman

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

For the financial year ended 30<sup>th</sup> September, 2015

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Board of Directors  
**Gokak Textiles Limited**

No.24, 29<sup>th</sup> Main, BTM Layout II Stage  
Bangalore – 560 076.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gokak Textiles Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the 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 audit period ended on 30/09/2015, 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Gokak Textiles Limited** (“**The Company**”) for the period ended on 30/09/2015 according to the provisions of:
  - I. the Companies Act, 2013 (**the Act**) and the Rules made there under;
  - II. the Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the Rules made there under;
  - III. the Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**) to the extent applicable to the Company:-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
    - g. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
    - h. The Memorandum and Articles of Association.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

**2.** I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 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 29<sup>th</sup> December 2014;
- 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;

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- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- l) Appointment and remuneration of Auditors and Cost Auditors;
- m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) Declaration and payment of dividends;
- o) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- p) Borrowings and registration, modification and satisfaction of charges wherever applicable;
- q) Investment of the Company's funds including investments and loans to others;
- r) 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;
- s) Directors' report;
- t) Contracts, common seal, registered office and publication of name of the Company; and
- u) generally, all other applicable provisions of the Act and the Rules made under the Act.

### 3. I further report that:

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

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

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

The Company has obtained all necessary approvals under the various provisions of the Act; and There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

- 4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
- 5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed there under by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- 6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

### 7. I further report that:

- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Limited;
  - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
8. I further report that based on the information received and records maintained 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.

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

**Form No.MGT-9**
**EXTRACT OF ANNUAL RETURN**

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

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
<b>1. CIN</b>	L17116KA2006PLC038839
<b>2. Date of Incorporation</b>	27.03.2006
<b>3. Name of the Company</b>	Gokak Textiles Limited
<b>4. Category</b>	Company Limited by Shares
<b>5. Sub-category of the Company</b>	Indian Non-Government Company
<b>6. Address of the Registered Office</b>	No.24, 29 <sup>th</sup> Main, BTM Layout 2 <sup>nd</sup> Stage, Bangalore-560076
<b>7. Whether Listed or Not</b>	Yes
<b>8. Name, Address and Contact Details of Registrar and Transfer Agent, if any</b>	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous studio, 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:

SI 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 ASSOCIATES COMPANIES:**

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

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**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	
<b>A</b>	<b>Promoters</b>									
	(a) Individuals /Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Bodies Corporate	4,780,845	0	4,780,845	73.56	4,780,845	0	4,780,845	73.56	0.00
	(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>4,780,845</b>	<b>0</b>	<b>4,780,845</b>	<b>73.56</b>	<b>4,780,845</b>	<b>0</b>	<b>4,780,845</b>	<b>73.56</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
	(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>4,780,845</b>	<b>0</b>	<b>4,780,845</b>	<b>73.56</b>	<b>4,780,845</b>	<b>0</b>	<b>4,780,845</b>	<b>73.56</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
	<b>(1) Institutions</b>									
	(a) Mutual Funds / UTI	86	125	211	0.00	76	125	201	0.00	0.00
	(b) Financial Institutions / Banks	5,975	3,843	9,818	0.15	5,975	3,843	9,818	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	295,807	250	296,057	4.56	295,807	250	296,057	4.56	0.00
	(f) Foreign Institutional Investors	200,610	25	200,635	3.09	0	25	25	0.00	-3.09
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(i) Any Other (specify)									
	i- Foreign Portfolio Investors (Corporate)	0	0	0	0.00	200,610	0	200,610	3.09	3.09
	<b>Sub-Total (B) (1)</b>	<b>517,659</b>	<b>44,233</b>	<b>561,892</b>	<b>8.65</b>	<b>517,649</b>	<b>44,233</b>	<b>561,882</b>	<b>8.65</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>									
	(a) Bodies Corporate	242,091	5,224	247,315	3.81	272,908	5,216	278,124	4.28	0.47
	(b) Individuals -									
	i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	548,850	240,029	788,879	12.14	548,837	230,599	779,436	11.99	-0.15
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	95,892	0	95,892	1.48	74,586	0	74,586	1.15	-0.33
	(c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Any Other									
	(i) Trust	370	0	370	0.01	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	23,325	790	24,115	0.37	23,325	790	24,115	0.37	0.37
	<b>Sub-total (B) (2)</b>	<b>910,528</b>	<b>246,043</b>	<b>1,156,571</b>	<b>17.80</b>	<b>919,976</b>	<b>236,605</b>	<b>1,156,581</b>	<b>17.80</b>	<b>0.00</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>1,428,187</b>	<b>290,276</b>	<b>1,718,463</b>	<b>26.44</b>	<b>1,437,625</b>	<b>280,838</b>	<b>1,718,463</b>	<b>26.44</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>6,209,032</b>	<b>290,276</b>	<b>6,499,308</b>	<b>100.00</b>	<b>6,218,470</b>	<b>280,838</b>	<b>6,499,308</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
	<b>(1) Promoter and Promoter Group</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>(2) Public</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>6,209,032</b>	<b>290,276</b>	<b>6,499,308</b>	<b>100.00</b>	<b>6,218,470</b>	<b>280,838</b>	<b>6,499,308</b>	<b>100.00</b>	<b>0.00</b>

ii) Shareholding Pattern of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year <b>01.10.2014</b>			Shareholding at the end of the year <b>30.09.2015</b>			% 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	<b>Shapooji Pallonj &amp; Co. Pvt. Ltd.</b>	<b>4780845</b>	<b>73.56%</b>	0.00	<b>4780845</b>	<b>73.56%</b>	0.00	0.00
	<b>TOTAL</b>	<b>4780845</b>	<b>73.56%</b>	0.00	<b>4780845</b>	<b>73.56%</b>	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 <b>01.10.2014</b>		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	295,807	4.55	-	No Change <b>At the end of the year</b>	0	0.00	295,807	4.55
				<b>30.09.2015</b>		-	-	<b>295,807</b>	<b>4.55</b>
2	India Discovery Fund Limited	200,610	3.09	-	No Change <b>At the end of the year</b>	0	0.00	200,610	3.09
				<b>30.09.2015</b>		-	-	<b>200,610</b>	<b>3.09</b>
3	Neoworth Commercial Private Limited	119,851	1.84	23.01.2015	Purchase of Shares Purchase of Shares <b>At the end of the year</b>	18,704	-0.29	119,851	1.84
				30.01.2015		6,296	-0.10	138,555	2.13
				<b>30.09.2015</b>		-	-	144,851	2.23
						-	-	<b>144,851</b>	<b>2.23</b>
4	Governor Of Kerala	39,990	0.62	-	No Change <b>At the end of the year</b>	0	0.00	39,990	0.62
				<b>30.09.2015</b>		-	-	<b>39,990</b>	0.62



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5	Thirdwave Business Aids Private Limited	<b>31,440</b>	<b>0.48</b>					31,440	0.48
				13.03.2015	Sale of Shares-	1,020	0.02	30,420	0.47
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>30,420</b>	<b>0.47</b>
6	Kamal Kumar Goyal	<b>27,646</b>	<b>0.43</b>					27,646	0.43
				-	No Change	0	0.00	27,646	0.43
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>27,646</b>	<b>0.43</b>
7	Shilpa Porinju Veliyath	<b>25,029</b>	<b>0.39</b>					25,029	0.39
				-	No Change	0	0.00	25,029	0.39
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>25,029</b>	<b>0.39</b>
8	Yonkers Finance Corporation Limited	<b>23,325</b>	<b>0.36</b>					23,325	0.36
				-	No Change	0	0.00	23,325	0.36
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>23,325</b>	<b>0.36</b>
9	Dattatraya Sitaram Kirloskar	<b>16,277</b>	<b>0.25</b>					16,277	0.25
				10.10.2014	Purchase of Shares	200	0.00	16,477	0.25
				09.01.2015	Purchase of Shares	300	0.00	16,777	0.26
				20.02.2015	Purchase of Shares	70	0.00	16,847	0.26
				06.03.2015	Sale of Shares	-1,000	0.02	15,847	0.24
				13.03.2015	Sale of Shares	-167	0.00	15,680	0.24
				22.05.2015	Purchase of Shares	15	0.00	15,695	0.24
				29.05.2015	Purchase of Shares	170	0.00	15,865	0.24
				05.06.2015	Sale of Shares	-20	0.00	15,845	0.24
				12.06.2015	Purchase of Shares	354	-0.01	16,199	0.25
				19.06.2015	Sale of Shares	-3,363	0.05	12,836	0.20
				17.07.2015	Sale of Shares	-233	0.00	12,603	0.19
				24.07.2015	Sale of Shares	-625	0.01	11,978	0.18
				31.07.2015	Sale of Shares	-188	0.00	11,790	0.18
				07.08.2015	Sale of Shares	-130	0.00	11,660	0.18
				14.08.2015	Sale of Shares	-40	0.00	11,620	0.18
				21.08.2015	Sale of Shares	-661	0.01	10,959	0.17
				28.08.2015	Sale of Shares	-102	0.00	10,857	0.17
				11.09.2015	Purchase of Shares	465	-0.01	11,322	0.17
				18.09.2015	Sale of Shares	-5,545	0.09	5,777	0.09
				25.09.2015	Sale of Shares	-100	0.00	5,677	0.09
				30.09.2015	At the end of the year	-461	0.01	5,216	0.08
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>5,216</b>	<b>0.08</b>
10	Kerala State Industrial Development Corporation	<b>15,181</b>	<b>0.23</b>					15,181	0.23
				-	No Change	0	0.00	15,181	0.23
				<b>30.09.2015</b>	<b>At the end of the year</b>	-		<b>15,181</b>	<b>0.23</b>

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

Sl.	Particulars	Shareholding at the beginning		Cumulative Shareholding	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the
1	At the beginning of the year	None of the Directors held shares in the Company at the beginning of the year except Mr.H.S.Bhaskar, Executive Director was holding 10 shares in			
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 beginning 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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	78.95	-	-	78.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.29	-	-	0.29
iv) Premium accrued but not due on NCD	-	-	-	-
v) Credit card utilization	78.35	-	-	78.35
<b>Total (i+ii+iii+iv+v)</b>	157.59	-	-	157.59
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	37.51	-	37.51
* Reduction	(35.55)	-	-	(35.55)
<b>Net Change</b>	(35.55)	37.51	-	1.96
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	53.54	37.51	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.38	-	-	-
iv) Premium accrued but not due on NCD	-	-	-	-
v) Credit card utilization	68.11	-	-	-
<b>Total (i+ii+iii+iv+v)</b>	122.03	-	-	159.54

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**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

S. No.	Particulars of Remuneration	Name of the Whole time Director Mr.Sachin Kulkarni From 13.7.2015 to 30.9.2015	Name of the Whole time Director Mr.H.S.Bhaskarup to From 01.10.2014 to 13.07.2015
1	Gross salary	In Rs.	In Rs.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	647739	2867945
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	41010	78480
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission- as % of profit- others, specify...	0.00	0.00
5	Others, please specify	0.00	1200000
	Total (A)	<b>688749</b>	<b>4146425</b>
	Ceiling as per the Act, 2013	1829032	4567742

**B. REMUNERATION TO OTHER DIRECTOR**

Sl. No.	Particulars of Remuneration	Fees for attending Meetings	Commission Board/ Committee	Others, please specify	Total
1	<b>Independent Directors</b>		-	-	
	Mr.Pradip N Kapadia	170000	-	-	170000
	Mr.R.N.Jha	220000	-	-	220000
	Mr.Kaiwankalyaniwalla	150000	-	-	150000
	Mr.D.G.Prasad	210000	-	-	210000
	<b>Total (1)</b>	<b>750000</b>	-	-	<b>750000</b>
2	<b>Other Non Executive Directors</b>		-	-	
	Mr.Shapoor P. Mistry	20000	-	-	20000
	Mr.Ashok Barat	200000	-	-	200000
	Mr.Vasant Sanzgiri	200000	-	-	200000
	Ms.Zarine K Commissariat	60000	-	-	60000
	<b>Total (2)</b>	<b>480000</b>	-	-	<b>480000</b>
	<b>Total (B)=(1+2)</b>		-	-	
	Total Managerial Remuneration	<b>NIL</b>			<b>NIL</b>
	Overall Ceiling as per the Companies Act, 2013	<b>N.A.</b>			<b>N.A.</b>

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

(in Rupees)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer Mr. Govinda R Kadekar 1.10.2014 to 17.08.2015.	Company Secretary Mr. K Ramananda Pai 1.10.2014 to 30.09.2015	
1.	Gross Salary (a) Salary as per provision contained in Section 17 (1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) Income tax Act, 1961 (c) Profits in lieu of Salary u/s 17(3) Income tax Act, 1961	1049724	801060	1850784
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	-as % of Profit	-	-	-
	-others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	1049724	801060	1850784

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)
<b>A. COMPANY</b> Penalty Punishment Compounding			None and Not Applicable		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			None and Not Applicable		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			None and Not Applicable		

**REPORT ON CORPORATE GOVERNANCE**

**1. Brief statement on company's philosophy on code of governance:**

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

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

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

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

**2. Board of Directors:**

**(a) Composition of Board**

The Board of Directors are persons of integrity and having wide range of experience and skills. As on 30<sup>th</sup> September, 2015, the Board comprises of 8 Directors, including Non-Executive Director as Chairman. Out of them, 4 are Independent Directors, 3 are Non-executive Directors and one Executive Director viz Whole-time Director. The Company is managed by Whole-time Director under the supervision, direction and control of the Board. The Independent Directors are professionals with high credentials, who actively contribute in the deliberations of the Board, covering all strategic policy matters and strategic decisions.

The composition of the Board is in conformity with Clause 49-I of the listing agreement with stock exchange

**(b) Role of Board of Directors**

Directors plays primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board's role, functions, responsibility and accountability are defined. As Board's primary role is fiduciary innature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilized in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders and also to fulfill the aspirations of the society and the communities in which it operates. As part of its function, Board periodically review all the relevant information which is required to be placed before it pursuant to Clause 49 of the Listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Board monitors the Company's overall corporate performance directs and guides the activities of the Management towards the set goals and seek accountability. Board also sets standard of corporate behavior, ensure transparency in corporate dealings and compliance with the laws and regulations.

**(c) Board Meetings**

The Board meets at least once in a quarter, inter-alia, to review quarterly financial results and operations of the Company. The Notice of Board / Committee Meetings are given well in advance to all the Directors. The Agenda of the Board/Committee meetings is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. At the Board Meeting, detailed presentations are made to the Board. The Board Members discuss each agenda items in detail before taking a decision. However, in case of urgent business and time bound compliances, the Board's approval is taken by passing resolutions by circulation, as permitted by law which is confirmed in the subsequent Board meeting. The Company also uses video conferencing facility to enable participation of Directors in the Board/Committee Meetings.

During the year under review, 8 (Eight) Board meetings were held on 10.11.2014, 17.12.2014, 12.02.2015, 04.03.2015, 14.05.2015, 13.07.2015, 28.07.2015 and 24.09.2015. The gap between two consecutive Board Meetings was not more than 120 days.

The names and categories of the Directors on the Board, the details of the Board of Directors in terms of their directorships held, number of meetings attended during their tenure/sitting fee paid, their memberships/Chairmanships and attendance at the AGM are as under.

Sl. NO.	Name of the Directors	Category	Number of board Meetings During at 2014-2015		Attendance AGM held on	Number of shares held	Relationship with other Director	No. of Directorships in other Public Companies	No. of Committee Positions held in Public Companies including GTL	
			Held	Attended					Chairman	Member
1	Shri. Shapoor P Mistry*	Non-Executive Promoter Chairman	8	1	No	-	Not Related	-	-	-
2	Shri. Ashok Barat	Non-Executive Chairman#	8	8	No	-	Not Related	5	2	3
3	Shri. H.S. Bhaskar @	Executive Whole time Director	8	4	Yes	10	Not Related	1	-	-
4	Shri. Sachin Kulkarni \$	Executive Whole time Director	8	3	No	-	NotRelated	1	-	-
5	Shri. Pradip N Kapadia	Independent	8	8	Yes	-	Not Related	4	3	5
6	Shri. R.N. Jha	Independent	8	8	Yes	-	Not Related	4	2	1
7	Shri. Kaiwan Kalyaniwalla	Independent	8	6	No	-	Not Related	5	6	4
8	Shri. Vasant Sanzgiri	Non-Executive Non Independent	8	8	Yes	-	Not Related	2	-	-
9	Shri. D.G Prasad	Independent	8	8	No	-	Not Related	4	1	3
10.	Ms.Zarine K Commissaria	Non-Independent & Women Director	8	3	No	-	NotRelated	-	-	-

\* Resigned with effect from 31.03.2015 # Chairman with effect from 14.05.2015 @ Resigned with effect from 13.07.2015, \$ Appointed with effect from 13.07.2015 & Appointed with effect from 31.03.2015

#### Meeting of Independent Directors :

The Independent Directors met on 24th September, 2015 to discuss inter-alia :

- Review of performance of Non-independent Directors and the Whole-time Director
- Review of performance of the Chairman taking into account the views of the Executive Director and Non-Executive Directors
- Assessment of quality, quantity and timelines of flow of information between the Management and the Board
- Performance of Board of Directors as a whole.

The meeting was attended by all four Independent Directors

### 3. Audit Committee:

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

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

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

Audit Committee mandatory reviews the following information:

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

The Whole time Director is a permanent invitee to the Audit Committee Meetings.

The statutory auditors, branch auditors and internal auditors of the Company are also invited to the Audit Committee Meetings. Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered. Discussions with the management are held and the external 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.

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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.

(iii) Meetings and Attendance :

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.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 29<sup>th</sup> December, 2014.

(iv) 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. R.N. Jha	Chairman	Independent	4	4
2.	Shri. Ashok Barat	Member	Non-Executive Non Independent	4	4
3.	Shri. D.G.Prasad	Member	Independent	4	4

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

#### 4. Nomination and Remuneration Committee:

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

(i) Brief description of terms of reference:

- 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.
- Considering and ensuring the compliance of provisions under schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Director/Whole time Directors.
- 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
- 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.

(ii) Composition of the Committee :

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

(iii) Meetings and attendance :

During the year under review, 4 Meetings were held on 10.11.2014, 30.03.2015, 13.07.2015 and 23.09.2015. 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 Kalyaniwlla	Chairman	Independent	4	4
2.	Mr.R.N.Jha	Member	Independent	4	3
3.	Mr.Vasant Sanzgiri	Member	Non-Independent Non-Executive	4	2

(iv) Remuneration Policy :

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

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

(v) Details of Remuneration :

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

(A) Sitting fees has been to the Non-executive / Independent Directors for attending Board/ Committee Meetings are as under :

Name of Director	Directors' fees Rs.	Commission paid	Total Rs.
Shri. Shapoor P Mistry	20000	Nil	20000
Shri. Ashok Barat	200000	Nil	200000
Shri. Pradip N Kapadia	170000	Nil	170000
Shri. R.N. Jha	220000	Nil	220000
Shri. KaiwanKalyaniwalla	150000	Nil	150000
Shri. VasantSanzgiri	200000	Nil	200000
Shri. D.G. Prasad	210000	Nil	210000
Ms.Zarine K Commissariat	60000	Nil	60000

(B) Remuneration paid to Whole time Director during the year 2014-15

	Mr.Sachin Kulkarni (From 13.07.2015 to 30.09.2015)	Mr.H.S.Bhaskar (From 1.10.2014 to 13.07.2015)
Salary and allowance	6,47,739	28,67,945
Benefits and perquisites	41,010	78,480
Bonus/Commission*	—	12,00,000
<b>Total</b>	<b>6,88,749</b>	<b>41,46,425</b>
PF& Superannuation Fund	88,185	3,07,188

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

The Service Contract is for a period of 3 years from 13.-7.2015 to 12.07.2018 subject to retirement policy of the Company. The Notice period is six months and there is no severance fee. There is no stock option

**5. Stakeholders Relationship Committee :**

The Stakeholders Relationship Committee comprises of 3 Directors. Mr.AshokBarat is the Non-executive Chairman of the Committee and other Members are Mr.Pradip N. Kapadia, Non-executive Member and Mr.Sachin Kulkarni, Whole time Director. The Committee will consider and resolve the grievances of shareholders. The Committee look into various issues relating to shareholders/investors, approve transfer and transmission of shares, non receipt of annual report, rematerialization of shares, issue of duplicate share certificates etc..

Mr.K Ramananda Pai, Company Secretary acts as Compliance Officer. There is no unresolved complaints on 30<sup>th</sup> September, 2015.

**6. Corporate Social Responsibility Committee (CSR) :**

As per the requirement of Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee was constituted by the Board at its Meeting held on 13<sup>th</sup> August, 2013. The Committee comprises 3



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Members viz. Mr.KaiwanKalyaniwalla, Independent Director, Mr.Pradip N. Kapadia Independent Director and Mr.VasantSanzgiri, Non-executiveNon-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 ScheduleVII. However,the Company is running schools and hospitals for the workers, employees and continued to support causes of public utility both directly and indirectly in the field of education, medical relief, relief of poverty and promotion of sports and art.

There were no meetings of CSR Committee held during the financial year ended 30<sup>th</sup> September, 2015.

### **7. Code of Conduct for Board of Directors and Senior Management :**

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (“the Code”) which will uphold ethical values and legal standards as the Company pursues its objectives. The Code has been communicated to the Directors and the Members of the Senior Management. The Code has also been posted on the Company’s website [www.gokakmills.com](http://www.gokakmills.com) All Board members and Senior Management haveconfirmed compliance with the Code for the financial year from 01.10.2014 to 30.09.2015. The Annual Report contains a declaration to this effect signed by the Whole time Director.

### **8. Whistle Blower Policy :**

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

### **9. Subsidiary Company :**

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

### **10. Risk Management :**

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

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

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

### **11. Disclosures :**

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

No materially significant Related Party Transactions has been entered into by the Company with the Promoters, Directors or the Management, KMPs 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.,

A comprehensive list of related party transactions as required by the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India forms part of the Notes of the Financial Statement to the Accounts in the Annual Report. The Company has disclosed the policy on dealing with Related Party Transaction’s and a policy on material subsidiary on its website [www.gokakmills.com](http://www.gokakmills.com)

#### **(b) Disclosure of Accounting Treatment:**

The Company follows all relevant Accounting Standards.

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

During the year under review, the Company has issued 2 crores Preference Shares of Rs.10/- each amounting to Rs.20 Crores to Messrs. Shapoorji Pallonji & Company Private Limited, Promoter of the Company, on Private Placement basis.

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

Management Discussion and Analysis Report is forming part of the Annual Report and is in accordance with the requirement laid down in the Listing Agreement.

## 12. Compliance :

- (i) Certificate from the Practicing Company Secretary confirming with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Bombay Stock Exchange Ltd., is annexed to this Report.
- (ii) No strictures/penalties have been imposed on the Company by the Bombay Stock Exchange Ltd., or the Securities & Exchange Board of India (SEBI) or any statutory authority on any matter related to capital markets, during the last 3 year
- (iii) Details of Directors seeking appointment, re-appointment has been provided in the annexure to the Notice of the Annual General Meeting.

## 13. CEO/CFO Certification:

As required by the Clause 49 of the Listing Agreement, a Certificate from Mr. Sachin Kulkarni, Whole time Director was placed before the Board of Directors at their meeting held on 23<sup>rd</sup> November, 2015.

## 14. Status of compliance of Non-mandatory requirement:

- (a) A separate office is maintained for Non-executive Chairman who is also the Chairman of the Group Companies.
- (b) Financial performance including summary of significant events has been sent to Stock Exchanges, financial results on quarterly basis and annual reports are published in the newspapers and uploaded on the Company's website. No separate declaration on half yearly performance has not been sent to the shareholders.
- (c) The Company is having separate persons for the post of Chairman and whole time Director.
- (d) Internal Auditors, appointed by the Company are directly reporting to the Audit Committee

## 15. General Body Meetings:

### (i) Details of Annual General Meetings

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

AGM	Date of the AGM	Time	Venue
6 <sup>th</sup> AGM	29.11.2012	3.00 p.m.	Khincha Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001
7 <sup>th</sup> AGM	24.12.2013	3.00 p.m.	Khincha Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001
8 <sup>th</sup> AGM	29.12.2014	3.00 p.m.	Khincha Hall, Bharatiya Vidya Bhavan Race Course Road, Bangalore -560 001

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

6 <sup>th</sup> AGM dated 29 <sup>th</sup> November, 2012	No Special Resolution was passed.
7 <sup>th</sup> AGM dated 24 <sup>th</sup> December, 2013	Reappointment of Mr.H.S.Bhaskar, Executive Director and CEO as Wholetime Director for a period of 3 years from 31.07.2013 to 30.07.2016..
8 <sup>th</sup> AGM dated 29 <sup>th</sup> December, 2014	(1) Approval of Borrowing Limits of the Company under Section 180(1)(c) of the Companies Act, 2013 (2) Approval for creation of charges on the Assets of the Company.

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

## 16. Means of communication:

- (i) Quarterly results: The Quarterly results are published in newspapers.
- (ii) Newspapers wherein results normally published:  
Quarterly and Annual results were published in Business Standard, Samyukta Karnataka/Vijayavani (Kannada Daily)
- (iii) Any website, where results or Official news are displayed :  
Results are made available on the Company's website [www.gokakmills.com](http://www.gokakmills.com) and also made available to the Bombay Stock Exchange Ltd., in the prescribed form which would enable them to place it on their website i.e. [www.bseindia.com](http://www.bseindia.com)
- (iv) The presentation made to institutional investors or to the analyst:  
The Company does not have a practice of making presentation to institutional investors and analysts.

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### 17. General Shareholder Information :

a Annual General Meeting Date, time and venue	28 <sup>th</sup> December, 2015 at 3.00 p.m.Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bangalore -560 001
b Financial year	From 01.10.2014 to 30.09.2015 (2014-15)
c Date of Book Closure	21 <sup>st</sup> December, 2015 to 28 <sup>th</sup> December, 2015(both days inclusive)
d Dividend Payment date	Board has not recommended any dividend
e Listing on Stock Exchanges	Listing on Stock Exchanges
f Stock Code	Stock code of the Company allotted by Bombay Stock Exchange Ltd., Mumbai is 532957 and ISIN allotted under the dematerialization Procedure is INE642101014

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

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

Month and Year	High Rs.	Low Rs.
Oct.2014	64.70	45.30
Nov.2014	66.50	50.50
Dec.2014	69.95	51.50
Jan.2015	84.35	52.25
Feb.2015	74.00	57.30
March.2015	68.00	55.50
April.2015	69.90	57.60
May.2015	68.90	52.20
June.2015	63.00	47.65
July.2015	67.50	52.25
August.2015	63.00	50.25
September.2015	62.00	50.00

h. Registrars and Share Transfer Agents :

Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrars and Share Transfer Agents viz., TSR Darashaw Limited. 6-10, Haji MoosaPatrawalaIndustrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400011, or TSR Darashaw Limited 503, Barton Centre, 5th Floor, No.84 Mahatma Gandhi Road, Bangalore – 560 001. Alternatively, these can be sent to the Company Secretary, Gokak Textiles Ltd., Registered Office, No.24, 29<sup>th</sup> Main, BTM Layout II Stage, Bangalore – 560 076.

i. Share Transfer system :

Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt of documents, provided, all documents are valid and complete in all respects. The Shareholders have option of converting their holding in dematerialized form and effecting the transfer in dematerialized mode.

As per Clause 47(c) of the Listing Agreement, the Company has obtained half yearly certificates from the Company Secretary in Practice for compliance of share transfer formalities, quarterly reconciliation of Share Capital Audit Report as per the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 have been submitted to the Bombay Stock Exchange Ltd., promptly.

j. Distribution of Shareholding :

Category	No. of Shares	% to Paid up-capital
Promoters	47,80,845	73.56
Central/State Government(s)	55,171	0.85
Nationalised Banks	9,477	0.15
Bodies Corporate	2,76,374	4.25
Insurance Companies	2,96,057	4.56
Mutual Funds / UTI	201	0.00
FII's & OBCs	2,00,610	3.09
Public	8,80,573	13.54
<b>Total</b>	<b>64,99,308</b>	<b>100.00</b>

k. Distribution by size of holding

Range Start	Range End	Total Shares	% to capital	Total Number of Equity shareholders	% of Total Paid-up Equity Capital
1	5,000	456,779	7.03	9,329	97.08
5,001	10,000	115,688	1.78	151	1.57
10,001	20,000	90,529	1.39	63	0.66
20,001	30,000	56,126	0.86	23	0.24
30,001	40,000	41,191	0.63	12	0.12
40,001	50,000	36,644	0.56	8	0.08
50,001	100,000	66,767	1.03	9	0.09
100,001	9,999,999,999	5,635,584	86.71	15	0.16
<b>TOTAL</b>		<b>6,499,308</b>	<b>100</b>	<b>9,610</b>	<b>100</b>

Dematerialisation of shares and liquidity:

Details	No. of shares Holders	No. of shares	% to paidup Capital
National Securities Depository ltd.	3,825	60,25,988	92.72
Central Depository Services(India)Ltd.	1,145	1,92,482	2.96
<b>Total Dematerialised</b>	<b>4,970</b>	<b>62,18,470</b>	<b>95.68</b>
Physical	4,640	2,80,838	4.32
<b>Total</b>	<b>9,610</b>	<b>64,99,308</b>	<b>100.00</b>

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

The Company has not issued any of these instruments

m. Plant Layout: Mill :

Gokak Falls – 591308 Dist. Belgaum, Karnataka State

Knitwear Unit:

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

n. Address for Correspondence:

Investors are requested to please direct all transfer requests, correspondence, queries to Registrars and Share Transfer Agents at the following address:

TSR Darashaw Limited

Unit: Gokak Textiles Ltd.

6-10, Haji Moosa Patrawala

Industrial Estate, Dr.E.Moses Road,

(Near Famous Studio) Mahalakahmi,

Mumbai 400 011.

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

Business Hours: 10.00AM to 3.30PM, (Monday to Friday)

E-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com),

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

**Annual Report**  
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**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, 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 financial year from 01.10.2014 to 30.09.2015 ended on 30th September, 2015.

Mumbai  
13<sup>th</sup> November, 2015

For GOKAK TEXTILES LIMITED

Registered Office :  
No.24, 29<sup>th</sup> Main, BTM Layout II Stage  
Bangalore – 560 076.

**SACHIN KULKARNI**  
*Whole Time Director*

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**CERTIFICATE FOR COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

To  
The Members of,  
Gokak Textiles Limited,  
Bangalore.

I have examined the compliance of conditions of Corporate Governance by GOKAK TEXTILES LIMITED (the Company) for the year ended on September 30, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Bangalore,  
20<sup>th</sup> November, 2015

**B.S. Srinivas**  
*Company Secretary in wholetime practice*  
Membership No. C P 1224

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

### Report on Standalone Financial Statements

We have audited the accompanying financial statements of **Gokak Textiles Limited** ("the Company"), which comprise the Balance Sheet as at September 30, 2015, the Statement of Profit and Loss and the 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 stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 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.

### 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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, of the state of affairs of the Company as at September 30, 2015, and its loss and its cash flows for the year ended on that date.

Our opinion is not modified in respect of these matters.

### 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 terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, considering the comments in the Branch Auditor's Report, 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's report has been forwarded to us and has been appropriately dealt with.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the audited returns received from the branches.
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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 September 30, 2015, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to 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:

## Annual Report 2014 - 2015

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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 29 to 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 were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of  
**Kalyaniwalla & Mistry**  
*Chartered Accountants*  
Firm Regn No. 104607W

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

Mumbai,  
November 23, 2015

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### ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements of **Gokak Textiles Limited** for the year ended September 30, 2015.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a program for physical verification of fixed assets at periodic intervals. As informed to us, the fixed assets have been verified by the Company during the year and were informed that no material discrepancies were noticed.
- ii. (a) The Management has conducted physical verification of inventory at reasonable intervals.  
(b) In our opinion, the procedures of physical verification of inventory 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 is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly sub-clauses (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable to the Company for the current year.
- iv. In our opinion and according to the information and explanations given to us by the Company, 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 and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi. According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act, for the activities of the Company.
- vii. (a) According to the information and explanations given to us by the Company and the branch auditors and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us by the Company and the branch auditors, there are no arrears of outstanding statutory dues in respect of above as at the last day of the financial year for a period of more than six months from the date they became payable except for sales tax and value added tax amounting to Rs. 120,709 and service tax amounting to Rs. 8,665.

- (b) According to the information and explanations given to us by the Company and the branch auditors and on the basis of our examination of the books of account and records, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, or Cess on account of any dispute, other than the following:

Name of Statute	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Special Tax on Entry of Certain Goods Act, 2004	114,58,194	October-2004 to on March-2007	High Court of Karnataka, Bangalore
The Excise Duty Act, 1944	32,62,241	2004-2005 and 2005-2006	The Central Excise and Service Tax Appellate Tribunal, Mangalore
The Employees Provident Fund and Miscellaneous	40,14,265	January-1990 to December-2001	The Employees Provident Fund Appellate Tribunal
Provision Act, 1952 The Excise Duty Act, 1944	110,37,577	December 2004 to May 2005	The Supreme Court of India

The Company has deposited Rs.12,04,583 and Rs.8,15,561 under protest towards provident fund and excise duty respectively.

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- viii. The Company has accumulated losses exceeding fifty percent of the net worth as at the end of the financial year and has incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix. According to the records of the company examined by us and the information and explanations given to us by the Company and the branch auditors, the Company has not defaulted in repayment of dues to banks and financial institutions. There are no dues to debenture holders.
- x. According to the information and explanations given to us by the Company, the Company has not given any guarantee for loans taken by others from banks or financial institutions except investments of the Company in Gokak Power and Energy Limited (a subsidiary company), equivalent to 14,700,000 shares at a carrying cost of Rs.1,470 lac, have been pledged with a bank against loan obtained by the said subsidiary company.
- xi. According to the information and explanations given to us by the Company and the records examined by us, the Company has applied the term loans for the purpose for which the loans were obtained.
- xii. Based on the audit procedures performed and information and explanations given by the management and branch auditors, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of  
**Kalyaniwalla & Mistry**  
*Chartered Accountants*  
Firm Regn No. 104607W

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

Mumbai,  
November 23, 2015



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**BALANCE SHEET AS AT SEPTEMBER 30, 2015**

Note	As at September 30 2015 ₹	As at September 30 2014 ₹
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Shareholders' funds</b>		
Share Capital	4	264,993,080
Reserves and Surplus	5	(176,159,826)
		<u>88,833,254</u>
		64,993,080
		294,237,595
		359,230,675
<b>Non-current liabilities</b>		
Long Term Borrowings	6	280,616,382
Deferred tax Liabilities (Net)	7	29,217,632
Long Term Provisions	8	19,614,509
		<u>329,448,523</u>
		535,520,573
		62,586,029
		20,428,685
		618,535,287
<b>Current liabilities</b>		
Short Term Borrowings	9	1,046,860,210
Trade Payables	10	471,069,838
Other Current Liabilities	11	483,881,226
Short-Term Provisions	12	4,311,320
		<u>2,006,122,594</u>
		783,535,435
		726,797,871
		392,282,467
		5,420,348
		1,908,036,121
<b>TOTAL</b>		<u><u>2,424,404,371</u></u>
		<u>2,885,802,083</u>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Fixed Assets		
Tangible assets	13A	968,060,513
Intangible assets	13B	11,136,389
Capital Work in Progress		800,000
		<u>979,996,902</u>
		1,063,480,129
		13,589,702
		800,000
		1,077,869,831
Non Current Investments	14	249,952,502
Long-Term Loans And Advances	15	222,361,460
		<u>1,452,310,864</u>
		249,952,502
		221,018,331
		1,548,840,664
<b>Current assets</b>		
Inventories	16	440,815,610
Trade Receivables	17	125,021,184
Cash And Bank Balances	18	206,717,147
Short-Term Loans And Advances	19	180,599,910
Other Current Assets	20	18,939,656
		<u>972,093,507</u>
		999,122,386
		175,063,972
		5,564,466
		138,576,119
		18,634,476
		1,336,961,419
<b>TOTAL</b>		<u><u>2,424,404,371</u></u>
		<u>2,885,802,083</u>
Significant Accounting Policies	3	

The notes are an integral part of the these financial statements

As per our Report attached

**for Kalyaniwalla & Mistry**  
*Chartered Accountants*  
(Firm registration no. 104607W)

**Anil A. Kulkarni**  
*Partner*  
(Membership no. 47576)

Mumbai, November 23, 2015

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

Sachin Kulkarni  
**Whole Time Director**  
DIN: 06787605

Pradip Kapadia  
**Director**  
DIN:00078673

Kaiwan Kalyaniwalla  
**Director**  
DIN:00060776

D. G. Prasad  
**Director**  
DIN:00160408

A. R. Nandkumar  
**DGM - Accounts & Costing**

Ashok Barat  
**Chairman**  
DIN: 00492930

R. N. Jha  
**Director**  
DIN:00033291

Vasant N. Sanzgiri  
**Director**  
DIN:01757117

Zarine K Commissariat  
**Director**  
DIN:07146151

K. Ramananda Pai  
**Company Secretary**

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

	Note	Year ended September 30 2015 ₹	Year ended September 30 2014 ₹
<b>REVENUE</b>			
Revenue from operations	21	3,244,576,546	3,401,610,178
Other Operating Income	22	40,516,718	15,912,487
Other Income	23	30,757,125	23,730,899
<b>TOTAL REVENUE</b>		<b>3,315,850,389</b>	<b>3,441,253,564</b>
<b>EXPENSES</b>			
Cost of Raw Materials and Components Consumed	24	1,804,751,986	2,351,572,199
Change In Inventory of Finished Goods and Work in Progress	25	421,535,229	(170,131,983)
Employee Benefit Expenses	26	449,516,927	448,050,380
Other Expenses	27	825,055,905	824,839,387
Depreciation	13	75,940,463	103,505,036
Finance Costs	28	219,488,830	228,604,249
<b>TOTAL EXPENSES</b>		<b>3,796,289,340</b>	<b>3,786,439,268</b>
<b>(Loss) / Profit before Tax</b>		<b>(480,438,951)</b>	<b>(345,185,704)</b>
<b>Tax expense</b>			
Prior Period Tax Adjustment		781,572	1,361,697
Minimum Alternate Tax Credit Entitlement		-	(1,361,697)
Deferred tax		(26,401,901)	(3,912,342)
<b>(Loss)/Profit after tax</b>		<b>(454,818,622)</b>	<b>(341,273,362)</b>
Basic and Diluted Earnings per share (in ₹)	36	(69.98)	(52.51)
Significant Accounting Policies	3		

The notes are an integral part of the these financial statements

As per our Report attached

**for Kalyaniwalla & Mistry**  
*Chartered Accountants*  
(Firm registration no. 104607W)

**Anil A. Kulkarni**  
*Partner*  
(Membership no. 47576)  
Mumbai, November 23, 2015

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

Sachin Kulkarni  
**Whole Time Director**  
DIN: 06787605

Pradip Kapadia  
**Director**  
DIN:00078673

Kaiwan Kalyaniwalla  
**Director**  
DIN:00060776

D. G. Prasad  
**Director**  
DIN:00160408

A. R. Nandkumar  
**DGM - Accounts & Costing**

Ashok Barat  
**Chairman**  
DIN: 00492930

R. N. Jha  
**Director**  
DIN:00033291

Vasant N. Sanzgiri  
**Director**  
DIN:01757117

Zarine K Commissariat  
**Director**  
DIN:07146151

K. Ramananda Pai  
**Company Secretary**

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**CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Year ended September 30 2015 ₹	Year ended September 30 2014 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
(Loss) / Profit before tax	(480,438,951)	(345,185,704)
Adjustments for:		
Depreciation	75,940,463	103,505,036
Interest income	(14,341,376)	(9,251,640)
Interest and financial charges	219,488,830	228,604,249
Loss / (Profit) on fixed assets / capital work in progress sold / written off	(79,734)	(5,422)
Dividend Income	(12,500)	(10,500)
Provision for Doubtful Debts	4,501,540	5,123,927
Provision for Doubtful Advances	630,849	471,227
Operating loss before working capital changes	(194,310,879)	(16,748,827)
Adjustments for :		
(Increase)/ Decrease in Inventories	558,306,776	(190,546,908)
(Increase)/ Decrease in Trade and other receivables	(489,425)	(21,986,419)
Increase/ (Decrease) in Trade payables and other liabilities	(166,908,539)	235,948,679
Cash generated from operations	196,597,933	6,666,525
Direct Taxes (paid) / refund	946,152	(3,897,010)
<b>Net cash from operating activities</b>	<b>197,544,085</b>	<b>2,769,515</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Sale of investments (net)	-	(2,500)
Purchase of fixed assets	(646,520)	(13,071,500)
Sale of Fixed Assets	113,425	262,014
Interest received	14,341,376	9,251,640
Dividend received	12,500	10,500
<b>Net cash (used in)/ from investing activities</b>	<b>13,820,781</b>	<b>(3,549,846)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of 2000000 7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	200,000,000	-
Repayment of Borrowings to Banks/Financial Institutions	9,276,645	227,069,441
Interest paid	(219,488,830)	(228,604,249)
<b>Net cash (used in)/from financing activities</b>	<b>(10,212,185)</b>	<b>(1,534,808)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>201,152,681</b>	<b>(2,315,139)</b>
Cash and Cash equivalents at the beginning of the period/year	5,564,466	7,879,605
<b>Cash and Cash equivalents at the end of the period/year</b>	<b>206,717,147</b>	<b>5,564,466</b>
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	702,695	981,302
Balances with banks:		
- In current accounts	205,712,978	3,427,940
- In deposit accounts	301,474	1,155,224
	<b>206,717,147</b>	<b>5,564,466</b>

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**CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**Notes:**

- 1 The Cash Flow statement has been prepared following the indirect method except in case of taxes and dividend which have been considered on the basis of actual movement of cash.
- 2 Change in borrowings are shown net of receipts and payments.
- 3 Figures in brackets indicate cash outflow.
- 4 Previous year's figures have been rearranged / regrouped wherever necessary.
- 5 To finance the working capital requirements the Company's bankers have sanctioned a total fund based limit of ₹ 12,270 lac. Out of this limit, utilised as on September 30, 2015 is ₹ 6,811 lac.

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The notes are an integral part of the these financial statements

As per our Report attached

**for Kalyaniwalla & Mistry**

*Chartered Accountants*

*(Firm registration no. 104607W)*

**Anil A. Kulkarni**

*Partner*

*(Membership no. 47576)*

Mumbai, November 23, 2015

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

Sachin Kulkarni  
**Whole Time Director**  
DIN: 06787605

Pradip Kapadia  
**Director**  
DIN:00078673

Kaiwan Kalyaniwalla  
**Director**  
DIN:00060776

D. G. Prasad  
**Director**  
DIN:00160408

A. R. Nandkumar  
**DGM - Accounts & Costing**

Ashok Barat  
**Chairman**  
DIN: 00492930

R. N. Jha  
**Director**  
DIN:00033291

Vasant N. Sanzgiri  
**Director**  
DIN:01757117

Zarine K Commissariat  
**Director**  
DIN:07146151

K. Ramananda Pai  
**Company Secretary**

## Annual Report

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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### 1. Corporate Information

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

#### 2 Preparation

The financial statements of the Company have been prepared on 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ('the Act')/ the Companies Act, 1956, as applicable. The financial statements have been prepared on 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. Difference between the actual and estimates are recognised in the period in which the results are known/materialised.

##### (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. Cost of Leasehold Land and Building are amortised over the period of lease.

##### (c) Depreciation /Amortisation:

Depreciation is provided on pro-rata basis on the straight line method as per useful life specified in Schedule II to the Companies Act, 2013. Items costing less than and up to Rs. 5,000 are fully depreciated in the year of purchase.

##### (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. Current investments are stated at lower of cost and fair value.

##### (e) Inventories :

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

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

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

##### (f) 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.

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**(g) Revenue Recognition :**

Sales are accounted for on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are net of sales tax, excise duty and sales returns. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract. Dividend Income is recognised when the right to receive the same is established. Interest Income is recognised on time proportion basis.

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

**(h) Operating Expenses :**

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

**(i) Foreign Exchange Transactions :**

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.

Gains or losses arising in respect of forward foreign exchange contracts or on cancellation thereof are recognised as income or expense.

**(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) Grants :**

Government grants, which relate to specific fixed assets, are treated as deferred income and recognised in the Statement of Profit and Loss over the useful life of the relevant fixed asset. The amount of Government grant allocated to income is netted off against the depreciation charge for the year and the amount allocable in subsequent years is shown as Deferred Government grants. Government grants / subsidies related to revenue are recognised in the Statement of Profit and Loss over periods matching them with the related costs which they intended to compensate.

**(l) Research and Development Expenditure :**

No intangible asset arising from revenue expenditure pertaining to the research is recognised. Expenditure on research is charged to the revenue when incurred. Intangible assets arising from development are recognised if and only if expenditure attributable to the intangible assets are reliably measurable as under and all of the following are demonstrated. (a) Technical feasibility of completing the asset for use or sale; (b) Intention and ability to use or sell it; (c) Utility of the asset if intended for internal use or the market for the asset for sale; and (d) Availability of resources to complete the development. Capital expenditure on research and development is capitalised in accordance with the policy stated in above.

**(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. Provision for deferred tax is made for all temporary timing difference arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Credit Available in respect of MAT under the Income Tax Act, 1961, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(n) Earnings per Share :**

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

**(o) Impairment :**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition

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

**(p) Employee Benefits :**

Short-term Employee benefits:

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.

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 Plans:

Retirement benefits in the form of Gratuity for eligible employees considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Other long-term benefits:

Long-term compensated absence is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit and Loss.

**4. Share Capital**

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
<b>Authorised:</b>				
Equity shares of ₹10/- each	7,000,000	70,000,000	7,000,000	70,000,000
Non-cumulative, non-convertible Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	—	—
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 10 each fully paid	6,499,308	64,993,080	6,499,308	64,993,080
7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	—	—
<b>Total</b>	<b>26,499,308</b>	<b>264,993,080</b>	<b>6,499,308</b>	<b>64,993,080</b>

**(A) Reconciliation of equity shares outstanding at the beginning and end of the reporting year**

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Shares outstanding at the beginning of the year	6,499,308	64,993,080	6,499,308	64,993,080
Add : Shares issued during the year	—	—	—	—
Less : Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>6,499,308</b>	<b>64,993,080</b>	<b>6,499,308</b>	<b>64,993,080</b>

**(B) Reconciliation of 7% Non-cumulative, non-convertible, Redeemable Preference Shares outstanding at the beginning and end of the reporting year**

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Shares outstanding at the beginning of the year	—	—	—	—
Add: Shares Issued during the year	20,000,000	200,000,000	—	—
Less: Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>20,000,000</b>	<b>200,000,000</b>		

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**
**(C) Terms/rights attached to equity shares**

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended September 30, 2015, the amount of per share dividend recognized as distributions to equity shareholders is NIL (September 30, 2014: NIL).

**(D) Terms/rights attached to 7% Non-cumulative, Non-convertible, Redeemable Preference Shares**

7% Non-cumulative, non-convertible, Redeemable Preference Shares shall be non-participating, redeemable before 20 years from the date of their issue, carry a preferential right, vis-a-vis equity shares with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47 (2) of the Act.

**(E) 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.	%
Shapoorji Pallonji & Company Private Limited (Formerly known as Shapoorji Pallonji & Company Limited)				
- Holding Company				
- Equity shares	4,780,845	73.56%	4,780,845	73.56%
- 7% Non-cumulative, non-convertible, Redeemable Preference Shares	20,000,000	100.00%	-	-

**(F) Buyback of Shares, Bonus Shares, ESOP and Shares issued for consideration other than cash**

The company has not bought back any shares neither has it issued any bonus shares and shares under ESOP in the past five years. Further, the Company has not issued shares for consideration other than cash in the past five years.

**5. Reserves & Surplus**

	September 30, 2015 ₹	September 30, 2014 ₹
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	(421,794,091)	(80,520,729)
(-) Carrying value recognised in opening balance where remaining useful life of assets is 'Nil' as per Schedule II to the Act (net of deferred tax)	(15,578,799)	-
(+) Net profit / (loss) for the year	(454,818,622)	(341,273,362)
Closing Balance	(892,191,512)	(421,794,091)
<b>General Reserve</b>	716,031,686	716,031,686
<b>Total</b>	(176,159,826)	294,237,595

**6. Long Term borrowings**

	September 30, 2015 ₹	September 30, 2014 ₹
<b>Secured</b>		
Term Loans from Banks/Financial Institutions	280,616,382	535,520,573
<b>Total</b>	280,616,382	535,520,573

**Terms of Repayment, Rate of Interest and Nature of Security of Long Term Borrowings**

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
1-2 Years	214,664,040	254,811,907
2-3 Years	65,952,342	214,664,040
3-4 years	-	66,044,626
<b>Total</b>	280,616,382	535,520,573



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The above borrowings carry effective interest rates ranging from 7% p.a. to 14 % p.a.

Borrowings amounting to ₹ 9,674,000 (Previous Year: ₹ 59,512,435) are secured by exclusive charge of hypothecation of movable/ immovable fixed assets acquired/ to be acquired.

Borrowings amounting to ₹ 76,499,000 (Previous Year: ₹114,899,000) are secured by first hypothecation charge on specific movable/ immovable fixed assets acquired/ to be acquired.

Borrowings amounting to ₹ 194,443,382 (Previous Year: ₹ 361,109,138) are secured by second by second pari passu charge on movable/ immovable fixed assets acquired.

**7. Deferred Tax Liability**

	September 30, 2015	September 30, 2014
	₹	₹
<b>Deferred Tax Liability</b>		
<u>Deferred Tax Liability</u>		
Depreciation	63,443,201	93,806,474
<u>Deferred Tax Asset</u>		
Provision For Doubtful debts and advances	20,117,528	18,872,162
Employee benefits	14,108,041	12,348,283
	<b>29,217,632</b>	62,586,029

For the year ended September 30, 2015, in compliance with the Accounting Standard 22 the deferred tax asset on post demerger unabsorbed depreciation has been recognised to the extent of deferred tax liability on account of depreciation.

**8. Long Term Provisions**

	September 30, 2015	September 30, 2014
	₹	₹
Provision For Gratuity (Refer note no. 34)	6,139,532	7,446,628
Provision For Leave Encashment	13,474,977	12,982,057
<b>Total</b>	<b>19,614,509</b>	20,428,685

**9. Short Term Borrowings**

	September 30, 2015	September 30, 2014
	₹	₹
<u>From Banks:</u>		
Working Capital Loan (Secured)	681,060,210	783,535,435
<u>Unsecured</u>		
From Hoding Company	365,800,000	-
<b>Total</b>	<b>1,046,860,210</b>	783,535,435

The above borrowings carry effective interest rates ranging from 12% p.a. to 15 % p.a. Working Capital Loan is secured against hypothecation of all stocks including raw materials, work in progress, finished goods, stores and book debts.

**10. Trade Payables (Refer Note No.33)**

	September 30, 2015	September 30, 2014
	₹	₹
Total outstanding dues of micro enterprises and small enterprises (Refer Note 31)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	471,069,838	726,797,871
<b>Total</b>	<b>471,069,838</b>	726,797,871

### 11. Other Current Liabilities

	September 30, 2015	September 30, 2014
	₹	₹
Current Maturities of Long Term Borrowings	254,820,191	253,964,130
Advances from Customers	25,274,560	15,846,067
Deposits	9,421,258	10,185,891
Sales Tax Payable	2,482,667	3,114,527
Other Payables	177,653,635	99,731,903
Interest accrued but not due	3,835,421	2,857,276
Interest accrued and due	9,297,468	-
Payable to capital creditors	1,096,026	6,582,673
<b>Total</b>	<b>483,881,226</b>	<b>392,282,467</b>

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.

### 12. Short Term Provisions

	September 30, 2015	September 30, 2014
	₹	₹
Provision For Gratuity (Refer note no. 34)	770,850	300,458
Provision For Leave Encashment	3,540,470	5,119,890
<b>Total</b>	<b>4,311,320</b>	<b>5,420,348</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**13. FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As on Sept. 30, 2014	Addition	Deduction	As on Sept. 30, 2015	As on Sept. 30, 2014	For the Year	Recognised in retained earning	On Deductions during the year	As on Sept. 30, 2015	As on Sept. 30, 2015	As on Sept. 30, 2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>A. Tangible Assets</b>											
Leasehold Land	150,000	-	-	150,000	150,000	-	-	-	150,000	-	-
Freehold Land	2,245,450	-	-	2,245,450	-	-	-	-	-	2,245,450	2,245,450
Factory Building	400,402,464	-	-	400,402,464	196,584,043	12,778,743	8,559,723	-	217,922,509	182,479,955	203,818,421
Residential Building	83,230,369	-	-	83,230,369	21,507,972	2,558,652	4,738,378	-	28,805,002	54,425,367	61,722,397
Canal Lining	122,884	-	-	122,884	116,740	-	-	-	116,740	6,144	6,144
Plant and Machinery	2,990,609,309	219,497	4,958,848	2,985,869,958	2,217,179,392	52,804,238	7,678,093	4,958,848	2,272,702,875	713,167,083	773,429,917
Furniture, Fixtures and Office Equipment	74,746,502	427,023	7,840	75,165,685	54,012,394	4,912,230	1,547,261	4,610	60,467,275	14,698,410	20,734,108
Vehicles	16,052,427	-	615,532	15,436,895	14,528,735	433,287	21,840	585,071	14,398,791	1,038,104	1,523,692
<b>Total Tangible Assets</b>	<b>3,567,559,405</b>	<b>646,520</b>	<b>5,582,220</b>	<b>3,562,623,705</b>	<b>2,504,079,276</b>	<b>73,487,150</b>	<b>22,545,295</b>	<b>5,548,529</b>	<b>2,594,563,192</b>	<b>968,060,513</b>	1,063,480,129
Previous Year	3,553,373,241	14,547,494	361,330	3,567,559,405	2,400,970,758	103,213,256	-	104,738	2,504,079,276	1,063,480,129	
<b>B Intangible Assets</b>											
Computer Software	22,371,697	-	-	22,371,697	8,781,995	2,453,313	-	-	11,235,308	11,136,389	13,589,702
<b>Total Intangible Assets</b>	<b>22,371,697</b>	<b>-</b>	<b>-</b>	<b>22,371,697</b>	<b>8,781,995</b>	<b>2,453,313</b>	<b>-</b>	<b>-</b>	<b>11,235,308</b>	<b>11,136,389</b>	13,589,702
Previous Year	22,371,697	-	-	22,371,697	8,490,215	291,780	-	-	8,781,995	13,589,702	

Notes:

- (a) Consequent to Schedule II to the Companies Act, 2013 becoming applicable with effect from October 1, 2014, depreciation for the year ended September 30, 2015 has been provided on the basis of useful life as prescribed in Schedule II.
- (b) Depreciation for the year is lower by Rs.26,828,643 due to change in useful life of assets. Further, an amount of Rs.22,545,295 has been recognised in opening balance of retained earnings for the assets where remaining useful life as per Schedule II was Nil as on October 1, 2014.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**
**14. Non Current Investments**

	September 30, 2015	September 30, 2014
	₹	₹
In unquoted equity shares of New India Co-Operative Bank	50,002	50,002
In unquoted equity shares of Zoroastrian Co-op Bank Ltd.	2,500	2,500
<b>Subsidiary</b>		
In unquoted 24,990,000 equity shares of ₹10 each fully paid up of Gokak Power & Energy Limited	249,900,000	249,900,000
<b>Total</b>	<b>249,952,502</b>	<b>249,952,502</b>

Of the above, 58.82%, equivalent to 14,700,000 shares at a carrying cost of ₹ 147,000,000 of Gokak Power & Energy Limited have been pledged with a bank by the company against the term loan borrowed by the said company.

**15. Long Term Loans and Advances**

	September 30, 2015	September 30, 2014
	₹	₹
<b>Unsecured, considered good</b>		
Advances Recoverable in cash or Kind for value to be received	3,998,076	4,549,446
Capital advances	659,328	120,000
Balances with Excise Authorities	94,688,599	89,286,435
Balances with Sales Tax Authorities	66,264,137	64,299,307
Deposits		
- Considered good	27,047,988	31,332,087
- Considered doubtful	630,849	-
Minimum Alternate Tax Credit Entitlement	23,861,697	23,861,697
Advance Tax (Net of provision for taxes ₹ 23,861,697; Previous Year: ₹ 23,861,697)	5,841,635	7,569,359
Less: Provision for doubtful advances	630,849	-
<b>Total</b>	<b>222,361,460</b>	<b>221,018,331</b>

**16. Inventories**

	September 30, 2015	September 30, 2014
	₹	₹
Raw materials	57,923,176	188,168,313
Work in Progress	88,863,078	122,869,867
Finished goods	243,586,279	631,114,719
Stores and Spares including Fuel and packing material	50,443,077	56,969,487
<b>Total</b>	<b>440,815,610</b>	<b>999,122,386</b>

**17. Trade Receivables (Refer Note 33)**

	September 30, 2015	September 30, 2014
	₹	₹
<b>Outstanding for a period exceeding six months</b>		
Considered good	11,408,752	21,624,088
Considered doubtful	65,105,270	60,603,730
	<b>76,514,022</b>	<b>82,227,818</b>
Other Debts		
Considered good	113,612,432	153,439,884
Less: Provision for doubtful debts	65,105,270	60,603,730
<b>Total</b>	<b>125,021,184</b>	<b>175,063,972</b>

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**18. Cash and Bank Balances**

	September 30, 2015	September 30, 2014
	₹	₹
Cash on Hand	702,695	981,302
<u>Balances with banks</u>		
In current accounts	205,712,978	3,427,940
In deposit accounts	301,474	1,155,224
<b>Total</b>	<b>206,717,147</b>	<b>5,564,466</b>

**19. Short term Loans and advances**

	September 30, 2015	September 30, 2014
	₹	₹
<b>Unsecured, considered good unless otherwise stated</b>		
Advances Recoverable in cash or Kind for value to be received		
- Considered good	24,082,846	34,612,275
- Considered doubtful	471,227	471,227
Prepaid Expenses	9,267,731	7,671,305
Advances to Suppliers		
- Subsidiary	108,666,039	76,168,042
- Others	37,055,947	19,673,029
Sundry Deposits	1,516,200	-
Other Receivables	11,147	451,468
Less: Provision for doubtful advances	471,227	471,227
<b>Total</b>	<b>180,599,910</b>	<b>138,576,119</b>

**20. Other Current Assets**

	September 30, 2015	September 30, 2014
	₹	₹
Interest Subsidy Receivable	6,439,656	6,134,476
Fixed assets held for sale	12,500,000	12,500,000
<b>Total</b>	<b>18,939,656</b>	<b>18,634,476</b>

**21. Revenue from Operations**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b>Sale of</b>		
Finished Goods	3,228,189,329	3,332,320,490
Processing Income	16,387,217	69,289,688
<b>Total</b>	<b>3,244,576,546</b>	<b>3,401,610,178</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Details of Finished Goods Sold**

	<b>Year ended September 30, 2015</b>	Year ended September 30, 2014
	₹	₹
Grey Yarn	2,391,717,665	2,460,709,262
Blended Yarn	24,913,520	41,244,352
Dyed Yarn	567,414,770	580,334,878
Canvas	191,170,364	197,429,601
Apparels	48,347,717	34,757,922
Others	4,625,293	17,844,475
<b>Total</b>	<b>3,228,189,329</b>	<b>3,332,320,490</b>

**22. Other Operating Income**

	<b>Year ended September 30, 2015</b>	Year ended September 30, 2014
	₹	₹
Scrap Sales	37,148,296	7,484,745
Export Benefits	3,368,422	8,427,742
<b>Total</b>	<b>40,516,718</b>	<b>15,912,487</b>

**23. Other Income**

	<b>Year ended September 30, 2015</b>	Year ended September 30, 2014
	₹	₹
Interest Income		
- From subsidiary	12,938,566	7,757,400
- Others	1,402,810	1,494,240
Dividend	12,500	10,500
Miscellaneous Income	13,530,804	7,887,187
Exchange Gain (Net)	2,792,711	6,576,150
Profit on Sale of Fixed Assets (Net)	79,734	5,422
<b>Total</b>	<b>30,757,125</b>	<b>23,730,899</b>

**24. Cost of Raw Materials Components Consumed**

	<b>Year ended September 30, 2015</b>	Year ended September 30, 2014
	₹	₹
Opening Stock of Raw Material	188,168,313	171,442,981
Add : Purchases	1,674,506,849	2,368,297,531
	<b>1,862,675,162</b>	<b>2,539,740,512</b>
Less : Closing Stock of Raw Material	57,923,176	188,168,313
<b>Total</b>	<b>1,804,751,986</b>	<b>2,351,572,199</b>

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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### Details of Raw Material Consumed

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Cotton	1,643,399,094	2,151,920,021
Staple Fibre	42,703,142	83,921,075
Bought Waste	42,380,110	34,472,209
Yarn	8,318,212	1,992,600
Others	67,951,428	79,266,294
<b>Total</b>	<b>1,804,751,986</b>	<b>2,351,572,199</b>

#### 25. Change In Inventory of Finished Goods and Work-in-Progress

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Closing Stocks:		
Finished goods	243,586,279	631,114,719
Work in Progress	88,863,078	122,869,867
	<b>332,449,357</b>	<b>753,984,586</b>
Opening Stocks:		
Finished goods	631,114,719	446,050,833
Work in Progress	122,869,867	137,801,770
	<b>753,984,586</b>	<b>583,852,603</b>
<b>Total</b>	<b>421,535,229</b>	<b>(170,131,983)</b>

#### Details of Inventory

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b>Finished Goods</b>		
Grey Yarn	94,702,110	326,619,684
PC Yarn	3,122,312	6,555,335
Dyed Yarn	28,588,501	38,647,821
Canvas	2,433,949	133,255,825
Apparels	114,333,529	125,184,348
Terry Towel	313,080	599,477
Others	92,798	252,229
	<b>243,586,279</b>	<b>631,114,719</b>
<b>Work in Progress</b>		
Cotton Yarn	81,928,508	106,608,596
Loose Grey Cloth & Fabric	4,693,760	4,754,666
Apparel Garments including fabrics	2,240,810	11,506,605
	<b>88,863,078</b>	<b>122,869,867</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**26. Employee Benefit Expense**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Salaries, Wages, Bonus and Exgratia	339,526,806	340,086,609
Contribution to Provident & Other Funds	73,102,919	71,842,392
Workmen and Staff Welfare Expenses	36,887,202	36,121,379
<b>Total</b>	<b>449,516,927</b>	<b>448,050,380</b>

**27. Other Expenses**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Consumption of Stores and Spares	30,473,518	23,932,198
Consumption of Packing material	68,340,438	67,123,577
Power and Fuel	413,811,348	469,203,077
Processing Charges	566,462	861,937
Repairs and Maintenance		
Buildings	2,029,050	3,250,819
Plant & Machinery	43,367,660	43,581,498
Others	24,340,634	33,099,545
	<b>69,737,344</b>	<b>79,931,862</b>
Rent	9,046,218	9,021,446
Rates and Taxes	15,053,334	15,580,799
Insurance	7,482,230	6,798,099
Legal and Profession Fees	11,621,918	13,845,595
Hank Yarn Obligation	2,978,413	3,029,228
Printing and Stationery	1,881,252	2,333,570
Postage, Telegram and Courier Charges	2,843,300	2,999,091
Freight and Forwarding	83,286,653	38,783,552
Travelling and Conveyance	5,351,577	6,107,190
Commission and Discount	41,966,139	46,148,011
Marketing and Selling	31,735	35,100
Provisions for Doubtful debts	4,501,540	5,123,927
Provision for doubtful advances	630,849	471,227
Directors' Meeting Fees	1,390,884	662,924
Miscellaneous Expenses	54,060,753	32,846,977
<b>Total</b>	<b>825,055,905</b>	<b>824,839,387</b>

**28. Finance Cost**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Interest on		
Term Loan	80,159,195	90,143,786
Others	128,516,896	130,965,958
Other Borrowing Cost	10,812,739	7,494,505
<b>Total</b>	<b>219,488,830</b>	<b>228,604,249</b>



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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### 29. Contingent liabilities :

Contingent liabilities not provided in respect of :

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
A) Bills Discounted	–	39,158,425
B) Guarantees issued by bank	22,776,442	24,781,791
C) Taxes in dispute :- Entry Tax/Special Entry tax	11,458,194	11,458,194
Income tax matters	–	300,912
Excise Demands	14,299,818	16,600,425
Provident Fund	2,810,682	2,810,682
D) Labour Matters in Dispute	5,198,272	4,886,272
E) Bonds given by Company in favour of Customs Authorities	478,320,557	478,320,557
F) Other Demands Contested by the Company		
Creditors Claim	71,471	71,471
Electricity Duty	555,893	955,893
	<b>535,491,329</b>	579,344,622

30. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 14,832 (Previous Year: ₹24,41,295).  
Other commitments: Nil.

31. 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, no disclosures have been made in the Accounts.

32. The Company has decided to change the Financial Year as per the provisions of the Companies Act 2013, from September to March, from March 2016. Current Financial Year is closed on 30th September 2015. The next Financial Year will be for six months ending on 31st March 2016.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**34. Gratuity**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b>a) Change in Present Value of Obligation</b>		
Present value of the obligation at the beginning of the year	162,846,573	145,140,951
Benefits earned during the year	13,788,344	12,802,213
Current Service Cost	8,040,053	7,063,512
Interest Cost	688,716	623,325
Past Service Cost - Vested Benefit	-	-
Actuarial (Gain) / Loss on Obligation	18,070,395	18,032,379
Benefits Paid	(23,347,446)	(20,815,807)
Present value of the obligation at the end of the year	180,086,635	162,846,573
<b>b) Change in Plan Assets</b>		
Fair value of Plan Assets at the beginning of the year	156,147,069	141,180,937
Expected return on Plan Assets	13,584,795	12,141,561
Actuarial Gain / (Loss) on Plan Assets	(693,242)	871,997
Contributions by Plan Participants	25,639,135	20,413,975
Benefits Paid	(20,453,704)	(18,461,401)
Fair value of Plan Assets at the end of the year	174,224,053	156,147,069
<b>c) Amounts Recognised in the Balance Sheet</b>		
Present value of Obligation at the end of the year	180,086,635	162,846,573
Fair value of Plan Assets at the end of the year	(174,224,053)	(156,147,069)
Funded Status	(1,047,800)	(1,047,582)
Net Obligation at the end of the year	6,910,382	7,747,086
<b>d) Amounts Recognised in the Statement of Profit &amp; Loss</b>		
Current Service Cost	8,040,053	7,063,512
Interest cost on Obligation	892,265	13,425,538
Expected return on Plan Assets	-	(12,141,561)
Net Actuarial (Gain) / Loss recognised in the year	18,763,637	17,160,382
Past Service Cost - Vested Benefit recognised in the year	-	-
Expenses recognized in Profit & Loss Account	27,695,955	25,507,871
<b>e) Actual return on Plan Assets</b>		
Expected return on Plan Assets	13,584,795	12,141,561
Actuarial Gain / (Loss) on Plan Assets	(693,242)	871,997
Actual return on Plan Assets	12,891,553	13,013,558
<b>f) Actuarial Assumptions</b>		
i) Discount Rate	7.92%	8.89%
ii) Expected Rate of Return on Plan Assets	7.92%	8.70%
iii) Salary Escalation Rate	4.00%	4.00%
iv) Attrition Rate	2.00%	2.00%
v) Mortality	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>

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.

**35.** 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.

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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

36. 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:

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Net (Loss)/Profit before extraordinary items (net of tax)	(454,818,622)	(341,273,362)
Net Profit after extraordinary items after tax	(454,818,622)	(341,273,362)
Weighted average number of Equity Shares outstanding (Nos.)	6,499,308	6,499,308
Nominal Value of Share	10	10
Basic and Diluted Earnings per share before extra ordinary items (net of tax)	(69.98)	(52.51)
Basic and Diluted Earnings per share after extraordinary items after tax	(69.98)	(52.51)

37. Break up of details of consumptions of Raw Materials, Stores, Spares and Packing materials.

Particulars	Year ended September 30, 2015		Year ended September 30, 2014	
	₹	%	₹	%
<b>Raw Material</b>				
Imported	41,048,150	2.27	24,577,526	1.05
Indigenous	1,763,703,836	97.73	2,326,994,673	98.95
<b>Total</b>	<b>1,804,751,986</b>	<b>100</b>	2,351,572,199	100
<b>Stores, Spares and Packing materials</b>				
Imported	17,545,493	17.76	18,542,475	20.36
Indigenous	81,268,463	82.24	72,513,300	79.64
<b>Total</b>	<b>98,813,956</b>	<b>100</b>	91,055,775	100

38. CIF Value of Imports

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Raw Materials	30,859,839	12,048,291
Stores and Spares	15,715,490	17,728,001
Capital Goods	-	7,316,619
<b>Total</b>	<b>46,575,329</b>	37,092,911

39. Income in Foreign Currency

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
FOB value of Exports	101,979,285	264,321,865
Freight and Insurance Recoveries	2,023,224	4,168,489
<b>Total</b>	<b>104,002,509</b>	268,490,354

40. Expenditure in Foreign Currency

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Commission to Overseas Agents	1,451,672	2,560,124
Others	440,168	888,137
<b>Total</b>	<b>1,891,840</b>	<b>3,448,261</b>



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### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### B. Particulars of transaction with Related Parties

(Amount in ₹)

Year ended September 30, 2015 (₹) Year ended September 30, 2014 (₹)	Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Total
<b><u>Nature of Transactions</u></b>					
<b>Sales</b>	286,881	-	5,001	-	291,882
<i>Previous Year</i>	5,363,261	-	36,347	-	5,399,608
<b>Interest Received</b>	-	12,938,566	-	-	12,938,566
<i>Previous Year</i>	-	7,757,400	-	-	7,757,400
<b>Rent</b>	-	-	354,228	-	354,228
<i>Previous Year</i>	-	-	351,374	-	351,374
<b>Servies Received</b>	-	-	1,482,965	-	1,482,965
<i>Previous Year</i>	-	-	883,943	-	883,943
<b>Purchase of Electricity</b>	-	136,479,335	-	-	136,479,335
<i>Previous Year</i>	-	131,930,742	-	-	131,930,742
<b>Remuneration</b>	-	-	-	5,230,548	5,230,548
<i>Previous Year</i>	-	-	-	4,987,584	4,987,584
<b>Advances/Loan Given</b>	-	-	-	-	-
<i>Previous Year</i>	-	1,000,000	-	-	1,000,000
<b>Preference shares issued</b>	200,000,000	-	-	-	200,000,000
<i>Previous Year</i>	-	-	-	-	-
<b>Borrowings</b>	365,800,000	-	-	-	365,800,000
<i>Previous Year</i>	-	-	-	-	-
<b>Interest paid</b>	10,330,521	-	-	-	10,330,521
<i>Previous Year</i>	-	-	-	-	-
<b>Advances/Loan Given Received back</b>	-	-	-	-	-
<i>Previous Year</i>	-	1,000,000	-	-	1,000,000
<b>Expenses/Payments incurred on behalf</b>	-	132,622	68,536	-	201,158
<i>Previous Year</i>	-	439,265	147,975	-	587,240
<b>Receivables</b>	889,338	108,666,039	1,873,744	-	111,429,121
<i>Previous Year</i>	3,904,000	76,168,042	1,800,207	-	81,872,249
<b>Deposits Receivables</b>	-	10,000,000	-	-	10,000,000
<i>Previous Year</i>	-	10,000,000	-	-	10,000,000
<b>Payables</b>	375,097,468	-	2,454,451	1,200,000	378,751,919
<i>Previous Year</i>	-	-	3,517,095	1,200,000	4,717,095

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**
**C. Details of Related Party Transactions**

Nature of Transaction	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b>Sales</b>		
Shapoorji Pallonji & Company Private Limited	286,881	5,363,261
Forbes & Company Limited	5,001	36,347
<b>Services Received</b>		
Forvol International Services Limited	1,174,898	353,199
Eureka Forbes Limited	54,541	87,197
Forbes & Company Limited	253,526	443,547
<b>Interest Income</b>		
Gokak Power & Energy Limited	12,938,566	7,757,400
<b>Rent</b>		
Forbes & Company Limited	354,228	351,374
<b>Purchase of Electricity</b>		
Gokak Power & Energy Limited	136,479,335	131,930,742
<b>Borrowings</b>		
Shapoorji Pallonji & Company Private Limited	365,800,000	-
<b>Advances/Loan Given</b>		
Gokak Power & Energy Limited	-	1,000,000
<b>Interest paid</b>		
Shapoorji Pallonji & Company Private Limited	10,330,521	-
<b>Deposits Receivable</b>		
Gokak Power & Energy Limited	10,000,000	10,000,000
<b>Expenses/Payments incurred on behalf</b>		
Gokak Power & Energy Limited	132,622	439,265
Forbes & Company Limited	68,536	147,975
<b>Directors Remuneration</b>		
Mr. H.S. Bhaskar	4,453,613	4,987,584
Mr. Sachin Kulkarni	776,935	-
<b>Advances/Loan Given Received back</b>		
Gokak Power & Energy Limited	-	1,000,000
<b>Preference shares issued</b>		
Shapoorji Pallonji & Company Private Limited	200,000,000	-
<b>Receivables</b>		
Shapoorji Pallonji & Company Private Limited	889,338	3,904,000
Eureka Forbes Limited	-	-
Forbes & Company Limited	1,873,744	1,800,207
Gokak Power & Energy Limited	108,666,039	76,168,042
<b>Payables</b>		
Shapoorji Pallonji & Company Private Limited	375,097,468	-
Volkart Fleming Shipping & Services Limited	-	910,501
Eureka Forbes Limited	35,750	35,750
Forvol International Services Limited	79,018	15,335
Forbes & Company Limited	2,339,683	2,555,509
Mr. H.S. Bhaskar	1,200,000	1,200,000

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**D Details in accordance with clause 32 of the listing agreement with the stock exchanges are as under:**

<b>Name of the Company</b>	<b>Nature of Transaction</b>	<b>Balance as at September 30, 2015</b>	<b>Maximum Balance during Year ended September 30, 2015</b>	<b>No. of shares of the Company held by the loanee as at September 30, 2015</b>
Gokak Power and Energy Limited	Advance	–	–	Nil

**44. Segment information**

The Company operates in one segment only, namely Textiles. Sales in different geographical segments are subject to same risk and reward relationship. Accordingly, in the opinion of the management, the information relating to the segment reporting as set out under Accounting Standard 17 is not applicable.

**45.** During the previous Financial Year, a special resolution seeking the approval of Shareholders for the divestment of Knitwear Division has been passed by the requisite majority as per the postal ballot announced on 6th Decemebr 2013. The Company is in the process of locating a buyer.

**46.** Figures of previous period have been regrouped/recast/rearranged wherever necessary, to conform to the current year's presentation.

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FORMING PART OF  
ANNUAL REPORT OF  
GOKAK TEXTILES LIMITED  
FOR THE  
PERIOD ENDED SEPTEMBER 30, 2015**



## Annual Report 2014 - 2015

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### INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS' OF  
GOKAK TEXTILES LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **GOKAK TEXTILES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the "Group") comprising of the Consolidated Balance Sheet as at September 30, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

#### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at September 30, 2015, their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial statements / financial information of the subsidiary whose financial statements / financial information reflect total assets of Rs. 1,331,633,678 as at September 30, 2015, total revenues of Rs. 132,318,780 and net cash flows amounting to Rs. 3,668,507 for the year ended on that date, as considered in the consolidated financial statements.

The financial statements / financial information has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

#### 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 terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' report of the Holding company (including the comments in

the Branch auditors report) and the Subsidiary company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors of the Holding Company as on September 30, 2015, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of the subsidiary, none of the Directors of the Group Companies, is disqualified as on September 30, 2015, from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 30 to the Consolidated Financial Statements.
    - ii) The Group did not have any long term contracts including derivative contracts for which there were material foreseeable losses.
    - iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For and on behalf of  
**Kalyaniwalla & Mistry**  
*Chartered Accountants*  
Firm Regn No. 104607W

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

Mumbai,  
November 23, 2015

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### Annexure to Independent Auditor's Report

Our reporting on the Order includes a subsidiary company to which the Order is applicable, which has been audited by another auditor and our report in respect of this company is based solely on the report of the other auditor, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

The Annexure referred to in Para 1, under the heading, 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report of even date to the members of the Company on the Consolidated financial statements for the year ended September 30, 2015:

- i) Fixed Assets:
  - a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Group has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Group and the nature of its assets. As informed the fixed assets have been verified by the Group during the year and were informed that no material discrepancies were noticed.
- ii) Inventory:
  - a) The Management of the Group has conducted physical verification of inventory at reasonable intervals except in respect of stocks lying with third parties in case of the subsidiary company for which certificates have been obtained.
  - b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Group and the nature of its business.
  - c) The Group is maintaining proper records of inventory. As informed to us the discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Group and the same have been properly dealt with in the books of account.
- iii) The Group has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act. Therefore, the provisions of sub-clauses (a) and (b) of paragraph 3 (iii) of the Order are not applicable to the Group for the current year.

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- 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 Group and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) In our opinion and according to the information and explanations given to us, the Group has not accepted any deposits from the public.
- vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act, for the activities of the Group.
- vii) Statutory Dues
- a) According to the information and explanation given to us, the Group is generally regular in depositing undisputed statutory dues, including dues pertaining to provident fund, Employees' State Insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- According to the information and explanations given to us by the Group, there are no arrears of outstanding statutory dues in respect of above as at the last day of the financial year for a period of more than six months from the date they became payable except for sales tax and value added tax amounting to Rs.120,709 and service tax amounting to Rs.8,665.
- b) According to the information and explanations given to us by the Group and on the basis of our examination of the books of account and records, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, or Cess on account of any dispute, other than the following:

Name of Statute	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Special Tax on Entry of Certain Goods Act, 2004	1,14,58,194	October-2004 to March-2007	High Court of Karnataka, Bangalore
The Excise Duty Act, 1944	32,62,241	2004-2005 and 2005-2006	The Central Excise and Service Tax Appellate Tribunal, Mangalore
The Employees Provident Fund and Miscellaneous Provision Act, 1952	40,14,265	January-1990 to December-2001	The Employees Provident Fund Appellate Tribunal
The Excise Duty Act, 1944	1,10,37,577	December 2004 to May 2005	The Supreme Court of India

The Company has deposited Rs.1,204,583 and Rs.815,561 under protest towards provident fund and excise duty respectively.

- c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- viii) The Group has accumulated losses exceeding fifty percent of the net worth as at the end of the financial year and has incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix) According to the records of the Group examined by us and the information and explanations given to us by the Group, the Group has not defaulted in repayment of dues to banks and financial institutions. There are no dues to debenture holders.
- x) According to the information and explanations given to us by the Group, the Group has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) According to the information and explanations given to us by the Group and the records examined by us, the Group has applied the term loans for the purpose for which the loans were obtained.
- xii) Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud on, or by the Group, has been noticed or reported during the year.

For and on behalf of  
**Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Regn No. 104607W

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

Mumbai,  
November 23, 2015

**CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2015**

	Note	As at September 30, 2015 ₹	As at September 30, 2014 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	4	264,993,080	64,993,080
Reserves and Surplus	5	(899,829,038)	(496,785,979)
		<b>(634,835,958)</b>	<b>(431,792,899)</b>
<b>Minority Interest</b>		<b>75,743,041</b>	122,181,906
<b>Non-current liabilities</b>			
Long Term Borrowings	6	936,016,382	1,260,670,573
Deferred tax Liabilities (Net)	7	29,217,632	62,586,029
Long Term Provisions	8	21,749,506	24,054,823
		<b>986,983,520</b>	<b>1,347,311,425</b>
<b>Current liabilities</b>			
Short Term Borrowings	9	1,075,360,210	783,535,435
Trade Payables	10	471,069,838	726,797,871
Other Current Liabilities	11	565,661,566	462,736,686
Short-Term Provisions	12	4,637,347	5,420,348
		<b>2,116,728,961</b>	<b>1,978,490,340</b>
<b>TOTAL</b>		<b>2,544,619,564</b>	<b>3,016,190,772</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	13A	1,265,952,170	1,358,385,317
Intangible assets	13B	11,136,389	13,589,702
Capital Work in Progress		3,036,056	10,391,298
		<b>1,280,124,615</b>	<b>1,382,366,317</b>
Non Current Investments	14	52,502	52,502
Deferred Tax Asset (Net)	15	4,944,757	18,842,363
Long-Term Loans And Advances	16	218,128,869	211,695,217
		<b>1,503,250,743</b>	<b>1,612,956,399</b>
<b>Current assets</b>			
Inventories	17	442,386,728	1,000,094,151
Trade Receivables	18	128,268,511	177,368,445
Cash and Bank Balances	19	290,440,168	85,618,977
Short-Term Loans And Advances	20	73,437,276	65,340,682
Other Current Assets	21	106,836,138	74,812,117
		<b>1,041,368,821</b>	<b>1,403,234,373</b>
<b>TOTAL</b>		<b>2,544,619,564</b>	<b>3,016,190,772</b>
Significant Accounting Policies	2&3		

The notes are an integral part of the these financial statements

As per our Report attached of even date

**For and on behalf of**

**Kalyaniwalla & Mistry**

*Chartered Accountants*

*(Firm registration no. 104607W)*

**Anil A. Kulkarni**

*Partner*

*(Membership No. 47576)*

Mumbai, November 23, 2015

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

Sachin Kulkarni  
**Whole Time Director**  
DIN: 06787605

Pradip Kapadia  
**Director**  
DIN:00078673

Kaiwan Kalyaniwalla  
**Director**  
DIN: 00060776

D. G. Prasad  
**Director**  
DIN:00160408

A. R. Nandkumar  
**DGM - Accounts & Costing**

Ashok Barat  
**Chairman**  
DIN: 00492930

R. N. Jha  
**Director**  
DIN:00033291

Vasant N. Sanzgiri  
**Director**  
DIN:01757117

Zarine K Commissariat  
**Director**  
DIN:07146151

K. Ramananda Pai  
**Company Secretary**

**Annual Report**  
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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
SEPTEMBER 30, 2015**

	Note	Year ended September 30, 2015 ₹	Year ended September 30, 2014 ₹
<b>REVENUE</b>			
Revenue from operations (gross)	22	3,248,268,070	3,405,764,941
Less : Excise Duty		—	—
Revenue from operations (net)		3,248,268,070	3,405,764,941
Other Operating Income	23	91,476,466	72,716,962
Other Income	24	25,619,507	22,876,317
<b>TOTAL REVENUE</b>		<b>3,365,364,043</b>	<b>3,501,358,220</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	25	1,804,751,986	2,351,572,199
Change In Inventory of Finished Goods and Work in Progress	26	421,535,229	(170,131,983)
Employee Benefit Expenses	27	457,280,329	456,589,253
Other Expenses	28	717,366,905	718,777,084
Depreciation	13	86,297,806	119,568,245
Finance Costs	29	323,757,634	338,900,282
<b>TOTAL EXPENSES</b>		<b>3,810,989,890</b>	<b>3,815,275,080</b>
<b>Loss before tax</b>		<b>(445,625,847)</b>	<b>(313,916,860)</b>
Exceptional Items		—	—
<b>Loss before extraordinary items and tax</b>		<b>(445,625,847)</b>	<b>(313,916,860)</b>
Extraordinary Items		—	—
<b>Loss before tax</b>		<b>(445,625,847)</b>	<b>(313,916,860)</b>
Tax expense			
Current Tax		5,103,087	—
Prior Period Tax Adjustment		781,572	1,361,697
Minimum Alternate Tax Credit Entitlement		(5,103,087)	(1,361,697)
Deferred tax		(12,504,294)	(22,754,705)
<b>Loss after tax before minority interest</b>		<b>(433,903,124)</b>	<b>(291,162,155)</b>
Minority Interest		(46,438,865)	(33,187,513)
<b>Loss after Tax</b>		<b>(387,464,259)</b>	<b>(257,974,642)</b>
Basic and Diluted Earnings per share (in ₹)	36	(59.62)	(39.69)

Significant Accounting Policies

2&3

The notes are an integral part of the these financial statements

As per our Report attached of even date

**For and on behalf of**

**Kalyaniwalla & Mistry**

*Chartered Accountants*

*(Firm registration no. 104607W)*

**Anil A. Kulkarni**

*Partner*

*(Membership No. 47576)*

Mumbai, November 23, 2015

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

Sachin Kulkarni  
**Whole Time Director**  
DIN: 06787605

Pradip Kapadia  
**Director**  
DIN:00078673

Kaiwan Kalyaniwalla  
**Director**  
DIN: 00060776

D. G. Prasad  
**Director**  
DIN:00160408

A. R. Nandkumar  
**DGM - Accounts & Costing**

Ashok Barat  
**Chairman**  
DIN: 00492930

R. N. Jha  
**Director**  
DIN:00033291

Vasant N. Sanzgiri  
**Director**  
DIN:01757117

Zarine K Commissariat  
**Director**  
DIN:07146151

K. Ramananda Pai  
**Company Secretary**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Year ended September 30, 2015 ₹	Year ended September 30, 2014 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Loss before tax	(445,625,847)	(313,916,860)
Adjustments for:		
Depreciation	86,297,806	119,568,245
Interest income	(9,203,758)	(8,397,058)
Interest and financial charges	323,757,634	338,900,282
Profit on Sale of Fixed Assets	(79,734)	(5,422)
Dividend Income	(12,500)	(10,500)
Provision for Doubtful Debts	4,501,540	5,123,927
Provision for Doubtful Advances	630,849	471,227
Operating profit/(loss) before working capital changes	<u>(39,734,009)</u>	<u>141,733,841</u>
Adjustments for :		
(Increase)/ Decrease in Inventories	557,707,423	(191,518,673)
(Increase)/ Decrease in Trade and other receivables	(4,315,169)	(1,456,078)
Increase/ (Decrease) in Trade payables and other liabilities	<u>(166,289,314)</u>	<u>256,449,238</u>
Cash generated from operations	347,368,931	205,208,328
Direct Taxes (paid) / refund	958,716	(3,212,199)
<b>Net cash from/ (used in) operating activities</b>	<u><u>348,327,647</u></u>	<u><u>201,996,129</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase)/Sale of investments (net)	-	(2,500)
Purchase of fixed assets	(6,635,090)	(22,575,720)
Sale of Fixed Assets	113,425	262,014
Interest received	9,191,917	8,265,855
Dividend received	12,500	10,500
<b>Net cash from/(used in) investing activities</b>	<u><u>2,682,752</u></u>	<u><u>(14,039,851)</u></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of 2,000,000 7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	200,000,000	-
Proceeds/ (Repayments) of Borrowings from Banks and Financial Institutions	(22,673,355)	152,669,441
Interest paid	(323,515,852)	(341,601,860)
<b>Net cash from/(used in) financing activities</b>	<u><u>(146,189,207)</u></u>	<u><u>(188,932,419)</u></u>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<u><u>204,821,191</u></u>	<u><u>(976,141)</u></u>
Cash and Cash equivalents at the beginning of the year/period	<u>85,618,977</u>	<u>86,595,118</u>
<b>Cash and Cash equivalents at the end of the year/period</b>	<u><u>290,440,168</u></u>	<u><u>85,618,977</u></u>

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### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Year ended September 30, 2015 ₹	Year ended September 30, 2014 ₹
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	706,236	991,198
Balances with banks:		
- In current accounts	205,723,923	4,427,138
- In deposit accounts	84,010,009	80,200,641
	<u>290,440,168</u>	<u>85,618,977</u>

#### Notes

- 1 Figures in brackets indicate cash outflow.
- 2 Change in borrowings are shown net of receipts and payments.
- 3 Purchase of fixed assets includes movements in Capital Work-in-process between the beginning and the end of the year.
- 4 Previous year's figures have been rearranged / regrouped wherever necessary.
- 5 To finance the working capital requirements the Company's bankers have sanctioned a total fund based limit of ₹12,270 lac. Out of this limit, utilised as on September 30, 2015 is ₹ 6,811 lac.
- 6 Deposit account includes amount of ₹ 790 lacs placed in Debt Service Reserve Account against Term loan borrowed from Bank.

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

#### For and on behalf of

#### Kalyaniwalla & Mistry

Chartered Accountants

(Firm registration no. 104607W)

#### Anil A. Kulkarni

Partner

(Membership No. 47576)

Mumbai, November 23, 2015

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

Sachin Kulkarni  
Whole Time Director  
DIN: 06787605

Pradip Kapadia  
Director  
DIN:00078673

Kaiwan Kalyaniwalla  
Director  
DIN: 00060776

D. G. Prasad  
Director  
DIN:00160408

A. R. Nandkumar  
DGM - Accounts & Costing

Ashok Barat  
Chairman  
DIN: 00492930

R. N. Jha  
Director  
DIN:00033291

Vasant N. Sanzgiri  
Director  
DIN:01757117

Zarine K Commissariat  
Director  
DIN:07146151

K. Ramananda Pai  
Company Secretary

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## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

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### 1. Corporate Information

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

### 2. Basis of Consolidation

The consolidated financial statements relate to M/s. Gokak Textiles Limited, the holding Company, and its subsidiary Gokak Power & Energy Ltd. (collectively referred to as the Group). Gokak Textiles Limited holds 51% stake in the subsidiary Company. The consolidation of the financial statements of the Company with its subsidiary has been prepared in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements'.

#### a) Basis of Accounting:

The financial statements of the Company have been prepared on 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and the relevant provisions of the Companies Act, 2013 ('the Act') / the Companies Act, 1956, as applicable. The financial statements have been prepared on accrual basis and under the historical cost convention.

#### b) Principles of consolidation:

- i) The financial statements of the company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
- ii) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company at the date on which the investment in the subsidiary company is made, is recognised as 'Goodwill' being an asset in the consolidated financial statement. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- iii) Minority interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments.

### 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. Difference between the actual and estimates are recognised in the period in which the results are known/materialised.

#### (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. Cost of Leasehold Land and Building are amortised over the period of lease.

#### (c) Depreciation /Amortisation:

Depreciation is provided on pro-rata basis on the straight line method as per useful life specified in Schedule II to the Companies Act, 2013. Items costing less than and up to Rs. 5,000 are fully depreciated in the year of purchase.

#### (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. Current investments are stated at lower of cost and fair value whichever is lower.



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### CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

**(e) Inventories :**

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

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

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

**(f) 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.

**(g) Revenue Recognition :**

Sales are accounted for on dispatch of goods to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are net of sales tax, excise duty and sales returns. Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract. Income from power generation of the Subsidiary Company is recognised on the transmission of power to the customers and are net of taxes. Revenue from renewable energy certificates is recognised on accrual basis. Dividend Income is recognised when the right to receive the same is established. Interest Income is recognised on time proportion basis.

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

**(h) Operating Expenses :**

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

**(i) Foreign Exchange Transactions :**

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. Gains or losses arising in respect of forward foreign exchange contracts or on cancellation thereof are recognised as income or expense.

**(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) Grants :**

Government grants, which relate to specific fixed assets, are treated as deferred income and recognised in the Statement of Profit and Loss over the useful life of the relevant fixed asset. The amount of Government grant allocated to income is netted off against the depreciation charge for the year and the amount allocable in subsequent years is shown as Deferred Government grants. Government grants / subsidies related to revenue are recognised in the Statement of Profit and Loss over periods matching them with the related costs which they intended to compensate.

**(l) Research and Development Expenditure :**

No intangible asset arising from revenue expenditure pertaining to the research is recognised. Expenditure on research is charged to the revenue when incurred. Intangible assets arising from development are recognised if and only if expenditure attributable to the intangible assets are reliably measurable as under and all of the following are demonstrated. (a) Technical feasibility of completing the asset for use or sale; (b) Intention and ability to use or sell it; (c) Utility of the asset if intended for internal use or the market for the asset for sale; and (d) Availability of resources to complete the development. Capital expenditure on research and development is capitalised in accordance with the policy stated in above.

**(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. Provision for deferred tax is made for all temporary

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

timing difference arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Credit Available in respect of MAT under the Income Tax Act, 1961, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(n) Earnings per Share :**

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

**(o) Impairment :**

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

**(p) Employee Benefits :**

Short-term Employee benefits: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. 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 Plans:Retirement benefits in the form of Gratuity for eligible employees considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Other long-term benefits:Long-term compensated absence is provided for on the basis of an actuarial.

### 4. Share Capital

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
<b>Authorised:</b>				
Equity shares of ₹10/- each	7,000,000	70,000,000	7,000,000	70,000,000
Non-cumulative, non-convertible Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	–	–
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each fully paid	6,499,308	64,993,080	6,499,308	64,993,080
7% Non-cumulative, non-convertible, Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	–	–
<b>Total</b>	<b>26,499,308</b>	<b>264,993,080</b>	6,499,308	64,993,080

**(A) Reconciliation of equity shares outstanding at the beginning and end of the reporting year**

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Shares outstanding at the beginning of the year	6,499,308	64,993,080	6,499,308	64,993,080
Add: Shares Issued during the year	–	–	–	–
Less: Shares bought back during the year	–	–	–	–
<b>Shares outstanding at the end of the year</b>	<b>6,499,308</b>	<b>64,993,080</b>	6,499,308	64,993,080

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**(B) Reconciliation of 7% Non-cumulative, non-convertible, Redeemable Preference Shares outstanding at the beginning and end of the reporting year**

Particulars	September 30, 2015		September 30, 2014	
	Nos.	₹	Nos.	₹
Shares outstanding at the beginning of the year	–	–	–	–
Add: Shares Issued during the year	20,000,000	200,000,000	–	–
Less: Shares bought back during the year	–	–	–	–
<b>Shares outstanding at the end of the year</b>	<b>20,000,000</b>	<b>200,000,000</b>	–	–

**(C) 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.

During the year ended September 30, 2015, the amount of per share dividend recognized as distributions to equity shareholders is NIL (September 30, 2014: NIL).

**(D) Terms/rights attached to 7% Non-cumulative, Non-convertible, Redeemable Preference Shares**

7% Non-cumulative, non-convertible, Redeemable Preference Shares shall be non-participating, redeemable before 20 years from the date of their issue, carry a preferential right, vis-a-vis equity shares with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47 (2) of the Act.

**(E) 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.	%
Shapoorji Pallonji & Company Private Limited (Formerly known as Shapoorji Pallonji & Company Limited) - Holding Company				
- Equity shares	4,780,845	73.56%	4,780,845	73.56%
- 7% Non-cumulative, non-convertible, Redeemable Preference Shares	20,000,000	100.00%	–	0.00%

**(F) Buyback of Shares, Bonus Shares, ESOP and Shares issued for consideration other than cash**

The company has not bought back any shares neither has it issued any bonus shares and shares under ESOP in the past five years. Further, the Company has not issued shares for consideration other than cash in past five years.

In the FY 2007-08; the company issued 6,449,308 shares to the shareholders of Forbes Gokak Limited pursuant to the Scheme of Demerger for consideration other than cash.

**5. Reserves & Surplus**

	September 30, 2015 ₹	September 30, 2014 ₹
<b>Surplus/ (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(1,212,817,665)	(954,843,023)
(-) Carrying value recognised in opening balance where remaining useful life of assets is 'Nil' as per Schedule II to the Act (net of deferred tax)	(15,578,799)	
(+) Net loss for the year	(387,464,260)	(257,974,642)
Closing Balance	(1,615,860,724)	(1,212,817,665)
<b>General Reserve</b>	<b>716,031,686</b>	716,031,686
<b>Total</b>	<b>(899,829,038)</b>	(496,785,979)

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**6. Long Term borrowings**

	September 30, 2015	September 30, 2014
	₹	₹
<b>Secured</b>		
Term Loans from Banks/Financial Institutions	936,016,382	1,260,670,573
<b>Total</b>	<b>936,016,382</b>	<b>1,260,670,573</b>

**Terms of Repayment, Rate of Interest and Nature of Security of Long Term Borrowings**

Particulars	September 30, 2015	September 30, 2014
	₹	₹
1-2 Years	291,389,040	324,561,907
2-3 Years	163,602,342	291,389,040
3-4 years	106,950,000	163,694,626
Beyond 4 Years	374,075,000	481,025,000
<b>Total</b>	<b>936,016,382</b>	<b>1,260,670,573</b>

The above borrowings carry effective interest rates ranging from 7% p.a. to 14 % p.a.

Borrowings amounting to ₹ 9,674,000 (Previous Year: ₹ 59,512,435) are secured by exclusive charge of hypothecation of movable/immovable fixed assets acquired/ to be acquired.

Borrowings amounting to ₹ 76,499,000 (Previous Year: ₹ 114,899,000) are secured by first hypothecation charge on specific movable/immovable fixed assets acquired/ to be acquired.

Borrowings amounting to ₹ 194,443,382 (Previous Year: ₹ 361,109,138) are secured by second by second pari passu charge on movable/immovable fixed assets acquired.

Borrowing amounting to ₹ 655,400,000 (Previous Year: ₹ 725,150,000) are secured by 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. The Borrower shall maintain a Debt Service Reserve Account (DSRA) during the currency of the facility equivalent to an amount equal to ensuing 6 months Debt servicing obligation.

**7. Deferred Tax Liability**

	September 30, 2015	September 30, 2014
	₹	₹
<u>Deferred Tax Liability</u>		
Depreciation	63,443,201	93,806,474
<u>Deferred Tax Asset</u>		
Provision For Doubtful Debts	20,117,528	18,872,162
Provision For Employee Benefits	14,108,041	12,348,283
	<b>29,217,632</b>	<b>62,586,029</b>

For the year ended September 30, 2014, in compliance with the Accounting Standard 22 the deferred tax asset on post demerger unabsorbed depreciation has been recognised to the extent of deferred tax liability on account of depreciation.

**8. Long Term Provisions**

	September 30, 2015	September 30, 2014
	₹	₹
Provision For Gratuity (Refer Note No. 34)	7,940,451	10,403,560
Provision For Leave Encashment	13,809,055	13,651,263
<b>Total</b>	<b>21,749,506</b>	<b>24,054,823</b>

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**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**9. Short Term Borrowings**

	September 30, 2015	September 30, 2014
	₹	₹
<b>From Banks:</b>		
- Working Capital Loan (Secured)	<b>681,060,210</b>	783,535,435
Inter corporate Loan	<b>394,300,000</b>	-
<b>Total</b>	<b>1,075,360,210</b>	783,535,435

The above borrowings carry effective interest rates ranging from 13% p.a. to 15 % p.a. Working Capital Loan is secured against hypothecation of all stocks including raw materials, work in progress, finished goods, stores and book debts.

**10. Trade Payables**

	September 30, 2015	September 30, 2014
	₹	₹
Due to Micro Small and Medium Scale Enterprises (Refer Note 32)	-	-
Due to Others (Refer Note 33)	<b>471,069,838</b>	726,797,871
<b>Total</b>	<b>471,069,838</b>	726,797,871

**11. Other Current Liabilities**

	September 30, 2015	September 30, 2014
	₹	₹
Current Maturities of Long Term Borrowings (Refer Note 6)	<b>324,570,191</b>	314,414,130
Advances from Customers	<b>25,274,560</b>	15,846,067
Deposits	<b>9,421,258</b>	10,185,891
Sales Tax Payable	<b>2,482,667</b>	3,114,527
Other Payables	<b>183,151,395</b>	104,958,958
Interest accrued but not due	<b>7,876,222</b>	7,634,440
Interest accrued and due	<b>11,789,247</b>	-
Payable to capital creditors	<b>1,096,026</b>	6,582,673
<b>Total</b>	<b>565,661,566</b>	462,736,686

There are no amounts due for payments to the Investor Education and Protection Fund as at the year end.

**12. Short Term Provisions**

	September 30, 2015	September 30, 2014
	₹	₹
Provision For Gratuity (Refer Note 34)	<b>1,042,853</b>	300,458
Provision For Leave Encashment	<b>3,594,494</b>	5,119,890
<b>Total</b>	<b>4,637,347</b>	5,420,348

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**13. FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As on 1/10/2014	Addition	Deduction	As on 30/9/2015	As on 01/10/2014	For the Year	Recognised in retained earning	On Deductions during the year	As on 30/09/2015	As on 30/09/2015	As on 1/10/2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>A Tangible Assets</b>											
Leasehold Land	150,000	-	-	150,000	150,000	-	-	-	150,000	-	-
Freehold Land	2,245,450	-	-	2,245,450	-	-	-	-	-	2,245,450	2,245,450
Factory Building	616,681,491	8,004,049	-	624,685,540	261,676,102	19,408,712	8,559,723	-	289,644,537	335,041,003	355,005,389
Residential Building	83,230,369	-	-	83,230,369	21,507,972	2,558,652	4,738,378	-	28,805,002	54,425,367	61,722,397
Canal Lining	122,884	-	-	122,884	116,740	-	-	-	116,740	6,144	6,144
Plant and Machinery	3,311,422,662	5,546,360	4,958,848	3,312,010,174	2,394,335,990	56,517,602	7,678,093	4,958,848	2,453,572,837	858,437,337	917,086,672
Furniture, Fixtures and Office Equipment	74,838,796	439,923	7,840	75,270,879	54,043,223	4,926,241	1,547,261	4,610	60,512,115	14,758,764	20,795,573
Vehicles	16,052,427	-	615,532	15,436,895	14,528,735	433,286	21,840	585,071	14,398,790	1,038,105	1,523,692
<b>Total Tangible Assets</b>	<b>4,104,744,079</b>	<b>13,990,332</b>	<b>5,582,220</b>	<b>4,113,152,191</b>	<b>2,746,358,762</b>	<b>83,844,493</b>	<b>22,545,295</b>	<b>5,548,529</b>	<b>2,847,200,021</b>	<b>1,265,952,170</b>	<b>1,358,385,317</b>
<i>Previous Year</i>	<i>4,090,548,925</i>	<i>14,556,484</i>	<i>361,330</i>	<i>4,104,744,079</i>	<i>2,627,187,035</i>	<i>119,276,465</i>	-	<i>104,738</i>	<i>2,746,358,762</i>	<i>1,358,385,317</i>	
<b>B Intangible Assets</b>											
Computer Software	22,425,697	-	-	22,425,697	8,835,995	2,453,313	-	-	11,289,308	11,136,389	13,589,702
<b>Total Intangible Assets</b>	<b>22,425,697</b>	<b>-</b>	<b>-</b>	<b>22,425,697</b>	<b>8,835,995</b>	<b>2,453,313</b>	<b>-</b>	<b>-</b>	<b>11,289,308</b>	<b>11,136,389</b>	<b>13,589,702</b>
<i>Previous Year</i>	<i>22,425,697</i>	<i>-</i>	<i>-</i>	<i>22,425,697</i>	<i>8,544,215</i>	<i>291,780</i>	<i>-</i>	<i>-</i>	<i>8,835,995</i>	<i>13,589,702</i>	

Notes:

- (a) Consequent to Schedule II to the Companies Act, 2013 becoming applicable with effect from October 1, 2014, depreciation for the year ended September 30, 2015 has been provided on the basis of useful life as prescribed in Schedule II.
- (b) Depreciation for the year is lower by Rs.33,023,128 due to change in useful life of assets. Further, an amount of Rs. 22,545,295 has been recognised in opening balance of retained earnings for the assets where remaining useful life as per Schedule II was Nil as on October 1, 2014.

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### CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### 14. Non Current Investments

	September 30, 2015	September 30, 2014
	₹	₹
In unquoted equity shares of New India Co-Operative Bank	50,002	50,002
In unquoted equity shares of Zoroastrian Co-op Bank Ltd.	2,500	2,500
<b>Total</b>	<b>52,502</b>	<b>50,002</b>

#### 15. Deferred Tax Asset

	September 30, 2015	September 30, 2014
	₹	₹
<u>Deferred Tax Liability</u>		
Depreciation	99,113,266	75,791,396
<u>Deferred Tax Asset</u>		
Unabsorbed depreciation and brought forward business loss	103,297,567	93,513,282
Provision For Employee Benefits	760,456	1,120,477
<b>Total</b>	<b>4,944,757</b>	<b>18,842,363</b>

#### 16. Long Term Loans and Advances

	September 30, 2015	September 30, 2014
	₹	₹
<u>Unsecured, considered good</u>		
Advances Recoverable in cash or Kind for value to be received	3,998,076	4,549,446
Capital Advances	659,328	120,000
Balances with Excise Authorities	94,688,599	89,286,435
Balances with Sales Tax Authorities	66,264,137	64,299,307
Deposits		
Considered good	17,047,988	21,332,087
- Considered doubtful	630,849	-
Minimum Alternate Tax Credit Entitlement	28,964,784	23,861,697
Advance Tax (Net of provision for taxes ₹ 23,861,697; Previous Year: ₹ 23,861,697)	6,505,957	8,246,245
Less: Provision for doubtful advances	630,849	-
<b>Total</b>	<b>218,128,869</b>	<b>211,695,217</b>

#### 17. Inventories

	September 30, 2015	September 30, 2014
	₹	₹
Raw materials	57,923,176	188,168,313
Work in Progress	88,863,078	122,869,867
Finished goods	243,586,279	631,114,719
Stores and Spares including Fuel and Packing Material	52,014,195	57,941,252
<b>Total</b>	<b>442,386,728</b>	<b>1,000,094,151</b>

#### 18. Trade Receivables (Refer Note 33)

	September 30, 2015	September 30, 2014
	₹	₹
Outstanding for a period exceeding six months		
Considered good	11,408,752	21,624,088
Considered doubtful	65,105,270	60,603,730
	<b>76,514,022</b>	<b>82,227,818</b>
Other Debts		
Considered good	116,859,759	155,744,357
Less: Provision for doubtful debts	65,105,270	60,603,730
<b>Total</b>	<b>128,268,511</b>	<b>177,368,445</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**19. Cash and Bank Balances**

	September 30, 2015	September 30, 2014
	₹	₹
Cash on Hand	706,236	991,198
<u>Balances with banks</u>		
In current accounts	205,723,923	4,427,138
In deposit accounts	84,010,009	80,200,641
<b>Total</b>	<b>290,440,168</b>	<b>85,618,977</b>

**20. Short-term Loans and advances**

	September 30, 2015	September 30, 2014
	₹	₹
<u>Unsecured, considered good</u>		
Advances Recoverable in cash or Kind for value to be received		
- Considered good	24,082,846	34,612,274
- Considered doubtful	471,227	471,227
Prepaid Expenses	10,337,592	8,648,180
Advances to Suppliers		
- Others	37,462,491	21,606,760
Deposit	1,538,200	22,000
Staff Advance	5,000	-
Other Receivables	11,147	451,468
Less: Provision for doubtful advances	471,227	471,227
<b>Total</b>	<b>73,437,276</b>	<b>65,340,682</b>

**21. Other Current Assets**

	September 30, 2015	September 30, 2014
	₹	₹
Interest Subsidy Receivable	6,439,656	6,134,476
Interest Accrued	3,021,982	3,010,141
Fixed assets held for sale	12,500,000	12,500,000
REC Receivable	84,874,500	53,167,500
<b>Total</b>	<b>106,836,138</b>	<b>74,812,117</b>

**22. Revenue from Operations**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Sale of		
Finished Goods	3,228,189,329	3,332,320,490
Electricity	3,691,524	4,154,763
Processing Income	16,387,217	69,289,688
	<b>3,248,268,070</b>	<b>3,405,764,941</b>
Less: Excise Duty	-	-
<b>Total</b>	<b>3,248,268,070</b>	<b>3,405,764,941</b>



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#### Details of Finished Goods Sold

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Grey Yarn	2,391,717,665	2,460,709,262
Blended Yarn	24,913,520	41,244,352
Dyed Yarn	567,414,770	580,334,878
Canvas	191,170,364	197,429,601
Apparels	48,347,717	34,757,922
Others	4,625,293	17,844,475
<b>Total</b>	<b>3,228,189,329</b>	<b>3,332,320,490</b>

#### 23. Other Operating Income

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Scrap Sales	37,498,044	7,551,720
Export Benefits	3,368,422	8,427,742
Revenue from REC	50,610,000	56,737,500
<b>Total</b>	<b>91,476,466</b>	<b>72,716,962</b>

#### 24. Other Income

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Interest Income		
- Others	9,203,758	8,397,058
Miscellaneous Income	13,543,304	7,897,687
Exchange Gain (Net)	2,792,711	6,576,150
Profit on Sale of Fixed Assets (Net)	79,734	5,422
<b>Total</b>	<b>25,619,507</b>	<b>22,876,317</b>

#### 25. Cost of Raw Materials Consumed

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Opening Stock of Raw Material	188,168,313	171,442,981
Add : Purchases	1,674,506,849	2,368,297,531
	<b>1,862,675,162</b>	<b>2,539,740,512</b>
Less : Closing Stock of Raw Material	57,923,176	188,168,313
<b>Total</b>	<b>1,804,751,986</b>	<b>2,351,572,199</b>

#### Details of Raw Material Consumed

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Cotton	1,643,399,094	2,151,920,021
Staple Fibre	42,703,142	83,921,075
Bought Waste	42,380,110	34,472,209
Yarn	8,318,212	1,992,600
Others	67,951,428	79,266,294
<b>Total</b>	<b>1,804,751,986</b>	<b>2,351,572,199</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**26. Change In Inventory of Finished Goods and Work-in-Progress**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<u>Closing Stocks:</u>		
Finished goods	243,586,279	631,114,719
Work in Progress	88,863,078	122,869,867
	<b>332,449,357</b>	<b>753,984,586</b>
<u>Opening Stocks:</u>		
Finished goods	631,114,719	446,050,833
Work in Progress	122,869,867	137,801,770
	<b>753,984,586</b>	<b>583,852,603</b>
<b>Total</b>	<b>421,535,229</b>	<b>(170,131,983)</b>

**Details of Inventory**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b><u>Finished Goods</u></b>		
Grey Yarn	94,702,110	326,619,684
PC Yarn	3,122,312	6,555,335
Dyed Yarn	28,588,501	8,647,821
Canvas	2,433,949	133,255,825
Apparels	114,333,529	125,184,348
Terry Towel	313,080	599,477
Others	92,798	252,229
<b>Total</b>	<b>243,586,279</b>	<b>631,114,719</b>
<b><u>Work in Progress</u></b>		
Cotton Yarn	81,928,508	106,608,596
Loose Grey Cloth & Fabric	4,693,760	4,754,666
Apparels	2,240,810	11,506,605
<b>Total</b>	<b>88,863,078</b>	<b>122,869,867</b>

**27. Employee Benefit Expenses**

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Salaries, Wages, Bonus and Exgratia	347,290,208	347,865,566
Contribution to Provident & Other Funds	73,102,920	72,602,309
Workmen and Staff Welfare Expenses	36,887,202	36,121,379
<b>Total</b>	<b>457,280,329</b>	<b>456,589,253</b>

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### CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### 28. Other Expenses

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Consumption of Stores & Spares	31,493,169	27,189,732
Consumption of Packing material	68,340,438	67,123,577
Power and Fuel	285,281,874	343,753,696
Water Royalty Charges	9,637,644	6,366,623
Processing Charges	566,462	861,937
<u>Repairs &amp; Maintenance</u>		
Buildings	2,116,128	3,464,397
Plant & Machinery	45,094,275	44,614,516
Others	24,575,768	33,412,879
	71,786,171	81,491,792
Rent	9,046,218	9,021,446
Rates and Taxes	16,237,239	16,711,492
Insurance	11,323,468	10,394,830
Legal and Profession Fees	14,305,896	16,897,772
Hank Yarn Obligation	2,978,413	3,029,228
Printing & Stationery	1,892,671	2,366,876
Postage, Telegram and Courier Charges	2,843,300	3,000,025
Freight & Forwarding	83,315,322	38,819,813
Travelling and Conveyance	5,581,938	6,386,809
Commission and Discount	41,966,139	6,148,011
Marketing and Selling	31,735	35,100
Provision for Doubtful debts	4,501,540	5,123,927
Provision for doubtful advances	630,849	471,227
Directors' Meeting Fees	1,390,884	662,924
Miscellaneous Expenses	54,215,535	32,920,247
<b>Total</b>	<b>717,366,905</b>	<b>718,777,084</b>

#### 29. Finance Cost :

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Interest on		
Term Loan	181,657,477	175,891,390
Others	131,285,540	155,231,502
Other Borrowing Cost	10,814,617	7,777,390
<b>Total</b>	<b>323,757,634</b>	<b>338,900,282</b>

#### 30. Contingent liabilities :

Contingent liabilities not provided in respect of :

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
A) Bills Discounted	-	39,158,425
B) Guarantees issued by bank	22,776,442	24,781,791
Corporate Guarantee to Other		
C) Taxes in dispute :-		
Entry Tax/Special Entry tax	11,458,194	11,458,194
Income tax matters	-	300,912
Excise Demands	14,299,818	16,600,425
Provident Fund	2,810,682	2,810,682
D) Labour Matters in Dispute	5,198,272	4,886,272
E) Bonds given by Company in favour of Customs Authorities	478,320,557	478,320,557
F) Other Demands Contested by the Company		
Creditors Claim	71,471	71,471
Electricity Duty	555,893	955,893
	<b>535,491,329</b>	<b>579,344,622</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

31. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 14,832 (Previous Year: ₹24,41,295).  
Other commitments: Nil.
32. 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, no disclosures have been made in the Accounts.
33. Trade Payables and Trade Receivables are subject to independent balance confirmations and reconciliations. Management is of the opinion that no variance of a material sum is expected on such independent confirmations and reconciliations.

**34. Gratuity :**

	September 30, 2015	September 30, 2014
	₹	₹
<b>a) Change in Present Value of Obligation</b>		
Present value of the obligation at the beginning of the year	165,803,195	147,919,587
Benefits earned during the year	13,788,344	12,802,213
Current Service Cost	8,132,725	7,146,326
Interest Cost	950,996	880,349
Past Service Cost - Vested Benefit	-	-
Actuarial (Gain) / Loss on Obligation	18,063,549	18,032,689
Benefits Paid	(24,579,472)	(20,977,659)
Present value of the obligation at the end of the year	182,159,337	165,803,505
<b>b) Change in Plan Assets</b>		
Fair value of Plan Assets at the beginning of the year	156,147,069	141,180,937
Expected return on Plan Assets	13,584,795	12,141,561
Actuarial Gain / (Loss) on Plan Assets	(693,242)	871,997
Contributions by Plan Participants	25,639,135	20,413,975
Benefits Paid	(20,453,704)	(18,461,401)
Fair value of Plan Assets at the end of the year	174,224,053	156,147,069
<b>c) Amounts Recognised in the Balance Sheet</b>		
Present value of Obligation at the end of the year	182,159,337	165,803,505
Fair value of Plan Assets at the end of the year	174,224,053	(156,147,069)
Funded Status	(1,047,800)	(1,047,582)
Net Obligation at the end of the year	7,935,284	10,704,018
<b>d) Amounts Recognised in the Statement of Profit &amp; Loss</b>		
Current Service Cost	8,132,725	7,146,326
Interest cost on Obligation	1,154,545	13,682,562
Expected return on Plan Assets	-	(12,141,561)
Net Actuarial (Gain) / Loss recognised in the year	18,756,791	17,160,692
Past Service Cost - Vested Benefit recognised in the year	-	-
Expenses recognized in Profit & Loss Account	28,044,061	25,848,019
<b>e) Actual return on Plan Assets</b>		
Expected return on Plan Assets	13,584,795	12,141,561
Actuarial Gain / (Loss) on Plan Assets	(693,242)	871,997
Actual return on Plan Assets	12,891,553	13,013,558
<b>f) Actuarial Assumptions</b>		
i) Discount Rate	7.9%	8.9%
ii) Expected Rate of Return on Plan Assets	7.9%	8.7%
iii) Salary Escalation Rate	4.0%	4.0%
iv) Attrition Rate	2.0%	2.0%
v) Mortality	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>

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.

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35. 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.

36. 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:

	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
Net (Loss)/Profit after tax (₹)	(387,464,259)	(257,974,642)
Weighted average number of Equity Shares outstanding	6,499,308	6,499,308
Nominal Value of Share (₹)	10	10
Basic and Diluted Earnings per share (in ₹)	(59.62)	(39.69)

37. The Company has decided to change the Financial Year as per the provisions of the Companies Act 2013, from September to March, from March 2016. Current Financial Year is closed on 30th September 2015. The next Financial Year will be for six months ending on 31st March 2016.

#### 38. Related Party Disclosures:

##### A Names of the related parties and description of relationship

###### I) Holding Company

Shapoorji Pallonji & Company Private Limited

(Formerly known as Shapoorji Pallonji & Company Limited)

###### II) Fellow Subsidiaries

Forbes & Company Limited

Volkart Fleming Shipping & Services Limited

Eureka Forbes Limited

Forbes Technosys Limited

Forbes Doris & Naess Maritime Limited

Forvol International Services Limited

Shapoorji Pallonji Infrastructure Capital Company Limited

###### III) Key Managerial Personnel

Mr. H. S. Bhaskar - Whole Time Director (Upto July 13, 2015)

Mr. Sachin Kulkarni - Whole Time Director (w.e.f. July 13, 2015)

##### B. Particulars of transaction with Related Parties

(Amount in ₹)

Year ended September 30, 2015 (₹) Year ended September 30, 2014 (₹)	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Total
<b>Nature of Transactions</b>				
<b>Sales</b>	286,881	5,001	-	291,882
<i>Previous Year</i>	5,363,261	36,347	-	5,399,608
<b>Rent</b>	-	354,228	-	354,228
<i>Previous Year</i>	-	351,374	-	351,374
<b>Services Received</b>	-	1,482,965	-	1,482,965
<i>Previous Year</i>	-	883,943	-	883,943
<b>Remuneration</b>	-	-	5,230,548	5,230,548
<i>Previous Year</i>	-	-	4,987,584	4,987,584
<b>Preference shares issued</b>	200,000,000	-	-	200,000,000
<i>Previous Year</i>	-	-	-	-
<b>Borrowings</b>	365,800,000	28,500,000	-	394,300,000
<i>Previous Year</i>	-	-	-	-
<b>Interest paid</b>	10,330,521	2,768,644	-	13,099,165
<i>Previous Year</i>	-	-	-	-
<b>Expenses/Payments incurred on behalf</b>	-	68,536	-	68,536
<i>Previous Year</i>	-	147,975	-	147,975
<b>Receivables</b>	889,338	1,873,744	-	2,763,082
<i>Previous Year</i>	3,904,000	1,800,207	-	5,704,207
<b>Payables</b>	375,097,468	33,446,230	1,200,000	409,743,698
<i>Previous Year</i>	-	3,517,095	1,200,000	4,717,095

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**C. Details of Related Party Transactions**

Nature of Transaction	Year ended September 30, 2015	Year ended September 30, 2014
	₹	₹
<b>Sales</b>		
Shapoorji Pallonji & Company Private Limited	286,881	5,363,261
Forbes & Company Limited	5,001	36,347
<b>Services Received</b>		
Forvol International Services Limited	1,174,898	353,199
Eureka Forbes Limited	54,541	87,197
Forbes & Company Limited	253,526	443,547
Forbes & Company Limited	354,228	351,374
<b>Borrowings</b>		
Shapoorji Pallonji & Company Private Limited	365,800,000	-
Shapoorji Pallonji Infrastructure Capital Company Limited	28,500,000	-
<b>Interest paid</b>		
Shapoorji Pallonji & Company Private Limited	10,330,521	-
Shapoorji Pallonji Infrastructure Capital Company Limited	2,768,644	-
<b>Expenses/Payments incurred on behalf</b>		
Forbes & Company Limited	68,536	147,975
<b>Directors Remuneration</b>		
Mr. H.S. Bhaskar	4,453,613	4,987,584
Mr. Sachin Kulkarni	776,935	-
<b>Preference shares issued</b>		
Shapoorji Pallonji & Company Private Limited	200,000,000	-
<b>Receivables</b>		
Shapoorji Pallonji & Company Private Limited	889,338	3,904,000
Eureka Forbes Limited	-	-
Forbes & Company Limited	1,873,744	1,800,207
<b>Payables</b>		
Shapoorji Pallonji & Company Private Limited	375,097,468	-
Shapoorji Pallonji Infrastructure Capital Company Limited	30,991,779	-
Volkart Fleming Shipping & Services Limited	-	910,501
Eureka Forbes Limited	35,750	35,750
Forvol International Services Limited	79,018	15,335
Forbes & Company Limited	2,339,683	2,555,509
Mr. H.S. Bhaskar	1,200,000	1,200,000

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**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**39. Segment Information**

Particulars	Year ended September 30, 2015			Year ended September 30, 2014		
	Textile	Electricity & Power	Total	Textile	Electricity & Power	Total
	₹	₹	₹	₹	₹	₹
<b>Segment Revenue:</b>						
Total External Revenue	3,301,509,013	54,651,272	3,356,160,285	3,432,001,924	60,959,238	3,492,961,162
Inter Segment Revenue	-	128,627,256	128,627,256	-	125,598,223	125,598,223
<b>Net turnover before Inter-Segment Eliminations</b>	<b>3,301,509,013</b>	<b>183,278,528</b>	<b>3,484,787,541</b>	<b>3,432,001,924</b>	<b>186,557,461</b>	<b>3,618,559,385</b>
Less: Inter-Segment Elimination	-	(128,627,256)	(128,627,256)	-	(125,598,223)	(125,598,223)
<b>Net Turnover</b>	<b>3,301,509,013</b>	<b>54,651,272</b>	<b>3,356,160,285</b>	<b>3,432,001,924</b>	<b>60,959,238</b>	<b>3,492,961,162</b>
<b>Segment Results:</b>						
Profit/(Loss) before Tax and Interest and before Inter-Segment Elimination	(275,291,495)	106,206,044	(169,085,451)	(118,075,693)	98,337,851	(19,737,842)
Less: Inter-Segment Elimination (Expense)/Income	-	-	-	-	-	-
	(128,627,256)	90,613,775	(38,013,481)	(117,840,823)	81,516,617	(36,324,206)
<b>Profit/(Loss) before Tax and Interest and after Inter-Segment Elimination</b>	<b>(146,664,239)</b>	<b>15,592,269</b>	<b>(131,071,970)</b>	<b>(234,870)</b>	<b>16,821,234</b>	<b>16,586,364</b>
Add: Interest Expense (Net)	-	-	314,553,876	330,503,224	-	-
Add: Unallocated Expenses	-	-	(445,625,847)	(313,916,860)	-	-
Taxes	-	-	(11,722,722)	-	-	(22,754,705)
<b>Net Profit /(Loss) After Tax</b>			<b>(433,903,124)</b>	<b>-</b>	<b>-</b>	<b>(291,162,155)</b>
<b>Segment Assets:</b>						
Segment Assets	1,812,978,197	394,346,045	2,207,324,242	2,506,604,043	367,559,857	2,874,163,900
Unallocated Assets	-	-	337,295,322	-	-	142,026,872
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>2,544,619,564</b>	<b>-</b>	<b>-</b>	<b>3,016,190,772</b>
<b>Segment Liabilities:</b>						
Segment Liabilities	1,757,784,023	36,458,784	1,794,242,807	1,671,643,400	8,853,193	1,680,496,593
Unallocated Liabilities	-	-	1,385,212,715	-	-	1,767,487,078
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>3,179,455,522</b>	<b>-</b>	<b>-</b>	<b>3,447,983,671</b>
<b>Capital Employed:</b>						
Unallocated Capital & Reserves	-	-	(634,835,958)	-	-	(431,792,899)
<b>Other Information:</b>						
Capital Expenditure	-	-	-	-	-	-
Depreciation	75,940,463	10,357,343	86,297,806	103,505,036	16,063,209	119,568,245

**Notes:**

- Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management. Expenses not directly allocable to the segments are treated as "Unallocated Expenses".
  - Segment revenues, expenses and results include transfers between business segments. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.
- 40.** During the previous Financial Year, a special resolution seeking the approval of Shareholders for the divestment of Knitwear Division has been passed by the requisite majority as per the postal ballot announced on 6th Decemebr 2013. The Company is in the process of locating a buyer.

41. Additional Information as required under Schedule III to the Companies Act, 2013 of Enterprises consolidated as subsidiary.

Name of the Enterprise	Net Assets (i.e. total assets minus total liabilities)		Share in (Profit) / Loss As % of consolidated net asset	
		As % of consolidated Assets		As % of consolidated profits
Gokak Textiles Limited	-13%	88,833,254	117%	454,818,622
Gokak Power and Energy Limited	-63%	444,826,275	1%	4,159,419
Inter-Company Eliminations	164%	(1,168,495,487)	-6%	(25,074,917)
Minority Interest	11%	(75,743,041)	-12%	(46,438,865)
	<b>100%</b>	<b>(710,578,999)</b>	<b>100%</b>	<b>387,464,259</b>

42. Figures of previous year have been regrouped/recast/rearranged wherever necessary, to conform to the current period's presentation.



**GOKAK POWER & ENERGY LIMITED**  
**A SUBSIDIARY COMPANY**

**BOARD OF DIRECTORS**

<b>DIRECTORS</b>	:	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	
<b>PRINCIPAL BANKERS</b>	:	ICICI BANK LTD	
<b>AUDITORS</b>	:	MURUGESH & CO.	
<b>REGISTERED &amp; CORPORATE OFFICE</b>	:	NO.24, 29TH MAIN BTM LAYOUT II STAGE BANGALORE - 560 076	
<b>PLANTS</b>	:	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 30<sup>th</sup> 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 <sup>th</sup> September, 2015	For the year from 01.10.2013 to 30.09.2014 ended 30 <sup>th</sup> 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 1<sup>st</sup> October, 2015 to 31<sup>st</sup> 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 29<sup>th</sup> June, 2015 and 17<sup>th</sup> 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 28<sup>th</sup> July, 2015 for a period of 3 years. Accordingly, resolution for approval of appointment of Mr. Sacihn 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. 10<sup>th</sup> November, 2014, 12<sup>th</sup> February, 2015, 14<sup>th</sup> May, 2015, 28<sup>th</sup> July, 2015.

## Annual Report 2014 - 2015

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-executive Chairman	4	3
2.	Shri. H.S. Bhaskar @	Managing Director	4	2@
3.	Shri. Sachin Kulkarni*	Managing Director	4	1*
4.	Shri. C G Shah	Non-Executive Non-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 invitee 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	Non Independent Independent	1 1	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 3<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> December, 2014, Messrs. Murugesh & Company, Chartered Accountants had been appointed as Statutory Auditors upto the 6<sup>th</sup> 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 :

<p>(i) the steps taken or impact on conservation of energy</p>	<p>a. Replaced CFL/LED type streetlights in place of sodium vapour lamps.</p> <p>b. Attended water leakage and oil leakages to reduce the pump operation</p> <p>c. Oil and Water leakages to be attended to reduce the auxiliary power consumption.</p> <p>d. Water leakage in Open Canal to be attended to save water and there by increase the power generation.</p>
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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,  
23<sup>rd</sup> November, 2015  
Registered Office:  
No.24, 29<sup>th</sup> 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  
23<sup>rd</sup> 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 30<sup>th</sup> September, 2015  
(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1)  
of the Companies (Management and Administration) Rules, 2014)

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
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 <sup>th</sup> Main, BTM Layout 2 <sup>nd</sup> 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:

SI 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:**

SI 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	
<b>A.</b>	<b>Promoters</b>									
	(a) Individuals /Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Bodies Corporate	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
	<b>Sub-Total (A)(1)</b>	<b>0</b>	<b>24,989,940</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0</b>	<b>24,989,940</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
	(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>0</b>	<b>24,989,940</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0</b>	<b>24,989,940</b>	<b>24,989,940</b>	<b>51.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
	<b>(1) Institutions</b>									
	(a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(i) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	i- Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>									
	(a) Bodies Corporate	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
	<b>Sub-total (B)(2)</b>	<b>0</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>0</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>24,010,000</b>	<b>60</b>	<b>24,010,060</b>	<b>49.00</b>	<b>0.00</b>
	<b>TOTAL(A)+(B)</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
	<b>(1) Promoter and Promoter Group</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>(2) Public</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL(A)+(B)+(C)</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>48,999,940</b>	<b>60</b>	<b>49,000,000</b>	<b>100.00</b>	<b>0.00</b>



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ii) Shareholding Pattern of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year <b>01.10.2014</b>			Shareholding at the end of the year <b>30.09.2015</b>			% 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	<b>Gokak Textiles Limited</b>	<b>24989940</b>	<b>51%</b>	0.00	<b>24989940</b>	<b>51%</b>	0.00	0.00
	<b>TOTAL</b>	<b>24989940</b>	<b>51%</b>	0.00	<b>24989940</b>	<b>51%</b>	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
<b>1</b>	At the beginning of the year	There is no change in Promoters' Shareholding between 01.10.2014 to 30.09.2015			
<b>2</b>	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
<b>3</b>	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 <b>01.10.2014</b>		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	Rahul Adeshwar 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	ARN Murthy 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
<b>Indebtedness at the beginning of the financial year</b>				
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	-	-	-	-
<b>Total (i+ii+iii+iv+v)</b>	79.04	-	-	79.04
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	3.10	-	3.10
* Reduction	(6.12)	-	-	(6.12)
<b>Net Change</b>	(6.12)	3.10	-	3.02
<b>Indebtedness at the end of the financial year</b>				
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	-	-	-	-
<b>Total (i+ii+iii+iv+v)</b>	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
<b>1</b>	<b>Independent Directors</b>		-	-	
	Mr.Pradip N Kapadia	30000	-	-	30000
	Mr.Kaiwankalyaniwalla	30000	-	-	30000
	<b>Total (1)</b>	<b>60000</b>	-	-	<b>60000</b>
<b>2</b>	<b>Other Non Executive Directors</b>		-	-	
	Mr.S.Mukundan	20000	-	-	20000
	Mr.Sachin Kulkarni	20000	-	-	20000
	Mr.C.G.Shah	-	-	-	-
	<b>Total (2)</b>	<b>40000</b>	-	-	<b>40000</b>
	<b>Total (B)=(1+2)</b>	<b>100000</b>	-	-	<b>100000</b>
	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)
<b>A. COMPANY</b> Penalty Punishment Compounding			None and Not Applicable		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			None and Not Applicable		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			None and Not Applicable		

## Annual Report 2014 - 2015

### 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 30<sup>th</sup> September, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 30<sup>th</sup> 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*

Place : Bangalore

Date : 23<sup>rd</sup> November, 2015

M. No. 020497



## 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/accrued 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 :** 23<sup>rd</sup> November, 2015

**Annual Report**  
**2014 - 2015**

**BALANCE SHEET AS AT SEPTEMBER 30, 2015**

	Note	September 30, 2015	September 30, 2014
		₹	₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(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>
<b>2 Non-current liabilities</b>			
(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>
<b>3 Current liabilities</b>			
(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>
<b>TOTAL</b>		<u><u>1,331,633,678</u></u>	<u><u>1,334,383,115</u></u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed Assets</b>			
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>
<b>2 Current assets</b>			
(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>
<b>TOTAL</b>		<u><u>1,331,633,678</u></u>	<u><u>1,334,383,115</u></u>

The notes are an integral part of 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 ₹
<b>REVENUE</b>			
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
<b>TOTAL REVENUE</b>		<b>191,079,476</b>	<b>193,460,279</b>
<b>EXPENSES</b>			
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
<b>TOTAL EXPENSES</b>		<b>181,341,289</b>	<b>198,515,642</b>
<b>Profit \ (Loss) before tax</b>		<b>9,738,187</b>	<b>(5,055,363)</b>
<b>Tax expense :</b>			
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)
<b>Profit \ (Loss) for the period</b>		<b>(4,159,419)</b>	<b>13,787,000</b>
Earnings per share (in Rs) (Basic and Diluted)		<b>(0.08)</b>	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 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
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)
<b>Cash Generated from operations before working capital changes</b>	<b>154,639,368</b>	<b>158,489,773</b>
<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
<b>Cash generated from operations</b>	<b>162,987,308</b>	<b>188,050,939</b>
Taxes paid (net of refunds)	(5,103,087)	-
<b>Net cash generated from operating activities - [A]</b>	<b>157,884,221</b>	<b>188,050,939</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of tangible assets	(5,988,570)	(9,504,220)
Interest received	7,738,448	6,895,712
<b>Net cash flow from/ (used in) investing activities [B]</b>	<b>1,749,878</b>	<b>(2,608,508)</b>
<b>C. Cash Flow from Financing Activities :</b>		
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	-
<b>Net cash flow from/ (used in) financing activities [C]</b>	<b>(155,965,592)</b>	<b>(184,103,433)</b>
<b>Net increase/ (decrease) in cash and cash equivalents [D]= [A]+[B]+[C]</b>	<b>3,668,507</b>	<b>1,338,998</b>
<b>Cash and cash equivalents as at beginning [E]</b>	<b>80,054,511</b>	<b>78,715,513</b>
<b>Cash and cash equivalents as at closing [D]+[E]</b>	<b>83,723,021</b>	<b>80,054,511</b>

**Notes:**

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

As per our Report of even date

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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## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>st</sup> OCTOBER 2014 TO 30<sup>th</sup> 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. Deferred 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 1<sup>ST</sup> OCTOBER 2014 TO 30<sup>TH</sup> 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.	₹
<b>Authorised:</b> Equity Shares of ₹10 each	<b>50,000,000</b>	<b>500,000,000</b>	50,000,000	500,000,000
<b>Issued, Subscribed and Paid up</b> Equity Shares of ₹10 each fully paid	<b>49,000,000</b>	<b>490,000,000</b>	49,000,000	490,000,000
<b>Total</b>	<b>49,000,000</b>	<b>490,000,000</b>	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	<b>49,000,000</b>	<b>490,000,000</b>	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	<b>49,000,000</b>	<b>490,000,000</b>	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	<b>24,990,000</b>	<b>51%</b>	24,990,000	51%
Shapoorji pallonji Infrastructure Capital Company Limited	<b>24,010,000</b>	<b>49%</b>	24,010,000	49%



**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>st</sup> OCTOBER 2014 TO 30<sup>th</sup> SEPTEMBER, 2015**

**5. Reserves & Surplus**

	September 30, 2015 ₹	September 30, 2014 ₹
<b>General Reserve</b>		
Opening Balance		—
(+) Transfer from Profit and Loss	—	—
(-) Utilised for creation of Capital redemption reserve	—	—
(-) Utilised for premium on buy back of shares	—	—
Closing Balance	—	—
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
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 ₹
<b>Secured</b>		
Term Loan	655,400,000	725,150,000
<b>Total</b>	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
<b>Total</b>	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
<b>Total</b>	2,134,997	1,847,239

**9. Short Term Borrowings**

Particulars	September 30, 2015 ₹	September 30, 2014 ₹
Inter corporate Loan	30,991,779	—
<b>Total</b>	30,991,779	—

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**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>st</sup> OCTOBER 2014 TO 30<sup>th</sup> SEPTEMBER, 2015**

**10. Short Term Provisions**

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

**11. Other Current Liabilities**

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

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 1<sup>st</sup> OCTOBER 2014 TO 30<sup>th</sup> 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
<b>A Tangible Assets</b>									
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
<b>Total Tangible Assets</b>	<b>1,265,186,411</b>	<b>13,343,812</b>	<b>-</b>	<b>1,278,530,223</b>	<b>102,353,862</b>	<b>35,432,258</b>	<b>137,786,120</b>	<b>1,140,744,103</b>	<b>1,162,832,548</b>
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>B Intangible Assets</b>									
Computer Software	54,000	-	-	54,000	54,000	-	54,000	-	-
	<b>54,000</b>	<b>-</b>	<b>-</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>	<b>54,000</b>	<b>-</b>	<b>-</b>
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 1<sup>ST</sup> OCTOBER 2014 TO 30<sup>TH</sup> SEPTEMBER, 2015**

**13. Deferred Tax Asset**

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

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	-
<b>Total</b>	<b>5,103,087</b>	<b>-</b>

**15. Inventory**

	September 30, 2015 ₹	September 30, 2014 ₹
Stores & Spares	1,571,118	971,765
<b>Total</b>	<b>1,571,118</b>	<b>971,765</b>

**16. Trade Receivable**

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

**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
<b>Total</b>	<b>83,723,021</b>	<b>80,054,511</b>

**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
<b>Total</b>	<b>1,503,405</b>	<b>2,931,629</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>ST</sup> OCTOBER 2014 TO 30<sup>TH</sup> SEPTEMBER, 2015****19. Other Current Assets**

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

**20. Revenue from Operations**

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

**21. Employee Benefit Expenses**

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

**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
<b>Total</b>	<b>20,938,258</b>	<b>19,535,921</b>

**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
<b>Total</b>	<b>117,207,370</b>	<b>118,053,433</b>



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**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>st</sup> OCTOBER 2014 TO 30<sup>th</sup> 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.)	<b>(4,159,419)</b>	13,787,000
Weighted average number of Equity Shares outstanding	<b>49,000,000</b>	49,000,000
Nominal Value of Share (Rs.)	10	10
Earnings Per share (Basic and Diluted) (Rs.)	<b>(0.08)</b>	<b>0.28</b>

**27 Gratuity**

	September 30, 2015	September 30, 2014
<b>a) Change in Present Value of Obligation</b>		
Present value of the obligation at the beginning of the year	<b>2,956,622</b>	2,778,636
Benefits earned during the year	-	-
Current Service Cost	<b>92,672</b>	82,814
Interest Cost	<b>262,280</b>	257,024
Past Service Cost - Vested Benefit	-	-
Actuarial (Gain) / Loss on Obligation	<b>(6,846)</b>	-
Benefits Paid	<b>(1,232,026)</b>	(161,852)
Present value of the obligation at the end of the year	<b>2,072,702</b>	2,956,622
<b>b) Change in Plan Assets</b>		
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	-	-
<b>c) Amounts Recognised in the Balance Sheet</b>		
Present value of Obligation at the end of the year	<b>2,072,702</b>	2,956,622
Fair value of Plan Assets at the end of the year	-	-
Net Obligation at the end of the year	<b>2,072,702</b>	2,956,622
<b>d) Amounts Recognised in the Statement of Profit &amp; Loss</b>		
Current Service Cost	<b>92,672</b>	82,814
Interest cost on Obligation	<b>262,280</b>	257,024
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the year	<b>(6,846)</b>	-
Past Service Cost - Vested Benefit recognised in the year	-	-
Expenses recognized in Profit & Loss Account	<b>348,106</b>	339,838
<b>e) Actual return on Plan Assets</b>		
Expected return on Plan Assets	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-
<b>f) Actuarial Assumptions</b>		
i) Discount Rate	<b>7.96%</b>	8.87%
ii) Expected Rate of Return on Plan Assets	-	-
iii) Salary Escalation Rate	<b>4.00%</b>	5.00%
iv) Attrition Rate	<b>2.00%</b>	2.00%
v) Mortality	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	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
<b>Sales (including Electricity Tax)</b>	136,479,335	–	–	–	136,479,335
<i>Previous Year (including Electricity Tax)</i>	138,263,265	–	–	–	138,263,265
<b>Interest Expenses</b>	12,938,566	–	2,768,644	–	15,707,210
<i>Previous Year</i>	7,757,400	–	–	–	7,757,400
<b>Advances/Loan Taken</b>	–	–	28,500,000	–	28,500,000
<i>Previous Year</i>	–	–	–	–	–
<b>Expenses / Payments Incurred on behalf</b>	132,622	–	–	–	132,622
<i>Previous Year</i>	439,265	–	–	–	439,265
<b>Deposit Payable</b>	10,000,000	–	–	–	10,000,000
<i>Previous Year</i>	10,000,000	–	–	–	10,000,000
<b>Payables</b>	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/-





**Registered Office:**  
# 24, 29th Main  
BTM Layout II Stage  
Bangalore - 560 076.