

INDEPENDENT AUDITORS' REPORT

To the Members of
GOKAK SUGARS LIMITED

Opinion

We have audited the Ind AS financial statements of **GOKAK SUGARS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 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 31st March 2020, its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- 1) Recoverability of Deferred Tax Assets: The Management has recognised Deferred Tax Assets on Unabsorbed business losses as there is reasonable certainty that such deferred tax assets can be realised against future taxable profits as per the management forecasts of the future business projections. We have reviewed the evaluation process of the management of the business projections with the underlying assumptions and judgements in arriving at the future taxable profits and found it to be satisfactory in recognising the deferred tax assets on unabsorbed business losses.

- 2) Impairment assessment of property, plant and equipment (PPE): The Management has done an internal assessment of impairment of PPE in the Company and has concluded that there is no impairment provision to be done as at March 31, 2020.
We have verified and gone through the records of PPE, its valuations, depreciation accounting done, revaluation wherever done and its due accounting. Further, we have also evaluated if there are any indicators of impairment of PPE by comparing the recoverability with the carrying value and provision of impairment loss if any required. We have concluded that there is no impairment of PPE as at March 31, 2020 and no provision for impairment loss is required as at March 31, 2020.
- 3) Physical Verification of Inventory: The Management has conducted the Physical Verification of Inventory count at the year end and shared with us the Certified Details. Due to COVID 19 related lockdown, we were not able to physically observe physical verification of inventory.
In this regard, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items', which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company have disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31(iv) 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bengaluru
Date: June 27, 2020

For Vasant Doijode & Co.
Chartered Accountants
Firm Regn No. 006404S
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DOJODE Date: 2020.06.27
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Vasant D Doijode
Proprietor
Membership No. 202784
UDIN: 20202784AAAAAE6106

Annexure A to the Auditors' Report

The Annexure referred to in our report to the members of Gokak Sugars Limited for the year ended 31st March, 2020. We report that:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, all fixed assets have been physically verified by the management during the year periodically which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) With regard to inventory, physical verification has been conducted by the management at reasonable intervals and no significant material discrepancies were noticed on the physical verification of stocks and the differences between the book stocks and the physical stocks have been properly dealt with in the books of account.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- b) Since the Company has not granted any loans as specified in clause (a), the question of reporting whether rate of interest and other terms and conditions of loan are prejudicial to the interest of the company does not arise.
- iv) The Company has no loans, investments, guarantees and security that requires the compliance under section 185 and 186 of the Companies Act, 2013.
- v) According to the information and explanations given to us, the company has not accepted any deposits, hence reporting on clause (v) of the order is not applicable.
- vi) The Central Government has prescribed maintenance of cost records u/s. 148(1) of the Companies Act, 2013 for some products of the Company. We have broadly reviewed these records of the company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.
- vii) a) According to the information and explanations given to us and as per books and records examined by us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with appropriate authorities outstanding as at 31st March 2020 for a period exceeding six months from the date they became payable.
- b) According to the information and explanations given to us and as per the records examined by us, there are no disputed amounts in respect of Income tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as at 31st March 2020 except the following:

SI No	Name of the Statute	Nature of Dues	Amount (Rs in Mn)	Period	Forum where Dispute is pending
1	Karnataka Electricity Reform Act, 1999	O&M Charges Demand	0.38	2012-17, 2017-18 and 2018-19	KERC
Grand Total			0.38		

- viii) The Company has borrowed funds from banks and financial institutions but has not raised funds by way of debentures. There is no default in repayment of dues to banks and financial institutions.
- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans borrowed during the year have been utilised for the purposes for which they were raised.
- x) As per information and explanations given to us and on the basis of our examinations of books and records, there were no frauds on or by the company has been noticed or reported during the year.
- xi) No managerial remuneration has been paid by the Company during the year and hence reporting on clause (xi) of the order is not applicable.
- xii) This is not a Nidhi Company, hence reporting under clause (xii) does not apply.
- xiii) As per information and explanations given to us and on the basis of our examinations of books and records, all the transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them and hence reporting on this clause is not applicable.
- xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

Place: Bengaluru
Date: June 27, 2020

For Vasant Doijode & Co.
Chartered Accountants
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Proprietor
Membership No. 202784
UDIN: 20202784AAAAAE6106

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Gokak Sugars Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Place: Bengaluru
Date: June 27, 2020

For Vasant Doijode & Co.
Chartered Accountants
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Vasant D Doijode
Proprietor
Membership No. 202784
UDIN: 20202784AAAAAE6106

GOKAK SUGARS LIMITED
Regd. Office: Sy. No. 238 & 263, Kolavi Village, Tal: Gokak Dist : Belagavi
Balance Sheet as at March 31, 2020

Amount in Rupees

	Notes	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipments	2A	1,527,463,478	1,574,001,061
Capital Work-in-Progress - Tangible		19,496,287	-
Financial assets			
Investments	3	5,000,000	5,000,000
Other Advances	4	212,956	212,956
Income tax receivable		2,418,772	2,417,057
Deferred Tax Assets (net)	5	58,065,136	86,576,524
Other non-current assets	6	370,638	370,638
Current assets			
Inventories	7	170,975,681	805,245,550
Financial assets			
Trade Receivables	8	76,610,047	77,020,440
Cash and Cash Equivalents	9	280,458,170	13,828,183
Other Bank Balances	10	25,000	25,000
Other current financial assets	11	93,437,881	71,431,604
Other current assets	12	16,383,042	3,458,446
Total		2,250,917,088	2,639,587,458
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	13	351,745,400	351,745,400
Other Equity	14	(319,517,184)	(392,224,451)
Non-Current Liabilities			
Financial Liabilities			
Borrowings	15	-	13,000,000
Net employee benefit liabilities (non-current)	16	1,427,022	1,206,147
Current Liabilities			
Financial liabilities			
Loans	17	1,783,099,075	1,439,458,318
Trade Payables			
Total outstanding due to micro and small enterprises	18	-	-
Total outstanding due to other creditors		350,342,256	1,045,731,985
Other Financial Liabilities	19	15,230,350	141,659,450
Net employee benefit liabilities (current)	20	105,591	99,508
Other current liabilities	21	68,484,579	38,911,101
Total		2,250,917,088	2,639,587,458

Accompanying Notes 1 to 31 form Integral part of the financial statements

To be read with our report of even date

For Vasant Dojode & Co.

Chartered Accountants

Firm Regn.No : 006404S

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Date: 2020.06.27 19:09:41 +05'30'

Vasant D Dojode

Proprietor

Membership No.202784

Place : Mumbai

Date : June 27, 2020

For and on behalf of the Board of directors of

Gokak Sugars Limited

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Vijendra Singh

Director

DIN: 03537522

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Sunil Ranka

Chief Financial Officer

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Shripad Rajaram Nerlikar

Director

DIN : 02102633

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GOKAK SUGARS LIMITED
Regd. Office: Sy. No. 238 & 263, Kolavi Village, Tal: Gokak Dist : Belagavi
Statement of Profit & Loss for the year ended March 31, 2020

Amount in Rupees

	Notes	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Revenue from Operations	22	2,315,079,441	1,859,601,229
Income from Incentive to Sugar Mills		65,357,153	74,584,121
Other Income	23	141,255	38,766
Total Revenue		2,380,577,849	1,934,224,116
Expenditure			
Cost of Materials Consumed	24	1,176,360,127	1,614,950,846
Cost of Traded Goods		-	-
Changes In Inventories of Finished Goods, Work-In-Progress & Stock in Trade	25	618,004,966	(56,769,175)
Employee Benefit Expenses	26	92,968,009	87,469,253
Finance Costs	27	202,072,981	201,766,850
Depreciation and Amortization Expenses	28	69,799,670	63,601,554
Other Expenses	29	120,268,739	146,979,372
Total Expenses		2,279,474,492	2,057,998,700
Profit/(Loss) Before Exceptional, Extraordinary Items and Tax		101,103,357	(123,774,584)
Extraordinary Items		-	-
Profit/(Loss) before exceptional items and tax		101,103,357	(123,774,584)
Exceptional Items		-	293,236,060
Profit/(Loss) Before Tax		101,103,357	(417,010,644)
Tax Expenses			
Current Tax		-	-
Deferred Tax		28,511,387	(32,390,997)
Total Tax Expenses		28,511,387	(32,390,997)
Profit/(Loss) for the year		72,591,969	(384,619,646)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the net defined benefit liability / asset		115,298	418,649
Revaluation reserve on assets		-	141,658,553
Total comprehensive income for the year		72,707,267	(242,542,444)
Earning Per Equity Share:			
Basic (in Rs.)	30	2.06	(10.93)
Diluted (in Rs.)		2.06	(10.93)

Accompanying Notes 1 to 31 form Integral part of the financial statements

To be read with our report of even date

For Vasant Doijode & Co.

Chartered Accountants
Firm Regn.No : 006404S

VASANT D DOIJOE
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Date: 2020.06.27 19:12:44 +05'30'
Vasant D Doijode
Proprietor
Membership No.202784

For and on behalf of the Board of directors of
Gokak Sugars Limited

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Vijendra Singh
Director
DIN: 03537522

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Director
DIN : 02102633

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Sunil Ranka
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

GOKAK SUGARS LTD

Regd. Office: Sy. No. 238 & 263, Kolavi Village, Tal: Gokak Dist : Belagavi

Cash Flow Statement for the year ended March 31, 2020

Amount in Rupees

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Cash Flow From Operating Activities:		
Profit before taxation	101,103,357	(417,010,644)
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation	69,799,670	63,601,554
Financial expenses	202,072,981	201,766,850
Loss/(Profit) on sale of fixed assets	(10,000)	675,847
Operating profit before working capital changes	372,966,008	(150,966,393)
Changes in operating assets and liabilities:		
Trade receivables	410,393	119,473,360
Other receivables	(34,930,873)	(65,350,369)
Inventories	634,269,869	(53,679,174)
Other Current Assets	(1,715)	-
Trade and other payables	(695,389,729)	(923,689,027)
Provisions	6,083	(194,155)
Other Liabilities	(96,634,745)	15,023,154
Cash generated from operations	180,695,290	(1,059,382,604)
Income-tax Refund	-	-
Net Cash Flow From Operating Activities	180,695,290	(1,059,382,604)
Cash Flow From Investing Activities:		
Purchase of fixed assets	(42,633,078)	(64,742,419)
Net Cash Flow From Investing Activities	(42,633,078)	(64,742,419)
Cash Flow From Financing Activities:		
(Proceeds)/Repayment from short-term borrowings	343,640,757	944,458,318
Proceeds/ Repayment of long-term borrowings	(13,000,000)	(34,750,000)
Other Advances	-	349,012,496
Interest paid	(202,072,981)	(201,766,850)
Net Cash Flow From Financing Activities	128,567,776	1,056,953,964
Net increase in cash and cash equivalents	266,629,988	(67,171,059)
Opening cash and cash equivalents	13,828,183	80,999,242
Closing cash and cash equivalents	280,458,170	13,828,183

To be read with our report of even date

For Vasant Doijode & Co.

Chartered Accountants

Firm Regn.No : 006404S

VASANT D DOIJOE
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Date: 2020.06.27 19:15:42 +05'30'

Vasant D Doijode

Proprietor

Membership No.202784

Deepak Madhav Manerikar
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Place : Mumbai

Date: June 27, 2020

For and on behalf of the Board of directors of

Gokak Sugars Limited

VIJENDRA SINGH

Vijendra Singh

Director

DIN: 03537522

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Sunil Ranka

Chief Financial Officer

SHRIPAD RAJARAM NERLIKAR

Shripad Rajaram Nerlikar

Director

DIN : 02102633

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GOKAK SUGARS LIMITED

Regd Office: Sy No 238 & 263, Kolavi Village, Tal: Gokak Dist: Belagavi.

Notes to Accounts forming part of Financial Statements for the year ended 31st March, 2020

Note 1: Significant Accounting Policies

All amounts in Indian Rupees, unless otherwise stated.

a. Basis of presentation

The accompanying financial statements have been presented for the year ended 31st March 2020 along with comparative information for the year ended 31st March, 2019. These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) on going concern basis under the historical cost convention on the accrual basis of accounting and the relevant provisions prescribed in the Companies Act 2013, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017. The accounting policies have been consistently applied by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Use of estimates

In preparing the Company's financial statements in conformity with Ind AS, the Company's management is required to make estimates, judgements and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period, the actual results could differ from those estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise and if material, their effects are disclosed in the notes to the financial statements.

c. Property, plant and equipment:

i. **Property, plant and equipment** (Tangible and Intangible) are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to the location and condition necessary for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis. Subsidy received from the Government has been recognised as deferred income and recognized in the profit and loss on a systematic basis over the useful life of assets.

ii. Land, Building and Plant and Machinery are carried at revalued amount and the surplus on revaluation is credited to Revaluation Reserve account. The useful lives of the depreciable assets remain to be the same as that of prior to revaluation.

d. Borrowing costs

Interest and other costs in connection with the borrowings of funds to the extent attributable to the acquisition or construction of qualifying assets or capitalized as part of the cost of such asset till such time the asset is ready for its intended use.

All other borrowings costs are recognized in the statement of profit and loss in the period in which they are incurred.

e. Depreciation

i. Depreciation is provided in the manner prescribed in Schedule II of the Companies Act, 2013. The Carrying Value of Fixed assets are depreciated over the revised remaining useful lives. Fixed assets having nil useful life has been charged to the opening balance of retained earnings as per the transitional provision prescribed in note 7 (b) of Schedule II of the Companies Act 2013.

ii. Depreciation on the value of Revaluation is reduced from revaluation Reserve.

f. Inventories

Inventories are valued as follows:

Raw materials, stores and spares, Material in transit and packing materials

Valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a Moving Weighted Average basis.

Finished goods

Valued at lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

Work-in-process

Valued at lower of cost up to estimated stage of process and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

By-products

By-products are valued at cost. Inter-unit transfers of by-products also include the cost of transportation, duties, etc.

g. Revenue recognition

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

h. Employee benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

The eligible employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to "The Regional Provident Fund Commissioner and the Central Provident Fund under the Pension Scheme". The Company recognizes such contributions as expense of the year in which the liability is incurred.

The Company has an obligation towards Gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to Gratuity Fund and the Company recognizes the liability for Gratuity benefits payable in future based on an independent actuarial valuation.

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long-term defined benefit. The liability is provided for based on the number of days of unutilised leave at the Balance Sheet date on the basis of an independent actuarial valuation.

i. Income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognised 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 Minimum Alternate tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, 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.

j. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

k. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

Contingent Assets are neither recognized nor disclosed.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies adopted by the Company, with the following additional policies for segment reporting:

- (i) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- (ii) Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.
- (iii) Gains/losses from transactions in commodity futures, which are ultimately settled net, with/without taking delivery, are recorded as 'Other revenues' under the Sugar segment.
- (iv) Revenue, Expenses, Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated".

n. Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine,

- a) The provision for impairment loss, if any, required or
- b) The reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

o. Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current, non-current classification of assets and liabilities.

Note 2A. Property, Plant and Equipments

(Amount In Rupees)

Particulars	Land Free Hold	Building	Plant & Machinery	Furniture & Fittings	Vehicles	Total
Gross Carrying Value						
At 1st April 2018	200,464,354	321,849,720	1,387,722,208	10,845,807	1,080,152	1,921,962,241
Additions	-	195,308	27,210,636	816,081	-	28,222,025
Revaluation	22,735,646	4,777,209	163,917,621	-	-	191,430,476
Disposals	-	-	6,045,197	558,555	-	6,603,752
At 31st March 2019	223,200,000	326,822,237	1,572,805,269	11,103,333	1,080,152	2,135,010,990
Additions	-	-	23,067,577	194,511	-	23,262,088
Disposals	-	-	-	80,850	-	80,850
At 31st March 2020	223,200,000	326,822,237	1,595,872,846	11,216,994	1,080,152	2,158,192,228
Depreciation and Impairment						
At 1st April 2018	-	84,345,559	405,713,225	8,967,975	913,551	499,940,310
Depreciation charge for the year	-	8,691,554	53,966,638	874,915	67,162	63,600,269
Disposals	-	-	1,974,594	556,054	-	2,530,648
Impairment	-	-	-	-	-	-
At 31st March 2019	-	93,037,113	457,705,269	9,286,836	980,713	561,009,931
Depreciation charge for the year	-	8,580,511	60,400,655	767,611	50,893	69,799,670
Disposals	-	-	-	80,850	-	80,850
Impairment	-	-	-	-	-	-
At 31st March 2020	-	101,617,624	518,105,924	9,973,597	1,031,606	630,728,751
Net Carrying Value						
At 31st March 2020	223,200,000	225,204,613	1,077,766,922	1,243,397	48,546	1,527,463,478
At 31st March 2019	223,200,000	233,785,124	1,115,099,999	1,816,497	99,439	1,574,001,061
At 31st March 2018	200,464,354	237,504,160	982,008,984	1,877,832	166,601	1,422,021,932

Note 2B- Intangible Assets

Particulars	Computer Software
Gross Carrying Value	
At 1st April 2018	675,961
Additions	-
Disposals	-
At 31st March 2019	675,961
Additions	-
Disposals	-
At 31st March 2020	675,961
Depreciation and Impairment	
At 1st April 2018	674,675
Depreciation charge for the year	1,286
Disposals	-
Impairment	-
At 31st March 2019	675,961
Depreciation charge for the year	-
Disposals	-
Impairment	-
At 31st March 2020	675,961
Net Carrying Value	
At 31st March 2020	0.00
At 31st March 2019	0.00
At 31st March 2018	1,286

Information of revaluation model (gross of deferred tax)

Opening balance as at 1st April 2018	336,713,138
Purchases	-
Depreciation on Revalued Assets	(18,342,646)
Reversal of Reserves on Revalued Assets Sold	-
Revaluation Reserve	141,658,553
Balance as at 31st March 2019	460,029,045
Purchases	-
Depreciation on Revalued Assets	(26,298,746)
Reversal of Reserves on Revalued Assets Sold	-
Revaluation Reserve	-
Closing balance as at 31st March 2020	433,730,299

If Land, Building and Plant, Machinery and Equipment were measured using the cost model, the carrying amounts would be as follows:

	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018
Cost			
Freehold Land	18,655,632	18,655,632	18,655,632
Buildings	253,824,608	253,824,608	253,629,300
Plant machinery and Equipment	1,103,907,171	1,103,907,171	1,119,917,243
	1,376,387,411	1,376,387,411	1,392,202,175
Accumulated depreciation			
Freehold Land	-	-	-
Buildings	91,970,761	85,794,991	79,416,677
Plant machinery and Equipment	442,680,548	406,173,898	370,211,260
	534,651,309	491,968,888	449,627,937
Net carrying amount	841,736,102	884,418,522	942,574,238

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

NON-CURRENT ASSETS

Note 3: Investments

Amount in Rupees

	As at 31st March 2020	As at 31st March 2019
Investment in Equity Instruments		
Un-Quoted Investments:		
BDCC BANK LTD. BELGAUM	5,000,000	5,000,000
10000 shares of Rs 500 each		
	5,000,000	5,000,000

Note 4: Other Advances

	As at 31st March 2020	As at 31st March 2019
Unsecured & Considered good:		
Security Deposit	212,956	212,956
	212,956	212,956

Note 5: Deferred Tax Asset / (Liability) (Net)

	As at 31st March 2020	As at 31st March 2019
i. Deferred Tax Liability		
Depreciation	318,887,566	325,067,569
Others	-	-
Gross Deferred Tax Liability	318,887,566	325,067,569
ii. Deferred Tax Asset		
Leave Encashment & gratuity	398,479	339,470
Unabsorbed Business Loss	360,799,142	395,549,542
Gross Deferred Tax Asset	361,197,621	395,889,012
Mat Credit Entitlement	15,755,081	15,755,081
Net Deferred Tax Asset/(Liability)	58,065,136	86,576,524

Unabsorbed business losses have been recognised as deferred tax asset as there is reasonable certainty that such deferred tax asset can be realised against future taxable profits in the forthcoming financial years.

Note 6: Other Non Current Assets

	As at 31st March 2020	As at 31st March 2019
Amount paid under protest	370,638	370,638
Other Advances	-	293,236,060
Less: Provision for Doubtful Advances	-	(293,236,060)
	370,638	370,638

CURRENT ASSETS

Note 7: Inventories

	As at 31st March 2020	As at 31st March 2019
Raw Materials:		
Sugar	-	-
Co-Generation	-	-
Consumables, Stores & Spares:		
Stores & Spares	32,903,243	42,191,733
Consumables	1,186,310	4,712,277
Packing Materials	852,230	4,719,402
Fuel	610,076	193,350
Work-in-Progress:		
-	-	-
Finished Goods:		
Sugar (Manufactured)	101,502,220	734,249,574
Co-Generation	20,174	6
By-Products- Molasses & Baggasse	33,901,428	19,179,208
	170,975,681	805,245,550

Note 8: Trade Receivables

	As at 31st March 2020	As at 31st March 2019
Unsecured, Considered Good :		
Debts over six months	28,946	45,618
Others	76,581,101	76,974,822
	76,610,047	77,020,440

Note 9: Cash and Cash Equivalents

	As at 31st March 2020	As at 31st March 2019
Cash on Hand	82,277	83,264
Balances with banks:		
On current accounts	280,375,893	13,744,919
	280,458,170	13,828,183

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

Note 10: Other Bank Balances

Amount in Rupees

	As at 31st March 2020	As at 31st March 2019
Balances with Banks:		
On deposit accounts	25,000	25,000
	25,000	25,000

Note 11: Other Current Financial Assets

	As at 31st March 2020	As at 31st March 2019
Unsecured and considered good:		
Other Loans & Advances:		
Interest Receivable	229,240	508,204
Claim Receivable Under MIEQ	93,208,641	70,923,400
	93,437,881	71,431,604

Note 12: Other Current Assets

	As at 31st March 2020	As at 31st March 2019
Advance to Vendors	13,077,685	544,881
Advance to Staff	241,182	513,035
Prepaid Expenses	3,064,175	2,400,530
	16,383,042	3,458,446

Note 13: Equity Share Capital

	As at 31st March 2020	As at 31st March 2019
a) Authorised :		
36,000,000 Equity Shares of Rs.10/- Each	360,000,000	360,000,000
	360,000,000	360,000,000
b) Issued, Subscribed & Paid up		
35,174,540 Equity Shares of Rs.10/- Each	351,745,400	351,745,400
	351,745,400	351,745,400

c)	As at 31st March 2020	As at 31st March 2019
Reconciliation of number of shares and Equity Shares outstanding :		
At the beginning of the year	35,174,540	35,174,540
Addition/deletion during the year	-	-
At the end of the period	35,174,540	35,174,540

d) The Company has only one class of equity shares . The company declares and pays dividend in Indian rupees . The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share .

e) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential dues . The distribution will be in proportion to the number of equity shares held by the shareholders .

f) **Details of Shareholders holding more than 5% of Equity Share Capital of the Company**

	Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
		No.of Shares	% of Holding	No.of Shares	% of Holding
a)	Shree Renuka Sugars Limited (including holding by representatives)	32,937,140	93.64	32,937,140	93.64

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

Note 14- Other Equity

Amount in Rupees

	Attributable to Equity Share Holders			Total Equity attributable to the Equity holders of the Company
	Reserves and Surplus			
	Share Premium	Revaluation Reserve	Retained Earnings	
As on 31st March 2018	128,700,000	336,713,138	(615,095,145)	(149,682,006)
Profit/ (Loss) for the year	-	-	(384,619,646)	(384,619,646)
Other Comprehensive Income	-	141,658,553	418,649	142,077,202
Depreciation of Revalued Assets	-	(18,342,646)	18,342,646	-
As on 31st March 2019	128,700,000	460,029,045	(980,953,496)	(392,224,451)
Profit/ (Loss) for the year	-	-	72,591,969	72,591,969
Other Comprehensive Income	-	-	115,298	115,298
Depreciation on Revalued Assets	-	(26,298,746)	26,298,746	-
As on 31st March 2020	128,700,000	433,730,299	(881,947,483)	(319,517,184)

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

NON-CURRENT LIABILITIES

Note 15: Borrowings

Amount in Rupees

	As at 31st March 2020	As at 31st March 2019
i. Secured		
Term Loan from Banks & Financial Institutions		
Ratnakar Bank Limited - Term Loan	13,000,000	44,000,000
	13,000,000	44,000,000
Less: Current Maturity of Long-Term Borrowings transferred to Other Current Liabilities (Refer Note 19)	13,000,000	31,000,000
	-	13,000,000

Terms of Repayment

Term Loans	Amount Outstanding as on 31st March 2020	Date of Maturity	Amt of Each Installment
From Banks/Financial Institutions:			
Ratnakar Bank- Term Loan	13,000,000	June 30, 2020 Sept 30, 2020	7,750,000 5,250,000
Total :	13,000,000		13,000,000

Note 16: Net employee benefit liabilities (non-current)

	As at 31st March 2020	As at 31st March 2019
Provision For Employee Benefits:		
Provision For Gratuity	-	-
Provision For Leave Encashment	1,532,613	1,305,655
	1,532,613	1,305,655
Less: Short-Term Liability (transferred to short-term provisions(Refer Note 20)		
Provision For Gratuity	-	-
Provision For Leave Encashment	105,591	99,508
	1,427,022	1,206,147

CURRENT LIABILITIES

Note 17: Loans

	As at 31st March 2020	As at 31st March 2019
Unsecured		
From Related Party:		
Shree Renuka Sugars Limited - Holding Company	1,783,099,075	1,439,458,318
	1,783,099,075	1,439,458,318

Note 18: Trade Payables

	As at 31st March 2020	As at 31st March 2019
For Goods and Services*		
Total Outstanding due to Micro and Small Enterprises	-	-
Total Outstanding due to Other Creditors	350,342,256	1,045,731,985
Others	-	-
	350,342,256	1,045,731,985

*The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

	As at 31st March 2020	As at 31st March 2019
The principal amount and the interest due thereon remaining		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
Total	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	51,579	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	51,579	-

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

Note 19: Other Financial Liabilities

Amount in Rupees

	As at 31st March 2020	As at 31st March 2019
Current Maturity of Long-Term Borrowings (Refer Note 15)	13,000,000	31,000,000
Interest Payable	51,579	107,474,489
Salary Payable	1,310,541	3,025,365
Other Payables	868,230	159,596
	15,230,350	141,659,450

Note 20: Net employee benefit liabilities (current)

	As at 31st March 2020	As at 31st March 2019
Provision For Leave Encashment	105,591	99,508
	105,591	99,508

Note 21: Other Current Liabilities

	As at 31st March 2020	As at 31st March 2019
Advance From Customers	43,382,605	26,548,013
Other Statutory Dues	25,101,973	12,363,088
	68,484,578	38,911,101

Note 22: Revenue from Operations

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Sale of Products (Gross)		
Sale of Manufactured Sugar	2,051,418,647	1,598,776,159
Sale of By products of Sugar	209,274,158	181,060,600
Sale of Power	53,869,410	79,370,831
Sale of By products of Power	517,226	393,639
	2,315,079,441	1,859,601,229

Note 23: Other Income

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Miscellaneous Income	6,400	18,190
Others	134,855	20,576
	141,255	38,766

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

Note 24: Cost of Materials Consumed

Amount in Rupees

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Opening stock	-	-
Add: Purchases & Related Expenses	1,318,736,185	1,771,464,191
Less: Inter Segment Expenses	142,376,058	156,513,345
	1,176,360,127	1,614,950,846
Less: Closing Stock	-	-
	1,176,360,127	1,614,950,846

Note 25: Changes In Inventory of Finished Goods, Work-In-Progress & Stock in trade

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Opening stock		
Finished Goods :		
Sugar	734,249,574	693,200,654
By-Products	19,179,208	3,455,972
Co-Generation	6	2,987
	A 753,428,788	696,659,613
Closing Stock		
Finished Goods :		
Sugar	101,502,220	734,249,574
By-Products	33,901,428	19,179,208
Co-Generation	20,174	6
	B 135,423,822	753,428,788
Net (Increase)/Decrease in stock	(A-B) 618,004,966	(56,769,175)

Note 26: Employee Benefit Expenses

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Salaries, Wages & Bonus	86,449,617	80,913,440
Contribution to Provident Fund & Others	2,177,638	1,986,003
Leave Encashment	631,713	216,929
Contribution to Gratuity	473,088	1,462,183
Staff Welfare Expenses	3,235,953	2,890,698
	92,968,009	87,469,253

Note 27: Finance Costs

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Interest:		
On Term Loans	4,277,284	31,051,126
On Others	197,759,755	169,707,459
Others:		
Bank Charges	35,942	1,008,265
	202,072,981	201,766,850

Note 28: Depreciation and Amortization Expenses

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Depreciation on Tangible Assets*	69,799,670	63,600,268
Depreciation on Intangible Assets*	-	1,286
	69,799,670	63,601,554

*Refer Note 2A and 2B

Notes to Accounts forming part of Financial Statements for the year ended March 31, 2020

Note 29: Other Expenses

Manufacturing, Administrative and Selling & Distribution Expenses:

Amount in Rupees

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
i. Manufacturing Expenses		
Consumption of Stores & Spares	26,593,533	34,637,858
Consumption of Chemicals, Consumables, Oil & Lubricants	15,767,474	16,419,405
Outsourced Service Cost	14,048,247	14,535,195
Sugar House Loading, Unloading & Handling Charges	6,309,474	7,717,509
Packing Materials	15,153,216	26,804,598
Power & Fuel	166,588,500	166,421,140
Repair & Maintenance:		
Plant & Machinery	6,214,136	8,025,064
Buildings	1,586,127	3,124,706
Other Manufacturing Expenses	260,644	606,413
Less: Inter Segment Expenses	(163,904,480)	(162,891,739)
	88,616,871	115,400,149
ii. Administrative Expenses		
Rent, Rates & Taxes	612,538	980,011
Insurance	2,062,007	987,839
Traveling & Conveyance	18,832,617	18,926,710
Printing & Stationery	462,698	477,777
Communication Expenses	103,428	147,349
Legal & Professional Fees	653,336	1,178,738
Repair & Maintenance-Others	1,805,441	1,256,578
Auditor's Remuneration	550,000	250,000
Safety & Security Expenses	4,263,612	4,250,068
Loss on Sale of Fixed Assets	-	685,023
Books, Subscription and Membership fees	10,000	111,095
Bad Debts written off	293,236,060	-
Less: Provision for Doubtful advances made in previous year withdrawn	(293,236,060)	-
Others	408,915	355,443
	B	29,606,631
iii. Selling and Distribution Expenses		
Freight	-	213,811
Advertising & Sales Promotion	53,399	817,181
Commission/Brokerage On Sales	1,251,970	522,620
Excise Duty borne by the Company	581,907	418,980
	C	1,972,592
	(A+B+C)	146,979,372

Note 30: Earnings Per Share

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

	Year ended 31st Mar 2020	Year ended 31st Mar 2019
Reconciliation of earnings		
Profit/(Loss) for the year ended 31st March 2020	72,591,969	(384,619,646)
Net profit/(Loss) attributable to equity shareholders	72,591,969	(384,619,646)
Reconciliation of number of shares	Shares	Shares
Shares outstanding at the beginning of the year	35,174,540	35,174,540
Shares outstanding at the end of the year	35,174,540	35,174,540
Weighted average number of equity shares	35,174,540	35,174,540
Basic and Diluted Earnings Per Share (in rupees)	2.06	(10.93)
[Nominal value of shares Re. 10/- each]		

Note 31: Other Notes to the Financial Statements

All amounts in Indian Rupees, unless otherwise stated.

i. Outstanding Commitments

As at 31st March, 2020, the Company had the following outstanding commitments:

- Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs.355,399/- (Previous year- NIL).
- ii. Balances appearing under the head Trade Payables, Trade Receivables, loans and advances are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.
- iii. In terms of Ind AS 36 on impairment of assets, there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognised during the year under review.

iv. Contingent Liability

Liabilities classified and considered contingent due to contested claims and legal disputes	Year ended 31 st March, 2020	Year Ended 31st March, 2019
Excise Demand	-	119,572
O&M Charges Demand	370,638	370,638

v. Consumption of Raw Material, Stores and Spares

Particulars	Year Ended 31st March, 2020		Year Ended 31st March, 2019	
	Amount in Rs	% of total consumption	Amount in Rs	% of total consumption
Raw material				
Domestic	1,176,360,127	100%	1,614,950,846	100%
Total	1,176,360,127	100%	1,614,950,846	100%
Stores & Spares				
Domestic	26,593,533	100%	34,637,858	100%
Total	26,593,533	100%	34,637,858	100%

vi. Auditors Remuneration

	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
A	Audit Fee	400,000	100,000
B	Certification charges	Nil	Nil
C	Tax audit services	50,000	50,000
D	Reimbursement of expenses	Nil	Nil
E	Other Service	100,000	100,000

vii. Expenditure in Foreign Currency – Nil

viii. Earnings in Foreign Currency – Nil

ix. Segment Reporting for the year ended March 31, 2020

Amount (Minr)

Particulars	SUGAR		CO-GENERATION		TRADING		ELIMINATIONS		TOTAL	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
REVENUE										
External sales	2,326.05	1,854.41	54.39	79.76	-	-	-	-	2,380.44	1,934.19
Inter-segment sales	142.38	156.51	163.90	162.89	-	-	(306.28)	(319.40)	-	-
Total Revenue	2,468.43	2,010.92	218.29	242.65	-	-	(306.28)	(319.40)	2,380.44	1,934.19
Results	550.36	117.01	201.34	42.87	-	74.58	(448.66)	(156.51)	303.04	77.95
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-
Operating profit									303.04	77.95
Financial expenses	-	-	-	-	-	-	-	-	202.07	201.77
Other income	-	-	-	-	-	-	-	-	0.14	0.04
Profit from ordinary activities									101.10	(123.78)
Exceptional items	-	-	-	-	-	-	-	-	-	-
Net Profit									101.10	(123.78)
OTHER INFORMATION										
Segment assets	1,545.40	1,868.54	542.64	497.71	-	-	-	-	2,088.04	2,366.25
Unallocated corporate Assets									162.88	101.01
Total Assets	1,545.40	1,868.54	542.64	497.71	-	-	-	-	2,250.92	2,639.59
Segment liabilities	345.71	1,059.61	8.46	29.72	-	-	-	-	354.16	1,089.33
Unallocated corporate liabilities									1,864.52	1,483.26
Total Liabilities	345.71	1,059.61	8.46	29.72	-	-	-	-	2,218.69	2,572.59
Capital expenditure	47.95	36.74	(5.19)	1.34	-	-	-	-	42.76	38.08
Unallocated corporate capital expenditure	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	47.95	36.74	(5.19)	1.34	-	-	-	-	42.76	38.08
Depreciation	48.75	44.99	21.05	18.62	-	-	-	-	69.80	63.60
Unallocated corporate depreciation	-	-	-	-	-	-	-	-	-	-
Total Depreciation	48.75	44.99	21.05	18.62	-	-	-	-	69.80	63.60

x. **Defined Benefit Plans**

S.NO	Particulars	Gratuity Benefits		Compensated Absences	
		Year Ended 31st March, 2020	Year Ended 31st March, 2019	Year Ended 31st March, 2020	Year Ended 31st March, 2019
1	Change in Benefit obligation				
	Opening Defined Benefit Obligation	3,003,238	28,13,004	1,042,588	1,256,035
	Current service cost	538,694	523,149	206,250	160,943
	Interest cost	211,377	209,018	78,128	79,711
	Actuarial loss/(gain) due to change in financial assumptions	367,988	-16,289	136,199	-5,757
	Actuarial loss/(gain) due to change in demographic assumption	- 2,369	-	- 696	-
	Actuarial loss/ (gain) due to experience	- 493,870	-436,081	- 84,529	(151,558))
	Past Service Cost	-	-	-	-
	Benefits paid	- 204,038	-89,563	- 125,568	-75,953
	Closing Defined Benefit Obligation	3,421,020	3,003,238	1,515,439	1,305,655
2	Change in Plan Assets				
	Opening value of plan assets	3,573,977	2,955,213	-	-
	Interest Income	276,983	240,916	-	-
	Return on plan assets excluding amounts included interest income	- 12,953	-33,721	-	-
	Contributions by employer	100,000	501,133	-	-
	Benefits paid	- 204,038	-89,563	-	-
	Closing value of plan assets	3,733,969	3,573,978	-	-
3	Fund Status of Plan Assets				
	Present value unfunded obligations	-	-	1,252,372	1,042,588
	Present value funded obligations	3,421,020	3,003,238	-	-
	Fair Value of plan assets	- 3,733,970	-3,573,978	-	-
	Net Liability (Assets)	- 312,950	-570,740	1,252,372	1,042,588
4	Other Comprehensive Income for the current period				
	Due to Change in financial assumptions	- 367,988	-16,289	136,199	-5,757
	Due to change in demographic assumption	- 2,369	-	- 696	-
	Due to experience adjustments	- 493,870	-436,081	- 84,529	-151,558
	Return on plan assets excluding amounts included in interest income	12,953	33,721	-	-
	Amounts recognized in Other Comprehensive Income	- 115,298	-418,649	50,974	-157,315
5	Defined benefit liability				
	Net opening provision in books of accounts	3,003,238	2,813,004	1,042,588	1,256,035
	Current service cost	538,694	523,149	206,250	160,943
	Interest cost	211,377	209,018	78,128	79,711
	Actuarial Loss/(gain) recognized in Other Comprehensive Income	- 115,298	-452,370	50,974	-157,315
	Past Service Cost	-	-	-	-
	Benefits paid by the Company	- 204,038	-89,563	- 125,568	-75,953
	Closing provision in books of accounts	3,421,020	3,003,238	1,515,439	1,305,655
6	Principal Actuarial Assumption				
	Discount rate	6.76%	7.75%	6.76%	7.75%
	Salary Growth rate	5.00%	5.00%	5.00%	5.00%
	Withdrawal Rates	5% at Younger 1% at Older age			

xi. Related Party Disclosures**Related parties****(a) Holding Company**

Shree Renuka Sugars Ltd.,

(b) Fellow subsidiary

KBK Chem Engineering Pvt. Ltd

(c) Transactions with Holding Company**Shree Renuka Sugars Ltd.**

	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
1	Nature of transaction		
	Advances Received/(Paid) during the year	(32,219,159)	(1,742,368,359)
	Interest on Advances payable	(197,697,329)	(107,474,489)
	Interest on Advances paid	291,925,249	-
	Sale of Asset	-	3,837,328
	Sale of By-products of Sugar	315,394,877	215,921,629
	Sale of Sugar	-	716,388,949
	Sale of Stores and Spares	1,655,456	5,386,128
	Receipt against Sale	(684,917,586)	(2,00,000)
	MIEQ Receivable	(46,540,000)	-
	Advance received against Sales	-	(628,757,886)
	Purchase - Others	(4,706,313)	(2,714,671)
	Purchase of Services	(79,963,364)	(85,146,182)
	Purchase of Asset	-	(4,141,205)
	Payment against Purchases	113,484,333	-
	Others	(6,891,067)	-
	Outstanding as at the end of the period	(1,806,307,764)	(1,573,331,561)

(d) Transactions with Fellow subsidiary**KBK Chem Engineering Pvt. Ltd**

	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
1	Nature of transaction		
	Purchase of Plant & machinery/Stores & Spares	(432,185)	(1,439,675)
	Payments against Purchase	1,175,585	696,274
	Sale of Stores & Spares/Asset	11,800	-
	Outstanding as at the end of the period	11,800	(743,401)

- xii. The Company has charged Interest on Loans taken from its Holding Company at the rate of 11% p.a for the period ended 31st March 2020.
- xiii. Previous year's figures have been regrouped/ rearranged wherever necessary to conform to the current year grouping.
- xiv. Consequent to the outbreak of COVID-19, which has been declared a pandemic by the World Health Organization (WHO), Government of India and State government have declared Lockdown restrictions which have impacted business in general. Since the company is engaged in the manufacturing of essential commodities, the activities of the company were carried out normally under the directives issued by the Ministry of Home Affairs and State government.

The company has considered internal and external information while finalizing various estimates and making assumptions to its financial statements and no material impact on financials results inter alia including the carrying value of various current and non- current assets are expected to rise.

Based on the aforesaid , the management concludes that no material uncertainty exists about the company's ability to continue as a going concern and accordingly the management has prepared these financial statements on a going concern basis.

To be read with our report of even date
For **Vasant Doijode & Co.,**
Chartered Accountants
Firm Regn. No: 006404S

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Date: 2020.06.27
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Vasant D Doijode
Partner
Membership No.202784

Place: Mumbai
Date: June 27, 2020

For and on behalf of the Board of directors of
Gokak Sugars Limited

VIJENDRA SINGH
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Vijendra Singh
Director
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Sunil Ranka
Chief Financial Officer

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Director
DIN: 02102633

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