Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of Gobind Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Gobind Sugar Mills Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

Key Audit Matters

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

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax assets	
Refer note 3(f) of Summary of significant accounting policies and other explanatory information and the note 8 of the financial statements of the Company for the year ended 31 March 2019. At the balance sheet date 31 March 2019, deferred tax assets(net) including deferred tax asset recognised for carried forward tax losses and unabsorbed depreciation amounted to INR 7,257.95 lacs. During the year ended 31 March 2019, the Company has incurred losses after tax (total comprehensive loss) of INR 3,558.94 lacs (31 March 2018: INR 2,199.60 lacs). The assessment of meeting the recognition criteria as well as assessment of recoverability of deferred tax assets within the period prescribed under the tax laws involves use of significant assumptions and estimates. Determining forecasts of future results and taxable profits include key assumptions such as future growth rate and market conditions. The projected cash flows are assessed using a number of scenarios to cover reasonable changes in the assumptions underlying the projections. These changes mainly relate to variations in expected selling prices of the sugar and by products, expected costs of production of	Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following: • Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws. • Reconciled the future taxable profit projections to future business plans of the Company as approved by the Board of Directors. • Tested and challenged management's judgements relating to the forecasts of future taxable profits and evaluated the reasonableness of the assumptions, including future growth rate underlying the preparation of these forecasts based on historical data trends. • Tested the mathematical accuracy of the projections including sensitivity analysis performed by management and performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections. • Evaluated management's assessment of time period available for adjustment of such

Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

sugar and expected days of operation of sugar mills. Any change in these assumptions could have a material impact on the carrying value of deferred tax assets. These assumptions and estimates are judgmental, subjective and depend on the future market and economic conditions, including industry focused trade policies of the government and materialization of the Company's expansion plans. Owing to the significance of the balances and complexities involved as described above, we have considered recoverability of such deferred tax assets recognised on carried forward tax losses and unabsorbed depreciation as a key audit matter.	deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes. • Re-computed the amount of deferred tax assets as appearing in the financial statements confirming the amounts of carried forward tax losses and unabsorbed depreciation. • Assessed the appropriateness of the disclosures included in note 8 in respect of deferred tax balances.
Valuation of Inventory Refer to note 3(n) of Summary of significant accounting policies and other explanatory information for accounting policy for valuation of Inventory and significant accounting judgements, estimates and assumptions related thereto and the note 11 of the financial statements of the Company for the year ended 31 March 2019. At the balance sheet date 31 March 2019, the Company held INR 46,006.49 lacs of Inventories. Inventories mainly consists of finished goods - Sugar and by products – Molasses. Manufacturing of Sugar is complex process which leads to generation of many by products some of which are used for generation of other products which are sold in the market as well as used as input in the manufacturing of Sugar. The valuation requires use of management's judgements and assumptions regarding elimination of inter-divisional profits and calculation of net realisable value (NRV) which is further dependent upon the market conditions,	Our audit procedures in relation to valuation of inventory included, but were not limited to, the following: • Tested the design and operating effectiveness of the general IT control environment and the manual controls for inventory valuation. • Assessed the appropriateness of the principles used in the valuation of Inventory and analysed the reasonableness of significant judgements/assumptions used by the management in their valuation models along with their consistency based on historical data trends such as sugar recovery rates, generation of Molasses, fixed and planned storage facilities of Molasses and capacity utilisations of the plant. • Verified net realisable value of baggase and molasses based on market quotation obtained by the management in case of baggase and contracts for sale of ethanol Reviewed cost sheets prepared by the management for manufacturing of ethanol

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subsequent inventory sale data and sale price and incremental cost of products manufactured using by-products. These assumptions are subject to inherent uncertainties and are difficult to ascertain since they are likely to be influenced by political and economic factors including uncertainties that may affect the industry on the whole. Owing to the significance of the carrying value of inventories, the complexities discussed above and the fact that any changes in the management's judgement or assumptions is likely to have a significant impact on the ascertainment of carrying values of inventories, we have considered this area as a key audit matter.	(used for determination of NRV of molasses) for reasonableness and corroborated the same with projects reports submitted to lenders banks. • Reviewed the process of inventory valuation comprising of identification of NRV of Sugar based on subsequent selling prices of Sugar upto balance sheet date, sale orders in hand as on that date, minimum selling prices introduced by the government and prices prevailing in exchange market. • We also assessed the appropriateness of the disclosures included in note 11 in respect of valuation of inventories.
Going concern basis of accounting We refer to the note 52 of the financial statements of the Company for the year ended 31 March 2019 disclosures related to appropriateness of going concern basis of accounting. This note states that the Company has incurred losses after tax (total comprehensive loss) of INR 3,558.94 lacs and had negative cash flows from operations. Also as at 31 March 2019, the current liabilities exceed the current assets by INR 5,833.39 lacs. While these above indicate doubts about the company's ability to continue as a going concern, as mentioned in aforesaid note, the Company has taken into consideration the below mitigating factors in its assessment for going concern basis of accounting.operations:- a) Improving sugar sale prices; b) Expansion plans in form of setting up of Distillery having capacity of 100,000 litres per day and 16 MW Co-Generation Power Plant; c) Industry focused state and central government trade policies; and	Our audit procedures included, but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting: • We obtained an understanding of the management's process for identification of events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. • Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors, and controls around cash flow projections prepared by the management. • Reconciled the cash flow projections to future business plans of the Company as approved by the Board of Directors. • In order to corroborate management's future business plans and to identify potential contradictory information we read the board minutes, supervisory board minutes and discussed the business plans with management and the Audit Committee.

Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

d) Continued financial support from its holding company. The Company has earned reasonable profits and had positive cash flows in the tracked history. However, from the past few years, the Company`s profits and cash flows from operation have declined. Management has prepared future cash flow forecasts taking into cognizance the above developments and performed sensitivity analysis of the other key assumptions used therein to assess whether the Company would be able operate as a going concern for a period of at least 12 months from the date of financial statements, and concluded that the going concern basis of accounting used for preparation of the accompanying financial statements is appropriate with no material uncertainty. We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and the overall conclusion.	• Performed audit procedures regarding subsequent events to identify events that either mitigate or otherwise affect the Company's ability to continue as a going concern; • We also compared the prospective financial information for recent prior periods with historical results and the prospective financial information for the current period with results achieved to date. • We evaluated key assumptions used by the management for prospective financial information based on economic trends, historical data and considered government's industry focused policies. Key assumptions included selling prices of sugar and its by - products, sugar recovery rates, interest rates, industry trends, manpower and other direct costs. We also referred to the Power Purchase Arrangement ('PPA') entered by the Company with State government and ethanol sale contracts in hand for under construction distillery project. To challenge these assumptions, we considered our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions. • Tested the arithmetical accuracy of the calculations including those related to sensitivity analysis performed by the management. • Performed independent sensitivity analysis to test the impact of variation in the key assumptions. • We have also reviewed the financial support letter obtained by the Company from its holding company and assessed the ability of the holding company to provide a committed support to the company for a period of at least twelve months from the date of financial statement. • Evaluated the appropriateness of the disclosures made in the financial statements in respect of going concern.

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Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 17 May 2019 as per Annexure II expressed unmodified opinion;

    g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 39 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and

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Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

Neeraj

Neeraj Goel
Partner
Membership No.: 099514

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 17 May 2019

Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2019

Annexure I

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets

(b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment is verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment's were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and rule framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

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Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2019 (Cont'd)

Statement of Disputed Dues

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

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

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, term loans were applied for the purposes for which they were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

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Annexure I to Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited on the financial statements for the year ended 31 March 2019 (Cont'd)

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc, as required by the applicable Ind AS.

(xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make private placement of shares/ fully/partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Neeraj Goel

Neeraj Goel
Partner
Membership No. 099514

WALKER CHANDIOK & CO LLP ✲ CHARTERED ACCOUNTANTS ✲

Place: Gurugram
Date: 17 May 2019

Annexure II to the Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019

Annexure II

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

1. In conjunction with our audit of the financial statements of the Company as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

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Annexure II to the Independent Auditor's Report of even date to the members of Gobind Sugar Mills Limited, on the financial statements for the year ended 31 March 2019 (Cont'd)

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note issued by the ICAI.

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

Neeraj Goel

Neeraj Goel
Partner
Membership No. 099514

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 17 May 2019

Gobind Sugar Mills Limited
Balance Sheet as at 31 March 2019

(All amounts in INR lacs unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	39,453.87	39,875.55
(b) Capital work-in-progress	4(a)	7,142.03	757.26
(c) Other intangible assets	5	25.10	34.85
(d) Financial assets			
(i) Investments	6	16.15	17.33
(ii) Other financial assets	7	17.32	2.36
(e) Deferred tax assets (net)	8	7,257.95	8,224.70
(f) Other non-current assets	9	919.11	461.10
(c) Non-current tax assets (net)	10	45.96	0.22
		54,877.49	**49,373.37**
Current assets			
(a) Inventories	11	46,006.49	38,949.63
(b) Financial assets			
(i) Investments	6	117.00	-
(ii) Trade receivables	12	3,830.78	1,592.40
(iii) Cash and cash equivalents	13	161.92	77.83
(iv) Other bank balances	14	1.57	13.55
(v) Loans	15	38.51	6.76
(vi) Other financial assets	16	5,290.13	3,102.91
(d) Other current assets	17	1,310.50	1,727.43
		56,756.90	**45,470.50**
Total assets		**111,634.39**	**94,843.87**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18(a)	373.09	320.00
(b) Instruments entirely equity in nature	18(b)	74.21	-
(c) Other equity	18(c)	(2,399.45)	11.24
		(1,952.15)	**331.24**
Liabilities			
Non-current liabilities			
(a) Financial liabilities (Borrowings)	19	45,046.19	30,727.74
(b) Provisions	20	405.41	307.59
(c) Other non-current liabilities	21	5,544.65	4,700.95
		50,996.25	**35,736.28**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	19,387.07	23,312.81
(ii) Trade payables	23		
-Total outstanding due of micro,small and medium enterprises		41.75	33.09
-Total outstanding due of creditors other than micro,small and medium enterprises		29,994.65	28,250.16
(iii) Other financial liabilities	24	9,666.19	5,209.34
(b) Other current liabilities	25	3,399.07	1,789.91
(c) Provisions	26	101.56	181.04
		62,590.29	**58,776.35**
Total equity and liabilities		**111,634.39**	**94,843.87**

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

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

Neeraj Goel

Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 17 May 2019

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

Suresh Krishnan

N. Suresh Krishnan
(Chairman)
DIN: 00021965

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

Dharmendra Roy
(Chief Financial Officer)
PAN: ADCPR3374B

Laxman Aggarwal
(Company Secretary)
Membership No. A 19861

Gobind Sugar Mills Limited
Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	27	46,384.92	29,432.87
Other income	28	5,280.16	2,516.83
Total income		**51,665.08**	**31,949.70**
Expenses			
Cost of materials consumed	29	43,215.11	41,872.06
Changes in inventories of finished goods and work-in-progress	30	(7,395.58)	(20,910.29)
Excise duty and cess on sale of goods		-	343.27
Employee benefits expense	31	2,403.48	1,997.40
Finance costs	32	6,945.91	6,179.43
Depreciation and amortisation expense	33	1,800.40	1,697.97
Other expenses	34	7,323.93	3,225.36
Total expenses		**54,293.25**	**34,405.20**
Loss before tax		**(2,628.17)**	**(2,455.50)**
Tax expense:	35		
Current tax		-	-
Deferred tax charge/(credit)		954.30	(398.14)
Loss for the year		**(3,582.47)**	**(2,057.36)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		37.16	(218.99)
Equity instruments designated at fair value through OCI		(1.18)	1.47
Income tax effect on above		(12.45)	75.28
Other comprehensive income/(loss) for the year		**23.53**	**(142.24)**
Total comprehensive loss for the year		**(3,558.94)**	**(2,199.60)**
Loss per equity share (Basic and Diluted)	36	(97.31)	(64.29)

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

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

Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 17 May 2019

For and on behalf of the Board of Directors of
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(Chairman)
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Dharmendra Roy
(Chief Financial Officer)
PAN: ADCPR3374B

Laxman Aggarwal
(Company Secretary)
Membership No. A 19861

Gobind Sugar Mills Limited
Cash Flow Statement for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A Cash flow from operating activities		
Loss before tax	**(2,628.17)**	**(2,455.50)**
Adjustments for:		
Depreciation and amortisation expense	1,800.40	1,697.97
Loss on disposal of property, plant and equipment	2.91	2.78
Dividend received	-	(0.04)
Fair valuation gains on financial assets measured at fair value through profit and loss	(0.14)	-
Profit on sale of investments in mutual funds	(28.50)	-
Interest income	(3.00)	(1.76)
Bad debts, cane subsidies and other receivables written off	1,170.85	10.92
Amortisation of government grants	(500.34)	(281.88)
Amortisation of deferred gains	(142.21)	(121.56)
Finance costs	6,945.91	6,179.43
Loss on account of foreign exchange rate fluctuation	183.75	-
Fair value losses on derivatives not designated as hedges	213.46	-
Transfer to reserves (Molasses storage and maintenance reserve)	2.51	2.69
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	(212.44)	(41.96)
Operating profit before changes in working capital	**6,804.99**	**4,991.09**
Changes in working capital:		
- trade receivables	(2,238.38)	21.52
- inventories	(7,056.86)	(21,017.04)
- trade payables	1,753.15	11,585.93
- other financial assets	(3,361.05)	(2,579.45)
- other assets	582.60	1,605.80
- loans	(31.75)	(0.36)
- other financial liabilities	1,110.41	(203.12)
- other liabilities	1,057.64	(238.36)
- provisions	55.50	27.23
Cash flow used in operations	**(1,323.75)**	**(5,806.76)**
Income taxes paid	45.74	0.11
Net cash flow used in operating activities	**(1,369.49)**	**(5,806.86)**
B Cash flow from investing activities		
Payments for property, plant and equipment	(9,030.75)	(3,511.22)
Proceeds from sale of property, plant and equipment	4.50	10.88
Investment in mutual funds	(11,740.34)	-
Proceeds from sale of mutual funds	11,651.98	-
Dividend received	-	0.04
Interest received	2.53	1.76
Net cash flow used in investing activities	**(9,112.08)**	**(3,498.54)**
C Cash flow from financing activities		
Proceeds from issue of equity share capital including security premium	530.92	-
Proceeds from issue of compulsorily convertible preference shares including security premium	742.13	-
Proceeds from long-term borrowings	21,372.31	16,720.06
Repayment of long-term borrowings	(3,139.11)	(3,452.66)
Proceeds from/(repayment of) short-term borrowings (net)	(3,925.74)	1,039.58
Finance costs paid	(5,014.85)	(4,977.90)
Net cash flow generated from financing activities	**10,565.66**	**9,329.08**
Net increase in cash and cash equivalents	84.09	23.68
Cash and cash equivalents at the beginning of the financial year	77.83	54.15
Cash and cash equivalents at the end of the financial year (refer note 13)	**161.92**	**77.83**

Gobind Sugar Mills Limited
Cash Flow Statement for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

Notes:

1 The above cash flow statement has been prepared under the **"Indirect Method"** as per Indian Accounting Standard - 7.

2 Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

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

	31 March 2019	31 March 2018
Cash and cash flow statements as per above comprise of the following:		
Cash and cash equivalents	161.92	77.83
Balance as per statement of cash flows (as per above)	**161.92**	**77.83**

*Refer note 13 for break up of cash and cash equivalents.

4 **Non cash transactions**

Interest accruals on Non-Convertible Redeemable Preference Shares and impacts of application of effective interest method for the year ended 31 March 2019 amounts to INR 1,631.36 lacs (31 March 2018 : INR 981.96 lacs).

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

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

Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 17 May 2019

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

N. Suresh Krishnan
(Chairman)
DIN: 00021965

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

Dharmendra Roy
(Chief Financial Officer)
PAN: ADCPR3374B

Laxman Aggarwal
(Company Secretary)
Membership No. A 19861

Gobind Sugar Mills Limited
Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

a) Equtiy share capital

Particulars	Notes	Amount
As at 01 April 2017		320.00
Increase during the year	18(a)	-
As at 31 March 2018		**320.00**
Increase during the year	18(a)	53.09
As at 31 March 2019		**373.09**

b) Instruments entirely equity in nature

Particulars	Notes	Amount
As at 01 April 2017		-
Increase during the year	18(b)	-
As at 31 March 2018		-
Increase during the year	18(b)	74.21
As at 31 March 2019		**74.21**

c) Other equity

Particulars	Notes	Deemed equity	Reserves and surplus				Other reserves - Fair value through OCI - Equity instruments	Total other equity
			Capital redemption reserve	Securities premium	Molasses and alcohol storage and maintenance reserve	Retained earnings		
Balance at 01 April 2017	18(c)	**7,821.00**	**10.00**	**200.00**	**119.31**	**(5,942.60)**	**0.45**	**2,208.16**
Loss for the year		-	-	-	-	(2,057.36)	-	(2,057.36)
Transfers during the year		-	-	-	2.68	-	-	2.68
Other comprehensive loss		-	-	-	-	(143.43)	1.18	(142.25)
Total		-	-	-	**2.68**	**(2,200.79)**	**1.18**	**(2,196.92)**
Balance at 31 March 2018	18(c)	**7,821.00**	**10.00**	**200.00**	**121.99**	**(8,143.38)**	**1.63**	**11.24**
Loss for the year		-	-	-	-	(3,582.47)	-	(3,582.47)
Transfers during the year		-	-	1,145.74	2.51	-	-	1,148.25
Other comprehensive income		-	-	-	-	24.47	(0.94)	23.53
Total		-	-	**1,145.74**	**2.51**	**(3,558.00)**	**(0.94)**	**(2,410.69)**
Balance at 31 March 2019	18(c)	**7,821.00**	**10.00**	**1,345.74**	**124.50**	**(11,701.38)**	**0.69**	**(2,399.45)**

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

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

Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 17 May 2019

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

N. Suresh Krishnan
(Chairman)
DIN: 00021965

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(Chief Financial Officer)
PAN: ADCPR3374B

Laxman Aggarwal
(Company Secretary)
Membership No. A 19861

(All amounts in INR lacs unless otherwise stated)

4 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying value							
As at 01 April 2017	1,805.47	8,039.61	29,896.12	82.42	108.23	70.58	**40,002.42**
Additions	129.34	168.52	2,744.20	7.32	14.03	-	**3,063.41**
Disposals	-	-	121.02	-	0.25	19.29	**140.56**
As at 31 March 2018	**1,934.81**	**8,208.13**	**32,519.29**	**89.74**	**122.01**	**51.29**	**42,925.27**
Additions	-	204.40	1,145.97	7.77	18.24	-	**1,376.38**
Disposals	-	-	8.65	-	0.68	-	**9.33**
As at 31 March 2019	**1,934.81**	**8,412.53**	**33,656.61**	**97.51**	**139.57**	**51.29**	**44,292.32**
Accumulated depreciation							
As at 01 April 2017	-	281.16	1,132.37	14.91	46.07	13.90	**1,488.40**
Charge for the year	-	309.92	1,309.73	21.84	31.18	15.55	**1,688.22**
Adjustment for disposals	-	-	108.39	-	0.18	18.33	**126.90**
As at 31 March 2018	**-**	**591.08**	**2,333.71**	**36.75**	**77.07**	**11.12**	**3,049.72**
Charge for the year	-	323.14	1,380.25	17.10	45.18	24.98	**1,790.65**
Adjustment for disposals	-	-	1.27	-	0.65	-	**1.92**
As at 31 March 2019	**-**	**914.22**	**3,712.69**	**53.85**	**121.60**	**36.10**	**4,838.45**
Net block as at 31 March 2018	**1,934.81**	**7,617.05**	**30,185.58**	**52.99**	**44.94**	**40.17**	**39,875.55**
Net block as at 31 March 2019	**1,934.81**	**7,498.31**	**29,943.92**	**43.66**	**17.97**	**15.19**	**39,453.87**

Notes:

(i) **Contractual obligations**
Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) **Capitalised borrowing costs**
Refer note 32 for disclosure of capitalised borrowing costs.

(iii) Property, plant and equipment have been pledged as security for liabilities, for details refer note 19 and note 47.

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Gobind Sugar Mills Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

1. Corporate information

Gobind Sugar Mills Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Metropolitan Stock Exchange of India and up to 08 March 2018 were also listed on Calcutta Stock Exchange (refer note 50 for more details). The Company is primarily engaged in extraction of sugar from sugar cane and its sale along with its by-products – molasses and press mud. The Company is also engaged in generation and export of power by utilising its by product - bagasse. The Company presently has manufacturing facilities at Aira Estate, District Lakhimpur Kheri in the State of Uttar Pradesh being its principal place of business.
The Company has applied for shifting of registered office from the State of West Bengal to the National Capital Territory of Delhi (refer note 51 for more details).

2. Application of Indian Accounting Standards

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized (refer note 53) have been considered while preparing these financial statements.

3. Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended time to time) notified under section 133 of the Companies Act, 2013 (the "Act").

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

b) Newly effective standard adopted by the Company (recent accounting pronouncement)

The newly effective Ind AS 115 "Revenue from Contracts with Customers" requires to recognize revenue when customer has transferred has transferred control of goods or service rather than transfer of risks and rewards. Refer note 27 and 49 for further details.

c) Current versus non-current classification

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

An **asset** is treated as current when it is:

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

A **liability** is current when:

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

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

d) Revenue recognition

The Company has applied Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 "Revenue". The details of accounting policies under Ind AS 18 are disclosed separately if they are different from those under Ind AS 18 and the impact of changes is disclosed in note 49.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

Determining the transaction price

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date (for example, charges per case/pallet), the Company recognises revenue in the amount to which it has a right to invoice.

Allocating the transaction price to the performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of storage and distribution contracts where the customer pays a fixed rate per item for all the services provided). For services that are not provided separately, the standalone selling price is estimated using adjusted market assessment approach.

Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

In the comparative period presented in financial statements, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

The Company derives revenue primarily from two segments - Sugar and Power. Sugar segment of the Company principally generate revenue from sale of goods (sugar and by products including transportation services for certain contracts) and Power segment generates revenue by generating power units and selling it to Government of Uttar Pradesh (for more detailed information about reportable segments, refer note 43).

For Sugar segment:

For transfer of goods, the Company recognizes revenue when the customers obtain the control of goods. This usually happens when the customer gains right to direct the use of and obtained substantially all benefits from the goods. For the goods sold, the Company receives amount majorly in advance from the customers and therefore there are not any significant financing components involved. For certain sales, where the Company also provide transportation services, the Company considers the same as a separate performance obligation believing that the Company is acting as an agent for transfer of goods and therefore reduces the related costs for transportation and other charges from transaction price.

For power segment, revenue is recognized, when power units are transferred to the customer. For units transferred, the customer is billed monthly and payments are made with in next 30 working days from receipt of bill contractually.

Interest income:

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

Dividends:

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

Renewable energy certificates income:

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

Power banked units:

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

Rental income

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

e) Government grants

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

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

f) Taxes

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

Current income tax

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

Deferred tax

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

g) Property, plant and equipment

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

Recognition:

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

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

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

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

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

Depreciation, estimated useful life and residual life

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

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

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

h) Capital work-in-progress

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

i) Intangible assets

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

Recognition:

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

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

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

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

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

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

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

j) Impairment of tangible and intangible assets

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

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

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

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

k) Borrowing costs

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

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

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

l) Leases

As a lessee

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

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

As a lessor

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

m) Foreign currency measurements

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

n) Inventories

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

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

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

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

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

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

o) Post-employment and other employee benefits

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

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

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

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

•The date of the plan amendment or curtailment, and

•The date that the Company recognises related restructuring costs

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

•Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and

•Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

p) Financial instruments

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

Financial assets:

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

Amortized cost

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

•financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

•contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.

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

Impairment of financial assets

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

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

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

Financial liabilities:

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

Loans and borrowings

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

Non-Convertible Redeemable Preference Shares (NCRPS)

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

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

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

q) Earnings per share

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

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

An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

s) Cash and cash equivalents

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

t) Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liabilities

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

Contingent assets

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

u) Exceptional items

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

v) Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

Defined benefit obligations

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

Recoverability of deferred tax assets

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

Contingent liabilities

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

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Useful lives of depreciable assets

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

Inventories

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

w) Rounding of amounts

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

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GOBIND SUGAR MILLS LIMITED

(All amounts in INR lacs unless otherwise stated)

4(a) Capital work-in-progress

Particulars	As at 31 March 2019	As at 31 March 2018
Capital work-in-progress	7,142.03	757.26
Total	**7,142.03**	**757.26**

i) Movements in Capital work-in-progress

	Amounts
Capital work-in-progress as at 01 April 2017	1,194.38
Add: Additions during the year	1,805.64
Less: Capitalisation during the year	(2,242.76)
Capital work-in-progress as at 31 March 2018	**757.26**
Add: Additions during the year	7,735.14
Less: Capitalisation during the year	(1,350.37)
Capital work-in-progress as at 31 March 2019	**7,142.03**

ii) Preoperative expenses (pending allocation) included in Capital work-in-progress above

	As at 31 March 2019	As at 31 March 2018
Employee benefits expense	92.63	12.14
Power and fuel	70.00	98.19
Consultancy and professional charges	161.44	42.00
Finance costs (refer note 32 for further details)	284.85	164.10
Miscellaneous expenses	212.59	168.79
	821.51	**485.22**
Less: Capitalized during the year	(45.52)	(315.20)
Total	**775.99**	**170.02**

5 Other intangible assets

Computer software	Amounts
Gross carrying value	
As at 01 April 2017	45.67
Additions	-
As at 31 March 2018	**45.67**
Additions	-
As at 31 March 2019	**45.67**
Accumulated amortization	
As at 01 April 2017	1.07
Charge for the year	9.75
As at 31 March 2018	**10.82**
Charge for the year	9.75
As at 31 March 2019	**20.57**
Net block as at 31 March 2018	**34.85**
Net block as at 31 March 2019	**25.10**

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Gobind Sugar Mills Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

Particulars		As at 31 March 2019	As at 31 March 2018
6 Investments			
Non current:			
Measured at amortised cost			
5 Years National Saving Certificates		1.00	1.00
	Total (a)	**1.00**	**1.00**
Designated at fair value through OCI			
Investments in equity instruments (quoted, fully paid equity shares- non trade investments)			
Duke Commerce Limited [24,700 shares (previous year: 24,700 shares) of INR 10/- each]		0.64	0.64
Chambal Fertilizers & Chemicals Limited [1,947 shares (previous year: 1,947 shares) of INR 10/- each]		3.02	4.20
Premium Exchange & Finance Limited [Nil (previous year: 180,240 shares) of INR 10/- each]		-	5.59
Master Exchange & Finance Limited [Nil (previous year: 188,460 shares) of INR 10/- each]		-	5.90
Investments in equity instruments (unquoted, fully paid equity shares- non trade investments)			
Premium Exchange & Finance Limited [180,240 shares (previous year: 180,240 shares) of INR 10/- each]		5.59	-
Master Exchange & Finance Limited [188,460 shares (previous year: 188,460 shares) of INR 10/- each]		5.90	-
	Total (b)	**15.15**	**16.33**
	Total (a+b)	**16.15**	**17.33**
Aggregate amount of quoted investments		3.66	16.33
Aggregate market value of quoted investments		3.66	16.33
Aggregate amount of unquoted investments		12.49	1.00
Aggregate amount of impairment in value of investments		-	-
Current:			
Measured at fair value through profit and loss			
Investments in mutuals funds (quoted)			
SBI Liquid Fund - Regular Growth Plan [4037.924 units (previous year: Nil) of INR 2,894.06/- each]		117.00	-
	Total	**117.00**	**-**
Aggregate amount of quoted investments		117.00	-
Aggregate market value of quoted investments		117.00	-
Aggregate amount of impairment in value of investments		-	-
7 Other financial assets (non - current)			
Measured at amortised cost			
Sundry deposits (unsecured, considered good)		3.39	2.36
Fixed deposits with bank having more than 12 months maturity		13.93	-
	Total	**17.32**	**2.36**
8 Deferred tax assets (net)			
The balance comprises of temporary differences attributable to:			
Tax effect of items constituting deferred tax assets:			
Unused tax losses and depreciation		12,719.95	14,226.27
Expenses allowed on payment basis		674.43	-
Deferred government grants		334.22	540.59
Disallowances under section 40(a)(ia) of the Income tax, Act 1961		167.77	345.30
Total deferred tax assets	**Total (a)**	**13,896.37**	**15,112.16**
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment exceeds its tax base		(6,604.07)	(6,874.33)
Financial assets and financial liabilities at amortised cost		(34.35)	(13.13)
Total deferred tax liabilities	**Total (b)**	**(6,638.42)**	**(6,887.46)**
Net deferred tax assets	**Total (a+b)**	**7,257.95**	**8,224.70**

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GOBIND SUGAR MILLS LIMITED

Notes:

(i) **Movement in deferred tax assets/(liabilities) for year ended 31 March 2019:**

	As at	Charged/(credited) to		As at
	31 March 2018	Profit or Loss	OCI	31 March 2019
Tax effect of items constituting deferred tax assets:				
Unused tax losses and depreciation	14,226.27	(1,506.32)	-	12,719.95
Expenses allowed on payment basis	540.59	146.29	(12.45)	674.43
Deferred government grants	345.30	(11.08)	-	334.22
Disallowances under section 40(a)(ia) of the Income tax, Act 1961	-	167.77	-	167.77
Tax effect of items constituting deferred tax liabilities		-		
Property, plant and equipment exceeds its tax base	(6,874.33)	270.26	-	(6,604.07)
Financial assets and financial liabilities at amortised cost	(13.13)	(21.22)	-	(34.35)
	8,224.70	**(954.30)**	**(12.45)**	**7,257.95**

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

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

(ii) The Company carries an amount of INR 7,257.95 lacs as deferred tax assets (net) as at 31 March 2019. The management of the Company is confident of generating sufficient taxable profits in the near future considering the power purchase arrangements with the Uttar Pradesh Power Corporation Limited, positive expected cash flows, future expansion plans like setting up of Distillery having capacity of 100,000 litres per day, 16 MW Co-generation Power Plant and industry focused trade policies of the government.

Particulars	As at 31 March 2019	As at 31 March 2018
9 Other non current assets		
Unsecured, considered good		
Advances for purchase of property, plant and equipments#	774.83	151.15
Deposit against disputed demands	144.28	309.95
Total	**919.11**	**461.10**
#Refer note 42 for advances from related parties.		
10 Non - current tax assets (net)		
Income tax (net of provisions)	45.96	0.22
Total	**45.96**	**0.22**
11 Inventories		
Valued at lower of cost and net realizable value, unless otherwise stated		
Finished goods (Sugar)(refer note i)	38,685.90	33,746.71
Stores and spares	831.36	651.81
Work in progress(refer note ii)	610.21	755.45
Sugarcane	89.81	56.94
Valued at net realizable value		
By-products		
Bagassee	491.75	1,042.89
Molasses	4,953.50	2,297.01
Pressmud	108.46	80.07
Scrap stock	235.50	318.75
Total	**46,006.49**	**38,949.63**

Notes:

(i) During the last year ended 31 March 2018, the Company valued its inventory of finished goods and work in progress based on net realizable value ('NRV') which is lower than cost of finished goods and work in progress for Sugar.

(ii) Write down of inventories of finished goods and work in process for sugar, to net realizable value on account of higher cost of production amounts to INR Nil (31 March 2018: INR 1,913.12 lacs). This was recognized as an expense during the year and included in 'changes in inventories of finished goods and work-in-progress' in the Statement of Profit and Loss.

(iii) For inventories pledged as securities against financial liabilities, refer note 19.2, 22.2 and 47.

Particulars	As at 31 March 2019	As at 31 March 2018
12 Trade receivables		
Measured at amortised cost		
Unsecured, considered good	3,830.78	1,592.40
Unsecured, credit impaired	1.32	1.32
Less: Loss allowance	(1.32)	(1.32)
Total	**3,830.78**	**1,592.40**
13 Cash and cash equivalents		
Cash on hand	7.33	8.02
Balances with bank:		
In current account	154.59	69.81
Total	**161.92**	**77.83**
14 Other bank balances		
Measured at amortised cost		
Balances with banks (other than presented in note 13 above):		
Deposits with original maturity of more than 3 months but less than 12 months	1.57	13.55
Total	**1.57**	**13.55**
15 Loans		
Measured at amortised cost		
Security deposits (unsecured, considered good)	34.31	-
Loan to employees (secured, considered good)	4.20	6.76
Loan to employees (credit impaired)	0.31	0.31
Less: Loss allowance	(0.31)	(0.31)
Total	**38.51**	**6.76**
16 Other financial assets		
Measured at amortised cost		
Unbilled revenues	764.10	786.37
Interest reimbursement from government of Uttar Pradesh under Sugar Industry, Co-generation and Distillery Promotion Policy, 2013	2,115.82	1,494.23
Interest subvention receivable under scheme for extending financial assistance to sugar undertakings (SEFASU), 2014	14.58	23.04
Amounts held with Central Electricity Regulatory Commission (CERC) [refer note (i)]	102.25	102.25
Assistance to sugar mills for sugar cane purchase [refer note (ii)]	1,724.02	680.44
Assistance to sugar mills under the scheme for creation and maintenance of buffer stock [refer note (iii)]	298.05	-
Other receivables [refer note 42 for receivables from related parties]	271.31	16.58
Total	**5,290.13**	**3,102.91**

Notes:

(i) INR 500 per REC unit sold has been deducted and held by respective power exchanges for onward submission to CERC on behalf of the Company being a RE generator with reference to Hon'ble Supreme Court order dated 14 July 2017. Total amount held is INR 102.25 lacs (previous year INR 102.25 lacs) as on reported dates.

(ii) The Central Government pursuant to Notification No. 1(5)/2018-S.P.-I dated 9 May 2018 issued by Ministry of Consumer Affairs (Department of Food and Public Distribution), has notified a scheme of assistance to sugar mills against sugar cane crushed during sugar season 2017-18. Pursuant to the aforementioned notification, during the year ended 31 March 2018, the Company had accounted for such grant amounting to INR 680.44 lacs. However, based upon non-fulfillment of extended conditions of the aforementioned notification, the Company has derecognized such receivable amount during the year ended 31 March 2019.
Other than above, during the year ended 31 March 2019, the Central Government pursuant to Notifications dated 5 October 2018, issued by Ministry of Consumer Affairs (Department of Food and Public Distribution) has notified the schemes namely - "Scheme for Assistance to Sugar Mills" and "Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export" collectively referred to as "Schemes" for crushing season 18-19 to improve liquidity position of sugar mills enabling them to clear cane price dues of farmers for crushing season 18-19. Based on substantial fulfillment of conditions attached to the Schemes, the Company has recognized proportionate amount of subsidy under "Other income" amounting to INR 1,724.02 lacs with an corresponding "Other expense" of INR 1,445.44 lacs being costs incurred for fulfillment of conditions attached to the Schemes.

(iii) The Central Government pursuant to Notification No. 1(6)/2018-S.P.-I dated 15 June 2018 issued by Ministry of Consumer Affairs (Department of Food and Public Distribution), has notified a scheme for creation and maintenance of buffer stock. Pursuant to the aforementioned notification, during the year ended 31 March 2019, the Company had accounted for such grant amounting to INR 451.24 lacs and outstanding receivable as on reported date is INR 298.05 lacs.

Particulars	As at 31 March 2019	As at 31 March 2018
17 Other current assets		
Balance with revenue authorities	848.44	969.26
Advances to suppliers	145.77	169.61
Prepaid expenses	118.52	73.04
Renewable energy certificates (REC)	146.70	465.79
Power banked (drawable)	51.07	49.73
Total	**1,310.50**	**1,727.43**

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(All amounts in INR lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
18	**Equity**		
(a)	**Equity share capital**		
	Authorised share capital:		
	40,000,000 (31 March 2018: 65,000,000) equity shares of INR 10/- each#	4,000.00	6,500.00
		4,000.00	6,500.00

During the year ended 31 March 2019, the Company reclassified the Authorised Share Capital of the Company from the existing INR 20,00,000,000 comprising of 6,50,00,000 Equity Shares of INR 10 each and 13,50,00,000 Preference Shares of INR 10/- each to INR 200,00,00,000 comprising of 4,00,00,000 Equity Shares of INR 10/- each and 16,00,00,000 Preference Shares of INR 10/- each vide relevant form filed with Ministry of Corporate Affairs dated 09 November 2018.

	As at 31 March 2019	As at 31 March 2018
Issued, subscribed and fully paid up:		
3,730,917 (31 March 2018: 3,200,000) equity shares of INR 10/- each	373.09	320.00
Total	**373.09**	**320.00**

(i) Movement in equity share capital

	Number of shares	Amount
As at 01 April 2017	3,200,000	320.00
Issued during the year	-	-
As at 31 March 2018	3,200,000	320.00
Issued during the year*	530,917	53.09
As at 31 March 2019	**3,730,917**	**373.09**

*During the year ended 31 March 2019, on 14 November 2018, the Company has issued 530,917 Equity Shares to one of the Promoters (Zuari Investments Limited or "ZIL" being holding company of the Company) on preferential basis at INR 100/- per Equity Share (face value of INR 10/- and share premium being INR 90/- per Equity Share).

(ii) Terms and rights attached to the equity shares

The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential commitments and statutory obligations. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.

(iii) Shares of the Company held by holding company

	As at 31 March 2019	As at 31 March 2018
Zuari Investments Limited ('ZIL'), (the holding company) 2,171,549 (1,640,632) equity shares of INR 10/- each fully paid	**217.15**	**164.06**

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

	As at 31 March 2019	As at 31 March 2018
Equity shares of INR 10/- each fully paid:		
Zuari Investments Limited		
Number of shares held	2,171,549	1,640,632
%age of shares held	58.20%	51.27%
Mr. Akshay Poddar		
Number of shares held	235,000	235,000
%age of shares held	6.30%	7.34%

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR lacs unless otherwise stated)

	Particulars	As at 31 March 2019	As at 31 March 2018
(b)	**Instruments entirely equity in nature**		
	Authorised share capital:		
	160,000,000 (31 March 2018: 135,000,000) preference shares of INR 10/- each	16,000.00	13,500.00
		16,000.00	13,500.00
	Issued, subscribed and fully paid up:		
	742,130 (31 March 2018: Nil) Compulsorily Convertible Preference Shares ('CCPS') of INR 10/- each	74.21	-
	Total	**74.21**	**-**

(i) Movement in CCPS

	Number of shares	Amount
As at 01 April 2017	-	-
Issued during the year	-	-
As at 31 March 2018	-	-
Issued during the year*	742,130	74.21
As at 31 March 2019	**742,130**	**74.21**

*During the year ended 31 March 2019, on 14 November 2018, the Company has issued 742,130 CCPS to one of the Promoters (Zuari Investments Limited or "ZIL" being holding company of the Company) on preferential basis at INR 100/- per CCPS (face value of INR 10/- and share premium being INR 90/- per CCPS).

(ii) Terms and rights attached to the CCPS

The Company has only one class of CCPS having a par value of INR 10 per CCPS. These CCPS's shall not carry dividend and each CCPS be convertible into one equity share of the Company at any time not later than 18 months from the date of allotment of such CCPS.

	Particulars	As at 31 March 2019	As at 31 March 2018
(c)	**Other equity**		
(i)	**Reserves and surplus**		
	Capital redemption reserve		
	Opening balance	10.00	10.00
	Appropriations during the year	-	-
	Utilisations during the year	-	-
	Closing balance	10.00	10.00

Nature and purpose:
Where the preference shares are redeemed out of the profits available for distribution, a sum equivalent to the nominal amount of shares being redeemed shall be transferred to the Capital Redemption Reserve.
The Capital Redemption Reserve shall be treated as the paid up share capital of the Company for all purposes and can also be utilised for bonus issue of shares.

	As at 31 March 2019	As at 31 March 2018
Securities premium		
Opening balance	200.00	200.00
Additions during the year	1,145.74	-
Utilisations during the year	-	-
Closing balance	1,345.74	200.00

(All amounts in INR lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018

Nature and purpose:
Security premium is created when the Company issue shares at the premium. The aggregate amount of premium received on the shares is transferred to a separate account called "security premium reserve". The same will be utilised in accordance with the provisions of the Companies Act, 2013 and related provisions. This reserve is carried forward from earlier years.

Molasses and alcohol storage and maintenance reserve		
Opening balance	121.99	119.31
Additions during the year	2.51	2.68
Utilisations during the year	-	-
Closing balance	124.50	121.99

Nature and purpose:
The above mentioned reserve is created under Molasses Control Order 1961 which requires every sugar factory to set aside a amount as mentioned in the order. The amount credited in said account shall be utlised only for purposes of construction or erection of storage facilities for molasses.

Retained earnings		
Opening balance	(8,143.38)	(5,942.60)
Loss for the year	(3,582.47)	(2,057.36)
Transactions of other comprehensive income directly recognized in reserves		
Re-measurement of defined benefit plans (net of tax impacts)	24.47	(143.42)
Closing balance	(11,701.38)	(8,143.38)
	(10,221.14)	**(7,811.39)**

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

(ii) Other reserves

Fair value through OCI- equity instruments	0.69	1.63
Total	**0.69**	**1.63**
Fair value through OCI- equity instruments		
Opening balance	1.63	0.45
Changes in fair value of FVOCI equity instruments (net of tax)	(0.94)	1.18
Closing balance	**0.69**	**1.63**

Nature and purpose:
The Company has elected to recognize changes in the fair value of certain investments in equity shares in other comprehensive income.
These are accumulated in Fair value through OCI- equity instruments reserve in OCI within the equity. The Company transfers this reserves to retained earnings when relevant equity investments are derecognized.

(iii) Deemed equity

Opening balance	7,821.00	7,821.00
Additions during the year	-	-
Utilisations during the year	-	-
Closing balance*	**7,821.00**	**7,821.00**

* Refer note 19.1 for further details.

Total other equity [(i) +(ii)+(iii)]	**(2,399.45)**	**11.24**

(All amounts in INR lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
19 Borrowings (Non-current)		
Measured at amortised cost		
Term loans (secured) (refer note 19.2):		
- From banks		
Indian rupee loan	7,396.15	8,629.87
Cane soft loan	11,085.66	1,449.29
Loan under under SEFASU 2014 (Excise duty loan)	60.98	743.12
- From others		
Loan from Sugar Development Fund (SDF)	4,594.12	4,211.90
Loan from a financial institution (IREDA)	7,513.13	5,856.97
Foreign currency loan (External commercial borrowings) (FMO)	9,766.77	8,927.10
Inter-corporate loan from related party (unsecured)(refer note 19.2)#	7,042.00	-
Financial liability part of NCRPS issued (unsecured) (refer note 19.1)#	-	
To related parties	4,704.76	4,021.65
To others	31.53	26.95
Total non current borrowings	**52,195.10**	**33,866.85**
Less: Current maturities of long term borrowings presented under "Other financial liabilities" (refer note 24)	7,148.91	3,139.11
Total	**45,046.19**	**30,727.74**

#Refer note 42 for borrowings from related parties

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Notes:

19.1 Non-Convertible Redeemable Preference Shares ('NCRPS')

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

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

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

Particulars	Financial liability carried at amortised cost	Deferred gain arising of initial measurement	Deemed equity
Balance as at 31 March 2017 (Face value: INR 12,660.00 lacs)	**3,460.76**	**2,719.34**	**7,821.00**
NCRPS issued during the year	-	-	-
Interest expense and related amortisation of deferred gain#	587.84	(121.56)	-
Balance as at 31 March 2018 (Face value: INR 12,660.00 lacs)	**4,048.60**	**2,597.78**	**7,821.00**
NCRPS issued during the year	-	-	-
Interest expense and related amortisation of deferred gain#	687.69	(142.21)	-
Balance as at 31 March 2019 (Face value: INR 12,660.00 lacs)	**4,736.29**	**2,455.57**	**7,821.00**

#Interest cost is presented under "finance costs" and amortisation of deferred gain are presented under "other income".

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

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

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.

(All amounts in INR lacs unless otherwise stated)

19.2 Details of long term borrowings

S. no.	Nature of loan	Lender	As at 31 March 2019		As at 31 March 2018		Nature of securities	Interest rate&	Tenure of repayment
			Non-current	Current	Non-current	Current			
1	Term loan (Indian rupee loan from banks)#	State Bank of India (SBI)	2,167.01	1,252.00	3,408.33	1,252.00	**First equitable mortgage charge** on entire movable and immovable fixed assets of the Company, situated at 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh, (both present and future) of the Company on pari passu basis with other term lenders, and **Second charge** on entire current assets of the Company (both present and future), on pari passu basis with other term lenders.	12.25% - 12.90% (P.Y. 12.25%-12.30%)	The loan is repayable in 24 quarterly installments commencing from 31 March 2016 ending on 31 October 2021. The 1st to 23rd quarterly installments will be of INR 313.00 lacs each and the 24th installment will be of INR 301.00 lacs.
2	Term loan (Indian rupee loan from banks)#		2,977.08	1,000.00	3,969.54	-		11.40%-11.55% (11.40% -12.30%)	The loan is repayable in 16 equal quarterly installments commencing from 1 April 2019 and ending on 1 January 2023.
3	Term loan (Cane soft loan)		619.11	416.00	1,033.29	416.00		10.95%-11.25% (P.Y. 10.95%-11.55%)	The loan is repayable in 16 equal quarterly installments commencing from 1 October 2017 and ending on 1 July 2021.
4	Term loan (Loan under under SEFASU 2018)@	Zila Sahakari Bank Ltd.	8,266.47	1,784.14	-	-	**Residual charge** on free assets of the Company.	5.00%	The loan is repayable in 60 equal monthly installments starting from 31 July 2019.
5	Term loan (Loan under under SEFASU 2014 (Excise duty loan)$	Zila Sahakari Bank Ltd.	-	60.98	59.69	366.36	**Residual charge** on free assets of the Company. This charge is yet to be created.	12.00% (P.Y. 12.00%)	The loan is repayable in 36 equal monthly installments starting from 30 June 2016.
6	Term loan (SEFASU 2014, Excise duty loan)$	SBI	-	-	-	317.07	**Primary** Hypothecation of entire current assets including book debts both present and future on pari passu basis with other working capital bankers. **Collateral** Extension of charge on the entire fixed assets of the Company on pari passu basis with other working capital bankers.	Nil (P.Y.-11.70%-12.00%)	The loan is repayable in 12 quarterly installments commencing from 30 June 2016.
7	Term loan (Loan from Sugar Development Fund)# &@	Sugar Development Fund (for Power Co-generation Plant)	3,032.70	-	2,852.31	-	**First pari passu charge** on entire movable assets (both present and future) except book debts of the Company and an additional piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh with existing term loan lenders SBI and IREDA.	4.75%	The said loan is repayable in 10 quarterly installments starting from 28 April 2020.
8	Term loan (Loan from Sugar Development Fund)# &@	Sugar Development Fund (for Sugar Refinery)	1,561.42	-	1,359.59	-		4.50%	The said loan is repayable in 10 quarterly installments starting from 31 January 2022.
9	Term loan (loan from a financial institution)#	Indian Renewable Energy Development Agency Limited (IREDA)	4,289.45	787.68	5,069.29	787.68	**First pari passu charge** on entire movable including the receivables of power and immovable properties of the Company including and pertaining to 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh with existing term loan lender State Bank of India and Sugar Development Fund and **Second pari passu charge** on entire current assets of the Company excluding recievables on which IREDA and SBI have first pari passu charge.	11.45%- 11.74% (P.Y.11.14%-12.15%)	The said loan is repayable in 40 equal quarterly installments starting from 30 September 2016.

(All amounts in INR lacs unless otherwise stated)

19.2 Details of long term borrowings

S. no.	Nature of loan	Lender	As at 31 March 2019		As at 31 March 2018		Nature of securities	Interest rate[&]	Tenure of repayment
			Non-current	Current	Non-current	Current			
10	Term loan (loan from a financial institution)#	IREDA	2,436.00	-	-	-	First equitable 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 piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh together with building, movable and immovable machinery and fixed assets (present and future) of the Company, pari pasu with other term lenders including SDF and **Exclusive charge** on Escrow/TRA account opened for Distillery receivables.	11.95%	The said loan is repayable in 24 equal quarterly installments from 12 months from commencement of operations.
11	Term loan (Foreign currency loan) (refer note 19.3 below)	Netherlandse Financierings Maatschappij Voor Ontwikkelingsladen N.V. ('F.M.O')	9,118.66	648.11	8,927.10	-	**First ranking mortgage** over the property owned by Zuari Global Limited which means land parcel measuring approx. 55 acres that falls under settlement zone located at village Sancoale, Marmugao Taluka, Goa. Also, **guarantee agreements** with Zuari Global Limited for an irrevocable and unconditional guarantee.	5.60%	The loan is repayable in 15 equal half yearly installments commencing from 10 January 2020.
12	Intercorporate loan from related party (refer note 19.4 below)	Zuari Investments Limited ('ZIL')	5,842.00	1,200.00	-	-	Unsecured	12.00%	The loan is repayable in 6 half yearly installments commencing from 31 October 2019 amounting to INR 1,200.00 lacs each (last installment being INR 1,227.00 lacs).

Zuari Global Limited has provided corporate guarantee in respect of these term loans amounting to INR 43,091.93 lacs (previous year : INR 35,091.93 lacs) in aggregate.

@ The loans received from Sugar Development Fund and under the scheme [Scheme for Extending Financial Assistance to Sugar Undertakings 2018, (SEFASU 2018)] are received at rate of interest below market rate. Therefore, the said loans have been fair valued using discounted cash flow technique for initial recognition per Ind AS 20 read with Ind AS 109 and will be subsequently carried at amortised cost. The discount rate which has been used for initial recognition i.e. 11.80% - 12.30% p.a. is bench marked to other secured financial liabilities of the Company. Differential amount arising on fair valuation is treated as deferred government grant which is amortised over the tenure of loan and is released to statement of profit and loss in the proportion of interest expense.

$ As per the scheme [Scheme for Extending Financial Assistance to Sugar Undertakings 2014, (SEFASU 2014)], the interest subvention upto 12% or actual rates of interest charged by the banks is provided to the Company through participating banks.

& Interest rates mentioned above indicates interest rates based upon loan sanctioned terms. However, interest is accrued based on effective interest rate method per Ind AS 109.

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(All amounts in INR lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
20 Provisions		
Employee benefit obligations		
Gratuity (refer note 37)	288.16	210.42
Leave obligations (refer note 37)	117.25	97.17
Total	**405.41**	**307.59**
21 Other non current liabilities		
Deferred gain on preference shares issued to entities other than equity shareholders	2,301.76	2,455.57
Benefits under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013:		
Deferred government grant 5% - Sugar expansion	455.13	476.18
Deferred government grant 5% - Power Cogeneration plant	446.69	468.27
Benefits of loans at below market rates of interest:		
Deferred government grant on loan from Sugar Development Fund	1,110.09	1,300.94
Deferred government grant 5%-Cane soft loan	1,230.98	-
Total	**5,544.65**	**4,700.95**
22 Borrowings (Current)		
Measurement at amortised cost		
Cash credit from banks - secured (refer note 22.2)	16,507.07	20,432.81
Loan from body corporates - unsecured (refer note 22.2)	2,880.00	2,880.00
Total	**19,387.07**	**23,312.81**

22.1 Changes in liabilities arising from financing activities:	**Non-current borrowings (including current maturities)**	**Current borrowings**
As at 01 April 2017	**20,052.82**	**22,249.51**
Cash adjustments		
Cash inflows	16,720.06	5,989.59
Cash outflows	(3,452.66)	(4,950.00)
Interest paid	(2,874.97)	(2,102.93)
Non-cash adjustments		
Forex adjustments	94.59	-
Transfers to deferred gains	(787.40)	-
Interest accruals/expense	4,076.50	2,102.93
Effective interest rate adjustments	37.91	23.71
As at 31 March 2018	**33,866.85**	**23,312.81**
Cash adjustments		
Cash inflows	21,372.31	-
Cash outflows	(3,139.11)	(3,925.74)
Interest paid	(2,860.48)	(2,154.37)
Non-cash adjustments		
Forex adjustments	183.75	-
Transfers to deferred gains	(2,037.77)	-
Interest accruals/expense	4,791.54	2,154.37
Effective interest rate adjustments	18.01	-
As at 31 March 2019	**52,195.10**	**19,387.07**

(All amounts in Rs lacs unless otherwise stated)

22.2 Details of short term borrowings#

S. no.	Nature of loan	Lender	As at 31 March 2019	As at 31 March 2018	Nature of securities	Interest rate
1	Cash credit limit	State Bank of India (Kolkata)	5,760.34	5,493.83	**Primary** Hypothecation of entire current assets including book debts both present and future on pari passu basis with other working capital bankers. **Collateral** Extension of EM/Hypothecation charge on the entire fixed assets of the Company on pari passu 2nd Charge basis with other working capital bankers.	(11.25%-12.05%) (P.Y. 11.65%-14.10%)
2	Cash credit limit*	Zila Sahakari Bank Ltd. (Khamaria)	5,984.56	5,973.32	**First charge** on finished goods, work in progress and raw material.	10.05% (P.Y. 10.05%)
3	Cash credit limit*	Zila Sahakari Bank Ltd. (Barabanki)	1,769.51	1,756.01	**Pari pasu** on land ,building and plant and machinery against principal and interest amount.	10.25% (P.Y. 10.25%-11.25%)
4	Cash credit limit*	Zila Sahakari Bank Ltd. (Pilibhit)	1,399.11	2,200.00		10.05% (P.Y. 10.05%-11.20%)
5	Cash credit limit*	Zila Sahakari Bank Ltd. (Shahjahanpur)	1,593.55	1,893.59		10.05% (P.Y. 10.05%-11.20%)
6	Cash credit limit	Ratnakar Bank Ltd.	-	3,116.05	**First pari passu** charge by way of hypothecation on all current assets of the Company. **Second pari passu** charge by way of hypothecation on all movable fixed assets of the Company. **Second pari passu** charge by way of equitable mortgage on all immovable fixed assets of the Company.	12.50% (P.Y. 11.25%-12.25%)
7	Loan from body corporates	Texmaco Infrastructure & Holding Limited	1,300.00	1,300.00	**Unsecured**	12.50% (P.Y. 12.50%-16.00%)
8	Loan from body corporates	Adventz Security Enterprises Limited	80.00	80.00		12.50%
9	Loan from body corporates	Adventz Investment & Holding Limited	1,500.00	1,500.00		12.50% (P.Y. 12.50%-13.50%)

#All short term borrowings are repayble on demand.
* Charges against the same are yet to be created.

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(All amounts in INR lacs unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
23 Trade payables		
-Total outstanding due of micro,small and medium enterprises*	41.75	33.09
-Total outstanding due of creditors other than micro,small and medium enterprises #	29,994.65	28,250.16
Total	**30,036.40**	**28,283.25**

*Refer note 41 for details of dues to micro and small enterprises.
#Refer note 42 for payables to related parties.

Particulars	As at 31 March 2019	As at 31 March 2018
24 Other financial liabilities (current)		
Current maturities of long term borrowings	7,148.91	3,139.11
Interest accrued but not due on borrowings, deposits and others	349.65	368.11
Marked to market value of derivative instruments not designated as hedges	213.46	-
Deposits received from sugar agents and others	111.03	62.25
Payable towards purchase of capital goods#	993.95	1,639.87
Other payables towards expenses	849.19	-
Total	**9,666.19**	**5,209.34**

#Refer note 42 for payable to related parties.

Particulars	As at 31 March 2019	As at 31 March 2018
25 Other current liabilities		
Advance received from customers against sale of goods#	1,351.83	221.79
Statutory dues	1,048.47	1,120.85
Deferred gain on preference shares issued to entities other than equity shareholders	153.81	142.21
Benefits under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013:		
Deferred government grant 5% - Sugar expansion	21.05	21.05
Deferred government grant 5% - Power Cogeneration plant	21.58	21.58
Benefits under scheme of Scheme of Extending financial assistance for sugar undertakings		
Deferred government grant on loan from Sugar Development Fund	201.59	262.42
Deferred government grant 5%-Cane soft loan	600.74	-
Total	**3,399.07**	**1,789.91**

#Refer note 42 for advances received against purchase of goods from related parties.

Particulars	As at 31 March 2019	As at 31 March 2018
26 Provisions		
Employee benefit obligations		
Gratuity (refer note 37)	87.75	159.47
Leave obligations (refer note 37)	13.81	21.57
Total	**101.56**	**181.04**

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(All amounts in INR lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
27 Revenue from operations		
Operating revenues		
Sale of goods	40,527.74	23,690.79
Sale of power	5,710.59	5,175.12
Excise duty and cess on sale of goods (refer note 27.2 and 27.3)	-	343.27
	46,238.33	**29,209.18**
Other operating revenues		
Scrap	146.59	223.69
	146.59	**223.69**
Total	**46,384.92**	**29,432.87**

Notes:

27.1 Disaggregation of revenue from operations:

The table below presents disaggregated revenue from contracts with customers by geography, offerings and sales channels for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainity of our revenues and cash flows are effected by industry, market and other economic factors. The table also includes a reconciliation of the disaggregated revenue with the Company's strategic divisions, which are its reportable segments (refer note 43).

Particulars	Sugar		Power		Total	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Revenues by Geography						
India	40,594.74	24,257.75	5,710.59	5,175.12	46,305.33	29,432.87
Other than India	79.59	-	-	-	79.59	-
Total	**40,674.33**	**24,257.75**	**5,710.59**	**5,175.12**	**46,384.92**	**29,432.87**
Revenues by Offerings						
Sale of goods						
Sugar	40,476.37	23,673.20	-	-	40,476.37	23,673.20
By products						
Molasses	27.13	327.50	-	-	27.13	327.50
Press mud	24.24	33.36	-	-	24.24	33.36
Scrap	146.59	223.69	-	-	146.59	223.69
Sale of power	-	-	5,710.59	5,175.12	5,710.59	5,175.12
Total	**40,674.33**	**24,257.75**	**5,710.59**	**5,175.12**	**46,384.92**	**29,432.87**
Revenues by Sales channels						
Direct sales	25,747.35	3,398.62	5,710.59	5,175.12	31,457.94	8,573.74
Sales through intermediators	14,926.98	20,859.13	-	-	14,926.98	20,859.13
Total	**40,674.33**	**24,257.75**	**5,710.59**	**5,175.12**	**46,384.92**	**29,432.87**

The Company has initially applied Ind AS 115 "Revenue form Contracts with Customers" using the cumulative effect method. Under this method, the comparative information is not restated. Refer note 49 for further details.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Particulars	As at 31 March 2019	As at 31 March 2018
Receivables		
Trade receivables	3,830.78	1,592.40
Unbilled revenues	764.10	786.37
	4,594.88	**2,378.77**
Contracts assets	-	-
Contract liabilities (advances from customers against sale of goods)		
Opening balance	221.79	157.92
Revenue recognized that was included in the contract liability balance at the beginning of the year	(221.79)	(157.92)
Closing balance	1,351.83	221.79

Also, refer note 49.

27.2 Post applicability of Goods and Service Tax Act (GST), w.e.f. 01 July 2017, the revenue is disclosed net of GST. Accordingly, the revenue from operations for year ended 31 March 2019 is not comparable with previous year as Excise duties formed part of revenue from operations and expenses during the previous period upto 30 June 2017.

27.3 In accordance with requirements of Ind AS 115, the Company has presented excise duty separately as included in revenue in statement of profit and loss.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
28 Other income		
Interest income on		
Loans, deposits, advances etc.	3.13	1.67
Long-term investments	0.13	0.13
Fair valuation gains on financial assets measured at fair value through profit and loss	0.14	-
Profit on sale of investments in mutual funds	28.50	-
Insurance and other claims	0.34	3.60
Rent and hire charges	8.66	7.24
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	212.44	41.96
Amortisation of deferred gain on NCRPS	142.21	121.56
Government grants:		
Interest reimbursement from U.P Government under Sugar Industry, Cogeneration and Distillery Promotion Policy 2013	755.49	838.36
Assistance to sugar mills for sugar cane purchase [refer note 16(ii)]	1,724.02	680.44
Assistance to sugar mills under the scheme for creation and maintenance of buffer stock [refer note 16(iii)]	451.24	-
Government grants on excise term loans and cane soft loan	49.11	136.33
Amortisations of :-		
Deferred government grant recognized on loan from Sugar Development Fund	251.68	239.26
Deferred government grant 5% - Sugar expansion	21.05	21.05
Deferred government grant 5% - Power Coogeneration plant	21.57	21.57
Deferred government grant 5% - Cane Soft Loan	206.04	-
Other assistances [refer note beow]	664.29	-
Renewable energy certificates income	282.67	375.78
Management consultancy services	440.00	-
Miscellaneous income	17.45	27.88
Total	**5,280.16**	**2,516.83**

Note:

The State Government pursuant to Notification No. 15/2018/1719/46-3-18-3 (36-A)/2018 issued by Uttar Pradesh Shasan Chini Udyog Anubhag-3 has notified a scheme "Scheme for Extending Financial Assistance to Sugar Undertakings - 2018" (the "Scheme") for settlement of sugar cane price dues for crushing season 16-17 and 17-18 by providing loans to sugar industries at subsidized rates of interest and cane subsidy at the rate of INR 4.50/- per qntl of sugar cane crushed during the aforementioned crushing season. Under the Scheme, the Company has recorded an amount of INR 664.29 lacs as grant for crushing season 17-18 during the year ended 31 March 2019.

(All amounts in INR lacs unless otherwise stated)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
29	**Cost of materials consumed**		
	Raw materials at the beginning of the year:-		
	Sugar cane	56.94	-
	Bagassee	1,042.89	113.16
	Rice husk	-	43.27
		1,099.83	**156.44**
	Add: Purchases and procurement expenses		
	Sugar cane	42,588.52	41,221.29
	Bagassee	107.67	1,594.16
	Rice husk	0.65	-
		42,696.84	**42,815.45**
	Less: Raw materials at the end of the year		
	Sugar cane	89.81	56.94
	Bagassee	491.75	1,042.89
	Rice husk	-	-
		581.56	**1,099.83**
	Total	**43,215.11**	**41,872.06**
30	**Changes in inventories of finished goods and work-in-progress**		
	Inventories at the end of the year		
	Finished goods	38,685.90	33,746.71
	By products	5,061.96	2,377.08
	Work-in-progress	610.21	755.45
	Scrap	235.50	318.75
		44,593.57	**37,197.99**
	Inventories at the beginning of the year		
	Finished goods	33,746.71	16,560.13
	By products	2,377.08	460.86
	Work-in-progress	755.45	86.93
	Scrap	318.75	189.71
		37,197.99	**17,297.63**
	Adjustment for excise duty and cess on inventories	-	(1,009.93)
	Total	**(7,395.58)**	**(20,910.29)**
31	**Employee benefit expenses**		
	Salaries, wages and bonus	2,142.89	1,735.62
	Contribution to provident fund	157.82	144.92
	Gratuity expense (refer note 37)	43.18	61.94
	Employee welfare expenses	59.59	54.92
	Total	**2,403.48**	**1,997.40**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

GOBIND SUGAR MILLS

(All amounts in INR lacs unless otherwise stated)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
32	**Finance costs**		
	Interest cost of financial liabilities measured at amortised cost	6,779.96	6,191.43
	Other borrowing costs	34.34	32.87
	Exchange difference on foreign currency term loan regarded as adjustment to borrowing costs	416.46	94.59
		7,230.76	**6,318.89**
	Less: amounts capitalised towards qualifying assets (refer below)	(284.85)	(139.46)
	Total	**6,945.91**	**6,179.43**

Note:
The capitalisation rate used to determine the amount of borrowings costs to be capitalised is weighted average interest rate applicable to the entity's general borrowings during the year, in this case 11.58% p.a.(12.03% p.a.).

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
33	**Depreciation and amortisation expense**		
	Depreciation of tangible assets	1,790.65	1,688.22
	Amortisation of intangible assets	9.75	9.75
	Total	**1,800.40**	**1,697.97**
34	**Other expenses**		
	Consumption of stores and spares	531.00	646.49
	Packing materials	498.71	389.36
	Power and fuel	154.85	103.77
	Repairs to and maintenance of :		
	Buildings	79.73	76.48
	Machinery	1,240.75	754.58
	Others	1.73	1.72
	Rent	210.87	86.12
	Rates and taxes	19.01	13.40
	Insurance	127.24	72.66
	Legal and professional	148.01	166.61
	Payment to auditors:		
	As auditors	23.50	18.75
	For certificates and other services	1.00	1.50
	Other matters	-	2.06
	Payment to cost auditors	0.50	0.55
	Commission on sales	109.53	38.24
	Freight and forwarding charges	705.26	445.55
	Charity and donations	0.78	0.51
	Loss on disposal of property, plant and equipment	2.91	2.78
	Bad debts, cane subsidies and other receivables written off	1,170.85	10.92
	Molasses and alcohol storage and maintenance reserve (refer note 18)	2.51	2.69
	Director's sitting fees	10.40	10.10
	Loss on account of foreign exchange rate fluctuation	183.75	-
	Printing and stationary	24.38	24.72
	Fair value losses on derivatives not designated as hedges	213.46	-
	Service charges for export obligations [refer note 16(ii)]	1,445.44	-
	Miscellaneous	417.76	355.80
	Total	**7,323.93**	**3,225.36**

(All amounts in INR lacs unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
35 Tax expense		
The tax expense comprises of :		
Current tax	-	-
Deferred tax	954.30	(398.14)
Total	**954.30**	**(398.14)**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Loss before tax	(2,628.17)	(2,455.50)
Expected tax expense	34.608%	34.608%
Expected tax expense	**(909.56)**	**(849.80)**
Tax effect on expiry of bought forward losses	1,675.08	293.60
Tax effect on amounts which are not deductible /(taxable) in calculating taxable income		
Interest on financial liability - NCRPS	238.00	203.44
Amortized deferred gains on NCRPS	(49.22)	(41.64)
Other items	-	(3.74)
Total	**954.30**	**(398.14)**

36 Earnings per share (EPS)

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

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Loss attributable to equity share holders of the Company	**(3,582.47)**	**(2,057.36)**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share#	3,681,316	3,200,000
Face value per share (INR per share)	10.00	10.00
Losss per share (basic and diluted) (INR)	**(97.31)**	**(64.29)**

#Ordinary shares for the Company consists of equity shares issued as on reporting date and equity shares to be issued upon conversion of CCPS.

Reconciliation of numbers of shares considered above for computing loss per share:-

Particulars	As at 31 March 2019	As at 31 March 2018
Equity shares		
Openning	3,200,000	3,200,000
Issued during the year	530,917	-
Closing	**3,730,917**	**3,200,000**
CCPS		
Openning	-	-
Issued during the year	742,130	-
Closing	**742,130**	**-**
Weighted average number of share used above	**3,681,316**	**3,200,000**

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(All amounts in INR lacs unless otherwise stated)

37 Employee benefit obligations

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Gratuity	87.75	288.16	159.47	210.42
Leave encashment	13.81	117.25	21.57	97.17
Total	**101.56**	**405.41**	**181.04**	**307.59**

A Defined benefits plans - Gratuity

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

Policy for recognizing actuarial gains and losses:

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

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

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

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

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

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

Description	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	61.48	52.98
Interest cost	52.51	31.43
Net impact on loss (before tax)	**113.99**	**84.41**
Actuarial loss/(gain) recognized during the year	(40.59)	219.68
Amount recognized in total comprehensive income	**73.40**	**304.09**

(ii) Change in the present value of obligation:

Description	Year ended 31 March 2019	Year ended 31 March 2018
Present value of defined benefit obligation as at the beginning of the year	**677.56**	**418.82**
Current service cost	61.48	52.98
Interest cost	52.51	31.43
Past service cost	-	1.55
Benefits paid	(34.28)	(46.90)
Actuarial loss	(40.59)	219.68
Present value of defined benefit obligation as at the end of the year	**716.68**	**677.56**

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

Description	Year ended 31 March 2019	Year ended 31 March 2018
Fair value of plan assets at the beginning of the year	307.67	277.99
Interest income	23.84	20.85
Contributions	46.97	55.04
Benefits paid	(34.28)	(46.90)
Actuarial gains/(losses)	(3.43)	0.69
Fair value of plan assets at the end of the year	**340.77**	**307.67**

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

Description	As at 31 March 2019	As at 31 March 2018
Present value of funded obligation as at the end of the year	716.68	677.56
Fair value of plan assets as at the end of the period funded status	340.77	307.67
Unfunded/funded net liability recognized in balance sheet	**375.91**	**369.89**

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

Description	As at 31 March 2019	As at 31 March 2018
Actuarial (gain)/loss from change in demographic assumption	-	-
Actuarial (gain)/loss from change in financial assumption	19.15	(13.21)
Actuarial (gain)/loss from experience adjustment	(59.74)	232.89
Total actuarial (gain)/loss	**(40.59)**	**219.68**

(vi) Actuarial assumptions

Description	As at 31 March 2019	As at 31 March 2018
Discount rate	7.40%	7.75%
Rate of increase in compensation levels	7.50% for 2018-19	9.00% for 2017-18 & 7.50% for 2018-19
Expected rate of return on plan assets	8.00%	8.00%
Retirement age	58 years	58 years

Notes:

1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
3) Plan assets comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').
4) The best estimated expense for the next year is INR 97.65 lacs.

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

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

Description	As at 31 March 2019	As at 31 March 2018
Investments with LIC	100%	100%

(viii) Sensitivity analysis for gratuity liability

Description	As at 31 March 2019	As at 31 March 2018
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	(18.68)	(17.22)
- Impact due to decrease of 0.50 %	19.77	18.20
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	19.60	18.14
- Impact due to decrease of 0.50 %	(18.70)	(17.32)

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

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

(ix) Maturity profile of defined benefit obligation

Description	As at 31 March 2019	As at 31 March 2018
Within next 12 months	144.18	159.47
Between 1-5 years	120.81	86.90
Beyond 5 years	451.67	431.20

(x) Weighted average duration of defined benefit obligation is 10.19 years as at 31 March 2019 and 9.75 years as at 31 March 2018.

B Leave encashment

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

Description	As at 31 March 2019	As at 31 March 2018
Current service cost	32.50	29.26
Interest cost	9.20	7.62
Actuarial loss/(gain) recognised during the year	16.44	2.56
Amount recognized in the statement of profit and loss	**58.14**	**39.44**

C Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognized during the year towards defined contribution plan is INR 157.82 lacs (31 March 2018 - INR 144.92 lacs).

38 Leases

Operating leases - lessee

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease payments made for the year	210.87	86.12
Total	**210.87**	**86.12**

Note:
The Company does not have any financial leases.

Operating leases - lessor

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

39 Contingent liabilities

	Particulars	As at 31 March 2019	As at 31 March 2018
(i)	Demands / claims by various government authorities and others not acknowledged as debts and contested by the Company		
	i) Excise duty and service tax	19.60	25.51
	ii) Sales tax and entry tax	4.42	4.42
	iii) Others	5.12	37.06
		29.14	**66.99**

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

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

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

(iii) The Hon'ble Supreme Court (SC) has, in a recent decision ('SC decision'), ruled that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees would form part of basic wages for computing the provident fund ('PF' or 'the fund') contribution and thereby, has laid down principles to exclude (or include) a particular allowance or payments from 'basic wage' for the purpose of computing PF contribution. The Company pays special allowance, conveyance allowance and others allowances to its employees as a part of its their compensation structure, which are not included in the basic wages for the purpose of computing the PF.
As the above said ruling has not prescribed any clarification w.r.t its application, the Company is in the process of evaluating the impact on the provident fund contributions. Pending clarification and evaluation of impact of above said, no provision for employee contribution has been recognized in the financial statements for the year ended 31 March 2019".

40 Capital and other commitments

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

Particulars	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment	7,715.48	4,215.00
	7,715.48	**4,215.00**

(ii) There are no non cancellable operating leases as at 31 March 2019 and 31 March 2018.

(All amounts in INR lacs unless otherwise stated)

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amounts remaining unpaid	41.75	24.82
Interest accrued and due thereon remaining unpaid	2.89	7.22
Interest paid by the company in terms of Section 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act ,2006.		-
Interest accrued and remaining unpaid as at the end of the year	11.16	8.27
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act,2006.		
	11.16	8.27

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(All amounts in INR lacs unless otherwise stated)

42 **Related party disclosures as per Ind AS-24:**

Lsit of related parties:-

(i) Related parties where control exists:

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

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

Fellow subsidiaries	Indian Furniture Products Limited	
	Simon India Limited	
	Zuari Insurance Brokers Limited	
	Zuari Finserv Limited (earlier known as Zuari Finserv Private Limited)	
	Zuari Sugar & Power Limited	
	Zuari Management Services Limited	
Joint venture of subsidiary of ultimate holding company	Forte Furnitute India Private Limited	
Associate of holding company	New Eros Tradecom Limited	
Key management personnel	Shri R.S. Raghavan	– Managing Director
	Shri R.N. Ratnam	– Independent Director
	Shri Marco Wadia	– Independent Director
	Smt Indira Varadarajan	– Independent Director
	Shri L. M. Chandrasekaran	– Independent Director

(iii) Related party transactions

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

a. (1) Issue of Non Convertible Redeemable Preference Shares (NCRPS)

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties*
Holding company				
Zuari Investments Limited	31 March 2019	-	-	98.15
	31 March 2018	-	-	83.90
Fellow subsidiaries				
Simon India Limited	31 March 2019	-	-	1,097.08
	31 March 2018	-	-	937.79
Zuari Insurance Brokers Limited	31 March 2019	-	-	79.85
	31 March 2018	-	-	68.26
Zuari Sugar & Power Limited	31 March 2019	-	-	3,359.51
	31 March 2018	-	-	2,871.72
Associate of holding company				
New Eros Tradecom Limited	31 March 2019	-	-	70.17
	31 March 2018	-	-	59.98

*Shown under head long term borrowings.

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

(2) Inter-corporate deposits received

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties*
Holding company				
Zuari Investments Limited	31 March 2019	7,042.00	-	7,042.00
	31 March 2018	-	-	-

*Shown under head long term borrowings.

b. Professional services received

	Year ended	Transactions during the year	Amount owed by related parties*	Amount owed to related parties**
Fellow subsidiary				
Zuari Finserv Limited (earlier known as Zuari Finserv Private Limited)	31 March 2019	1.87	-	2.04
	31 March 2018	40.53	5.00	-
Ultimate holding company				
Zuari Global Limited	31 March 2019	120.00	-	307.45
	31 March 2018	165.08	-	177.02

*Shown under head "Other current assets".
**Shown under head "Trade payables".

c. Reimbursement of expenses

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
Fellow subsidiary				
Zuari Sugar & Power Limited	31 March 2019	15.51	-	-
	31 March 2018	6.66	-	-
Ultimate holding company				
Zuari Global Limited	31 March 2019	0.91	-	-
	31 March 2018	-	-	-

The Company has availed cash credit and term loans from banks, body corporate and financial institutions of INR 43,091.93 lacs (INR 35,091.93 lacs), which are further secured by corporate guarantees provided by Zuari Global Limited.

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(All amounts in INR lacs unless otherwise stated)

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

d. Purchase of property, plant and equipment

	Year ended	Transactions during the year	Amount owed by related parties*	Amount owed to related parties**
Subsidiary of ultimate holding company				
Simon India Limited	31 March 2019	9.69	-	124.13
	31 March 2018	822.27	-	114.62
Joint venture of subsidiary of ultimate holding company				
Forte Furnitute India Private Limited	31 March 2019	2.92	-	1.09
	31 March 2018	3.94	1.91	-
Fellow Subsidiary				
Indian Furniture Products Limited	31 March 2019	-	-	3.28
	31 March 2018	16.89	-	3.28

*Shown under head "Non current assets".
**Shown under head "Other financial liabilities".

e. Sale of finished goods

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties*
Holding company				
Zuari Sugar & Power Limited	31 March 2019	17,602.14	-	524.25
	31 March 2018	428.49	-	9.70

*Shown under head "Other current liabilities".

f. Management consultancy services rendered

	Year ended	Transactions during the year	Amount owed by related parties*	Amount owed to related parties
Fellow subsidiary				
Zuari Management Services Limited	31 March 2019	440.00	226.80	-
	31 March 2018	-	-	-

* Shown under head "Other financial assets".

g. Remuneration to key managerial personnel

The Company has paid managerial remuneration of INR 12 (P.Y. INR 12/-) to Shri. R. S. Raghavan.

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(All amounts in INR lacs unless otherwise stated)

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

h. Director's sitting fees

	Year ended	Transactions during the year	Amount owed by related parties	Amount owed to related parties
Key management personnel				
Shri R. N. Ratnam	31 March 2019	1.55	-	-
	31 March 2018	2.85	-	-
Shri Anil C Gupta	31 March 2019	-	-	-
	31 March 2018	0.40	-	-
Shri Marco Wadia	31 March 2019	3.10	-	-
	31 March 2018	2.75	-	-
Smt Indira Varadarajan	31 March 2019	2.00	-	-
	31 March 2018	1.50	-	-
Shri L. M. Chandrasekaran	31 March 2019	3.75	-	-
	31 March 2018	2.60	-	-

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(All amounts in INR lacs unless otherwise stated)

43 Segment information

For operational management purposes, the Company is organised into business units based on its products and has two reportable segments:
-Sugar division which is involved in extraction of Sugar from Sugar Cane;
-Power division which is involved in co-generation of Power using by product of Sugar division i.e. bagassee.

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

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

Segment revenue

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

	Sugar		Power		Eliminations		Total operations	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue from operations:								
External customers	40,674.33	24,257.75	5,710.59	5,175.12	-	-	46,384.92	29,432.87
Inter segment transactions	4,047.38	4,360.53	3,596.71	3,516.47	(7,644.09)	(7,877.00)	-	-
Total revenue from segments	**44,721.71**	**28,618.28**	**9,307.30**	**8,691.59**	**(7,644.09)**	**(7,877.00)**	**46,384.92**	**29,432.87**
Revenue from operations as per Statement of Profit and Loss							**46,384.92**	**29,432.87**

Note:
Revenue from external customer for sugar segment comprises of selling sugar through various sugar selling agents and sale of molasses and press mud.
Revenue from external customer for power division comprises of selling energy generated through co-generation plant to Government of Uttar Pradesh

Segment results

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

	Sugar		Power		Total operations	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Segments profit/(loss) during the year before depreciation and amortisation, finance costs and tax	(826.80)	**18.29**	3,627.43	**3,006.78**	**2,800.63**	**3,025.07**
Depreciation and amortisation	1,084.85	1,060.44	715.55	637.54	1,800.40	1,697.98
Finance costs	1,797.72	2,070.57	-	-	1,797.72	2,070.57
Profit/(loss) before tax	**(3,709.37)**	**(3,112.72)**	**2,911.88**	**2,369.24**	**(797.49)**	**(743.48)**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in INR lacs unless otherwise stated)

	Sugar		Power		Total operations	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unallocable incomes and expenses						
Finance costs					(5,148.19)	(4,108.86)
Other expenses					(1,962.65)	(120.00)
Other incomes					5,280.16	2,516.84
Loss before tax as per Statement of Profit and Loss					**(2,628.17)**	**(2,455.50)**

Segment assets

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

	Sugar		Power		Total operations	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Total segment assets	76,353.92	65,539.43	20,979.34	21,062.41	97,333.26	86,601.84
Unallocated						
Deferred tax assets					7,257.95	8,224.70
Investments					16.15	17.33
Capital work in progress					7,027.03	-
Total assets as per the balance sheet					**111,634.39**	**94,843.87**

Segment liabilities

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

	Sugar		Power		Total operations	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Total segment liabilities	46,543.47	48,413.26	-	-	46,543.47	48,413.26
Unallocated						
Non-current liabilities					50,996.25	35,736.28
Current borrowings					2,880.00	2,880.00
Other liabilities					13,166.82	7,483.09
Total liabilities as per the balance sheet					**113,586.54**	**94,512.63**

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(All amounts in INR lacs unless otherwise stated)

44 Fair value measurements

44.1 Financial instruments by category

		Carrying value	
		As at 31 March 2019	**As at 31 March 2018**
	Financial assets		
A	**FVTOCI financial instruments:**		
	Investment in quoted equity shares [refer note (i) below]	15.15	16.33
B	**Amortised cost:**		
	Security deposits	17.32	2.36
	Trade receivables	3,830.78	1,592.40
	Cash and cash equivalents	161.92	77.83
	Other bank balances	1.57	13.55
	Loans	38.51	6.76
	Investments in unquoted-non trade investments	1.00	1.00
	Other financial assets (current)	5,290.13	3,102.91
C	**Fair value through profit and loss:**		
	Investment in mutual funds	117.00	-
	Total	**9,473.38**	**4,813.14**
	Financial liabilities		
A	**Amortised cost:**		
	Non-current borrowings	45,046.19	30,727.74
	Current borrowings	19,387.07	23,312.81
	Trade payables	30,036.40	28,283.25
	Other financial liabilities (current)	9,666.19	5,209.34
	Total	**104,135.85**	**87,533.14**

Notes:

(i) The equity securities for which the Company has made an irrevocable election at initial recognition to recognize charges in fair value through OCI rather than profit and loss are investments which are not held for trading purposes.

(ii) The management assessed that carrying value of financial assets and financial liabilities, carried at amortised cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheet.

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(All amounts in INR lacs unless otherwise stated)

44.2 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of assets measured at fair value as at 31 March 2019 and 31 March 2018:

	Level 1	Level 2	Level 3	Total
Recurring basis:				
Financial assets measured at FVOCI (Investment in quoted equity shares)#				
As at 31 March 2019				
Carrying value	15.15	-	-	**15.15**
Fair value	15.15	-	-	**15.15**
As at 31 March 2018				
Carrying value	16.33	-	-	**16.33**
Fair value	16.33	-	-	**16.33**
Financial assets measured at FVTPL (Investment in mutual funds)#				
As at 31 March 2019				
Carrying value	117.00	-	-	**117.00**
Fair value	117.00	-	-	**117.00**
As at 31 March 2018				
Carrying value	-	-	-	**-**
Fair value	-	-	-	**-**
Derivative instruments not designated as hedges measured at FVTPL				
As at 31 March 2019				
Carrying value	-	213.46	-	**213.46**
Fair value	-	213.46	-	**213.46**
As at 31 March 2018				
Carrying value	-	-	-	**-**
Fair value	-	-	-	**-**

Notes:
These investments are valued using market quoted prices.
These are measured at Net Realizable Values (NRV) using subsequent sales data and considering at estimated NRVs taking into the condieration, for which inventory is held.
There were no transfers between level 1 and level 2.

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(All amounts in INR lacs unless otherwise stated)

45 Financial instruments risk

Risk management objectives and policies

The Company's principal financial liabilities are loans, borrowings, trade and other payables and principal financial assets are trade and other receivables. Also, the Company holds some equity investments with value being not material.
The Company is currently exposed to **market risk, credit risk and liquidity risk**. The Company's senior management looks after the management of these risks. The Company's management advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors reviews and agrees policies for managing each of these risks on an ongoing basis, which are summarised below.

Market risk

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

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

The sensitivity analysis in the following sections relates to the position as at 31 March 2019 and 31 March 2018.

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

(i) Interest rate risk

Applicability - Financial liabilities

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

Interest rate risk exposure

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

Particulars	31 March 2019	31 March 2018
Variable rate borrowings	32,554.56	46,039.16
Fixed rate borrowings	39,027.61	11,140.50
Total borrowings	**71,582.17**	**57,179.66**

Interest rate sensitivity

	+/(-) in basis points	Effect on loss before tax
31 March 2019		
Rupees	+50	136.16
Rupees	-50	(136.16)
31 March 2018		
Rupees	+50	199.02
Rupees	-50	(199.02)

In order to achieve its objective, to mitigate risk of future cash outflows due to floating interest rates, the Company has entered into interest rate swap transaction (floating to fixed rate of interest) for its foreign currency term loan.

(ii) Foreign currency risk

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

The Company manages its foreign currency risk by hedging payments that are to be made within a maximum of 12 months period through currency futures. As on on balance sheet date, the Company has hedged its expected foreign currency payments (interest paymentss as of now being payable subsequently) which are to be made with in 12 months.

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Unhedged foreign currency risk exposure in USD:

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

	31 March 2019 USD	31 March 2019 INR in lacs	31 March 2018 USD	31 March 2018 INR in lacs
Financial liabilities - Foreign currency borrowings	14,065,051	9,766.77	13,756,621	8,927.10

Foreign currency sensitivity

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

	+/(-) in basis points	Effect on loss before tax
31 March 2019		
Rupees	+500	703.25
Rupees	-500	(703.25)
31 March 2018		
Rupees	+500	(455.31)
Rupees	-500	455.31

(iii) Equity price risk

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

(iv) Inventory price risk

The Company is exposed to the movement in price of principal finished product i.e. Sugar. Prices of the sugar cane is fixed by government. Generally, sugar production is carried out during sugar cane harvesting period from November to April. Sugar is sold throughout the year which exposes the sugar inventory to the movement in the price. Company monitors the sugar prices on daily basis and formulates the sales strategy to achieve maximum realization. The sensitivity analysis of the change in sugar price on the inventory as at year end, other factors remaining constant in given in table below:

Inventory price risk exposure (for finished goods)

The Company's exposure to inventory price risk at the end of the reporting period is as follows:

Particulars	31 March 2019	31 March 2018
Inventory (finished goods)	38,685.90	33,746.71

Rate sensitivity

	+/(-) in sale price	Effect on loss before tax
31 March 2019		
Rupees	+1	12.42
Rupees	-1	(12.42)
31 March 2018		
Rupees	+1	10.98
Rupees	-1	(10.98)

Credit risk

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

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(All amounts in INR lacs unless otherwise stated)

Summary	As at 31 March 2019	As at 31 March 2018
Trade receivables (including unbilled revenues) (refer note i)		
Not due	764.10	786.37
Overdue (0-12 months)	3,830.78	1,592.40
Cash and cash equivalents (refer note ii)	161.92	77.83
Other bank balances (refer note ii)	1.57	13.55
Loans (refer note iii)	38.51	6.76
Security deposits (refer note iii)	17.32	2.36
Investments in unquoted securities (refer note iii)	1.00	1.00
Other receivables (refer note iv)	373.56	118.83
Incentive receivables (refer note iv)	4,152.47	2,197.71
Total	**9,341.23**	**4,796.81**

Note:

(i) Trade receivables and unbilled revenue of the Company represents receivables from substantially from Madhyanchal Vidyut Vitran Nigam Limited (an undertaking of Government of Uttar Pradesh) in respect of supply of power energy. Since it is receivable from a government undertaking, the management doesn't consider the credit risk to be significant.

(ii) Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with banks as fixed deposits. Therefore credit risk is regards to the same is considered to be negligible.

(iii) Other balances are not significant and hence, not analyzed separately.

(iv) Other/Incentive receivables consists of interest subventions, amounts with held with CERC and export subsidy receivables from government. Therefore, credit risk in regards to the same is considered to be insignificant.

Liquidity risk

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

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

	Upto 1 year	1 to 5 years	Beyond 5 years	Total
As at 31 March 2019				
Borrowings				
Non current				
Borrowings (other than financial liability part of NCRPS)#	12,440.32	65,940.84	4,772.01	**83,153.17**
Financial liability part of NCRPS			12,660.00	**12,660.00**
Current borrowings	19,387.07	-	-	**19,387.07**
Trade payables	30,036.40	-	-	**30,036.40**
Other financial liabilities	2,517.28	-	-	**2,517.28**
Total	**64,381.07**	**65,940.84**	**17,432.01**	**147,753.92**
As at 31 March 2018				
Borrowings				
Borrowings (other than financial liability part of NCRPS)#	5,483.97	20,499.26	23,342.39	**49,325.63**
Financial liability part of NCRPS	-	-	12,660.00	**12,660.00**
Current borrowings	23,312.81	-	-	**23,312.81**
Trade payables	28,283.25	-	-	**28,283.25**
Other financial liabilities	2,070.23	-	-	**2,070.23**
Total	**59,150.26**	**20,499.26**	**36,002.39**	**115,651.91**

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

Derivative Financial Instruments:

The Company uses derivative instruments as part of its management of exposure to fluctuations in interest rates and foreign currency rates. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage treasury risks. Treasury derivative transactions are normally in the form of forward contracts or swap contracts and these are subject to the Company's guidelines and policies.
Derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on valuations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.
The fair values of all derivatives are separately recorded in the balance sheet within other financial assets/liabilities, as applicable. The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Non qualifying hedges
The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include as on date include "Interest Rate Swaps" and " Forward Dollar Purchase Contracts" being entered by the Company with bankers to hedge floating interest foreign currency loan and interest payments as due related thereto. Fair value changes on such derivative instruments are recognized in the Statement of Profit and Loss.

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(All amounts in INR lacs unless otherwise stated)

46 Capital management

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Long term borrowings (including financial liability part of non convertible redeemable preference shares)	45,046.19	30,727.74
Current maturities of long-term borrowings	7,148.91	3,139.11
Short-term borrowings	19,387.07	23,312.81
Total Debt (a)	**71,582.17**	**57,179.66**
Total Equity (b)	**(1,952.15)**	**331.24**
Debt to Equity (a/b)	**(36.67)**	**172.62**

47 Assets pledged as security:

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2019	As at 31 March 2018
Financial assets		
Current		
Trade receivables	3,830.78	1,592.40
Cash and cash equivalents	161.92	77.83
Other bank balances	1.57	13.55
Loans	38.51	6.76
Other financial assets	5,290.13	3,102.91
Non current		
Investments	16.15	17.33
Other financial assets	17.32	2.36
Total financial assets (a)	**9,356.38**	**4,813.14**
Non financial assets		
Current		
Inventories	46,006.49	38,949.63
Other current assets	1,310.50	1,727.43
Non current		
Property, plant and equipment	39,453.87	39,875.55
Capital work-in-progress	7,142.03	757.26
Other intangible assets	25.10	34.85
Other non-current assets	919.11	461.11
Total non financial assets (b)	**94,857.10**	**81,805.83**
Total assets pledged as security (a + b)	**104,213.48**	**86,618.97**

(All amounts in INR lacs unless otherwise stated)

48 Offsetting financial assets and financial liabilities:

The following table represents recignised financial instruments that are subject to enforceable master netting arrangements and similar agreements but not set off as at 31 March 2019 and 31 March 2018.

Particulars	As at 31 March 2019	As at 31 March 2018
Amounts subject to master netting arrangements		
Non current borrowings	30,650.04	20,891.15
Current borrowings	5,760.34	8,609.88
	36,410.38	**29,501.03**
Financial instruments collateral		
Trade receivables	3,830.78	1,592.40
Cash and cash equivalents	161.92	77.83
Other bank balances	1.57	13.55
Loans	38.51	6.76
Investments	16.15	17.33
Other financial assets	5,307.45	3,105.27
	9,356.38	**4,813.14**
Net amount*	**27,054.00**	**24,687.89**

*"Net amount" shows impact on Company's balance sheet, if all rights were excercised.

49 Changes in accounting policies:

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has early Ind AS 115 "Revenue from Contracts with Customers" with a date of initial application of 1 April 2018. As a result, the Company has changed its accounting policy for revenue recognition as defined in note 3. The Company has applied ind AS 115 using the **"Cumulative Effect Method"**. Under this method, the Company shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period that includes the date of initial application.

Revised reporting standard, Ind AS 115, requires no adjustments to be made to the retained earnings as at 1 April 2018. Consequently, there are no impacts of the standard on Balance Sheet as at 31 March 2019. However, impacts on Statement of Profit and Loss for the year ended 31 March 2019 are as follows:

	Year ended 31 March 2019		
	Amounts as reported	**Amount before application of Ind AS 115**	**Effect of changes Increase/ (Decrease)**
Revenue from operations #			
Sale of goods	46,384.92	46,907.09	(522.17)
Other expenses #			
Freight and forwarding charges	705.26	1,227.43	(522.17)

For certain sales, where the Company also provide transportation services, the Company considers the same as a separate performance obligation believing that the Company is acting as an agent for transfer of goods and therefore reduces the related costs for transportation and other charges from transaction price.

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

51 The Company vide application dated 23 March 2019 with Regional Director, Registrar of Companies, Kolkata, has applied for shifting of registered office from the State of West Bengal to the National Capital Territory of Delhi.

52 During the year ended 31 March 2019, the Company has incurred a book loss (total comprehensive loss) of INR 3,558.94 lacs (31 March 2018: INR 2,199.60 lacs) and the accumulated losses of the Company amounted to INR 10,221.14 lacs (31 March 2018: INR 7,811.39 lacs). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company is confident to generate sufficient profits and cash from operations in near future considering improving sugar sale prices, industry focused state and central government trade policies and expansion plans in form of setting up of Distillery having capacity of 100,000 litres per day and 16 MW Co-generation Power Plant.

Further, the holding company has confirmed its intent as well as ability to extend continued financial support to the Company, as and when needed, so as to enable the Company continues its operations as a going concern in foreseeable future.

In view of the same, the management of the Company is hopeful of generating sufficient cash flows in the future to meet the Company's financial obligations. Hence, these financial statements have been prepared on a going concern basis.D68

53 The financial statements were approved for external issue by the board of directors on 17 May 2019.

As per our report of even date.

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

Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 17 May 2019

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

N. Suresh Krishnan
(Chairman)
DIN: 00021965

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

Dharmendra Roy
(Chief Financial Officer)
PAN: ADCPR3374B

Laxman Aggarwal
(Company Secretary)
Membership No. A 19861