

# Walker Chandiook & Co LLP

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## **Independent Auditor's Review Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

### **To the Board of Directors of Gobind Sugar Mills Limited**

1. We have reviewed the accompanying statement of unaudited financial results ("Statement") of Gobind Sugar Mills Limited ("the Company") for the quarter ended 31 December 2017 and the year to date results for the period 01 April 2017 to 31 December 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



# Walker Chandiook & Co LLP

## Independent Auditor's Review Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013



per Neeraj Goel

Partner

Membership No. 099514



**Place:** Gurugram

**Date:** 12 February 2018

**GOBIND SUGAR MILLS LIMITED**

Registered Office : 9/1, R.N. Mukherjee Road, Kolkata - 700001

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Unaudited Financial Results for quarter and nine months ended 31 December 2017

(Rs. in lacs except per share data)

| Particulars  | Quarter ended                   |                                  |                                 | Nine months ended               |                                 | Year ended                 |
|--|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------|
|  | 31 December 2017<br>(Unaudited) | 30 September 2017<br>(Unaudited) | 31 December 2016<br>(Unaudited) | 31 December 2017<br>(Unaudited) | 31 December 2016<br>(Unaudited) | 31 March 2017<br>(Audited) |
| <b>1 Income from operations</b>                                  |                                 |                                  |                                 |                                 |                                 |                            |
| (a) Revenue from operations                                      | 7,262.91                        | 8,022.65                         | 6,726.66                        | 23,007.18                       | 21,236.89                       | 40,489.27                  |
| (b) Other income   | 624.42                          | 352.98                           | 335.94                          | 1,327.55                        | 1,297.79                        | 1,603.72                   |
| <b>Total income from operations</b>                              | <b>7,887.33</b>                 | <b>8,375.63</b>                  | <b>7,062.60</b>                 | <b>24,334.73</b>                | <b>22,534.68</b>                | <b>42,092.99</b>           |
| <b>2 Expenses</b>  |                                 |                                  |                                 |                                 |                                 |                            |
| (a) Cost of raw materials consumed                               | 15,127.67                       | 9.11                             | 10,410.58                       | 16,264.99                       | 11,151.62                       | 30,394.54                  |
| (b) Change in inventories of finished goods and work-in-progress | (10,925.11)                     | 7,140.88                         | (7,183.06)                      | 1,136.24                        | 2,553.92                        | (4,268.21)                 |
| (c) Excise duty and cess on sale of goods                        | -                               | -                                | 352.01                          | 343.27                          | 1,137.47                        | 2,101.91                   |
| (d) Employee benefits expenses                                   | 544.46                          | 419.17                           | 533.94                          | 1,363.04                        | 1,207.80                        | 2,039.93                   |
| (e) Finance costs  | 1,284.07                        | 1,715.01                         | 1,140.45                        | 4,475.07                        | 3,172.11                        | 4,759.32                   |
| (f) Depreciation and amortisation expenses                       | 407.38                          | 407.01                           | 311.96                          | 1,210.06                        | 733.83                          | 1,146.60                   |
| (g) Other expenses   | 959.26                          | 682.48                           | 1,201.48                        | 2,052.04                        | 1,888.48                        | 2,471.60                   |
| <b>Total expenses</b>  | <b>7,397.73</b>                 | <b>10,373.66</b>                 | <b>6,767.36</b>                 | <b>26,844.71</b>                | <b>21,845.23</b>                | <b>38,645.69</b>           |
| <b>3 Profit/(loss) before exceptional items and tax (1-2)</b>    | <b>489.60</b>                   | <b>(1,998.03)</b>                | <b>295.24</b>                   | <b>(2,509.98)</b>               | <b>689.45</b>                   | <b>3,447.30</b>            |
| <b>4 Exceptional items</b>                                       | -                               | -                                | -                               | -                               | -                               | 1,500.38                   |
| <b>5 Profit/(loss) before tax (3-4)</b>                          | <b>489.60</b>                   | <b>(1,998.03)</b>                | <b>295.24</b>                   | <b>(2,509.98)</b>               | <b>689.45</b>                   | <b>1,946.92</b>            |
| <b>6 Tax expense :</b>   |                                 |                                  |                                 |                                 |                                 |                            |
| (a) Current tax  | -                               | -                                | -                               | -                               | -                               | -                          |
| (b) Deferred tax credit/(charge)                                 | (210.54)                        | 651.95                           | (143.62)                        | 750.03                          | (366.95)                        | (110.14)                   |
| <b>7 Profit/(loss) for the period (5+6)</b>                      | <b>279.06</b>                   | <b>(1,346.08)</b>                | <b>151.62</b>                   | <b>(1,759.95)</b>               | <b>322.50</b>                   | <b>1,836.78</b>            |
| <b>8 Other comprehensive income (OCI)</b>                        |                                 |                                  |                                 |                                 |                                 |                            |
| Items that will not be reclassified to profit and loss           |                                 |                                  |                                 |                                 |                                 |                            |
| Remeasurement of defined benefit plans                           | (32.35)                         | (65.31)                          | -                               | (97.66)                         | -                               | (108.85)                   |
| Equity instruments designated at fair value through OCI          | 0.22                            | 1.05                             | -                               | 1.27                            | -                               | 0.62                       |
| Income tax effect  | 11.56                           | 22.24                            | -                               | 33.80                           | -                               | 37.52                      |
| <b>Total other comprehensive income/(loss)</b>                   | <b>(20.57)</b>                  | <b>(42.02)</b>                   | <b>-</b>                        | <b>(62.59)</b>                  | <b>-</b>                        | <b>(70.71)</b>             |
| <b>9 Total comprehensive income/(loss) for the period (7+8)</b>  | <b>258.49</b>                   | <b>(1,388.10)</b>                | <b>151.62</b>                   | <b>(1,822.54)</b>               | <b>322.50</b>                   | <b>1,766.07</b>            |
| <b>10 Paid up equity share capital</b>                           | <b>320.00</b>                   | <b>320.00</b>                    | <b>320.00</b>                   | <b>320.00</b>                   | <b>320.00</b>                   | <b>320.00</b>              |
| (Face value per share Rs. 10/- each)                             |                                 |                                  |                                 |                                 |                                 |                            |
| <b>11 Other equity excluding revaluation reserves</b>            | -                               | -                                | -                               | -                               | -                               | 2,208.16                   |
| <b>12 Earnings per share (Rs. 10/- each) (not annualised)</b>    | <b>8.72</b>                     | <b>(42.07)</b>                   | <b>4.74</b>                     | <b>(55.00)</b>                  | <b>10.08</b>                    | <b>57.40</b>               |
| (Basic and diluted)  |                                 |                                  |                                 |                                 |                                 |                            |

**Segment information:-**

| Particulars   | Quarter ended    |                   |                  | Nine months ended |                  | Year ended       |
|---|------------------|-------------------|------------------|-------------------|------------------|------------------|
|   | 31 December 2017 | 30 September 2017 | 31 December 2016 | 31 December 2017  | 31 December 2016 | 31 March 2017    |
| <b>1 Segment revenue (Revenue from operations)</b>            |                  |                   |                  |                   |                  |                  |
| a) Sugar  | 7,482.04         | 8,022.65          | 6,412.76         | 21,791.12         | 20,785.94        | 39,823.12        |
| b) Power  | 2,639.85         | 49.24             | 2,312.56         | 4,180.76          | 2,745.74         | 6,430.64         |
| <b>Sub total</b>  | <b>10,121.89</b> | <b>8,071.89</b>   | <b>8,725.32</b>  | <b>25,971.88</b>  | <b>23,531.68</b> | <b>46,253.77</b> |
| Less : Inter segment revenue                                  | 2,858.98         | 49.24             | 1,998.66         | 2,964.70          | 2,294.79         | 5,764.50         |
| <b>Total revenue</b>  | <b>7,262.91</b>  | <b>8,022.65</b>   | <b>6,726.66</b>  | <b>23,007.18</b>  | <b>21,236.89</b> | <b>40,489.27</b> |
| <b>2 Segment results</b>                                      |                  |                   |                  |                   |                  |                  |
| a) Sugar  | 279.40           | (739.15)          | 724.03           | (814.29)          | 3,226.26         | 3,983.74         |
| b) Power  | 1,062.84         | (58.98)           | 738.55           | 1,258.87          | 721.11           | 2,471.62         |
| <b>Sub total</b>  | <b>1,342.24</b>  | <b>(798.13)</b>   | <b>1,462.58</b>  | <b>444.58</b>     | <b>3,947.37</b>  | <b>6,455.36</b>  |
| Less : Finance cost   | 853.60           | 1,199.67          | 1,140.45         | 2,953.92          | 3,172.11         | 2,990.82         |
| Add: Unallocable incomes (net of unallocable expenses)        | 0.96             | (0.23)            | (26.89)          | (0.64)            | (85.81)          | (17.24)          |
| <b>Profit / (loss) before tax and exceptional items</b>       | <b>489.60</b>    | <b>(1,998.03)</b> | <b>295.24</b>    | <b>(2,509.98)</b> | <b>689.45</b>    | <b>3,447.30</b>  |
| Less : Exceptional items (sugar business)                     | -                | -                 | -                | -                 | -                | 1,500.38         |
| <b>Profit / (loss) before tax and after exceptional items</b> | <b>489.60</b>    | <b>(1,998.03)</b> | <b>295.24</b>    | <b>(2,509.98)</b> | <b>689.45</b>    | <b>1,946.92</b>  |
| <b>3 Segment assets</b>                                       |                  |                   |                  |                   |                  |                  |
| a) Sugar  | 42,352.34        | 30,728.24         | 35,430.70        | 42,352.34         | 35,430.70        | 43,192.61        |
| b) Power  | 19,637.61        | 20,324.58         | 20,018.29        | 19,637.61         | 20,018.29        | 20,409.84        |
| c) Unallocated  | 8,415.87         | 8,749.85          | 5,531.52         | 8,415.87          | 5,531.52         | 7,766.10         |
| <b>Total</b>  | <b>70,405.82</b> | <b>59,802.67</b>  | <b>60,980.51</b> | <b>70,405.82</b>  | <b>60,980.51</b> | <b>71,368.55</b> |
| <b>4 Segment liabilities</b>                                  |                  |                   |                  |                   |                  |                  |
| a) Sugar  | 24,488.95        | 21,088.27         | 25,122.34        | 24,488.95         | 25,122.34        | 32,170.55        |
| b) Power  | -                | -                 | -                | -                 | -                | -                |
| c) Unallocated  | 45,211.25        | 37,949.80         | 34,927.44        | 45,211.25         | 34,927.44        | 36,669.84        |
| <b>Total</b>  | <b>69,700.20</b> | <b>59,038.07</b>  | <b>60,049.78</b> | <b>69,700.20</b>  | <b>60,049.78</b> | <b>68,840.39</b> |

Note : The Company reports (i) Sugar and (ii) Power as segments in accordance with Ind AS 108 "Operating Segments".

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**GOBIND SUGAR MILLS LIMITED**

Registered Office : 9/1, R.N. Mukherjee Road, Kolkata - 700001

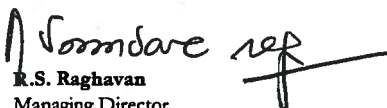
Website : www.gobindsugar.com, email : ig.gsmil@adventz.com, Phone : +91-124-4827800, CIN : L15421WB1952PLC020577

**Notes to Unaudited Financial Results for quarter and nine months ended 31 December 2017**

- 1 Sugar is a seasonal industry where crushing normally takes place during the period between November and April, while sales are distributed throughout the year. Bagasse based co-generation power plant is affected by the availability of bagasse, which is a by product of the sugar cane.
- 2 The financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified under the the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013.
- 3 The Company has recognized an amount of Rs. 8,534.75 lacs as deferred tax assets (net) as at 31 December 2017, as the Company is confident of generating sufficient taxable profits in the near future considering the power purchase arrangements with the Uttar Pradesh Power Corporation Limited, positive expected cash flows, future expansion plans like setting up of Distillery having capacity of 60,000 litres per day, 16 MW Power Plant and industry focused trade policies of the government. The auditors for the quarter ended 31 December 2016 and nine month ended 31 December 2016 qualified their limited review reports on recognition of the same. However, based on the current scenarios, positive moves by state and central governments, evaluation of evidences supporting its recognition, developments in the financial reporting standards, the auditors have not qualified their review reports for the quarter ended 31 December 2017, 30 September 2017, nine months ended 31 December 2017 and audit report for the year ended 31 March 2017.
- 4 During the year ended 31 March 2017, the Company successfully completed and commissioned the 500 TPD refinery and expansion cum modernization of Sugar Plant from 7200 TPD to 10000 TPD w.e.f. 12 November 2016.
- 5 The Company became eligible for interest reimbursement under the Scheme of Sugar Industry, Co-generation and Distillery Promotion Policy 2013 ('scheme') which entitles the Company to receive reimbursement of 5% on the interest payable on the loans obtained from banks/financial institutions/sugar development fund (SDF) on account of plant and machinery purchased for power co-generation plant and capacity-expansion of existing Sugar Mill. The Company started recognizing interest reimbursement in respect of Cogeneration plant with effect from the quarter ended 31 March 2016 and has started recognizing interest reimbursement with respect of expansion of existing sugar mill with effect from quarter ended 30 September 2016 based upon substantial achievement of criteria prescribed for the grant in the scheme. The Company recorded the above subsidy as grant related to income which also includes subsidy with respect to interest during the construction period of the co-generation plant and capacity expansion of existing sugar mill amounting to Rs. 539.37 lacs and Rs. 526.36 lacs, respectively. Auditors qualified their review report for the quarter ended 31 December 2016 and nine months ended 31 December 2016.  
  
The Company revisited the presentation of the subsidies and corrected the errors while transitioning from previous GAAP to Ind AS. The amounts of Rs. 532.99 lacs and Rs. 518.29 lacs (net of amortized amounts) have been transferred to the "deferred income" as mandated by Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance" and presented under relevant heads of other current and non current liabilities. The impact of the last year's error discovered while transition was accounted for in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards" and was reported accordingly.  
The auditors have not qualified their review reports for the quarter ended 31 December 2017, 30 September 2017, nine months ended 31 December 2017 and audit report for the year ended 31 March 2017.
- 6 The Government of Uttar Pradesh issued press release for grant of subsidy for Sugar industry for the crushing season 2015-2016 linked to average selling price of sugar and by-products during the period 1 October 2015 to 31 May 2016. During the year ended 31 March 2017, the Company recognized subsidy amounting to Rs. 64.74 lacs related to the crushing season 2015-2016 in initial days of April 2016 (total subsidy recognized for the aforesaid crushing season amounted to Rs. 1,500.38 lacs, based on estimated average selling prices of the period mentioned above).  
Considering the substantial delay in receiving the same and changes in expectations of the Company regarding its realization, the Company decided to derecognize the whole amount of subsidy as an exceptional item in the year ended 31 March 2017.
- 7 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 quarter ended 31 December 2017, 30 September 2017 and nine months ended 31 December 2017 is not comparable with previous year's corresponding reported periods as Excise duties formed part of revenue from operations and expenses during the previous periods.
- 8(a) During the current crushing season, the net realisable value of molasses decreased substantially due to closure of a number of distilleries in Uttar-Pradesh on the orders of National Green Tribunal (NGT), thereby affecting the profitability of the Company.
- 8(b) Recently, the Government of India increased the customs duty on imported sugar from 50% to 100%. Government of India also imposed quantitative restrictions on sales of sugar for the months of February and March 2018. Consequently, the sugar prices have started going up improving the profitability of the Company.
- 9 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12 February 2018 and have undergone 'Limited Review' by the Statutory Auditors of the Company.
- 10 The figures for the corresponding previous periods have been regrouped/restated, wherever necessary, to make them comparable.

For and on behalf of the Board of Directors of

**Gobind Sugar Mills Limited**

  
R.S. Raghavan  
Managing Director  
DIN No. 00362555



Place: Gurugram

Date: 12 February 2018