

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
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## Independent Auditor's Report

To the Members of Gobind Sugar Mills Limited

## Report on the Financial Statements

1. We have audited the accompanying financial statements of Gobind Sugar Mills Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement; the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') 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 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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 these financial statements are free from material misstatement.



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6. 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 controls 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. 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

## Basis for Qualified Opinion

8. As explained in Note 10(i) of the accompanying financial statements, the Company has valued its inventory of finished goods and work in progress (WIP) based on net realizable value (NRV) which is lower than the cost of finished goods and WIP. In the absence of necessary audit evidence with respect to NRV used by the management, we are unable to comment on the carrying value of the inventory and its consequential impact on the accompanying financial statements.

## Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matter described in the Basis for Qualified Opinion paragraph, 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
  - a) we have sought and except for the possible effects of matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) except for the possible effects of matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) except for the possible effects of matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rule thereunder;



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- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 May 2018 as per Annexure II expressed an unmodified opinion;
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 39 to the financial statements, has disclosed the impact of pending litigations on its financial position;
  - 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; and
  - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Neeraj Goel*

per Neeraj Goel  
Partner  
Membership No. 099514



Place: Gurugram  
Date: 23 May 2018

# Walker Chandiook & Co LLP

## Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2018

### Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment is verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment was verified during the year and no material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and rule framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



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## Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2018

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs. In lacs)	Amount paid under Protest (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	5.91	Nil	FY 2006-10	CESTAT, Allahabad
Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	11.94	4.45	FY 2007-08 and FY 2011-12	Commissioner Appeals, Lucknow
Central Excise Act, 1944	Disallowance of CENVAT Credit on input goods	7.66	3.62	FY 2000-01 FY 2003-04 and FY 2005-06	High Court, Lucknow
Central Sales Tax, 1956	Interest demand on Central Sales Tax of ex-UP sale	2.52	Nil	FY 2003-04	Additional Commissioner Sitapur, Uttar Pradesh
UP Trade Tax Act, 1948	Tax on purchases from unregistered parties at higher rates	0.15	0.15	FY 2001-02	Additional Commissioner Sitapur, Uttar Pradesh
Tax on Entry of Goods Act, 2000	Entry tax on free sale sugar sale	1.66	0.47	FY 2001-02	Tribunal Court, Lucknow
UP Trade Tax Act, 1948	Trade tax	0.09	Nil	FY 2006-07	Tribunal Court, Lucknow

- (viii) The Company has not defaulted in repayments of loan and borrowings to any bank or financial institution or government during the year. The Company has no loans or borrowings payable to any outstanding debentures during the year.

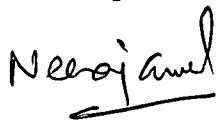


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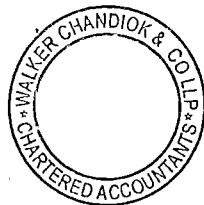
## Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2018

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the Company has applied moneys raised by way of term loans during the year for the purposes for which they were raised except in case of a term loan from Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") in which case pending intended utilization of the amount borrowed, the Company has utilised an amount of Rs. 3,708.37 lacs (excluding balance lying in bank accounts and undrawn working capital limits) for working capital (refer note 19.3 for further details). As on the date of our report, the Company has balance lying in bank accounts and undrawn working capital limits in excess of amount yet to be utilized for the intended purpose.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc, as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013



per Neeraj Goel  
Partner  
Membership No. 099514



Place: Gurugram  
Date: 23 May 2018

## Annexure II to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2018

### Annexure II

#### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

1. In conjunction with our audit of the financial statements of the Company as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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.



# Walker Chandiook & Co LLP

## Annexure II to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2018

### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2018:

'We have not been provided sufficient and appropriate audit evidence with respect to Net Realizable Value (NRV) used by the management of the Company for valuation of inventories of finished goods and work in progress (WIP). In absence of such sufficient and appropriate audit evidence, we are unable to comment on the operating effectiveness of controls over the determination of NRV by the management of the Company for valuation of inventories of finished goods and WIP, which could potentially result in material misstatement in the carrying values of inventories, changes in inventories of finished goods and WIP and its consequential impact on loss for the year.'

9. A 'material weakness' is a deficiency, or a combination of deficiencies in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.
10. In our opinion, except for the possible effects of the material weakness described above in paragraph 8 on the achievement of the objectives of control criteria, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note issued by the ICAI.
11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of financial statements of the Company as at and for the year ended 31 March 2018 and the material weakness as described above in paragraph 8 has affected our opinion on the financial statements of the Company and we have issued a modified opinion on the financial statements of the Company.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Neeraj*

per Neeraj Goel

Partner

Membership No. 099514



Place: Gurugram

Date: 23 May 2018



Gobind Sugar Mills Limited  
Balance Sheet as at 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Notes	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	39,875.55	38,514.02
(b) Capital work-in-progress	4(a)	757.26	1,194.38
(c) Other intangible assets	5	34.85	44.60
(d) Financial assets			
(i) Investments	6	17.33	14.82
(ii) Other financial assets	7	2.36	1.34
(e) Deferred tax assets (net)	8	8,224.70	7,751.28
(f) Other non-current assets	9	461.10	208.20
		<u>49,373.15</u>	<u>47,728.64</u>
<b>Current assets</b>			
(a) Inventories	10	38,949.63	17,932.59
(b) Financial assets			
(i) Trade receivables	11	1,592.40	1,613.92
(ii) Cash and cash equivalents	12	77.83	54.15
(iii) Other bank balances	13	13.55	13.35
(iv) Loans	14	6.76	6.40
(v) Other financial assets	15	3,102.91	535.40
(c) Current tax assets (net)	16	0.22	0.11
(d) Other current assets	17	1,727.43	3,483.99
		<u>45,470.72</u>	<u>23,639.91</u>
<b>Total assets</b>		<u><u>94,843.87</u></u>	<u><u>71,368.55</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	18(a)	320.00	320.00
(b) Other equity	18(b)	11.24	2,208.16
		<u>331.24</u>	<u>2,528.16</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	30,727.74	17,121.71
(b) Provisions	20	307.59	140.86
(c) Other non-current liabilities	21	4,700.95	4,640.66
		<u>35,736.28</u>	<u>21,903.23</u>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	23,312.81	22,249.51
(ii) Trade payables	23	28,283.25	16,697.32
(iii) Other financial liabilities	24	5,209.34	6,142.21
(b) Other current liabilities	25	1,789.91	1,746.56
(c) Provisions	26	181.04	101.55
		<u>58,776.35</u>	<u>46,937.15</u>
<b>Total equity and liabilities</b>		<u><u>94,843.87</u></u>	<u><u>71,368.55</u></u>

The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

*Neeraj Gdel*  
per Neeraj Gdel  
Partner



Place: Gurugram  
Date: 23 May 2018

For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*N. Suresh Krishnan*  
N. Suresh Krishnan  
(Chairman)  
DIN: 00021965

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 00362555

*Laxman Aggarwal*  
Laxman Aggarwal  
(Company Secretary)  
Membership No. A 19861

Gobind Sugar Mills Limited  
Statement of Profit and Loss for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	27	29,432.87	40,489.27
Other income	28	2,516.83	1,603.72
<b>Total income</b>		<b>31,949.70</b>	<b>42,092.99</b>
<b>Expenses</b>			
Cost of materials consumed	29	41,872.06	30,394.54
Changes in inventories of finished goods and work-in-progress	30	(20,910.29)	(4,268.21)
Excise duty and cess on sale of goods		343.27	2,101.91
Employee benefits expense	31	1,997.40	2,039.93
Finance costs	32	6,179.43	4,759.32
Depreciation and amortisation expense	33	1,697.97	1,146.60
Other expenses	34	3,225.36	2,471.60
<b>Total expenses</b>		<b>34,405.20</b>	<b>38,645.69</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(2,455.50)</b>	<b>3,447.30</b>
Exceptional items [refer note 34(a)]	34(a)	-	1,500.38
<b>Profit/(loss) before tax</b>		<b>(2,455.50)</b>	<b>1,946.92</b>
<b>Tax expense:</b>	35		
Current tax		-	-
Deferred tax charge/(credit)		(398.14)	110.14
<b>Profit/(loss) for the year</b>		<b>(2,057.36)</b>	<b>1,836.78</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(218.99)	(108.85)
Equity instruments designated at fair value through OCI		1.47	0.62
Income tax effect		75.28	37.52
<b>Total other comprehensive loss for the year</b>		<b>(142.24)</b>	<b>(70.71)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(2,199.60)</b>	<b>1,766.07</b>
<b>Earnings/(loss) per equity share</b>			
Basic	36	(64.29)	57.40
Diluted		(64.29)	57.40

The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandiook & Co LLP  
Chartered Accountants

Neeraj Goel

per Neeraj Goel  
Partner



Place: Gurugram  
Date: 23 May 2018

For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

Suresh Krishnan

N. Suresh Krishnan  
(Chairman)  
DIN: 00021965

Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

R.S. Raghavan

R.S. Raghavan  
(Managing Director)  
DIN: 00362555

Laxman Aggarwal  
(Company Secretary)  
Membership No. A 19861

a) Equity share capital

Particulars	Notes	Amount
As at 01 April 2016		320.00
Changes in equity share capital	18(a)	-
As at 31 March 2017		320.00
Changes in equity share capital	18(a)	-
As at 31 March 2018		320.00

b) Other equity

Particulars	Notes	Deemed equity	Reserves and surplus				Other reserves	Total other equity
			Capital redemption reserve	Securities premium account	Molasses and alcohol storage and maintenance reserve	Retained earnings	Fair value through OCI - Equity instruments	
Balance at 01 April 2016	18(b)	7,821.00	10.00	200.00	114.02	(7,708.20)	(0.02)	436.80
Profit for the period		-	-	-	-	1,836.78	-	1,836.78
Transfers during the year		-	-	-	5.29	-	-	5.29
Other comprehensive income/(loss)		-	-	-	-	(71.18)	0.47	(70.71)
Total		-	-	-	5.29	1,765.60	0.47	1,771.36
Balance at 31 March 2017	18(b)	7,821.00	10.00	200.00	119.31	(5,942.60)	0.45	2,208.16
Loss for the year		-	-	-	-	(2,057.36)	-	(2,057.36)
Transfers during the year		-	-	-	2.69	-	-	2.69
Other comprehensive income/(loss)		-	-	-	-	(143.42)	1.18	(142.24)
Total		-	-	-	2.69	(2,200.78)	1.18	(2,196.92)
Balance at 31 March 2018	18(b)	7,821.00	10.00	200.00	122.00	(8,143.38)	1.63	11.24

The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandio & Co LLP  
Chartered Accountants

per Neeraj Goel  
Partner



Place: Gurugram  
Date: 23 May 2018

For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*Suresh Krishnan*  
N. Suresh Krishnan  
(Chairman)  
DIN: 00021965

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 00362555

*Laxman Aggarwal*  
Laxman Aggarwal  
(Company Secretary)  
Membership No. A 19861

Gobind Sugar Mills Limited  
Cash Flow Statement for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Profit/(loss) after exceptional items but before tax	(2,455.50)	1,946.92
Adjustments for:		
Depreciation and amortisation expense	1,697.97	1,146.60
Remeasurement of defined benefit obligations	(218.99)	(108.85)
(Profit)/loss on disposal of property, plant and equipment	2.78	(6.58)
Dividend received	(0.04)	(0.04)
Interest income	(1.76)	(1.61)
Cane subsidy receivable written off	-	1,500.38
Amortisation of government grants	(281.88)	(626.11)
Amortisation of deferred gains	(121.56)	(102.76)
Finance costs	6,179.43	4,759.32
Transfer to reserves (Molasses storage and maintenance reserve)	2.69	5.29
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	(41.96)	(49.93)
<b>Operating profit before changes in working capital</b>	<b>4,761.18</b>	<b>8,462.62</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in trade receivables	21.52	359.19
(Increase)/decrease in inventories	(21,017.04)	(4,272.12)
Increase/(decrease) in trade payables	11,585.93	7,021.83
(Increase)/decrease in other financial assets	(2,568.53)	104.27
(Increase)/decrease in other assets	1,605.80	(300.05)
(Increase)/decrease in loans	(0.36)	(0.67)
Increase/(decrease) in other financial liabilities	(203.12)	188.05
Increase/(decrease) in other liabilities	(238.36)	248.79
Increase/(decrease) in provisions	246.22	172.54
<b>Cash flow generated from/ (used in) operations</b>	<b>(5,806.76)</b>	<b>11,984.47</b>
Income taxes paid/(refund)	0.11	(0.73)
<b>Net cash flow generated from/(used in) operating activities</b>	<b>(5,806.86)</b>	<b>11,985.19</b>
<b>B Cash flow from investing activities</b>		
Payments for property, plant and equipment	(3,511.22)	(5,856.15)
Withdrawn/(investment) in bank deposits during the period (having original maturity of more than three months)	-	(3.33)
Dividend received	0.04	0.04
Proceeds from sale of property, plant and equipment	10.88	12.21
Interest received	1.76	1.61
<b>Net cash flow/(used in) investing activities</b>	<b>(3,498.54)</b>	<b>(5,845.62)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of non-convertible redeemable preference shares	-	100.00
Proceeds from long-term borrowings	16,720.06	2,075.84
Repayment of long-term borrowings	(3,452.66)	(2,156.76)
Proceeds from/(repayment of) short-term borrowings (net)	1,039.58	(1,449.94)
Finance costs paid	(4,977.90)	(4,771.65)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>9,329.08</b>	<b>(6,202.51)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>23.68</b>	<b>(62.94)</b>
Cash and cash equivalents at the beginning of the financial year	54.15	117.09
<b>Cash and cash equivalents at the end of the financial year (refer note 12)</b>	<b>77.83</b>	<b>54.15</b>



Gobind Sugar Mills Limited  
Cash Flow Statement for the year ended 31 March 2018

(All amounts in Rs. lacs unless otherwise stated)

Reconciliation of cash and cash equivalents as per the cash flow statement\*

Cash and cash flow statements as per above comprise of the following:

Cash and cash equivalents

Balance as per statement of cash flows (as per above)

	31 March 2018	31 March 2017
Cash and cash equivalents	77.83	54.15
Balance as per statement of cash flows (as per above)	77.83	54.15

\*Refer note 12 for break up of cash and cash equivalents.

The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants



per Neeraj Goel  
Partner



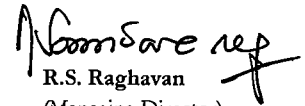
Place: Gurugram  
Date: 23 May 2018

For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited




N. Suresh Krishnan  
(Chairman)  
DIN: 00021965

  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B



R.S. Raghavan  
(Managing Director)  
DIN: 00362555

  
Laxman Aggarwal  
(Company Secretary)  
Membership No. A 19861

## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

#### 1. Corporate information

Gobind Sugar Mills Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Metropolitan Stock Exchange of India and up to 08 March 2018 were also listed on Calcutta Stock Exchange (refer note 47 for further details). The Company is primarily engaged in extraction of sugar from sugar cane and its sale along with its by-products – molasses and pressmud. The Company is also engaged in generation and export of power by utilising its by product - bagasse. The Company presently has manufacturing facilities at Aira Estate, District Lakhimpur Kheri in the State of Uttar Pradesh being its principal place of business.

#### 2. Application of Indian Accounting Standards

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized (refer note 48) have been considered while preparing these financial statements.

##### Standards/Amendments to standards issued but not effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 (Amendment Rules) via notification dated 28 March 2018, notifying amendments to Ind AS 22, "Income Taxes" along with amendments to various other Ind AS (not applicable to the Company). These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) along with International Financial Reporting Standards (IFRS) Interpretations Committee to IFRS as a part of annual improvement process. Also, along with these amendments, Amendment Rules inserted a new revenue recognition standard Ind AS 115, Revenue from Contracts with Customers, (Ind AS 115). These amendments are applicable from 01 April 2018 onwards.

**Amendments to Ind AS 22:** The amendment to Ind AS 22 explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences. The carrying amount of an asset does not limit the estimation of probable future taxable profit. In its estimate of probable future taxable profit, an entity includes the probable inflow of taxable economic benefits that results from recovering an asset. This probable inflow of taxable economic benefits may exceed the carrying amount of the asset.

The amendments consider that: (i) Tax law determines which deductions are offset against taxable income in determining taxable profits. (ii) No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Company has considered its effects while recognizing deferred tax assets on deductible temporary differences including unused tax credits.

**Ind AS 115:** Ind AS 115 establishes a new control-based revenue recognition model for recognising and measuring revenue, and provides new and more detailed guidance on specific topics like multiple element arrangement, variable consideration, rights of return, licensing agreements, contract costs, etc.

The application of the same will withdraw currently applicable revenue standards. The Company is currently assessing the potential impacts of the newly notified standard. The same is applicable from reporting periods beginning on or after 01 April 2018.

#### 3. Significant accounting policies

##### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS)



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended time to time) notified under section 133 of the Companies Act, 2013 (the "Act").

The financial statements of the Company have been prepared on a historical cost basis., except for certain financial assets (refer note 6) and non-financial assets (refer note 10) measured at fair value or net realizable value as applicable.

#### b) Amended standard adopted by the Company

The amendments to Ind AS 7 require disclosure of changes in liabilities arising from financing activities, see note 22.1.

#### c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty but excludes sales tax/value added tax/service tax/goods and service tax. The specific recognition criteria described below must also be met before revenue is recognized:

##### Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) as explained in note (p) below.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

#### Dividends:

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Renewable energy certificates income:

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value (floor price) on confirmation of RECs by the concerned Government authorities.

#### Power banked units:

Income from power banked units is recognised when the right to set off power banked units is established against the power to be purchased by the Company.

#### Rental income

Rental income including from sub leasing arrangements is recognized on straight line basis over the term of contract where the rentals are structured to be in line with expected general inflation.

#### e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions are 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.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value (based upon the level of inputs available) and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### f) Taxes

Income tax comprises of current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that is related to an item recognised directly in equity or other comprehensive income.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.





## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### g) Property, plant and equipment

Freehold land is carried at historical cost. All the items of the property, plant and equipment are stated as per cost model i.e. cost of acquisition less accumulated depreciation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

#### Recognition:

The costs including subsequent costs of an item of property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

All other expenses including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year when such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Depreciation, estimated useful life and residual life

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives: -

Particulars	Life (years)
Buildings	30-60
Plant and equipment	05-25
Furniture and fixtures	10
Vehicles	08
Office equipment	03-05

The Company based on technical assessment made by technical experts and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

#### h) Capital work-in-progress

Capital work-in-progress represents expenditure incurred in respect of capital projects are carried at cost. Cost comprises of purchase cost, related acquisition expenses, development / construction costs, borrowing costs and other direct expenditure.

#### i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization impairment losses, if any.

##### Recognition:

The costs of intangible asset are recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of five years.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end and adjusted prospectively, if appropriate treating them as changes in accounting estimates. The maintenance expenses on intangible assets with finite lives is recognised in the statement of profit and loss, unless such expenditure forms part of carrying value of an asset and satisfies recognition criteria.

Gains/(losses) arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### j) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

#### k) Borrowing costs

General and specific borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalised upto the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they occur or accrue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### l) Leases

##### As a lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

##### As a lessor

Lease income from operating leases where the Company is a lessor is recognized as income on straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet on their nature.

#### m) Foreign currency measurements

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the statement of profit and loss.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

#### n) Inventories

Raw materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Goods under process and finished goods are valued at lower of cost and net realizable value.

Finished goods and Goods under process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on a weighted average basis.

By products and saleable scraps, whose cost is not identifiable, are valued by management at estimated net realizable value.

Net realizable 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.

#### o) Post-employment and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no statutory nor contractual obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan of the Company has been funded by policy taken from Life Insurance Corporation of India. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Actuarial gains/losses are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

#### p) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value using best estimates. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement the profit and loss.

#### Financial assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Amortized cost**

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

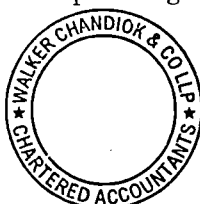
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **Financial assets at fair value through profit and loss (FVTPL)**

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in the statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **Financial assets at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.

Dividends on these investments in equity instruments are recognised in the statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in the statement of profit and loss are included in the 'Other income' line item.

#### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortized cost and financial asset designated as at FVTOCI.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

#### Financial liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit and loss.

#### Non-Convertible Redeemable Preference Shares (NCRPS)

At the issue date the fair value of the liability component of NCRPS is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument issued to equity shareholders of the Company and deferred gain (which is amortized over the life of NCRPS) for other than equity shareholders.

#### Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

#### q) Earnings per share

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted number of equity shares outstanding during the year.

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

#### r) Segment reporting

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

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

#### s) Cash and cash equivalents

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

#### t) Provisions, contingent liabilities and contingent assets

##### Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



## Gobind Sugar Mills Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

#### Contingent liabilities

In those cases, where the possible outflow of economic resources as a result of present obligations is considered not probable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

#### Contingent assets

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

#### u) Exceptional items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

#### v) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements inevitably requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities in future periods, notwithstanding the management's best efforts.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit obligations

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 37 for details of assumptions used in the determination of liability and relevant sensitivity analysis.

#### Recoverability of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. Refer note 8.





**Gobind Sugar Mills Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**Contingent liabilities**

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. Refer note 39.

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of Property, plant and equipment at each reporting date, based on the expected utility of the assets, assessed by technical experts. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

**Inventories**

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**w) Rounding of amounts**

All amount disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.



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## 4 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Gross carrying value</b>							
As at 01 April 2016	1,805.47	4,018.37	16,054.37	76.49	53.68	42.59	22,050.97
Additions	-	4,021.24	13,899.17	5.93	54.55	27.99	18,008.87
Disposals	-	-	57.42	-	-	-	57.42
<b>As at 31 March 2017</b>	<b>1,805.47</b>	<b>8,039.61</b>	<b>29,896.12</b>	<b>82.42</b>	<b>108.23</b>	<b>70.58</b>	<b>40,002.42</b>
Additions	129.34	168.52	2,744.20	7.32	14.03	-	3,063.41
Disposals	-	-	121.02	-	0.25	19.29	140.56
<b>As at 31 March 2018</b>	<b>1,934.81</b>	<b>8,208.13</b>	<b>32,519.29</b>	<b>89.74</b>	<b>122.01</b>	<b>51.29</b>	<b>42,925.27</b>
<b>Accumulated depreciation</b>							
As at 01 April 2016	-	67.19	305.79	6.26	9.78	6.72	395.74
Charge for the year	-	213.97	878.37	8.65	36.29	7.18	1,144.46
Adjustment for disposals	-	-	51.79	-	-	-	51.79
<b>As at 31 March 2017</b>	<b>-</b>	<b>281.16</b>	<b>1,132.37</b>	<b>14.91</b>	<b>46.07</b>	<b>13.90</b>	<b>1,488.40</b>
Charge for the year	-	309.92	1,309.73	21.84	31.18	15.55	1,688.22
Adjustment for disposals	-	-	108.39	-	0.18	18.33	126.90
<b>As at 31 March 2018</b>	<b>-</b>	<b>591.08</b>	<b>2,333.71</b>	<b>36.75</b>	<b>77.07</b>	<b>11.12</b>	<b>3,049.72</b>
<b>Net block as at 31 March 2017</b>	<b>1,805.47</b>	<b>7,758.45</b>	<b>28,763.75</b>	<b>67.51</b>	<b>62.16</b>	<b>56.68</b>	<b>38,514.02</b>
<b>Net block as at 31 March 2018</b>	<b>1,934.81</b>	<b>7,617.05</b>	<b>30,185.58</b>	<b>52.99</b>	<b>44.94</b>	<b>40.17</b>	<b>39,875.55</b>

## Notes:

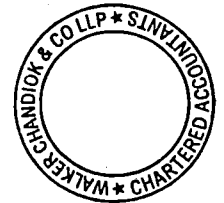
## (i) Contractual obligations

Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

## (ii) Capitalised borrowing costs

Refer note 32 for disclosure of capitalised borrowing costs.

## (iii) Property, plant and equipment have been pledged as security for liabilities, for details refer note 19.



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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

4(a) Capital work-in-progress

Particulars	As at 31 March 2018	As at 31 March 2017
Capital work-in-progress	757.26	1,194.38
<b>Total</b>	<b>757.26</b>	<b>1,194.38</b>
<b>i) Movements in Capital work-in-progress</b>		<b>Amounts</b>
Capital work-in-progress as at 01 April 2016		14,213.29
Add: Additions during the year		4,898.57
Less: Capitalisation during the year		(17,917.48)
Capital work-in-progress as at 31 March 2017		1,194.38
Add: Additions during the year		1,805.64
Less: Capitalisation during the year		(2,242.76)
Capital work-in-progress as at 31 March 2018		757.26
<b>ii) Preoperative expenses (pending allocation) included in Capital work-in-progress above</b>	<b>As at</b>	<b>As at</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
Employee benefits expense	12.14	92.25
Power and fuel	98.19	426.06
Rates and taxes	-	34.03
Insurance	-	85.88
Miscellaneous expenses	210.79	439.40
Finance costs	164.10	2,192.94
	<b>485.22</b>	<b>3,270.56</b>
Less: Capitalised during the year	(315.20)	(3,098.37)
<b>Total</b>	<b>170.02</b>	<b>172.19</b>

5 Other intangible assets

Computer software	Amounts
<b>Gross carrying value</b>	
As at 01 April 2016	-
Additions	45.67
As at 31 March 2017	45.67
Additions	-
As at 31 March 2018	45.67
<b>Accumulated amortisation</b>	
As at 01 April 2016	-
Charge for the year	1.07
As at 31 March 2017	1.07
Charge for the year	9.75
As at 31 March 2018	10.82
Net block as at 31 March 2017	44.60
Net block as at 31 March 2018	34.85



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at	As at
	31 March 2018	31 March 2017
<b>6 Non current investments</b>		
<i>Measured at amortised cost</i>		
5 Years National Saving Certificates	1.00	1.00
<b>Total (a)</b>	<b>1.00</b>	<b>1.00</b>
<i>Designated at fair value through OCI</i>		
(quoted, fully paid equity shares- non trade investments)		
Premium Exchange & Finance Limited [180,240 shares (previous year: 180,240 shares) of Rs.10 each]	5.59	5.59
Master Exchange & Finance Limited [188,460 shares (previous year: 188,460 shares) of Rs.10 each]	5.90	5.90
Duke Commerce Limited [24,700 shares (previous year: 24,700 shares) of Rs.10 each]	0.64	0.64
Chambal Fertilizers & Chemicals Limited [1,947 shares (previous year: 1,947 shares) of Rs.10 each]	4.20	1.69
<b>Total (b)</b>	<b>16.33</b>	<b>13.82</b>
<b>Total (a+b)</b>	<b>17.33</b>	<b>14.82</b>
Aggregate amount of quoted investments	16.33	13.82
Aggregate market value of quoted investments	16.33	13.82
Aggregate amount of unquoted investments	1.00	1.00
Category wise non current investments:-		
Measured at amortised cost	1.00	1.00
Designated at fair value through OCI	16.33	13.82
<b>7 Other financial assets</b>		
<i>Measured at amortised cost</i>		
Sundry deposits (unsecured, considered good)	2.36	1.34
Other recoverables (unsecured, considered doubtful)	-	10.78
Less: Provision for doubtful recoverables	-	(10.78)
<b>Total</b>	<b>2.36</b>	<b>1.34</b>
<b>8 Deferred tax assets (net)</b>		
The balance comprises of temporary differences attributable to:		
<i>Tax effect of items constituting deferred tax assets:</i>		
Unused tax losses and depreciation	14,226.27	12,468.95
Expenses allowed on payment basis	540.59	501.35
Deferred government grants	345.30	171.91
Others	-	34.38
<b>Total deferred tax assets</b>	<b>15,112.16</b>	<b>13,176.59</b>
<i>Tax effect of items constituting deferred tax liabilities</i>		
Property, plant and equipment exceeds its tax base	(6,874.33)	(5,408.04)
Financial assets and financial liabilities at amortised cost	(13.13)	(17.27)
<b>Total deferred tax liabilities</b>	<b>(6,887.46)</b>	<b>(5,425.31)</b>
<b>Net deferred tax assets</b>	<b>8,224.70</b>	<b>7,751.28</b>

Notes:

(i) Movement in deferred tax assets/(liabilities) for year ended 31 March 2018:

	As at	Charged/(credited) to		As at
	31 March 2017	Profit or Loss	OCI	31 March 2018
<i>Tax effect of items constituting deferred tax assets:</i>				
Unused tax losses and depreciation	12,468.95	1,757.32	-	14,226.27
Expenses allowed on payment basis	501.35	(36.04)	75.28	540.59
Deferred government grants	171.91	173.39	-	345.30
Others	34.38	(34.38)	-	-
<i>Tax effect of items constituting deferred tax liabilities</i>				
Property, plant and equipment exceeds its tax base	(5,408.04)	(1,466.29)	-	(6,874.33)
Financial assets and financial liabilities at amortised cost	(17.27)	4.14	-	(13.13)
	<b>7,751.28</b>	<b>398.14</b>	<b>75.28</b>	<b>8,224.70</b>





Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Movement in deferred tax assets/(liabilities) for year ended 31 March 2017:

	As at	Charged/(credited) to		As at
	01 April 2016	Profit or Loss	OCI	31 March 2017
<b>Tax effect of items constituting deferred tax assets:</b>				
Unused tax losses and depreciation	8,894.06	3,574.89	-	12,468.95
Expenses allowed on payment basis	382.06	81.76	37.52	501.35
Deferred government grants	184.46	(12.55)	-	171.91
Others	72.93	(38.55)	-	34.38
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, plant and equipment exceeds its tax base	(1,709.46)	(3,698.58)	-	(5,408.04)
Financial assets and financial liabilities at amortised cost	(0.16)	(17.11)	-	(17.27)
	<b>7,823.89</b>	<b>(110.14)</b>	<b>37.52</b>	<b>7,751.28</b>

- (ii) The Company has recognized an amount of Rs. 8,224.70 lacs as deferred tax assets (net) as at 31 March 2018, as the Company is confident of generating sufficient taxable profits in the near future considering the power purchase arrangements with the Uttar Pradesh Power Corporation Limited, positive expected cash flows, future expansion plans like setting up of Distillery having capacity of 60,000 litres per day, 16 MW Power Plant and industry focused trade policies of the government.

Particulars	As at 31 March 2018	As at 31 March 2017
<b>9 Other non current assets</b>		
Unsecured, considered good		
Advances for purchase of property, plant and equipments	151.15	49.01
Deposit against disputed demands	309.95	159.19
Unsecured, considered doubtful		
Claims receivable	-	0.59
Less: Provision for doubtful recoverables	-	(0.59)
<b>Total</b>	<b>461.10</b>	<b>208.20</b>
<b>10 Inventories</b>		
<i>Valued at lower of cost and net realisable value, unless otherwise stated</i>		
Finished goods (Sugar) *	33,746.71	16,560.13
Stores and spares	651.81	478.52
Work in progress*	755.45	86.93
Rice husk/ Fire wood chips/ Sugarcane	56.94	43.27
<i>Valued at net realisable value</i>		
By-products		
Bagassee	1,042.89	113.16
Molasses	2,297.01	436.31
Pressmud	80.07	24.56
Scrap stock	318.75	189.71
<b>Total</b>	<b>38,949.63</b>	<b>17,932.59</b>

Notes:

- (i) The Company has valued its inventory of finished goods and work in progress based on net realisable value (NRV) which is lower than cost of finished goods and work in progress for sugar.
- (ii) Write down of inventories of finished goods and work in process for sugar, to net realisable value on account of higher cost of production amounts to Rs. 1,913.12 lacs. This was recognized as an expense during the year and included in 'changes in inventories of finished goods and work-in-progress' in the Statement of Profit and Loss.
- (iii) For inventories pledged as securities against financial liabilities, refer note 19.2 and 22.2.

11 Trade receivables

Unsecured, considered good	1,592.40	1,613.92
Unsecured, considered doubtful	1.32	1.32
Less: Allowance for doubtful debts	(1.32)	(1.32)
<b>Total</b>	<b>1,592.40</b>	<b>1,613.92</b>



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>12 Cash and cash equivalents</b>		
Cash on hand	8.02	5.39
Balances with bank:		
In current account	69.81	48.73
In saving account	-	0.03
<b>Total</b>	<u><u>77.83</u></u>	<u><u>54.15</u></u>
<b>13 Other bank balances</b>		
Balances with banks (other than presented in note 12 above):		
Deposits with original maturity of more than 3 months but less than 12 months	13.55	13.33
In post office savings bank account	-	0.02
<b>Total</b>	<u><u>13.55</u></u>	<u><u>13.35</u></u>
<b>14 Loans</b>		
<i>Measured at amortised cost</i>		
Unsecured, considered good		
Loan to employees	6.76	6.40
Unsecured, considered doubtful		
Loan to employees	0.31	0.35
Less: Provision for doubtful recoverables	(0.31)	(0.35)
<b>Total</b>	<u><u>6.76</u></u>	<u><u>6.40</u></u>
<b>15 Other financial assets</b>		
Unbilled revenues	786.37	532.97
Interest reimbursement from government of Uttar Pradesh under Sugar Industry, Co-generation and Distillery Promotion Policy, 2013 [refer note (i)]	1,494.23	-
Interest subvention receivable under scheme extending financial assistance to sugar undertakings (SEFASU), 2014	23.04	-
Amounts held with Central Electricity Regulatory Commission (CERC) [refer note (ii)]	102.25	-
Assistance to sugar mills for sugar cane purchase [refer note (iii)]	680.44	-
Other receivables	16.58	2.43
<b>Total</b>	<u><u>3,102.91</u></u>	<u><u>535.40</u></u>
<b>Notes:</b>		
(i) During the year ended 31 March 2018, the Company has reported incentive receivables from central and state governments under respective schemes under "other financial assets" in accordance with recent Ind AS Transition Facilitation Group (TFG) Clarification Bulletin 15.		
(ii) Rs. 500 per REC unit sold has been deducted and held by respective power exchanges for onward submission to CERC on behalf of the Company being a RE generator with reference to Hon'ble Supreme Court order dated 14 July 2017. Total amount held is Rs. 102.25 lacs (Previous year Rs. Nil) as on dates.		
(iii) The Central Government pursuant to Notification No. 1(5)/2018-S.P.-I dated 9 May 2018 issued by Ministry of Consumer Affairs (Department of Food and Public Distribution), has notified a scheme of assistance to sugar mills against sugar cane crushed during sugar season 2017-18. Accordingly, during the year ended 31 March 2018, the Company has accounted for such grant amounting to Rs. 680.44 lacs.		
<b>16 Current tax assets (net)</b>		
Income tax (net of provisions)	0.22	0.11
<b>Total</b>	<u><u>0.22</u></u>	<u><u>0.11</u></u>
<b>17 Other current assets</b>		
Balance with revenue authorities	969.26	856.63
Advances to suppliers	169.61	416.65
Prepaid expenses	73.04	41.76
Renewable energy certificates (REC)	465.79	320.01
Power banked (drawable)	49.73	48.79
Other assets	-	1,800.15
<b>Total</b>	<u><u>1,727.43</u></u>	<u><u>3,483.99</u></u>



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>18 Equity</b>		
<b>(a) Equity share capital</b>		
<b>Authorised share capital:</b>		
65,000,000 (31 March 2017: 65,000,000) equity shares of Rs 10/- each	6,500.00	6,500.00
	<u>6,500.00</u>	<u>6,500.00</u>
<b>Issued, subscribed and fully paid up:</b>		
3,200,000 (31 March 2017: 3,200,000) equity shares of Rs 10/- each	320.00	320.00
<b>Total</b>	<u><u>320.00</u></u>	<u><u>320.00</u></u>
<b>(i) Movement in equity share capital</b>		
	<u>Number of shares</u>	<u>Amount</u>
As at 01 April 2016	3,200,000	320.00
Changes in equity share capital	-	-
As at 31 March 2017	3,200,000	320.00
Changes in equity share capital	-	-
As at 31 March 2018	<u>3,200,000</u>	<u>320.00</u>
<b>(ii) Terms and rights attached to the equity shares</b>		
<p>The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential commitments and statutory obligations. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.</p>		
<b>(iii) Shares of the Company held by holding company</b>		
Zuari Investments Limited, the holding company		
1,640,632 (1,640,632) equity shares of Rs10 each fully paid	<u>164.06</u>	<u>164.06</u>
<b>(iv) Details of shareholders holding more than 5% shares in the Company</b>		
Equity shares of Rs 10 each fully paid		
Zuari Investments Limited, holding company		
Number of shares held	1,640,632	1,640,632
%age of shares held	51.27%	51.27%
Mr. Akshay Poddar		
Number of shares held	235,000	235,000
%age of shares held	7.34%	7.34%



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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
(b) Other equity		
(i) Reserves and surplus		
<b>Capital redemption reserve</b>		
Opening balance	10.00	10.00
Appropriations during the year	-	-
Utilisations during the year	-	-
Closing balance	10.00	10.00
<u>Nature and purpose:</u>		
Where the preference shares are redeemed out of the profits available for distribution, a sum equivalent to the nominal amount of shares being redeemed shall be transferred to the Capital Redemption Reserve.		
The Capital Redemption Reserve shall be treated as the paid up share capital of the Company for all purposes and can also be utilized for bonus issue of shares.		
<b>Securities premium account</b>		
Opening balance	200.00	200.00
Additions during the year	-	-
Utilisations during the year	-	-
Closing balance	200.00	200.00
<u>Nature and purpose:</u>		
Security premium reserve is created when the Company issue shares at the premium. The aggregate amount of premium received on the shares is transferred to a separate account called "security premium reserve". The same will be utilised in accordance with the provisions of the Companies Act, 2013 and related provisions. This reserve is carried forward from earlier years.		
<b>Molasses and alcohol storage and maintenance reserve</b>		
Opening balance	119.31	114.02
Additions during the year	2.68	5.29
Utilisations during the year	-	-
Closing balance	121.99	119.31
<u>Nature and purpose:</u>		
The above mentioned reserve is created under Molasses Control Order 1961 which requires every sugar factory to set aside a amount as mentioned in the order. The amount credited in said account shall be utilised only for purposes of construction or erection of storage facilities		
<b>Retained earnings</b>		
Opening balance	(5,942.60)	(7,708.20)
Profit/(loss) for the year	(2,057.36)	1,836.78
Transactions of other comprehensive income directly recognised in reserves		
Remeasurement of defined benefit plans (net of tax impacts)	(143.42)	(71.18)
Closing balance	(8,143.38)	(5,942.60)
	<b>(7,811.39)</b>	<b>(5,613.29)</b>

Nature and purpose:

Retained earnings are created from the profit/(loss) of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.





Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(ii) Other reserves</b>		
<b>Fair value through OCI- equity instruments</b>		
Opening balance	0.45	(0.02)
Changes in fair value of FVOCI equity instruments (net of tax)	1.18	0.47
<b>Closing balance</b>	<b>1.63</b>	<b>0.45</b>
<u>Nature and purpose:</u>		
The Company has elected to recognise changes in the fair value of certain investments in equity shares in other comprehensive income. These are accumulated in Fair value through OCI- equity instruments reserve in OCI within the equity. The Company transfers this reserves to retained earnings when relevant equity investments are derecognised.		
<b>(iii) Deemed equity</b>		
Opening balance	7,821.00	7,821.00
Additions during the year	-	-
Utilisations during the year	-	-
<b>Closing balance*</b>	<b>7,821.00</b>	<b>7,821.00</b>
* Refer note 19.1 for further details.		
<b>Total other equity [(i) +(ii)+(iii)]</b>	<b>11.24</b>	<b>2,208.16</b>
<b>19 Borrowings (Non-current)</b>		
<i>Measured at amortised cost</i>		
<b>Term loans (secured) :</b>		
<b>- From banks</b>		
Indian rupee loan from banks	8,629.87	5,914.10
Cane soft loan	1,449.29	1,652.89
Loan under under SEFASU 2014 (Excise duty loan)	743.12	1,423.40
<b>- From others</b>		
Loan from a financial institution	5,856.97	6,636.20
Loan from Sugar Development Fund (SDF)	4,211.90	965.47
Foreign currency loan (External commercial borrowings)	8,927.10	-
<b>Financial liability part of NCRPS issued (unsecured)</b>		
To related parties	4,021.65	3,437.72
To others	26.95	23.04
<b>Total non current borrowings</b>	<b>33,866.85</b>	<b>20,052.82</b>
Less: Current maturity of long term borrowings	3,139.11	2,931.11
<b>Total</b>	<b>30,727.74</b>	<b>17,121.71</b>



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Particulars	As at	As at
	31 March 2018	31 March 2017

## Notes:

## 19.1 Non-Convertible redeemable preference shares

The Non-Convertible Redeemable Preference Shares (NCRPS) carry dividend @ 7.00% per annum. The Board reserves the right to pay the dividend earlier with the consent of the subscribers but subject to the availability of profit. In case of loss or inadequacy of profit, the right of holders of NCRPS to receive the dividend shall expire.

NCRPS have been initially recorded at fair value by discounting the cash flow at maturity of instruments with discount rate of 16% p.a. (interest rate applicable to similar other borrowings of the Company).

The difference between the transaction price and fair value of the instruments issued to Zuari Investments Limited (existing equity shareholder of GSML) are treated as "deemed equity". For NCRPS issued to other entities/parties, the difference between the transaction price and fair value is treated as "deferred gain on issuance of financial instruments" in accordance with para 5.1.2.A.(b) of Ind AS 109 "Financial Instruments". This deferred gain is amortized in the ratio of financial costs on the financial liability part of instruments.

The date of allotment and number of shares for the various series of preference shares are given below:

Series	Date of allotment	Number of Shares	Face value (Rs 10 each)
1	03 January 2012	15,000,000	150,000,000
2	18 June 2012	5,000,000	50,000,000
3	27 September 2012	33,000,000	330,000,000
4	28 June 2013	3,500,000	35,000,000
5	20 September 2013	3,500,000	35,000,000
6	31 December 2013	10,000,000	100,000,000
7	31 March 2014	11,750,000	117,500,000
8	30 June 2014	5,250,000	52,500,000
9	17 November 2014	2,000,000	20,000,000
10	14 January 2015	2,750,000	27,500,000
11	12 February 2015	13,500,000	135,000,000
12	30 April 2015	1,500,000	15,000,000
13	05 May 2015	500,000	5,000,000
14	25 May 2015	10,000,000	100,000,000
15	06 July 2015	750,000	7,500,000
16	31 July 2015	1,000,000	10,000,000
17	28 August 2015	6,600,000	66,000,000
18	10 November 2016	1,000,000	10,000,000
<b>Total</b>		<b>126,600,000</b>	<b>1,266,000,000</b>

These shares are redeemable at par in one single lot after the expiry of 12th year from the date of allotment of shares with a right vested in the board of directors to redeem earlier subject to the consent of subscribers.



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Gobind Sugar Mills Limited  
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs. lacs unless otherwise stated)

19.2 Details of long term borrowings

S. no.	Nature of loan	Lender	As at 31 March 2018		As at 31 March 2017		Nature of securities	Interest rate#	Tenure of repayment
			Non-current	Current	Non-current	Current			
1	Term loan (Indian rupee loan from banks)*	State Bank of India (SBI)	3,408.33	1,252.00	4,662.10	1,252.00	First equitable mortgage charge on entire moveable and immovable fixed assets of the Company, situated at 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27,045 acres at Village Alipur, Paragana Dhauraha, District Kheri, Uttar Pradesh, (both present and future) of the Company on pari passu basis with other term lenders, and Second charge on entire current assets of the Company (both present and future), on pari passu basis with other term lenders.	12.25% (P.Y. 12.30%-12.25%)	The loan is repayable in 24 quarterly installments commencing from 31 March 2016 ending on 31 October 2021. The 1st to 23rd quarterly installments will be of Rs. 313 lacs each and the 24th installment will be of Rs. 301 lacs.
2	Term loan (Indian rupee loan from banks)*	State Bank of India (SBI)	3,969.54	-	-	-		12.30% -11.40%	The loan is repayable in 16 equal quarterly installments commencing from 1 April 2019 and ending on 1 January 2023.
3	Term loan (Cane soft loan)	State Bank of India (SBI)	1,033.29	416.00	1,444.89	208.00		11.55%-10.95% (P.Y. 11.60%-11.55%)	The loan is repayable in 16 equal quarterly installments commencing from 1 October 2017 and ending on 1 July 2021.
4	Term loan (Loan from Sugar Development Fund)**	Sugar Development Fund (for Power Coogeneration Plant)	2,852.31	-	-	-		4.75%	The said loan is repayable in 10 quarterly installments starting from 28 April 2020.
5	Term loan (Loan from Sugar Development Fund)**	Sugar Development Fund (for Sugar Plant expansion)	1,359.59	-	965.47	-		4.50%	The said loan is repayable in 10 quarterly installments starting from 31 January 2022.
6	Term loan (Foreign currency loan) (refer note 19.3 below)	Netherlandse Financierings Maatschappij Voor Ontwikkelingsladen N.V. (F.M.O)	8,927.10	-	-	-		5.60%	The loan is repayable in 15 equal half yearly installments commencing from 10 January 2020.
7	Term loan (loan from a financial institution)	Indian Renewable Energy Development Agency Limited (IREDA)	5,069.29	787.68	5,848.52	787.68		12.15%-11.14% (P.Y. 12.15%)	The said loan is repayable in 30 quarterly installments starting from 30 September 2016.



Gobind Sugar Mills Limited  
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs. lacs unless otherwise stated)

19.2 Details of long term borrowings

S. no.	Nature of loan	Lender	As at 31 March 2018		As at 31 March 2017		Nature of securities	Interest rate*	Tenure of repayment
			Non-current	Current	Non-current	Current			
8	Term loan (Excise duty loan)***	State Bank of India (SBI)	-	317.07	312.63	317.07	Primary Hypothecation of entire current assets including book debts both present and future on pari passu basis with other working capital bankers. <b>Collateral</b> Extension of charge on the entire fixed assets of the Company on pari passu basis with other working capital bankers.	12.00%-11.70% (P.Y. 12.50%-12.00%)	The loan is repayable in 12 quarterly installments commencing from 30 June 2016.
9	Term loan (Excise duty loan)***	Zila Sahakari Bank Ltd.	59.69	366.36	427.34	366.36	Residual charge on free assets of the Company. This charge is yet to be created.	12.00% (P.Y. 12.00%)	The loan is repayable in 36 equal monthly installments starting from 30 June 2016.

\* Zuarli Global Limited has provided corporate guarantee in respect of these term loans.

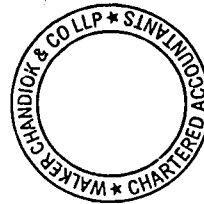
\*\* The loans received from Sugar Development Fund is received at rate of interest below than market rate. Therefore, the said loans has been fair valued using discounted cash flow technique for initial recognition and will be subsequently carried at amortised cost. The discount rate which has been used for initial recognition i.e. 12.5% - 12.30% p.a. is bench marked to other secured financial liabilities of the Company.

\*\*\* As per the scheme, the interest subvention upto 12% or actual rates of interest charged by the banks is provided to the Company through participating banks.

# Interest rates mentioned above indicates interest rates based upon loan sanctioned terms.

19.3 The Company has taken the term loan of Rs.9,009.00 lacs from FMO. Out of the total proceeds, Rs. 4,232.82 lacs has been applied by the Company as per sanctioned terms and conditions, Rs. 1,067.81 lacs has been lying in bank accounts and undrawn working capital limits, and the balance amount of Rs. 3,708.37 lacs which were not required for immediate intended utilization was temporarily used for the working capital requirements and for various operational purposes. The management of the Company believes that there is no possible implication on tenure of debt due to this non-compliance of the borrowing agreement and further, expected to realize such amount from sale of its inventory and ultimately utilize such amount for the stated end-use (as per the borrowing agreement), as and when required.

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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>20 Provisions</b>		
Employee benefit obligations		
Gratuity (refer note 37)	210.42	53.09
Leave obligations (refer note 37)	97.17	87.77
<b>Total</b>	<b>307.59</b>	<b>140.86</b>
<b>21 Other non current liabilities</b>		
Deferred gain on preference shares issued to entities other than equity shareholders	2,455.57	2,597.79
Benefits under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013	-	
Deferred government grant 5% - Sugar expansion	476.18	497.23
Deferred government grant 5% - Power Cogeneration plant	468.27	489.83
Deferred government grant on loan from Sugar Development Fund	1,300.94	1,055.81
<b>Total</b>	<b>4,700.95</b>	<b>4,640.66</b>
<b>22 Borrowings (Current)</b>		
<i>Measurement at amortised cost</i>		
Cash credit from banks - secured (refer note 22.2)	20,432.81	15,473.22
Loan from body corporates - secured (refer note 22.2)	2,880.00	3,800.00
Loans from others - financial institutions - unsecured (refer note 22.2)	-	2,976.29
<b>Total</b>	<b>23,312.81</b>	<b>22,249.51</b>
<b>22.1 Changes in liabilities arising from financing activities:</b>	<b>Non-current borrowings (including current maturities)</b>	<b>Current borrowings</b>
As at 01 April 2017	20,052.82	22,249.51
<b>Cash adjustments</b>		
Cash inflows	16,720.06	5,989.59
Cash outflows	(3,452.66)	(4,950.00)
Interest paid	(2,874.97)	(2,102.93)
<b>Non-cash adjustments</b>		
Forex adjustments	94.59	-
Transfers to deferred gains	(787.40)	-
Interest accruals/expense	4,076.50	2,102.93
Effective interest rate adjustments	37.91	23.71
As at 31 March 2018	<b>33,866.85</b>	<b>23,312.81</b>



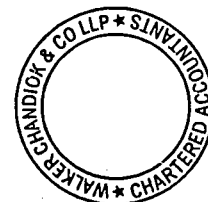
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(All amounts in Rs lacs unless otherwise stated)

## 22.2 Details of short term borrowings

S. no.	Nature of loan	Lender	As at		Nature of securities	Interest rate	Terms of repayment
			31 March 2018	31 March 2017			
1	Cash credit limit	State Bank of India (Kolkata)	5,493.83	1,480.43	<b>Primary</b> Hypothecation of entire current assets including book debts both present and future on pari passu basis with other working capital bankers. <b>Collateral</b> Extension of EM/Hypothecation charge on the entire fixed assets of the Company on pari passu 2nd Charge basis with other working capital bankers.	14.10%-11.65% (P.Y. 14.30%-14.10%)	On demand
2	Cash credit limit*	Zila Sahakari Bank Ltd. (Khamariya)	5,973.32	5,132.20	<b>First charge</b> on finished goods, work in progress and raw material.	10.05% (P.Y. 11.25%)	On demand
3	Cash credit limit*	Zila Sahakari Bank Ltd. (Barabanki)	1,756.01	1,757.11	<b>Pari passu</b> on land, building and plant and machinery against principal and interest amount.	11.25%-10.25% (P.Y. 11.25%)	On demand
4	Cash credit limit*	Zila Sahakari Bank Ltd. (Pilibhit)	2,200.00	1,499.94		11.20%-10.05% (P.Y. 11.25%)	On demand
5	Cash credit limit*	Zila Sahakari Bank Ltd. (Shahjahanpur)	1,893.59	1,606.47		11.25%-10.05% (P.Y. 11.25%)	On demand
6	Cash credit limit	Ratnakar Bank Ltd.	3,116.05	3,997.08	<b>First pari passu</b> charge by way of hypothecation on all current assets of the Company. <b>Second pari passu</b> charge by way of hypothecation on all movable fixed assets of the Company. <b>Second pari passu</b> charge by way of equitable mortgage on all immovable fixed assets of the Company.	12.25%-11.25% (P.Y. 13.45%-11.25%)	On demand
7	Loan from body corporates	Texmaco Infrastructure & Holding Limited	1,300.00	1,300.00	<b>Unsecured</b>	16.00% -12.50% (P.Y. 16.00%)	On demand
8	Loan from body corporates	Adventz Security Enterprises Limited	80.00	-		12.50%	On demand
9	Loan from body corporates	Adventz Investment & Holding Limited	1,500.00	2,500.00		13.50%-12.50% (P.Y. 13.50%)	On demand
10	Loans from others - financial institutions	Indian Renewable Energy Development Agency Limited	-	2,976.29	<b>First equitable mortgage charge</b> on all moveable and immovable fixed assets of the Company, situated at 62.318 acres of land at Alra Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh, and <b>Second pari-passu charge</b> on Current Assets of the Company (excluding receivables from the power project on which IREDA and SBI will have exclusive first pari-passu charge), on pari passu basis with other lenders. Also, Zuari Global Ltd. has provided corporate guarantee for the said loan.	12.55% (P.Y. 12.55%)	Repayable on or before end of two years from the date of 1st disbursement or upon release of SDF Loan, whichever is earlier. The loan was treated short term as the Company was expecting disbursement of loan of Sugar Development fund shortly. Loan is expected to be disbursed shortly.

\* Charges against the same are yet to be created.



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>23 Trade payables</b>		
Trade payables (refer note 41 for details of dues to micro and small enterprises)	28,283.25	16,697.32
<b>Total</b>	<u><u>28,283.25</u></u>	<u><u>16,697.32</u></u>
<b>24 Other financial liabilities</b>		
Current maturity of long term borrowings	3,139.11	2,931.11
Interest accrued but not due on borrowings, deposits and others	368.11	213.07
Deposits received from sugar agents and others	62.25	69.41
Payable towards purchase of capital goods	1,639.87	2,422.58
Other payables	-	506.05
<b>Total</b>	<u><u>5,209.34</u></u>	<u><u>6,142.21</u></u>
<b>25 Other current liabilities</b>		
Advance received from customers against sale of goods	221.79	157.92
Statutory dues	1,120.85	566.34
Excise duty on closing stock	-	793.96
Deferred gain on preference shares issued to entities other than equity shareholders	142.21	121.55
Benefits under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013	-	-
Deferred government grant 5% - Sugar expansion	21.05	21.05
Deferred government grant 5% - Power Cogeneration plant	21.58	21.58
Deferred government grant on loan from Sugar Development Fund	262.42	64.15
<b>Total</b>	<u><u>1,789.91</u></u>	<u><u>1,746.56</u></u>
<b>26 Provisions</b>		
Employee benefit obligations		
Gratuity (refer note 37)	159.47	87.75
Leave obligations (refer note 37)	21.57	13.80
<b>Total</b>	<u><u>181.04</u></u>	<u><u>101.55</u></u>




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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>27 Revenue from operations</b>		
<b>Operating revenues</b>		
Sale of goods (including excise duty and cess) (refer below note 27.1 and 27.2)	24,034.06	36,515.02
Sale of power	5,175.12	3,952.33
	<u>29,209.18</u>	<u>40,467.35</u>
<b>Other operating revenues</b>		
Scrap	223.69	15.01
Power banked units	-	6.91
	<u>223.69</u>	<u>21.92</u>
<b>Total</b>	<u><u>29,432.87</u></u>	<u><u>40,489.27</u></u>
<b>Notes:</b>		
<b>27.1 Particulars of sale of goods</b>		
Sugar	23,673.20	34,204.79
By products		
Molasses	327.50	2,265.86
Press mud	33.36	44.37
	<u>24,034.06</u>	<u>36,515.02</u>
<b>27.2</b> Post applicability of Goods and Service Tax Act (GST), w.e.f. 01 July 2017, the revenue is disclosed net of GST. Accordingly, the revenue from operations for year ended 31 March 2018 is not comparable with previous year as Excise duties formed part of revenue from operations and expenses upto upto 30 June 2017.		
<b>28 Other income</b>		
Interest income on		
Loans, deposits, advances etc.	1.67	1.52
Long-term investments	0.09	0.09
Refund from income tax department	-	0.75
Dividend on long term investments	0.04	0.04
Profit on sale of property, plant and equipment	-	6.58
Insurance and other claims	3.60	-
Rent and hire charges	7.24	0.50
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	41.96	49.93
Amortisation of deferred gain on NCRPS	121.56	102.76
Government grants		
Interest reimbursement from U.P Government under Sugar Industry, Cogeneration and Distillery Promotion Policy 2013	838.36	581.23
Assistance to sugar mills for sugar cane purchase	680.44	-
Government grants on excise term loans and cane soft loan	136.33	308.70
Amotisations of :-		
Deferred government grant recognised on loan from Sugar Development Fund	239.26	15.24
Deferred government grant 5% - Sugar expansion	21.05	21.57
Deferred government grant 5% - Power Cogeneration plant	21.57	8.08
Export subsidy	-	181.50
Renewable energy certificates income	375.78	307.58
Miscellaneous income	27.88	17.65
<b>Total</b>	<u><u>2,516.83</u></u>	<u><u>1,603.72</u></u>





Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>29 Cost of materials consumed</b>		
Raw materials at the beginning of the year:-		
Sugar cane	-	33.58
Bagassee	113.16	257.59
Rice husk	43.27	3.82
	<u>156.44</u>	<u>294.99</u>
Add: Purchases and procurement expenses		
Sugar cane	41,221.29	30,355.89
Bagassee	1,594.16	-
	<u>42,815.45</u>	<u>30,355.89</u>
Less:		
Internal generated bagasse transferred to pre-operative expense (allocated) under power and fuel	-	99.90
Raw materials at the end of the year		
Sugar cane	56.94	-
Bagassee	1,042.89	113.16
Rice husk	-	43.27
	<u>1,099.83</u>	<u>256.33</u>
<b>Total</b>	<u><u>41,872.06</u></u>	<u><u>30,394.54</u></u>
<b>30 Changes in inventories of finished goods and work-in-progress</b>		
Inventories at the end of the year		
Finished goods	33,746.71	16,560.13
By products	2,377.08	460.86
Work-in-progress	755.45	86.93
Scrap	318.75	189.71
	<u>37,197.99</u>	<u>17,297.63</u>
Inventories at the beginning of the year		
Finished goods	16,560.13	11,716.12
By products	460.86	835.95
Work-in-progress	86.93	359.43
Scrap	189.71	40.00
	<u>17,297.63</u>	<u>12,951.50</u>
Adjustment for excise duty and cess on inventories	(1,009.93)	77.92
<b>Total</b>	<u><u>(20,910.29)</u></u>	<u><u>(4,268.21)</u></u>
<b>31 Employee benefit expenses</b>		
Salaries, wages and bonus	1,735.62	1,817.36
Contribution to provident fund	144.92	137.44
Gratuity expense	61.94	39.82
Employee welfare expenses	54.92	45.32
<b>Total</b>	<u><u>1,997.40</u></u>	<u><u>2,039.93</u></u>



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>32 Finance costs</b>		
Interest cost of financial liabilities measured at amortised cost	6,191.43	5,831.59
Other borrowing costs	32.87	64.94
Exchange difference on foreign currency term loan regarded as adjustment to borrowing costs	94.59	-
	<u>6,318.89</u>	<u>5,896.53</u>
Less: amounts capitalised towards qualifying assets (refer below)	<u>(139.46)</u>	<u>(1,137.21)</u>
<b>Total</b>	<u><u>6,179.43</u></u>	<u><u>4,759.32</u></u>
<b>Note:</b>		
The capitalisation rate used to determine the amount of borrowings costs to be capitalised is weighted average interest rate applicable to the entity's general borrowings during the year, in this case 12.03% p.a.(12.69% p.a.).		
<b>33 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	1,688.22	1,145.53
Amortization of intangible assets	9.75	1.07
<b>Total</b>	<u><u>1,697.97</u></u>	<u><u>1,146.60</u></u>
<b>34 Other expenses</b>		
Consumption of stores and spares	646.49	483.95
Packing materials	389.36	290.18
Power and fuel	103.77	122.82
Repairs to and maintenance of:		
Buildings	76.48	38.90
Machinery	754.58	397.39
Others	1.72	1.42
Rent	86.12	64.00
Rates and taxes	13.40	67.97
Insurance expenses	72.66	86.96
Legal and professional charges	166.61	146.00
Payment to auditors:		
As auditors	18.75	16.25
For certificates and other services	1.50	0.76
Other matters	2.06	3.38
Payment to cost auditors	0.55	0.35
Commission on sales	38.24	52.59
Freight and forwarding charges etc.	445.55	347.23
Charity and donations	0.51	0.82
Loss on disposal of property, plant and equipment	2.78	-
Bad debts, irrecoverable claims and advances written off	10.92	68.70
Molasses and alcohol storage and maintenance reserve (refer note 18)	2.69	5.29
Director's sitting fees	10.10	6.51
Printing and stationary charges	24.72	19.96
Miscellaneous expenses	355.80	250.17
<b>Total</b>	<u><u>3,225.36</u></u>	<u><u>2,471.60</u></u>



**Gobind Sugar Mills Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

*(All amounts in Rs lacs unless otherwise stated)*

**34(a) Exceptional items**

The Government of Uttar Pradesh issued press release for grant of subsidy for Sugar industry for the crushing season 2015-2016 linked to average selling price of sugar and by-products during the period 1 October 2015 to 31 May 2016. During the current period, the Company recognized subsidy amounting to Rs. 64.74 lacs related to the crushing season 2015-2016 in initial days of April 2016 (total subsidy recognized for the said crushing season amounted to Rs. 1,500.38 lacs, based on estimated average selling prices of the period mentioned above).

Considering the substantial delay in receiving the same and changes in expectations of the Company regarding its realization, the Company decided to derecognize the whole amount of subsidy as an exceptional item in the year ended 31 March 2017.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>35 Tax expense</b>		
The tax expense comprises of :		
Current tax	-	-
Deferred tax	(398.14)	110.14
<b>Total</b>	<b>(398.14)</b>	<b>110.14</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit/(loss) before tax	(2,455.50)	1,946.92
Enacted tax rates in India	34.608%	34.608%
<b>Expected tax expense</b>	<b>(849.80)</b>	<b>673.79</b>
Tax effect on expiry of bought forward losses	293.60	28.07
Tax effect on amounts which are not deductible /(taxable) in calculating taxable income		
Interest on financial liability - NCRPS	203.44	173.50
Amortised deferred gains on NCRPS	(41.64)	(43.03)
Additional deductions on investments (investment allowances)	-	(722.00)
Other items	(3.74)	(0.20)
<b>Total</b>	<b>(398.14)</b>	<b>110.14</b>

**36 Earnings per share (EPS)**

Basic and Diluted EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Profit/(loss) attributable to equity share holders of the Company	(2,057.36)	1,836.78
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	3,200,000	3,200,000
Face value per share (Rs.)	10.00	10.00
<b>EPS (basic and diluted) (Rs.)</b>	<b>(64.29)</b>	<b>57.40</b>




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## 37 Employee benefit obligations

Particulars	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
Gratuity	159.47	210.42	87.75	53.09
Leave encashment	21.57	97.17	13.80	87.77
<b>Total</b>	<b>181.04</b>	<b>307.59</b>	<b>101.55</b>	<b>140.86</b>

## A Defined benefits plans - Gratuity

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of two years service.

## Policy for recognising actuarial gains and losses:

Actuarial gains and losses of defined benefit plan arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in other comprehensive income. Risks associated with the plan provisions are actuarial risks. These risks are investment risk, interest rate risk, mortality risk and salary risk.

## Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Rs. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

## Investment risk

Plan assets comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').

## Mortality risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. A change in mortality rate will have a bearing on the plan's liability.

## Salary risk

The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

## (i) Amount recognised in the statement of profit and loss is as under:

Description	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	52.98	39.82
Interest cost	31.41	23.88
<b>Net impact on profit (before tax)</b>	<b>84.39</b>	<b>63.70</b>
Actuarial loss/(gain) recognised during the year	219.68	84.97
<b>Amount recognised in total comprehensive income</b>	<b>304.07</b>	<b>148.67</b>

## (ii) Change in the present value of obligation:

Description	Year ended 31 March 2018	Year ended 31 March 2017
Present value of defined benefit obligation as at the beginning of the year	418.82	298.53
Current service cost	52.98	39.82
Interest cost	31.41	23.88
Past service cost	1.55	-
Benefits paid	(46.90)	(28.38)
Actuarial loss	219.68	84.97
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>677.54</b>	<b>418.82</b>



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

(iii) Movement in the plan assets recognised in the balance sheet is as under:

Description	Year ended 31 March 2018	Year ended 31 March 2017
Fair value of plan assets at the beginning of the period	277.97	298.53
Interest income	20.85	23.89
Contributions	55.04	7.80
Benefits paid	(46.90)	(28.38)
Actuarial gains/(losses)	0.69	(23.88)
Fair value of plan assets at the end of the period	307.65	277.97

(iv) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	As at 31 March 2018	As at 31 March 2017
Present value of funded obligation as at the end of the year	677.54	418.82
Fair value of plan assets as at the end of the period funded status	307.65	277.97
Unfunded/funded net liability recognized in balance sheet	369.89	140.85

(v) Breakup of actuarial (gain)/loss:

Description	As at 31 March 2018	As at 31 March 2017
Actuarial (gain)/loss from change in demographic assumption	-	8.36
Actuarial (gain)/loss from change in financial assumption	(13.21)	47.30
Actuarial (gain)/loss from experience adjustment	232.89	29.31
Total actuarial (gain)/loss	219.68	84.97

(vi) Actuarial assumptions

Description	As at 31 March 2018	As at 31 March 2017
Discount rate	7.75%	7.50%
Rate of increase in compensation levels	9.00% for 2017-18 & 7.50% for 2018-19	9.00% for 2017-18 & 7.50% for 2018-19
Expected rate of return on plan assets	8.00%	8.00%
Retirement age	60 years	60 years





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**Gobind Sugar Mills Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

*(All amounts in Rs lacs unless otherwise stated)*

**(vii) The major categories of plan assets as a percentage of total plan assets are as follows:**

The Company's liability on account of gratuity is ascertained by actuarial valuer and planned assets of the Company are managed by Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The difference between the liability ascertained on account of gratuity by Life Insurance Corporation of India and actuarial value is provided for in the financial statements of the Company. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies.

Description	As at 31 March 2018	As at 31 March 2017
Investments with LIC	100%	100%

**(viii) Sensitivity analysis for gratuity liability**

Description	As at 31 March 2018	As at 31 March 2017
<b>Impact of change in discount rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	(17.22)	(11.73)
- Impact due to decrease of 0.50 %	18.20	12.45
<b>Impact of change in salary increase</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	18.14	12.36
- Impact due to decrease of 0.50 %	(17.32)	(11.76)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year

**(ix) Maturity profile of defined benefit obligation**

Description	As at 31 March 2018	As at 31 March 2017
Within next 12 months	159.47	87.75
Between 1-5 years	86.90	42.95
Beyond 5 years	431.20	288.09

**(x) Weighted average duration of defined benefit obligation is 9.75 years as at 31 March 2018 and 9.59 years as at 31 March 2017.**

**B Leave encashment**

**Amount recognised in the statement of profit and loss is as under:**

Description	As at 31 March 2018	As at 31 March 2017
Current service cost	29.26	26.96
Interest cost	7.62	5.59
Actuarial loss/(gain) recognised during the year	2.56	21.22
<b>Amount recognised in the statement of profit and loss</b>	<b>39.44</b>	<b>53.77</b>

**C Defined contribution plans**

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognised during the year towards defined contribution plan is Rs. 144.92 lacs ( 31 March 2017 - Rs. 137.44 lacs).



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

38 Leases

**Operating leases - lessee**

Certain office premises, godowns, cane purchasing centres etc. are held on operating lease. The lease term is ranging upto 3 years and are further renewable by mutual consent on mutually agreed terms. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Lease payments made for the year	86.12	64.00
<b>Total</b>	<b>86.12</b>	<b>64.00</b>

**Note:**

The Company does not have any financial leases.

**Operating leases - lessor**

The Company has leased its one of the sugar godown which is cancellable in nature. Rental income recognised during the year amounts to Rs. 5.64 lacs (Rs.Nil during previous year).

39 Contingent liabilities

Particulars	As at 31 March 2018	As at 01 April 2017
(i) Demands / claims by various government authorities and others not acknowledged as debts and contested by the Company		
i) Excise duty and service tax	25.51	150.03
ii) Sales tax and entry tax	4.42	4.42
iii) Others	37.06	36.56
	<b>66.99</b>	<b>191.01</b>

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision against above is considered necessary.

(ii) Value added tax/Sales tax liability on sale of molasses

The Company has sold molasses to certain parties without charging sales tax on the basis of stay order by Hon'ble Supreme Court. In case the order is decided against the parties by the Hon'ble SC, the Company would be liable to collect and pay VAT/Sales tax to the department along with interest and penalty. Amount involved is indeterminate.

40 Capital and other commitments

(i) Capital commitments contracted at the end of the reporting period but not recognised as liabilities is as follows:-

Particulars	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment	4,215.00	500.61
	<b>4,215.00</b>	<b>500.61</b>

(ii) There are no non cancellable operating leases as at 31 March 2018 and 31 March 2017.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

41 Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Particulars	As at	As at
	31 March 2018	31 March 2017
Principal amounts remaining unpaid	24.82	6.25
Interest accrued and due thereon remaining unpaid	7.22	0.13
Interest paid by the company in terms of service 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act, 2006.	-	0.92
Interest accrued and remaining unpaid as at the end of the year	8.27	1.05
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.	8.27	1.05

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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

42 Related party disclosures as per Ind AS-24

List of related parties:-

(i) Related parties where control exists:

Name	Relation
Zuari Global Limited	Ultimate holding company
Zuari Investments Limited	Holding company

(ii) Related parties with whom transactions have taken place during the year:

Fellow subsidiaries	Indian Furniture Private Limited	
	Zuari Sugar & Power Limited	
	Simon India Limited	
	Zuari Insurance Brokers Limited	
	Zuari Finserv Private Limited	
Joint venture of subsidiary of ultimate holding company	Forte Furniture India Private Limited	
Associate of holding company	New Eros Tradecom Limited	
Key management personnel	Shri R.S. Raghavan	– Managing Director
	Shri R.N. Ratnam	– Independent Director
	Shri Anil C Gupta	– Independent Director (resigned w.e.f. 4 August 2017)
	Shri Marco Wadia	– Independent Director
	Smt Indira Varadarajan	– Independent Director
	Shri L. M. Chandrasekaran	– Independent Director

(iii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Issue of Non Convertible Redeemable Preference Shares (NCRPS)

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Holding company</b>				
Zuari Investments Limited	31 March 2018	-	-	83.90
	31 March 2017	-	-	71.72
<b>Fellow subsidiaries</b>				
Zuari Sugar & Power Limited	31 March 2018	-	-	2,871.72
	31 March 2017	100.00	-	2,454.76
Simon India Limited	31 March 2018	-	-	937.79
	31 March 2017	-	-	801.63
Zuari Insurance Brokers Limited	31 March 2018	-	-	68.26
	31 March 2017	-	-	58.34
<b>Associate of holding company</b>				
New Eros Tradecom Limited	31 March 2018	-	-	59.98
	31 March 2017	-	-	51.27



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Related party disclosures as per Ind AS-24 (cont'd.)

b. Professional services received

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Fellow subsidiary</b>				
Zuari Finserv Private Limited#	31 March 2018	40.53	5.00	-
	31 March 2017	1.98	-	-
<b>Ultimate holding company</b>				
Zuari Global Limited	31 March 2018	165.08	-	177.02
	31 March 2017	138.00	-	76.00

# During the year ended 31 March 2018, the Hon'ble National Company Law Tribunal, Mumbai Bench, of Mumbai vide its order dated 9 November 2017 approved the arrangement as embodied in the Scheme of Arrangement (the "Scheme") of Zuari Investments Limited (ZIL) with Zuari Finserv Private Limited (ZFPL) and the same has been filed with Registrar of Companies on 5 January 2018 ("Effective Date"). On complying with the requisite formalities by the Company, the Scheme became effective from 1 April 2016 ("Appointed Date"). Pursuant to the Scheme, the service oriented business of ZIL (comprising business of stock broking, depository participant, mortgage brokers and registrars / share transfer agents, along with others) has been transferred to ZFPL with effect from appointed date.

c. Reimbursement of expenses made

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Fellow subsidiary</b>				
Zuari Sugar & Power Limited	31 March 2018	6.66	-	-
	31 March 2017	0.17	-	22.82

The Company has availed cash credit and term loans from banks, body corporate and financial institutions of Rs 35,091.93 lacs (Rs. 24,208.00 lacs), which are further secured by corporate guarantees provided by Zuari Global Limited.

d. Purchase of property, plant and equipment

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Subsidiary of ultimate holding company</b>				
Simon India Limited	31 March 2018	822.27	-	114.62
	31 March 2017	-	-	-
<b>Joint venture of subsidiary of ultimate holding company</b>				
Forte Furnitute India Private Limited	31 March 2018	3.94	1.91	-
	31 March 2017	-	-	-
<b>Fellow Subsidiary</b>				
Indian Furniture Products Limited	31 March 2018	16.89	-	3.28
	31 March 2017	169.71	12.41	-



Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

Related party disclosures as per Ind AS-24 (cont'd.)

e. Sale of finished goods

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Fellow subsidiaries</b>				
Zuari Sugar & Power Limited	31 March 2018	428.49	-	9.70
	31 March 2017	-	-	-

f. Remuneration to key managerial personnel

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Key management personnel</b>				
Shri R. S. Raghavan *	31 March 2018	-	-	-
	31 March 2017	-	-	-

Note:

The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

\* The Company has paid managerial remuneration of Rs. 12 (Rs. 12) to Shri. R. S. Raghavan.

g. Directors' sitting fees

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
<b>Key management personnel</b>				
Shri R. N. Ratnam	31 March 2018	2.85	-	-
	31 March 2017	1.70	-	-
Shri Anil C Gupta	31 March 2018	0.40	-	-
	31 March 2017	1.80	-	-
Shri Marco Wadia	31 March 2018	2.75	-	-
	31 March 2017	1.70	-	-
Smt Indira Varadarajan	31 March 2018	1.50	-	-
	31 March 2017	0.90	-	-
Shri L. M. Chandrasekaran	31 March 2018	2.60	-	-
	31 March 2017	0.40	-	-



(All amounts in Rs lacs unless otherwise stated)

**43 Segment information**

For operational management purposes, the Company is organised into business units based on its products and has two reportable segments:

- Sugar division which is involved in extraction of Sugar from Sugar Cane;
- Power division which is involved in co-generation of Power using by product of Sugar division i.e. bagasse.

No operating segments have been aggregated to form the above reportable segments.

The Board of Directors (BoD) is collectively the chief operating decision maker. BoD monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Company's financial statements. Accounting policies used for recognition and measurement of performance of segments are consistent with accounting policies applied in the preparation of these financial statements.

**Segment revenue**

Sales between the segments are carried out at arm's length price and are eliminated during the reporting. The segment revenue is measured in the same way as in the Statement of Profit and Loss;

	Sugar			Power			Eliminations			Total operations		
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue from operations:												
External customers	24,257.75	36,530.03	5,175.12	3,959.24	-	-	-	-	-	-	29,432.87	40,489.27
Inter segment transactions	4,360.53	3,293.10	3,516.47	2,471.40	(7,877.00)	(5,764.50)					-	-
<b>Total revenue from segments</b>	<b>28,618.28</b>	<b>39,823.12</b>	<b>8,691.59</b>	<b>6,430.64</b>	<b>(7,877.00)</b>	<b>(5,764.50)</b>					<b>29,432.87</b>	<b>40,489.27</b>
<b>Revenue from operations as per Statement of Profit and Loss</b>											<b>29,432.87</b>	<b>40,489.27</b>

**Note:**

Revenue from external customer for sugar segment comprises of selling sugar through various sugar selling agents and sale of molasses and press mud.

Revenue from external customer for power division comprises of selling energy generated through co-generation plant to Government of Uttar Pradesh

**Segment results**

Interest incomes and interest cost related to the specific segments are allocated to the segments.

	Sugar			Power			Total operations			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Segments profit/(loss) during the year</b>	<b>18.29</b>	<b>5,115.68</b>	<b>3,006.78</b>	<b>2,651.06</b>	<b>3,025.07</b>	<b>2,651.06</b>	<b>3,025.07</b>	<b>7,766.74</b>	<b>1,146.60</b>	<b>1,768.50</b>
Depreciation and amortisation	1,060.44	512.97	637.54	633.63				1,697.98		
Finance costs	2,070.57	1,768.50	-	-	2,070.57			2,070.57		
<b>Profit before tax and exceptional items from segments</b>	<b>(3,112.72)</b>	<b>2,834.21</b>	<b>2,369.24</b>	<b>2,017.43</b>	<b>(743.48)</b>	<b>2,017.43</b>	<b>(743.48)</b>	<b>4,851.64</b>		



Gobind Sugar Mills Limited  
 Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs laacs unless otherwise stated)

	Sugar		Power		Total operations	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Unallocable incomes and expenses</b>						
Finance costs			(4,108.86)		(4,108.86)	(2,990.82)
Other expenses			(120.00)		(120.00)	(120.00)
Other incomes			2,516.84		2,516.84	1,706.48
<b>Profit/(loss) before tax and exceptional items as per Statement of Profit and Loss</b>			<b>(2,455.50)</b>		<b>(2,455.50)</b>	<b>3,447.30</b>
Exceptional items (sugar business)			-		-	(1,500.38)
<b>Profit/(loss) before tax as per Statement of Profit and Loss</b>			<b>(2,455.50)</b>		<b>(2,455.50)</b>	<b>1,946.92</b>

**Segment assets**

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segments.

	Sugar		Power		Total operations	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Total segment assets	65,539.43	43,192.61	21,062.41	20,409.84	86,601.84	63,602.45
Unallocated						
Deferred tax assets					8,224.70	7,751.28
Investments					17.33	14.82
<b>Total assets as per the balance sheet</b>					<b>94,843.87</b>	<b>71,368.55</b>

**Segment liabilities**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segments. Borrowings to the extent directly related to a segment are considered as the segment liabilities

	Sugar		Power		Total operations	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Total segment liabilities	48,413.26	32,170.55	-	-	48,413.26	32,170.55
Unallocated						
Non-current liabilities					35,736.28	21,903.23
Current borrowings					2,880.00	6,776.29
Other liabilities					7,483.09	7,990.32
<b>Total liabilities as per the balance sheet</b>					<b>94,512.63</b>	<b>68,840.39</b>



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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

44 Fair value measurements

44.1 Financial instruments by category

	Carrying value	
	As at 31 March 2018	As at 31 March 2018
<b>Financial assets</b>		
<b>A FVTOCI financial instruments:</b>		
Investment in quoted equity shares (refer note (i) below)	16.33	13.82
<b>B Amortized cost:</b>		
Security deposits	2.36	1.34
Trade receivables	1,592.40	1,613.92
Cash and cash equivalents	77.83	54.15
Other bank balances	13.55	13.35
Loans	6.76	6.40
Investments in unquoted-non trade investments	1.00	1.00
Other financial assets (current)	3,102.91	535.40
<b>Total</b>	<b>4,813.14</b>	<b>2,239.38</b>
<b>Financial liabilities</b>		
<b>A Amortized cost:</b>		
Non-current borrowings	30,727.74	17,121.71
Current borrowings	23,312.81	22,249.51
Trade payables	28,283.25	16,697.32
Other financial liabilities (current)	5,209.34	6,142.21
<b>Total</b>	<b>87,533.14</b>	<b>62,210.75</b>

Notes:

- (i) The equity securities for which the Company has made an irrevocable election at initial recognition to recognize charges in fair value through OCI rather than profit and loss are investments which are not held for trading purposes.
- (ii) The management assessed that carrying value of financial assets and financial liabilities, carried at amortized cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheets.



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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs lacs unless otherwise stated)

44.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis as at 31 March 2018 and 31 March 2017:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value (31 March 2018)				
Investment in quoted equity shares#				
Carrying value	16.33	-	-	16.33
Fair value	16.33	-	-	16.33
Financial assets measured at fair value (31 March 2017)				
Investment in quoted equity shares#				
Carrying value	13.82	-	-	13.82
Fair value	13.82	-	-	13.82

Notes:

# These investments are valued using market quoted prices.

There were no transfers between level 1 and level 2.

There are not any non recurring fair value measurements.



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**45 Financial instruments risk****Risk management objectives and policies**

The Company's principle financial liabilities are loans, borrowings, trade and other payables and principle financial assets are trade and other receivables. Also, the Company holds some equity investments with value being not material.

The Company is currently exposed to **market risk, credit risk and liquidity risk**. The Company's senior management looks after the management of these risks. The Company's management advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors reviews and agrees policies for managing each of these risks on an ongoing basis, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: **interest rate risk, currency risk and other price risk**, such as equity price risk and inventory price risk.

Financial instruments affected by market risk include loans and borrowings, deposits and FVTOCI investments

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

**(i) Interest rate risk****Applicability - Financial liabilities**

The company has various term loans (short term and long term) from banks and financial institutions, inter corporate deposits, bridge loans and cash credit limits from various banks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates (long term and short term). The Company always try to ensure minimal cash outflows. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility.

**Interest rate risk exposure**

Below is the overall exposure of the Company's to interest rate risk:

Particulars	31 March 2018	31 March 2017
Variable rate borrowings	46,039.16	31,099.81
Fixed rate borrowings	11,140.50	11,202.52
<b>Total borrowings</b>	<b>57,179.66</b>	<b>42,302.33</b>

**Interest rate sensitivity**

	+ / (-) in basis points	Effect on profit before tax
<b>31 March 2018</b>		
Rupees	+50	199.02
Rupees	-50	(199.02)
<b>31 March 2017</b>		
Rupees	+50	164.89
Rupees	-50	(164.89)





**Gobind Sugar Mills Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

*(All amounts in Rs lacs unless otherwise stated)*

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings and interest payments thereon.

The Company manages its foreign currency risk by hedging payments that are to be made within a maximum of 06 months period through currency futures. However, as on balance sheet date, the Company has not hedged its expected foreign currency payments which are to be made within 06 months.

**Unhedged foreign currency risk exposure in USD:**

The Company's exposure to foreign currency risk at the end of the reporting period, is as follows;

	31 March 2018 USD	31 March 2018 Rs. in lacs	31 March 2017 USD	31 March 2017 Rs. in lacs
Financial liabilities - Foreign currency borrowings	13,756,621	8,927.10	-	-

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	+ / (-) in basis points	Effect on profit before tax
<b>31 March 2018</b>		
Rupees	+500	(455.31)
Rupees	-500	455.31
<b>31 March 2017</b>		
Rupees	+500	-
Rupees	-500	-

**(iii) Equity price risk**

The Company's listed equity investments carried at FVTOCI are susceptible to market price risk arising from uncertainties about future values of the investment securities. Considering the insignificant value of these investments, the management has not carried sensitivity analysis for these investments.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss and other adverse consequences. The Company is exposed to credit risk from its operating activities primarily from trade receivables including unbilled revenues, cash and cash equivalents, bank deposits, loans receivables and investment in unquoted securities.

Summary	As at 31 March 2018	As at 31 March 2017
Trade receivables (including unbilled revenues) (refer note i)		
Not due	786.37	532.97
Overdue ( 0-3 months)	1,592.40	1,613.92
Cash and cash equivalents (refer note ii)	77.83	54.15
Other bank balances (refer note ii)	13.55	13.35
Loans (refer note iii)	6.76	6.40
Security deposits (refer note iii)	2.36	1.34
Investments in unquoted securities (refer note iii)	1.00	1.00
Other receivables (refer note iii)	118.83	2.43
Incentive receivables (refer note iv)	2,197.71	-
<b>Total</b>	<b>4,796.81</b>	<b>2,225.56</b>



**Gobind Sugar Mills Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018***(All amounts in Rs lacs unless otherwise stated)***Note:**

- (i) Trade receivables and unbilled revenue of the Company represents receivables from substantially from Madhyanchal Vidyut Vitran Nigam Limited (an undertaking of Government of Uttar Pradesh) in respect of supply of power energy. Since it is receivable from a government undertaking, the management doesn't consider the credit risk to be significant.
- (ii) Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with banks as fixed deposits. Therefore credit risk is regards to the same is considered to be negligible.
- (iii) Other balances are not significant and hence, not analyzed separately.
- (iv) Incentive receivables consists of interest subvention from governments. Therefore credit risk in regards to the same is considered to be insignificant.

**Liquidity risk**

The Company monitors its risk of a shortage of funds using future cash flow projections. The Company manages its liquidity needs by continuously monitoring cash flows from customers and by maintaining adequate cash and cash equivalents. The Company's objective is to maintain a balance between continuity of funding and flexibility through shareholder funds or borrowings from the holding company or sister concerns. Considering the stability of the company's holding company, liquidity risk of the Company is considered to be low.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Upto 1 year	1 to 5 years	Beyond 5 years	Total
<b>As at 31 March 2018</b>				
<b>Borrowings</b>				
Non current				
Borrowings (other than financial liability part of NCRPS)#	5,483.97	20,499.26	23,342.39	49,325.63
Financial liability part of NCRPS	-	-	12,660.00	12,660.00
Current borrowings	23,312.81	-	-	23,312.81
Trade payables	28,283.25	-	-	28,283.25
Other financial liabilities	2,070.23	-	-	2,070.23
<b>Total</b>	<b>59,150.26</b>	<b>20,499.26</b>	<b>36,002.39</b>	<b>115,651.91</b>
<b>As at 31 March 2017</b>				
<b>Borrowings</b>				
Borrowings (other than financial liability part of NCRPS)#	4,775.70	14,197.87	5,565.24	24,538.81
Financial liability part of NCRPS	-	-	12,660.00	12,660.00
Current borrowings	22,249.51	-	-	22,249.51
Trade payables	16,697.32	-	-	16,697.32
Other financial liabilities	3,211.10	-	-	3,211.10
<b>Total</b>	<b>46,933.63</b>	<b>14,197.87</b>	<b>18,225.24</b>	<b>79,356.74</b>

# The same includes contractual interest cash outflows related to the borrowings.



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**Gobind Sugar Mills Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018***(All amounts in Rs lacs unless otherwise stated)***46 Capital management**

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Company. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders, ensure access to external sources of financing, in part by maintaining an adequate rating and reducing cost of capital. In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require.

The management constantly monitors and reviews the debt to equity ratio. As part of this review, the management considers the cost of capital and risks associated with each class of capital requirements and maintenance of adequate liquidity buffer. The management of the Company are making due efforts to improve the ratios. The position on reporting date is summarized in the following table:

Particulars	As at	As at
	31 March 2018	31 March 2018
Long term borrowings (including financial liability part of non cumulative redeemable preference shares)	30,727.74	17,121.71
Current maturities of long-term borrowings	3,139.11	2,931.11
Short-term borrowings	23,312.81	22,249.51
<b>Total Debt (a)</b>	<b>57,179.66</b>	<b>42,302.33</b>
<b>Total Equity (b)</b>	<b>331.24</b>	<b>2,528.16</b>
<b>Debt to Equity ratio (a/b)</b>	<b>172.62</b>	<b>16.73</b>

47 With effect from 09 March 2018, the Company got its equity shares delisted voluntarily from "The Calcutta Stock Exchange Ltd." vide their letter dated 8 March 2018. Equity shares of the Company remains listed on Metropolitan Stock Exchange of India Ltd.

48 The financial statements were approved for external issue by the board of directors on 23 May 2018.

As per our report of even date.

For Walker Chandiook & Co LLP  
Chartered Accountants

*Neeraj Goel*

per Neeraj Goel  
Partner



Place: Gurugram  
Date: 23 May 2018

For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*N. Suresh Krishnan*

N. Suresh Krishnan  
(Chairman)  
DIN: 00021965

*Dharmendra Roy*

Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

*R.S. Raghavan*

R.S. Raghavan  
(Managing Director)  
DIN: 00362555

*Laxman Aggarwal*

Laxman Aggarwal  
(Company Secretary)  
Membership No. A 19861