

INDEPENDENT AUDITOR'S REPORT

To the Members of Gobind Sugar Mills Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Gobind Sugar Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

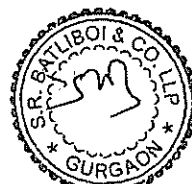
Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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Basis for qualified opinion

Attention is invited to note 12 to the financial statements. The Company has recognized Deferred Tax Asset (net) Rs. 5,655.53 lacs (including Rs. 633.39 lacs during the year) in terms of Accounting Standard – 22, “Accounting for Taxes on Income”, notified pursuant to the Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, based on the future profitability projections made by the management. However, in our opinion, in the absence of virtual certainty and convincing evidence of the aforesaid projections in terms of Accounting Standard – 22, no deferred tax asset should be recognized. Had the impact of the same been considered, there would be a loss of Rs. 7,767.11 lacs as against the reported loss of Rs. 2,111.58 lacs for the year.

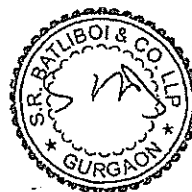
In respect of above, our audit report for the previous period ended March 31, 2014 was similarly modified.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, of its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) Except for the matter(s) described in the Basis for Qualified Opinion paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) Except for the matter(s) 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;



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- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E



per **Anil Gupta**
Partner
Membership Number: 87921
Place of Signature: Gurgaon
Date: 01st May, 2015



S.R. BATLIBOI & CO. LLP

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Annexure referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Gobind Sugar Mills Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposit from the public.
- (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 Section 148(1) of the Companies Act, 2013, related to the manufacture of sugar and its by-products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)(a) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though



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there has been a slight delay in a few cases. The provisions relating to employees' state insurance are not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance are not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows.

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period which amount relates to	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of CENVAT Credit on input goods and services and Duty Demand on sale of scrap and storage loss of molasses	19.91	2007-08 to 2012-13	Commissioner Appeal, Lucknow
Central Excise Act, 1944	Disallowance of CENVAT Credit on input goods	2.69	2003-04, 2005-06 and 2000-01	High Court Bench, Lucknow
Central Excise Act, 1944	Disallowance of CENVAT Credit	1.35	1983-84	High Court, Kolkata
Central Excise Act, 1944	Disallowance of CENVAT Credit on input goods and services and Duty Demand on sale of Bagasse and scrap sales	67.79	2004-05, 2006-07 to 2011-12	CESTAT, New Delhi
Central Sales Tax Act, 1956	Interest Demand on CST on Ex-UP sale	2.52	2003-04	Additional Commissioner, Sitapur
Tax on Entry of Goods Act, 2000	Entry tax on free sugar sale	1.19	2001-02	Tribunal Court, Lucknow
UP Trade Tax Act, 1948	Trade tax	0.09	2006-07 and 2007-08	Tribunal, Lucknow



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- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. It has incurred cash losses in the current year and immediately preceding financial period.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company did not have any outstanding debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.: 324982E

Anil Gupta

per Anil Gupta

Partner

Membership No.: 87921

Place: Gurgaon

Date: 01st May, 2015



Gobind Sugar Mills Limited
Balance sheet as at 31 March 2015

	Notes	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	10,845.00	8,495.00
Reserves and surplus	4	(9,506.60)	(7,357.57)
		1,338.40	1,137.43
Non-current Liabilities			
Long-term borrowings	5	16,720.00	2,143.33
		16,720.00	2,143.33
Current Liabilities			
Short-term borrowings	7	17,937.06	15,876.43
Trade payables	8	13,905.86	12,729.35
Other current liabilities	8	2,478.03	2,033.52
Short-term provisions	6	49.82	34.19
		34,370.77	30,673.49
TOTAL		52,429.17	33,954.25
Assets			
Non-Current Assets			
Fixed assets			
Tangible assets	9	3,781.28	3,883.41
Capital work-in-progress	10	16,763.99	2,430.54
Non-current Investments	11	14.55	993.08
Deferred tax assets (net)	12	5,655.53	5,001.73
Loans and advances	13	1,010.94	2,733.62
		27,226.29	15,042.38
Current Assets			
Inventories	14	20,956.50	17,461.34
Trade receivables	15.1	19.41	12.80
Cash and bank balances	16	640.63	626.35
Loans and advances	13	3,462.40	765.89
Other current assets	15.2	123.94	45.49
		25,202.88	18,911.87
TOTAL		52,429.17	33,954.25
Summary of significant accounting policies	2.1		


The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliloi & Co. LLP

Chartered Accountants

ICAI Firm's registration number: 301003E


per Anil Gupta
Partner


Membership no.: 87921


Place : Gurgaon


Date : 01st May, 2015




For and on behalf of the board of directors


N. Suresh Krishnan
(Chairman)


Dharmendra Roy
(Chief Financial Officer)


R.S. Raghavan
(Managing Director)


Laxman Aggarwal
(Company Secretary)

Gobind Sugar Mills Limited
Statement of profit and loss for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 Rs. in lacs	6 Months period ended 31 March 2014 Rs. in lacs
Income			
Revenue from operations (gross)	17	17,710.82	17,111.51
Less : Excise duty		626.04	512.75
Cess		120.84	124.71
Revenue from Operations (net)		16,963.94	16,474.05
Other income	18	1,970.21	121.44
Total Revenue (I)		18,934.15	16,595.49
Expenses			
Cost of raw material consumed	19	19,600.45	19,233.40
Purchase of traded goods	20	-	874.15
(Increase) In inventories of finished goods, traded goods and goods under process	20	(3,195.54)	(4,889.77)
Employee benefits expenses	21	1,099.30	598.19
Other expenses	22	1,974.45	1,368.31
Depreciation	9	254.60	218.53
Finance costs	23	1,945.86	888.56
Total (II)		21,679.12	18,291.37
(Loss) before tax		(2,744.97)	(1,695.88)
Tax (credit)			
Deferred tax (credit) (net of reversal of Rs. 390.86 lacs recognized in earlier period)		(633.39)	(527.20)
Total tax (credit)		(633.39)	(527.20)
(Loss) for the period/year		(2,111.58)	(1,168.68)
Earnings per equity share			
	24		
[nominal value of share Rs. 10 (31 March 2014 : Rs. 10)]			
Basic & Diluted EPS (In Rs.)		(65.99)	(36.52)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliloi & Co. LLP

Chartered Accountants

ICAI Firm's registration number: 301003E

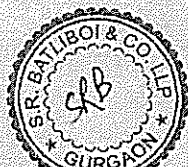
Anil Gupta
per Anil Gupta

Partner

Membership no.: 87921

Place : Gurgaon

Date : 01st May, 2015



For and on behalf of the board of directors

N. Suresh Krishnan
N. Suresh Krishnan
(Chairman)

Dharmendra Roy
Dharmendra Roy
(Chief Financial Officer)

R.S. Raghavan
R.S. Raghavan
(Managing Director)

Laxman Aggarwal
Laxman Aggarwal
(Company Secretary)

Gobind Sugar Mills Limited
Cash flow statement for the year/period

	Year ended 31 March 2015 Rs. In lacs	Six months period ended 31 March 2014 Rs. in lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net (Loss) before Tax	(2,744.97)	(1,695.88)
Adjustments for:		
Depreciation	254.60	218.53
Interest expenses	1,900.79	834.97
Loss on tangible assets sold/discarded (net)	8.49	39.83
Irrecoverable balances written off	109.30	-
Molasses Storage & Maintenance reserve	5.04	2.55
Net gain on sale of non-current investments (trade)	(1,525.75)	-
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	(2.54)	(73.65)
Dividend on long term investments	(1.84)	-
Interest income	(20.33)	(1.45)
Operating (Loss) before Working Capital Changes :	(2,017.21)	(675.10)
(Decrease) / increase in trade payables, other liabilities	1,014.84	8,647.90
(Decrease)/increase in provision	15.63	2.56
Decrease / (Increase) in trade receivables	(6.61)	(7.32)
(Increase) / decrease in loans and advances and other assets	(2,756.98)	(474.01)
(Increase) in inventories	(3,495.16)	(5,156.05)
CASH GENERATED FROM/(USED IN) OPERATIONS:	(7,245.49)	2,337.98
Direct taxes paid	1.89	2.48
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(7,247.38)	2,335.50
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of tangible assets	20.12	9.56
Purchase of fixed assets including capital advances	(11,385.20)	(4,607.04)
Proceeds from sale of non-current investments	2,517.51	-
Investment in bank deposits during the period (having original maturity of more than three months)	(558.25)	(10.00)
Purchase of Investments	(13.23)	-
Dividend received	1.84	-
Interest received	21.21	1.17
NET CASH GENERATED (USED IN) INVESTING ACTIVITIES	(9,396.00)	(4,606.31)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Issuance of preference share capital	2,350.00	2,175.00
Repayment of long term loans	(2,826.67)	(73.34)
Proceeds from long term loans	17,333.01	1,100.00
Proceeds / (Repayment) of short term borrowings/cash credit (net)	(2,390.84)	1,703.61
Repayment of other short term borrowings	(11,598.53)	(1,068.12)
Proceeds from other short term borrowings	16,050.00	63.56
Interest paid	(2,817.56)	(1,073.41)
NET CASH FROM FINANCING ACTIVITIES	16,099.41	2,827.30
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(543.97)	556.49
Cash & Cash Equivalents at the beginning of the year/period	616.33	59.84
Cash & Cash Equivalents at the end of the year/period	72.36	616.33
Components of cash and cash equivalents (Refer note 16)		
Balances with banks on :		
Current accounts	71.98	611.94
Saving account	0.03	0.03
Cash on hand	0.35	4.36
	72.36	616.33

As per our report of even date

For and on behalf of the board of directors

For S.R.Batlboi & Co. LLP
ICAI Firm's registration number: 301003E
Chartered Accountants

per Anil Gupta
Partner

Membership no.: 87921
Place : Gurgaon
Date : 01st May, 2015



N. Suresh Krishna
N. Suresh Krishna
(Chairman)

Dharmendra Roy
Dharmendra Roy
(Chief Financial Officer)

R.S. Raghavan
R.S. Raghavan
(Managing Director)

Laxman Aggarwal
Laxman Aggarwal
(Company Secretary)

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, 1956. Its shares are listed on Calcutta Stock Exchange in India. The Company is primarily engaged in manufacture and sale of Sugar and its by-products (Molasses and Bagasse). The Company presently has manufacturing facilities at Aira Estate, District Lakhimpur Kheri in the State of Uttar Pradesh. The Company is expanding its capacity from 7,500 Ton Crushing per day (TCD) to 10,000 TCD and setting up Sugar Refinery having capacity of 5,000 TCD (out of the total capacity) and Co - generation plant.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous period except for the change in accounting policies explained in Note No. 2.1(a) below.

2.1 Summary of Significant Accounting Policies

(a) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to useful lives and residual values specified in Schedule II. The management believes that depreciation rates specified under Schedule II of the Companies Act 2013 fairly reflect its estimate of the useful lives and residual values of fixed assets.

The Company has used transitional provisions of Schedule II to adjust the impact of useful lives/ depreciation rates arising on its first application. If a fixed asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., 1 April 2014, its carrying amount, after retaining any residual value has been charged to the opening balance of retained earnings. The carrying amount of other fixed assets, i.e., fixed assets whose remaining useful life is not Nil on 1 April 2014, is depreciated over their remaining useful life. The Company has adjusted Rs. 42.49 lacs (net of deferred tax of Rs. 20.41 lacs) with the opening balances of retained earnings. Had the Company continued to follow the earlier useful life, the depreciation expense for the year would have been higher by Rs. 178.84 lacs, loss before tax would have been higher by Rs. 178.84 lacs and the net block of the fixed assets would have been lower by Rs. 115.94 lacs.



Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of fixed assets costing less than Rs. 5,000. As per the revised policy, the Company is depreciating such fixed assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of fixed assets costing less than Rs. 5,000 did not have any material impact on the loss for the current year.

(b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

(c) Tangible Fixed Assets

Tangible Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection/commissioning expenses and borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

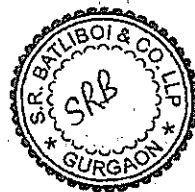
Machinery spares which can be used only in connection with an item of tangible fixed asset and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

(d) Depreciation on Tangible Fixed Assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation is provided using the Straight Line Method as per the useful lives of the fixed assets as estimated by the management, which are equal to the rates prescribed under Schedule XIV of the Companies Act, 1956. For this purpose, a major portion of the plant has been considered as continuous process plant.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.



(e) 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 and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and changes in Accounting Policies.

(f) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight line basis over the lease term.

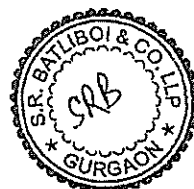
(g) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Impairment of Tangible and Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price 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 risks specific to the asset.



(i) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(k) 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.

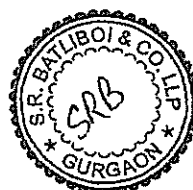
Goods under process, finished goods and traded goods, are valued at lower of cost and net realizable value. Finished goods and Goods under process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

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 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 estimated costs necessary to make the sale.



(l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognized when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims are accounted for on acceptance/actual receipt basis.

(m) Foreign Currency Transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.



(n) Retirement and Other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, 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 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.

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

(o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the reporting date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. If the Company has carry forward unabsorbed depreciation and tax losses, all deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.



At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(p) Earnings Per Share

Basic Earning 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 earning per share, net profit or loss for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

(q) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and on hand and short-term investments with an original maturity of three months or less.

(r) Excise Duty

Excise duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the reporting date.

(s) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

(t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



(u) Segment Reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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.

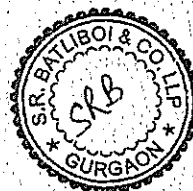


Gobind Sugar Mills Limited

Notes to financial statements for the year ended 31 March 2015

3. Share Capital

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Authorized shares :		
65,000,000 (65,000,000) Equity Shares of Rs. 10/- each	6,500.00	6,500.00
135,000,000 (1,35,000,000) Preference Shares of Rs. 10/- each	13,500.00	13,500.00
Total	20,000.00	20,000.00
Issued shares :		
3,200,000 (3,200,000) Equity Shares of Rs. 10/- each	320.00	320.00
105,250,000 (81,250,000) 7% Non Convertible Redeemable Preference Shares of Rs. 10/- each	10,525.00	8,175.00
Total	10,845.00	8,495.00
Subscribed and fully paid-up shares :		
3,200,000 (3,200,000) Equity Shares of Rs. 10/- each	320.00	320.00
15,000,000 (15,000,000) 7% Non Convertible Redeemable Preference Shares 1st Series of Rs. 10/- each	1,500.00	1,500.00
5,000,000 (5,000,000) 7% Non Convertible Redeemable Preference Shares 2nd Series of Rs. 10/- each	500.00	500.00
33,000,000 (33,000,000) 7% Non Convertible Redeemable Preference Shares 3rd Series of Rs. 10/- each	3,300.00	3,300.00
3,500,000 (3,500,000) 7% Non Convertible Redeemable Preference Shares 4th Series of Rs. 10/- each	350.00	350.00
3,500,000 (3,500,000) 7% Non Convertible Redeemable Preference Shares 5th Series of Rs. 10/- each	350.00	350.00
10,000,000 (10,000,000) 7% Non Convertible Redeemable Preference Shares 6th Series of Rs. 10/- each	1,000.00	1,000.00
11,750,000 (11,750,000) 7% Non Convertible Redeemable Preference Shares 7th Series of Rs. 10/- each	1,175.00	1,175.00
5,250,000 (Nil) 7% Non Convertible Redeemable Preference Shares 8th Series of Rs. 10/- each	525.00	-
2,000,000 (Nil) 7% Non Convertible Redeemable Preference Shares 9th Series of Rs. 10/- each	200.00	-
2,750,000 (Nil) 7% Non Convertible Redeemable Preference Shares 10th Series of Rs. 10/- each	275.00	-
13,500,000 (Nil) 7% Non Convertible Redeemable Preference Shares 11th Series of Rs. 10/- each	1,350.00	-
Total	10,845.00	8,495.00

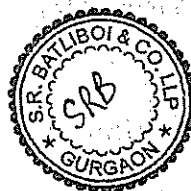


(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	Rs. in lacs	No. of Shares	Rs. in lacs
Equity Shares				
Outstanding at the beginning and end of the year/period	32,00,000	320.00	32,00,000	320.00
Preference Shares 1st Series				
Outstanding at the beginning and end of the year/period	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Preference Shares 2nd Series				
Outstanding at the beginning and end of the year/period	50,00,000	500.00	50,00,000	500.00
Preference Shares 3rd Series				
Outstanding at the beginning and end of the year/period	3,30,00,000	3,300.00	3,30,00,000	3,300.00
Preference Shares 4th Series				
Outstanding at the beginning and end of the year/period	35,00,000	350.00	35,00,000	350.00
Preference Shares 5th Series				
Outstanding at the beginning and end of the year/period	35,00,000	350.00	35,00,000	350.00
Preference Shares 6th Series				
At the beginning of the year/period	1,00,00,000	1,000.00	-	-
Add : Issued during the year/period	-	-	1,00,00,000	1,000.00
Outstanding at the end of the year/period	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Preference Shares 7th Series				
At the beginning of the year/period	1,17,50,000	1,175.00	-	-
Add : Issued during the year/period	-	-	1,17,50,000	1,175.00
Outstanding at the end of the year/period	1,17,50,000	1,175.00	1,17,50,000	1,175.00
Preference Shares 8th Series				
At the beginning of the year/period	-	-	-	-
Add : Issued during the year	52,50,000	525.00	-	-
Outstanding at the end of the year	52,50,000	525.00	-	-
Preference Shares 9th Series				
At the beginning of the year/period	-	-	-	-
Add : Issued during the year	20,00,000	200.00	-	-
Outstanding at the end of the year	20,00,000	200.00	-	-
Preference Shares 10th Series				
At the beginning of the year/period	-	-	-	-
Add : Issued during the year	27,50,000	275.00	-	-
Outstanding at the end of the year	27,50,000	275.00	-	-
Preference Shares 11th Series				
At the beginning of the year/period	-	-	-	-
Add : Issued during the year	1,35,00,000	1,350.00	-	-
Outstanding at the end of the year	1,35,00,000	1,350.00	-	-

(b) Terms / rights attached to Equity Shares

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 amounts. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.



(c) Terms of redemption of Preference Shares

The Non-Convertible Redeemable Preference Shares (NCRPS) carry dividend @ 7.00% per annum. 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.

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
1st Series	03rd January, 2012	1,50,00,000
2nd Series	18th June, 2012	50,00,000
3rd Series	27th September, 2012	3,30,00,000
4th Series	28th June, 2013	35,00,000
5th Series	20th September, 2013	35,00,000
6th Series	31st December, 2013	1,00,00,000
7th Series	31st March, 2014	1,17,50,000
8th Series	30th June, 2014	52,50,000
9th Series	17th November, 2014	20,00,000
10th Series	14th January, 2015	27,50,000
11th Series	12th February, 2015	1,35,00,000

Dividend shall accrue annually to the holders of the NCRPS and shall accordingly be paid on each anniversary of allotment of NCRPS or on premature redemption of NCRPS as aforesaid. However, 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.

(d) Shares held by holding company

Zuari Investments Limited, the holding company w.e.f 25/08/2014
1,64,06,32 (Nil) equity shares of Rs. 10 each fully paid

88,209,368 (Nil) preference shares of Rs. 10 each fully paid

As at 31 March 2015	As at 31 March 2014
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1,64,06,320

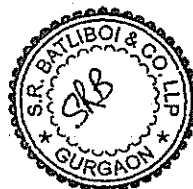
88,20,93,680



(e) Details of shareholders holding more than 5% shares in the Company

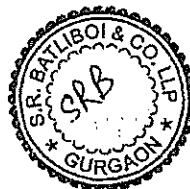
Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs. 10 each fully paid				
Zuari Investments Limited, holding company w.e.f 25/08/2014	16,40,632	51.27%	8,00,000	25.00%
Adventz Investments and Holding Ltd.	-	-	4,10,952	12.84%
Mr. Akshay Poddar	2,35,000	7.34%	2,35,000	7.34%
NCRPS 1st Series of Rs. 10 each fully paid				
Zuari Investments Limited	1,50,00,000	100.00%	1,50,00,000	100.00%
NCRPS 2nd Series of Rs. 10 each fully paid				
Zuari Investments Limited	23,00,000	46.00%	50,00,000	100.00%
Zuari Financial Service Limited	27,00,000	54.00%	-	-
NCRPS 3rd Series of Rs. 10 each fully paid				
Zuari Investments Limited	3,30,00,000	100.00%	3,30,00,000	100.00%
NCRPS 4th Series of Rs. 10 each fully paid				
Zuari Investments Limited	35,00,000	100.00%	35,00,000	100.00%
NCRPS 5th Series of Rs. 10 each fully paid				
Zuari Investments Limited	26,59,368	75.98%	35,00,000	100.00%
Adventz Finance Private Limited	4,10,952	11.74%	-	-
Sanghashree Investments & Trading Company Ltd.	1,60,000	4.57%	-	-
Ms. Puja Poddar	1,10,000	3.14%	-	-
Mr. Saroj Poddar	1,59,680	4.56%	-	-
NCRPS 6th Series of Rs. 10 each fully paid				
Zuari Investments Limited	1,00,00,000	100.00%	1,00,00,000	100.00%
NCRPS 7th Series of Rs. 10 each fully paid				
Zuari Investments Limited	1,17,50,000	100.00%	1,17,50,000	100.00%
NCRPS 8th Series of Rs. 10 each fully paid				
Zuari Investments Limited	52,50,000	100.00%	-	-
NCRPS 9th Series of Rs. 10 each fully paid				
Zuari Investments Limited	20,00,000	100.00%	-	-
NCRPS 10th Series of Rs. 10 each fully paid				
Zuari Investments Limited	27,50,000	100.00%	-	-
NCRPS 11th Series of Rs. 10 each fully paid				
Zuari Financial Services Limited	1,35,00,000	100.00%	-	-

As per the records of the Company including its register of shareholders/members, the above shareholding represents legal ownerships of shares.



4. Reserves and Surplus

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Capital Redemption Reserve		
As per the last financial statements	10.00	10.00
Securities Premium Account		
As per the last financial statements	200.00	200.00
Molasses & Alcohol Storage and Maintenance Reserve		
Balance as per the last financial statements	103.98	101.43
Add: Provided during the year/period	5.04	2.55
Closing balance	109.02	103.98
(Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	(7,671.55)	(6,502.87)
Less: Carrying value of fixed assets having nil useful life as per Schedule II of Companies Act, 2013 (net of tax of Rs. 20.41 lacs) (refer note 2.1(a)(D))	(42.49)	-
(Loss) for the year/period	(2,111.58)	(1,168.68)
Net (Deficit) in the Statement of Profit and Loss	(9,825.62)	(7,671.55)
Total Reserves and Surplus	(9,506.60)	(7,357.57)



5. Long-term borrowings

	Non-current portion		Current portion	
	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Term Loans (secured) :				
Indian rupee loan from banks (secured)	4,350.00	2,143.33	313.00	383.33
Loan under Financial Assistance Scheme to Sugar Units under SEFASU 2014 from banks (Excise Duty Loan) (secured)	2,270.00	-	-	-
Loan from a financial institution (secured)	5,600.00	-	-	-
Loan from a body corporate (secured)	4,500.00	-	-	-
	16,720.00	2,143.33	313.00	383.33
The above amount includes				
Secured borrowings	16,720.00	2,143.33	313.00	383.33
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities" (note 8)			(313.00)	(383.33)
Net amount	16,720.00	2,143.33	-	-

1) Term Loans in Indian rupee from banks

a) Term Loan of Rs. 4,663 lacs (Nil) from State Bank of India is secured by first mortgage / charge on entire 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 peice of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh together with building, moveable and immovable machiney and other fixed and current assets, present and future of the Company, on pari pasu basis with other term lenders. Also, Zuari Global Ltd. has provided corporate guarantee for the said loan.

The aforesaid loan is repayable in 24 quarterly installments commencing from 31st March 2016 and carries interest @ 3% p.a above base rate. The 1st to 23rd quarterly installments will be of Rs. 313 lacs each and the 24th installment will be of Rs. 301 lacs.

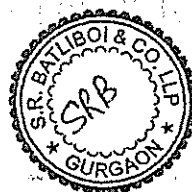
b) Term Loan of Nil (Rs. 2,526,66 lacs) from Ratnakar Bank was secured by first mortgage / charge on all the immovable and movable fixed assets and current assets, present and future of the Company, ranking pari-passu with other lenders. Also, Zuari Agro and Chemicals Ltd. and Zuari Global Ltd. had provided letters of comfort for the said loan.

The aforesaid loan's tenure was for 48 months from the date of each disbursement and carried interest @ 2% p.a above the base rate of the bank for disbursement of Rs. 11 crores and 3.50% above the base rate of the bank for disbursement over Rs. 11 crores. The said loan has been repaid during the year. However, legal formalities towards filing of satisfaction of charge are yet to be completed.

2) Term Loans under Financial Assistance Scheme to Sugar Units under SEFASU 2014 from banks (Excise Duty Loan)

a) Loan under financial assistance scheme to Sugar Units under SEFASU 2014 of Rs. 1,099 lacs (Nil) from District Co-operative Bank is repayable in 5 years with 2 years of moratorium period and carry interest of 12% p.a. As per the scheme, the interest is payable by the Government of India/National Bank for Agriculture and Rural Development (NABARD). As per the terms of the sanction letter, the loan is secured by charge on free assets of the Company. This charge is yet to be created.

b) Loan under financial assistance scheme to Sugar Units under SEFASU 2014 of Rs. 1,171 lacs (Nil) from State Bank of India is secured by pari passu first charge basis on the hypothecated current assets, both present and future and pari passu second charge basis on the moveable fixed assets of the Company with other Working Capital Lenders. The said loan is repayable in 12 quartely installments starting from 30th June, 2016 and carry interest of 12.50% p.a. As per the scheme, the interest to the extent of 12% p.a. is payable directly by the Government of India/National Bank for Agriculture and Rural Development (NABARD) to State Bank of India and hence, no liability towards interest has been provided in these accounts.

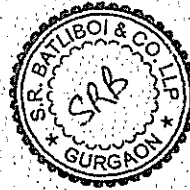


3) Term Loan from a financial institution of Rs. 5,600.00 lacs (Nil) from Indian Renewal Energy Development Agency Limited (IREDA) is secured by first mortgage / charge on entire fixed assets of the Company, situated at 62.318 acres of land at Alra Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh together with building, moveable and immovable machinery and other fixed assets, present and future of the Company, on pari passu basis with other term lenders. Further, the loan is secured by 2nd pari-passu charge on current assets of the Company (excluding receivables from the power project on which there is a first pari-passu charge) along with other lenders.

Also, Zuari Global Ltd. has provided corporate guarantee for the said loan.

The said loan is repayable in 40 quarterly installments starting from expiry of 1 year from the date of commissioning of co-generation project and carries interest @ 12.65%/13.25% p.a. Also, additional interest @ 1.00% will be charged during construction period.

4) Term loan from a body corporate of Rs. 4,500 lacs (Nil) from Aditya Birla Finance Limited is secured by first mortgage / charge on all movable and immovable fixed assets including but not limited to land, buildings, plant and machinery, assignments of all project contracts, agreements etc present and future on first pari-passu basis. This loan is further secured by first pari-passu charge on all present and future current assets including book debts, operating cash flows and receivables of the Company. Also, Zuari Global Limited has issued a corporate guarantee for the said loan. The said loan is repayable in 24 equal quarterly installments after a moratorium of upto 2 years. Further, the Company cannot prepay the loan amount (partially or fully, except scheduled repayment) before a period of 30 months from the date of first disbursement. The said loan carries interest rate of 3.00% p.a plus base rate of State bank of India.



6. Short-term provisions

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Provision for employee benefits		
Leave	49.82	34.19
	49.82	34.19

7. Short-term borrowings

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Cash credit from Banks (secured) (repayable on demand)	9,572.70	11,963.54
Other Loans & Advances		
Bank (unsecured)	4,500.00	1,845.78
Loans from Bodies Corporate (unsecured) (including loan from related parties Nil (Rs. 67.11) (Refer note 28(c))	3,864.36	2,067.11
	17,937.06	15,876.43
The above amount includes		
Secured borrowings	9,572.70	11,963.54
Unsecured borrowings	8,364.36	3,912.89

1) Cash Credit

a) Cash Credit of Rs. 1,954.03 lacs (Rs. 3,740.30 lacs) from State Bank of India is secured by hypothecation of entire current assets including book debts both present and future on pari passu basis and also by first charge on pari passu basis with other lenders on the fixed assets of the Company. This loan carries interest at the base rate of the bank plus 5.00% p.a.

b) Cash Credit of Rs. 4,046.24 lacs (Rs. 4,406.35 lacs) from District Cooperative Bank Ltd., Lakhimpur Kheri. As per the sanction letter, the said limited is secured by pledge of some stock of finished goods and also by immovable fixed assets on pari-passu basis and carries interest @ 11.75% p.a. The said charge is yet to be created.

c) Cash Credit of Rs. 1,572.43 lacs (Rs. 1,816.89 lacs) from District Cooperative Bank Ltd., Barabanki, as per the sanction letter is secured by pledge of some stock of finished goods and carries interest 11.75% p.a. The said charge is yet to be created.

d) Cash Credit of Rs. 2,000 lacs (Rs. 2,000 lacs) from Ratnakar Bank Ltd. is secured by first mortgage / charge of entire current assets, immovable and movable fixed assets ranking pari passu with other lenders of the Company. Also, Zuari Agro and Chemicals Ltd. and Zuari Global Ltd. have provided letters of comfort for the said loan. The loan carries interest @ 13.75% p.a.

2) Other Loans from banks

a) Loan from a bank of Rs. Rs. 4,500 lacs (Nil) from HDFC Bank Limited is repayable in two instalments i.e. Rs. 1,500 lacs to be repaid on 15th April, 2015 and Rs. 3,000 lacs on or before 30th April, 2015 and carries interest @ 11.75% p.a. Also, Zuari Global Limited has issued a corporate guarantee for the said loan.

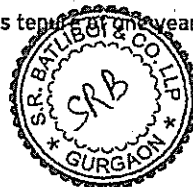
b) Equity shares of listed group companies held by the Company's erstwhile subsidiary were pledged against the short term loan of Nil (Rs. 1,845.78 lacs) from Ratnakar Bank. Also, Zuari Agro and Chemicals Ltd and Zuari Global Limited had provided letter of comfort for the said loan. The said loan carried interest @ 12.50% p.a. The said loan has been repaid during the year.

3) Other Loans from Bodies corporate

a) Loan of Rs. 64.36 lacs (Rs. 67.11 lacs) from New Eros Tradecom Limited (NETL) carries interest @ 10.50% and was repayable on March 31, 2015 and has subsequently been further extended for one year.

b) Loan from Texmaco Infrastructure & Holdings Limited of Rs. 1,300 lacs (Rs. 2,000 lacs) is for a tenure of one year and carries interest @ 16% p.a.

c) Loan from Adventz Investments & Holdings Limited of Rs. 2,500 lacs (Nil) is tenured for one year and carries interest @ 16% p.a.



8. Trade Payables and Other current liabilities

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Trade payables (refer note 32 for details of dues to micro and small enterprises)	13,905.86	12,729.35
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	313.00	383.33
Payable towards purchase of capital goods	657.36	223.08
Advance against Sales	51.93	81.42
Interest accrued and due on borrowings, deposits etc. (including payable to related parties Nil (Rs. 28.30) (Refer note 28(c))	417.38	172.62
Employee related payable	146.93	107.22
Amount payable against redemption of Preference Share Capital	5.43	5.43
Deposits received from agents and others	68.91	179.47
Others -		
Statutory dues	156.25	119.35
Excise Duty on Closing Stocks	611.17	558.39
Other Miscellaneous	49.67	203.21
	<u>2,478.03</u>	<u>2,033.52</u>
	<u>16,383.89</u>	<u>14,762.87</u>



Gobind Sugar Mills Limited

Notes to financial statements for the year ended 31 March 2015

9. Tangible assets

	Rs. in lacs					Total
	Freehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	
Cost						
At 1 October 2013	397.79	898.03	8,718.22	54.54	137.04	118.13
Additions	14.19	-	715.85	2.35	2.97	9.89
Less: Disposals	44.77	8.65	4.18	-	-	-
At 31 March 2014	367.21	889.38	9,429.89	56.89	140.01	128.02
Additions	18.20	172.62	- *	42.57	0.08	10.50
Less: Disposals	7.55	12.53	9.39	-	20.18	-
At 31 March 2015	377.86	1,049.47	9,420.50	99.46	119.91	138.52
Depreciation						
At 1 October 2013	-	334.67	6,384.17	43.07	74.49	81.27
Charge for the period	-	10.16	198.95	2.03	3.96	3.43
Less: Disposals	-	4.03	4.18	-	-	-
At 31 March 2014	-	340.80	6,578.94	45.10	78.45	84.70
Charge for the year	-	28.45	192.74	1.95	9.74	21.72
Less: Disposals	-	8.13	2.03	-	10.88	-
Transferred to opening retained earnings (refer note 2.1 (a)(i))	-	41.66	11.93	1.41	0.04	7.85
At 31 March 2015	-	402.78	6,781.58	48.46	77.35	114.27
Net Block						
At 31 March 2014	367.21	548.58	2,850.95	11.79	61.56	43.32
At 31 March 2015	377.86	646.69	2,638.92	51.00	42.56	24.25



10. Capital work-in-progress

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Balance brought forward from the previous period	2,430.54	755.54
Add : Additions during the year/period	14,506.07	2,346.31
	16,936.61	3,101.85
Less : Transfer to Tangible Assets during the year/period	172.62	671.31
	16,763.99	2,430.54

10.1 Pre - Operative expense (pending allocation) (included in Capital work-in-progress above)

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Salaries, wages and bonus etc.	28.85	8.11
Contribution to provident and other funds	2.06	-
Employees' welfare expenses	0.15	-
Power and Fuel	100.83	-
Rates and Taxes	11.23	-
Insurance	44.05	26.66
Travelling expenses	61.00	20.94
Transmission line expenses *	812.85	8.44
Professional, consultancy fees and legal expenses	53.96	2.75
Miscellaneous expenses	5.57	2.50
Interest	1,179.83	188.18
Other borrowing costs	328.35	37.50
Scrap Sales	(34.45)	-
	2,594.27	295.08
Less: Capitalised/reversed during the year/period	-	(53.05)
	2,594.27	242.03

* Considered as pre-operative expenses being part of overall expansion project cost.

11. Non-current investments

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Trade Investments (Unquoted) (valued at cost)		
Investment in Subsidiary Company (till 31/08/2014) Nil (2,500,006) Equity Shares of Rs. 10 each fully paid up in New Eros Tradecom Ltd.	-	991.76
Non-trade Investments (unquoted)		
Government Securities		
20 Years U.P.State Development Loan, 2008	0.20	0.20
6 Years National Saving Certificates	0.12	0.12
5 Years National Saving Certificates	1.00	1.00
	# 1.32	1.32
Quoted, Fully Paid :		
Premium Exchange & Finance Ltd	1,80,240	10.00
Master Exchange & Finance Ltd.	1,88,460	10.00
Duke Commerce Ltd.	24,700	10.00
Chambal Fertilizers & Chemicals Ltd.	1,947	10.00
	13.23	-
	14.55	993.08
Aggregate value of quoted investments	13.23	-
Aggregate market value of quoted investments	13.44	-
Aggregate value of unquoted investments	1.32	993.08

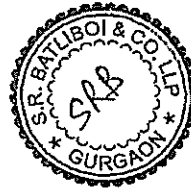


Includes Securities valuing Rs. 1.02 lacs (Rs. 1.02 lacs) deposited with Government Authorities.

12. Deferred Tax Assets (net)

	As at 31 March 2015 Rs. In lacs	As at 31 March 2014 Rs. In lacs
Deferred tax assets		
Carry forward of Business Losses and Unabsorbed Depreciation	5,838.68	5,173.50
Expenditure allowable against taxable income in future years	506.56	414.56
	<u>6,345.24</u>	<u>5,588.06</u>
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	689.71	586.33
	<u>689.71</u>	<u>586.33</u>
Net Deferred tax assets	<u>5,655.53</u>	<u>5,001.73</u>

Although, there is carried forward unabsorbed depreciation and business losses as on the reporting date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to realise the aforesaid deferred tax assets.



13. Loans and advances

	Non-current		Current	
	As at	As at	As at	As at
	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
(Unsecured, considered good except stated otherwise)				
Capital Advances	1,009.73	2,730.26	-	-
Sundry Deposits Considered good	1.21	3.36	-	-
Advances recoverable in cash or in kind Considered good	-	-	123.66	167.63
Considered doubtful	10.85	11.55	-	-
	10.85	11.55	123.66	167.63
Less : Provision for doubtful advances	10.85	11.55	-	-
	-	-	123.66	167.63
Other loans and advances				
Considered good				
Loan to employees	-	-	4.97	5.84
Deposits against demand under appeal and / or under dispute	-	-	90.25	101.05
Prepaid Expenses	-	-	18.78	17.05
Advance payment of Tax, Refunds receivable and Tax deducted at source	-	-	6.91	5.02
Balances with Excise and Other Government	-	-	1,044.88	469.30
Cane subsidy receivable (refer note 36)	-	-	2,172.95	-
Considered doubtful				
Loan to Employee	0.35	0.35	-	-
Claims Receivable	0.59	0.59	-	-
	0.94	0.94	3,338.74	598.26
Less: Provision for doubtful loans and advances	0.94	0.94	-	-
	-	-	3,338.74	598.26
	1,010.94	2,733.62	3,462.40	765.89



14. Inventories

	Notes	As at	As at
		31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Valued at Lower of Cost and Net Realisable Value			
Finished goods	20	18,971.38	15,100.50
Traded Goods		-	560.26
Raw Materials		35.89	3.26
Goods under process	20	330.77	384.87
Stores, Chemicals and spare parts etc.		343.25	300.49
Valued at Estimated Realisable Value			
By-Products	20	1,254.71	1,099.46
Scrap	20	20.50	12.50
		<u>20,956.50</u>	<u>17,461.34</u>
The above includes stock in transit :			
Stores, Chemicals and spare Parts etc.		-	1.14
		-	<u>1.14</u>

15. Trade receivables and other assets

15.1 Trade receivables

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	0.09	0.06
Unsecured, considered doubtful	1.32	1.32
	<u>1.41</u>	<u>1.38</u>
Provision for doubtful trade receivables	1.32	1.32
	<u>0.09</u>	<u>0.06</u>
Other receivables		
Unsecured, considered good	19.32	12.74
	<u>19.41</u>	<u>12.80</u>

15.2 Other current assets

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
(Unsecured, considered good)		
Interest accrued on Loan, Advances, Deposits, Investments etc.	17.35	0.70
Interest subvention receivable under SEFASU 2014	106.59	-
Other receivable	-	44.79
	<u>123.94</u>	<u>45.49</u>



16. Cash and bank balances

	As at 31 March 2015 Rs. in lacs	As at 31 March 2014 Rs. in lacs
Cash and cash equivalents		
Balances with banks:		
On current accounts	71.98	611.94
On saving account	0.03	0.03
Cash on hand	0.35	4.36
	<u>72.36</u>	<u>616.33</u>
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months *	568.25	10.00
In Post office savings bank account	0.02	0.02
	<u>568.27</u>	<u>10.02</u>
	<u>640.63</u>	<u>626.35</u>

* Fixed deposits amounting to Rs. 558.25 lacs (Nil) have been pledged against loan from a body corporate and fixed deposit amounting to Rs. 10 lacs (Rs. 10 lacs) is in nature of margin money kept with a bank against issue of a bank guarantee.

17. Revenue from operations

	Year Ended 31 March 2015 Rs. in lacs	6 Months period Ended 31 March 2014 Rs. in lacs
Revenue from operations		
Sale of products		
Finished goods	15,011.03	15,300.59
Traded goods [^]	603.48	333.93
By products	2,080.64	1,467.03
	<u>17,695.15</u>	<u>17,101.55</u>
Other operating revenue		
Scrap Sales	15.67	9.96
Revenue from operations (gross)	<u>17,710.82</u>	<u>17,111.51</u>
Less : Excise duty	626.04	512.75
Cess	120.84	124.71
Revenue from operations (net)	<u>16,963.94</u>	<u>16,474.05</u>

Detail of products sold

	Year Ended 31 March 2015 Rs. in lacs	6 Months period Ended 31 March 2014 Rs. in lacs
Finished goods		
Sugar	15,011.03	15,300.59
Traded goods		
Fertilizers	603.48	333.93
	<u>603.48</u>	<u>333.93</u>
By products		
Molasses	1,625.25	726.63
Bagasse	455.40	740.39
	<u>2,080.65</u>	<u>1,467.02</u>



18. Other income

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. in lacs	Rs. in lacs
Interest income on		
Loans, deposits, advances etc.	20.24	1.41
Long-term investments	0.09	0.04
Dividend on long term investments	1.84	-
Subsidy on cane purchase (refer note 35)	409.11	-
Net gain on sale of non-current investments in a subsidiary Company (trade) (refer note 37)	1,525.75	-
Insurance and Other Claims	4.22	2.33
Rent and Hire Charges	1.05	0.75
Unspent Liabilities, Provisions no longer required and Unclaimed	2.54	73.65
Balances adjusted		
Excess gratuity provision reversed (refer note 25)	-	2.73
Miscellaneous Receipts	5.37	40.53
	<u>1,970.21</u>	<u>121.44</u>

19. Cost of raw material consumed

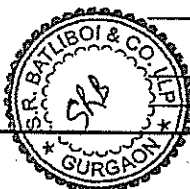
	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. in lacs	Rs. in lacs
Opening Stock	3.26	-
Purchases and procurement expenses	19,633.08	19,236.66
	<u>19,636.34</u>	<u>19,236.66</u>
Closing Stock	35.89	3.26
	<u>19,600.45</u>	<u>19,233.40</u>

Details of raw material consumed

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. in lacs	Rs. in lacs
Sugarcane	19,600.45	19,233.40

20. (Increase) in inventories

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014	(Increase)/ decrease
	Rs. in lacs	Rs. in lacs	Rs. in lacs
Inventories at the end of the year/period			
Finished goods	18,971.38	15,100.50	(3,870.88)
Traded goods	-	560.26	560.26
By Products	1,254.71	1,099.46	(155.25)
Goods under process	330.77	384.87	54.10
Scrap	20.50	12.50	(8.00)
	<u>20,577.36</u>	<u>17,157.59</u>	<u>(3,419.77)</u>
Inventories at the beginning of the year/period			
Finished goods	15,100.50	11,842.48	(3,258.02)
Traded goods	560.26	-	(560.26)
By Products	1,099.46	64.83	(1,034.63)
Goods under process	384.87	125.31	(259.56)
Scrap	12.50	9.60	(2.90)
	<u>17,157.59</u>	<u>12,042.22</u>	<u>(5,115.37)</u>
	<u>(3,419.77)</u>	<u>(5,115.37)</u>	
(Increase)/decrease of excise duty and cess on inventories	224.23	225.60	
	<u>(3,195.54)</u>	<u>(4,889.77)</u>	



Details of purchase of traded goods

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
Fertilizers	-	874.15
		874.15

Details of inventory

	As at 31 March 2015	As at 31 March 2014
	Rs. In lacs	Rs. In lacs
Finished goods		
Sugar	18,971.38	15,100.50
By-products		
Molasses	990.09	970.30
Bagasse	264.63	129.16
	1,254.72	1,099.46
Goods under process		
Sugar	330.77	384.87

21. Employee benefits expense

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
Salaries, wages and bonus etc.	978.44	527.99
Contribution to provident and other funds	76.05	48.44
Gratuity expense (Note 25)	12.52	-
Employees' welfare expenses	32.29	21.76
	1,099.30	598.19

22. Other expenses

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
Consumption of stores and spares	385.88	295.26
Packing Materials	294.36	269.75
Power & Fuel	192.04	87.63
Repairs to and Maintenance of :		
Buildings	23.06	12.56
Machinery	322.54	217.04
Others	1.75	0.75
Rent	47.45	15.12
Rates & Taxes	52.94	48.03
Insurance	54.43	26.17
Payment to Auditors		
As Auditors		
Audit Fees	5.00	2.00
Limited Review Fees	3.00	0.80
In other capacity		
Tax Audit Fees	1.70	1.10
For Certificates and Other services	3.50	3.60
Reimbursement of Expenses	1.32	1.08
Payment to Cost Auditors	0.15	0.15



	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
Commission on sales	29.68	31.07
Freight & Forwarding charges etc.	191.70	164.81
Charity and Donations	1.19	0.69
Loss on sale / discard of fixed assets (net)	8.49	39.83
Irrecoverable balances written off	109.30	-
Mojasses Storage & Maintenance Reserve	5.04	2.55
Director's sitting fees	2.80	1.00
Miscellaneous Expenses	237.13	147.32
	<u>1,974.45</u>	<u>1,368.31</u>

23. Finance costs

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
Interest	1,900.79	834.97
Other Borrowing Costs	45.07	53.59
	<u>1,945.86</u>	<u>888.56</u>

24. Earnings per share (EPS)

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

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. In lacs	Rs. In lacs
(Loss) after tax	(2,111.58)	(1,168.68)
Net (loss) for calculation of basic and diluted EPS	<u>(2,111.58)</u>	<u>(1,168.68)</u>
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS	32,00,000	32,00,000
Loss per equity share [nominal value of share Rs. 10 (Rs. 10)]		
Basic & Diluted EPS (In Rs.)	(65.99)	(36.52)



25. Gratuity - Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognized in employee costs

	Year Ended 31 March 2015	6 Months period Ended 31 March 2014
	Rs. in lacs	Rs. in lacs
Current service cost	19.45	8.56
Interest cost on benefit obligation	21.68	10.69
Expected return on plan assets	(25.30)	(12.11)
Net actuarial (gain) / loss recognized in the year	(3.31)	(9.87)
Net benefit expense	12.52	(2.73)
Actual return on plan assets	25.65	12.11

Balance sheet

Net Benefit liability / (asset)

	As at 31 March 2015	As at 31 March 2014
	Rs. in lacs	Rs. in lacs
Present value of defined benefit obligation	298.39	281.80
Fair value of plan assets	345.40	312.74
Plan liability / (asset)	(47.01)	(30.94)

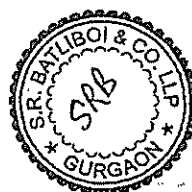
Changes in the present value of the defined benefit obligation are as follows :

	31 March 2015	31 March 2014
	Rs. in lacs	Rs. in lacs
Opening defined benefit obligation	281.80	281.88
Current service cost	19.45	8.56
Interest cost	21.68	10.69
Benefits paid	(21.58)	(9.46)
Actuarial (gains) / losses on obligation	(2.96)	(9.87)
Closing defined benefit obligation	298.39	281.80

Changes in the fair value of plan assets are as follows :

	31 March 2015	31 March 2014
	Rs. in lacs	Rs. in lacs
Opening fair value of plan assets	312.74	304.84
Expected return	25.30	12.11
Contributions by employer	28.59	25.18
Benefits paid	(21.58)	(29.39)
Actuarial gains / (losses)	0.35	-
Closing fair value of plan assets	345.40	312.74

The Company expects to contribute Nil (Rs. 25.00 lacs) to Gratuity Fund in the next year.



The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Investments with LIC	100%	100%

The principal assumptions are shown below :

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%
Salary Increase	6.50%	5.00%
Withdrawal Rates	Varying between Nil to 4.20% per annum depending upon the duration and age of the employees	
Mortality Table	Indian assured lives mortality 2006 - 08 Ultimate	

Amounts for the current year and previous four periods are as follows :

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs	30 Sept. 2013 Rs. in lacs	30 June 2012 Rs. in lacs	30 June 2011 Rs. in lacs
Gratuity					
Defined benefit obligation	298.39	281.80	281.88	304.40	297.03
Plan assets	345.40	312.74	304.84	319.82	289.61
Surplus / (deficit)	47.01	30.94	22.96	15.42	(7.42)
Experience (gain) / loss adjustments on plan liabilities	(2.96)	9.87	(1.57)	9.52	(15.42)
Experience gain / (loss) adjustments on plan assets	-	-	-	4.74	(1.43)

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Defined Contribution Plan :

The Company has recognised the following amount as an expense and included under, "Contribution to Provident and Other Funds".

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Contribution to Provident Fund and other Funds	75.87	47.33
	75.87	47.33

26. Leases

Operating lease

Certain office premises, godowns, cane purchasing centre 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.

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Lease payments made for the year/period	47.45	15.12
	47.45	15.12



27 The networth of the Company is substantially eroded as the accumulated loss of the Company as at the reporting date stands at Rs. 9,825.62 lacs (Rs. 7,671.55 lacs) as against the shareholder's fund of Rs. 11,164.02 lacs (Rs. 8,808.98 lacs). Also, the Company incurred a net loss of Rs. 2,111.58 lacs during the year and, as of that date; the Company's current liabilities exceeded its current assets by Rs. 9,167.89 lacs (Rs. 11,761.62 lacs). During the current year, the shareholders have infused Rs. 2,350 lacs towards subscription of share capital of the Company to bridge the gap of accumulated losses and shareholders' funds. Further, based on the future profitability projections, the management is hopeful that the Company would be in a position to generate positive cash flows and profits in the near future. Considering the above, these financial statements have been drawn up on the going concern assumption which is appropriate in the opinion of the management.

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28. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Ultimate Holding Company Zuari Global Limited (w.e.f 25/08/2014) (Holding company of Zuari Investment Limited)
Holding Company Zuari Investments Limited (w.e.f 25/08/2014)
Subsidiary Company New Eros Tradecom Limited (till 31/08/2014)

Related parties with whom transactions have taken place during the period :

Fellow Subsidiaries
Indian Furniture Private Limited (w.e.f 25/08/2014)
Zuari Financial Services Limited (w.e.f 25/08/2014)
Zuari Management Services Limited (w.e.f 25/08/2014)

Enterprise in respect of which the Company is an Associate

Zuari Investments Limited (till 24/08/2014)
Zuari Global Limited (w.e.f 25/08/2014) (Holding company of Zuari Investment Limited)

Key management personnel

Shri Soundara Raghavan Rangachari - Managing Director
Shri Alok Saxena (w.e.f. 17.04.13) - Executive President

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/period :



a. Issue of Preference Share Capital	Period ended	Transaction during the year/period	Rs. in lacs	
			Amount owed by related parties	Amount owed to related parties
Holding Company (w.e.f 25/08/2014) Zuari Investments Limited	31 March 2015	1,000.00	-	-
	31 March 2014	2,175.00	-	-
Fellow Subsidiary (w.e.f 25/08/2014) Zuari Financial Services Limited	31 March 2015	1,350.00	-	-
	31 March 2014	-	-	-
b. Purchase of investments				
Subsidiary company (till 31/08/2015) New Eros Tradecom Limited	Period ended	Transaction during the year/period	Rs. in lacs	
			Amount owed by related parties	Amount owed to related parties
	31 March 2015	13.23	-	-
	31 March 2014	-	-	-



c. Loans / Advances / Intercompany deposits taken and repayment thereof		Rs. In lacs				
Period ended	Loan / Intercompany deposits taken	Repayment	Interest accrued / paid	owed to related parties (Including Interest)	Amount	
31 March 2015 *	-	0.18	2.95	-	-	
31 March 2014	63.50	1,063.84	12.58	95.41	95.41	

Subsidiary company (till 31/08/2014)
New Eros Tradecom Limited

* transaction are for the period during which the company was the subsidiary of the Company.



d. Professional Services received		Rs. In lacs	
Period ended	Transaction during the year/period	Amount owed by related parties	Amount owed to related parties
31 March 2015	75.00	-	-
31 March 2014	-	-	-
Holding Company (w.e.f 25/08/2014) Zuarl Investments Limited			
e. Reimbursement of expenses made		Rs. In lacs	
Period ended	Transaction during the year/period	Amount owed by related parties	Amount owed to related parties
31 March 2015	25.09	-	7.62
31 March 2014	-	-	-
Fellow Subsidiary (w.e.f 25/08/2014) Zuarl Management Services Limited			
f. Purchase of Fixed Assets		Rs. In lacs	
Period ended	Transaction during the year/period	Amount owed by related parties	Amount owed to related parties
31 March 2015	35.35	-	0.57
31 March 2014	-	-	-
Fellow Subsidiary (w.e.f 25/08/2014) Indian Furniture Products Limited			
g. Remuneration to key managerial personnel		Rs. In lacs	
Period ended	Transaction during the year/period	Amount owed by related parties	Amount owed to related parties
31 March 2015	36.17	-	9.06
31 March 2014	18.08	-	5.76
Key management personnel Shri Alok Sexana (w.e.f. 17.04.13)			



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 availed cash credit and term loans from banks, body corporate and financial institutions of Rs. 21,260.89 lacs (Rs. 4,526.00 lacs), which are further secured by letter of comfort/corporate guarantee provided by Zuari Global Ltd.

- The Company has availed short term loan of Rs. Nil (Rs. 1,845.78 lacs) from a bank. The said loan was secured by pledge of listed shares of group companies held by the erstwhile subsidiary. i.e. New Eros Tradecom Limited.



29 Segment information

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company organised its operations into two major businesses: "manufacturing of sugar segment" and "trading of fertilizers segment". A description of the types of activities by each reportable segment is as below:

Business segments

Particulars	(Rs. In lacs)					
	Sugar		Fertilizer		Total operations	
	Year Ended 31 March 2015	6 months Period ended 31st March, 2014	Year Ended 31 March 2015	6 months Period ended 31st March, 2014	Year Ended 31 March 2015	6 months Period ended 31st March, 2014
Revenue						
Sales (net)	16,360.46	16,140.12	603.48	333.93	16,963.94	16,474.05
Other income*	422.29	119.99	-	-	422.29	119.99
Total revenue	16,782.75	16,260.11	603.48	333.93	17,386.23	16,594.04
Results						
Segment results	(2,393.34)	(822.17)	34.90	17.31	(2,358.44)	(804.86)
Unallocated Corporate (Expense)/Income (net)					1,493.93	(57.50)
Add : Interest income					20.33	1.45
Less : Interest expense					(1,900.79)	(834.97)
Loss before tax					(2,744.97)	(1,695.88)
Tax credit					(633.39)	(527.20)
Net Loss					(2,111.58)	(1,168.68)
As at March 31, 2015						
Segment assets	46,059.97	27,393.46	-	560.26	46,059.97	27,953.72
Unallocated corporate assets					6,369.20	6,000.53
Total assets					52,429.17	33,954.25
Segment liabilities	15,537.62	13,650.42	157.58	557.76	15,695.20	14,208.18
Unallocated corporate liabilities					35,395.57	18,608.64
Total liabilities					51,090.77	32,816.82
Other segment information						
Capital expenditure:						
Tangible assets	12,856.89	4,779.89	-	-	12,856.89	4,779.89
Depreciation	254.60	218.53	-	-	254.60	218.53
Other non-cash expenses:						
Irrecoverable balance written off	109.30	1.84	-	-	109.30	1.84

* Total other income during the year is Rs. 1,970.21 lacs (Rs. 121.44 lacs). Figures disclosed above exclude interest income amounting to Rs. 20.33 lacs (Rs. 1.45 lacs) and income earned by corporate office of Rs. 1,527.59 lacs (Nil).

Geographical Segments

The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.



30 Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 8,783.83 lacs (Rs. 16,238.57 lacs).
- (b) For commitments relating to lease arrangements, please refer note 26.

31. Contingent liabilities

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
Demands / Claims by various Government Authorities and others not acknowledged as debts and contested by the Company* :		
(i) Excise Duty & Service Tax	390.82	425.69
(ii) Sales & Entry Tax	4.42	7.27
(iii) Others	4.31	2.89
Total	399.55	435.85

*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 there against is considered necessary.

32. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31 March 2015 Rs. in lacs	31 March 2014 Rs. in lacs
(i) Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	2.52	3.77
(ii) Interest due on above. Total of (i) & (ii)	0.13	0.11
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	2.65	3.88
(iv) Amount paid to the suppliers beyond the respective due date.	6.92	8.18
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	0.27	0.59
(vi) Amount of interest accrued and remaining unpaid at the end of accounting period.	0.40	0.70
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	1.96	1.26



33. Imported and Indigenous Raw Material and Store & Spares consumed.

	Consumption %	Value	Consumption %	Value
		Rs. in lacs		Rs. in lacs
	31 March 2015		31 March 2014	
Raw Material				
Imported	-	-	-	-
Indigenously obtained	100.00%	19,600.45	100.00%	19,233.40
	100.00%	19,600.45	100.00%	19,233.40
Store & Spares				
Imported	0.04%	0.15	0.02%	0.05
Indigenously obtained	99.96%	385.73	99.98%	295.21
	100.00%	385.88	100.00%	295.26

34. Earnings in foreign currency (accrual basis)

Year of remittance (ending on)	31 March 2015	31 March 2014
	Rs. in lacs	Rs. in lacs
Exports of goods at F.O.B. Value	-	-

35. The Company, in accordance with notification and refund order issued by State Government of Uttar Pradesh, has during the current year, received subsidy from the State Government on payment of sugar cane arrears of the last season by specified due date. The said amount of Rs. 409.11 lacs is included under other Income.
36. The Government of Uttar Pradesh has announced subsidy for Sugar industry for the sugar season 2014 - 2015 linked to average selling price of sugar and by-products during the period 01st October, 2014 to 31st May, 2015. During the year, the Company has recognised such subsidy amounting to Rs. 2,172.95 lacs, based on the present and expected likely average price. The Company is hopeful to realise the subsidy as the average selling price is expected to be below the threshold level announced by the Government of Uttar Pradesh.
37. During the current year, the Company has earned profit of Rs. 1,525.75 lacs from sale of the equity shares held in its subsidiary Company "New Eros Tradecom Limited" which has also been shown as "Other Income" in the statement of profit and loss.
38. During the current year, Zuari Investments Limited, a wholly owned subsidiary of Zuari Global Limited, acquired 26.27% of equity shares in the Company (total holding 51.27% as of March 31, 2015), consequent to which Zauri Investments Limited has become holding company of the Company.
39. Previous period's accounts were prepared for the six months period October 1, 2013 to March 31, 2014 and current year's accounts are for the full financial year from April 1, 2014 to March 31, 2015, hence, current year's figures are not comparable with those of the previous period. Previous period's figures have been given in bracket. Previous period's figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration number: 301003E

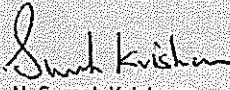
For and on behalf of the board of directors



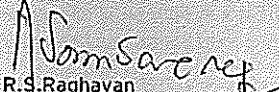
per Anil Gupta
Partner
Membership no.: 87921


Place : Gurgaon
Date : 01st May, 2015




N. Suresh Krishnan
(Chairman)


Dharmendra Roy
(Chief Financial Officer)


R.S. Raghavan
(Managing Director)


Laxman Aggarwal
(Company Secretary)