

DIRECTORS' REPORT

To,

The members,

Your Directors are pleased to present the 26th Annual Report of the Company along with the Audited Financial Statements for year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS

The summarized standalone and consolidated results of your Company and its subsidiaries are given in the table below:

(Amount ₹ in Lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
1	Revenue from operations	802.39	18627.08	219619.70	198775.07
2	Other Income	1184.69	1948.77	2010.47	2904.84
3	Total Revenue	1987.08	20575.85	221630.16	201679.92
4	Profit / (Loss) before interest, Depreciation , Exceptional items and Taxes (PBIDTA)	529.77	(1.33)	5609.13	4576.77
5	Interest and Financial Cost	64.21	292.22	3225.41	3281.85
6	Depreciation and Amortisation	17.86	15.96	502.61	456.03
4	Profit / (Loss) before Exceptional items and Taxes	447.70	(309.51)	1881.13	838.90
7	Exceptional Items	(32.35)	(2798.83)	(32.35)	(2478.27)
8	Profit/(Loss) before Taxation (PBT)	415.35	(3108.34)	1848.77	(1639.37)
9	Provision of Taxation including Deferred Tax liability/(Assets)	142.31	(127.53)	665.55	330.48
10	Profit/ (Loss) from ordinary activities after tax	273.04	(2980.81)	1183.23	(1969.85)
11	Net Profit/(Loss) from discontinued operations after tax	---	2809.03	----	2874.64
12	Net Profit/(Loss)	273.04	(171.78)	1183.23	904.80
13	Total Comprehensive Income/(Loss)	269.00	(167.81)	1197.80	896.12

2. DIVIDEND

In order to conserve the resources and to strengthen the financial position of the company and to meet long term fund requirement and future contingencies, your Directors do not recommend any dividend for the year under review.

3. BUSINESS PERFORMANCE

Standalone Basis

During the year under review, total revenue from operation was Rs 802.39 Lakhs against Rs. 18,627.08 Lakhs in the previous year. There has been decrease by 95.69 % in total income. After divestment of Haldia undertaking the management is looking for sustainable business opportunity. Hence there is decline in the total income.

Net Profit after tax is Rs.273.04 Lakhs for year ended 31.03.2019 as against Net loss of Rs. (171.78) lakhs in previous year.

Consolidated Basis

During the year under review total revenue from operation was Rs. 219619.70 lakh against Rs.198775.07 lakhs in the previous year. This show an increase in total revenue by 10.49 % as compared with previous year.

Net profit after tax is Rs. 1183.23 Lakhs for year ended 31.03.2019 as against Net profit of Rs. 904.80 lakhs in previous year. Hence the net profit after increased by 30.77 % in FY 2018-19 as compared with previous year.

There has been no change in the nature of business of the Company during the financial year under review.

4. Business performance of Subsidiaries:

(i) Domestic Subsidiary

Gokul Agri International Limited, wholly-owned subsidiary of the Company has its production facility at Sidhpur, District- Patan, Gujarat, India and is engaged in the business of seed processing, solvent extraction, refining of edible oils and non-edible industrial

oil such as castor oil. The Sidhpur Plant currently processes various types of oils including Kachi Ghani oil, Mustard oil, Refined Cottonseed oil, Soyaben Refined oil, Palmolein and Castor oil. It is also trading in agro commodities including spices in domestic and international market.

During the year under review, total revenue from operation was Rs.218862.64 Lakhs against Rs. 1,86,916.82 Lakhs in the previous year. This shows an increase of 17.09% over the previous year.

Net profit after tax is Rs.917.46 Lakhs for year ended 31.03.2019 against Rs. 788.72 lakhs in previous year. This shows an increase of 16.32 % in over previous year.

(ii) Overseas Subsidiary

Gokul Refoils Pte Ltd, wholly-owned subsidiary of the Company incorporated in Singapore which has not yet started any significant activity. Net loss of the Company is Rs. (5.60) Lakhs for year ended 31.03.2019 against Net loss of Rs. (1.55) Lakhs in previous year. This Subsidiary was formed with an object to carry on business of palmolien in overseas market.

Due to divestment of Haldia Undertaking the Company is no more involved in import of Palm Oil, and Soya Bean Oil, hence there is no need of hedging tools /activities on international exchanges such as BURSA Malaysia & CBOT which has been carried out through Gokul Refoils Pte Ltd. In view of this and considering the business restructuring and future plan of the company, Gokul Refoils Pte Ltd had no role and management has consented to dissolve the subsidiary.

5. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments affecting financial position between end of the financial year and the date of the report.

6. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2019 was Rs. 2637.90 Lakhs. There has been no change in capital structure of the Company during the year under review.

7. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 the report on performance and financial position of subsidiaries, associates and joint venture companies is attached as an annexure in Form AOC-1 prepared under section 129(3) of the Companies Act, 2013 to the consolidated Financial Statements of the Company which forms part of this report.

The Company has kept the separate audited financial statements in respect of each of subsidiaries at the Registered Office of the Company and available upon the request by any shareholder of Company. The said financial statements are also available on the website of your Company at www.gokulgroup.com. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: <http://www.gokulgroup.com/investor.php>.

8. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements form part of this Annual Report. The Consolidated Financial Statements are prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

9. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Retire by Rotation

Mr. Bipinkumar Thakkar is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Directors recommend for his re-appointment.

As required under regulation 36(3) of the Listing Regulations, particulars of Director seeking re-appointment at the ensuing AGM are annexed to the notice convening Twenty Sixth AGM

Appointment / Resignation

Mr. Piyushchandra Vyas, Mr. Karansinh Mahida, Prof.(Dr)Dipooba Devada were appointed as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013 for the first term of 5 years and will hold office upto conclusion of the 26th AGM in the calendar year 2019. Considering their knowledge, expertise and experience in their respective fields and the substantial contribution made by these Directors during their tenure as an Independent Director since their appointment, the Nomination & Remuneration Committee and the Board has recommended the re-appointment of these Directors as Independent Directors on the Board of the Company, to hold office for second term of five consecutive years commencing from 11th September, 2019 upto 10th September, 2024 and not liable to retire by rotation. The Company has received declaration from all these Directors that they continue to fulfill the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16 of the Listing Regulations (including statutory re-enactment thereof for the time being in force).

In terms of the provisions of Section 160(1) of the Companies Act, 2013, the Company has received a Notice from a Member signifying his intention to propose the candidature for the reappointment of Mr. Piyushchandra Vyas, Mr. Karansinh Mahida, Prof.(Dr)Dipooba Devada for the office of Independent Directors not liable to retire by rotation.

During the year under review, there is no change in the constitution of Board of Directors.

Criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013

The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013. The details of familiarization programme for Independent Directors, conducted during the year, have been provided under the Corporate Governance Report.

Evaluation of Board Performance

In compliance with the Companies Act, 2013 and SEBI (LODR), Regulations, 2015, the performance evaluation of the Board and its Committees was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

Nomination and Remuneration Policy

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees can be viewed at the Company's website at weblink <http://www.gokulgroup.com/investor.php>

10. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules and no complaint has been received on sexual harassment during the financial year 2018-19.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]

11. WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Whistle Blower Policy for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The details of the said Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

12. AUDIT COMMITTEE

The Audit Committee comprises Directors namely Mr. Piyushchandra Vyas (Chairman), Mr. Karansinh Mahida, Prof. (Dr). Dipooaba Devada and Mr. Bipinkumar Thakkar.

All the recommendations made by the Audit Committee were accepted by the Board and implemented accordingly. The details of term of reference of the Audit Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

13. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Further, the Company identifies risks with its degree and control systems are instituted to ensure that the risks in business process are mitigated. The Board provides oversight and reviews the Risk Management Policy periodically. In the opinion of the Board there has been no identification of elements of risk that may threaten the existence of the Company.

14. MEETINGS OF BOARD

The Board of Director met five times during the year 2018-19. The Details of the Board Meetings and the attendance of the Directors are given in the Corporate Governance Report.

15. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions Section 134(3)(c) of Companies Act, 2013, the Directors state that:-

- a) In the preparation of the Annual Accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and that there are no material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and the profit and loss of the Company for the year ended on that date;
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) That proper internal financial controls are in place and that the financial control are adequate and are operating effectively; and
- f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such a systems are adequate and operating effectively.

16. AUDITORS
i) STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed there under, M/s. M. M. Thakkar & Co. Chartered Accountants, Rajkot having Firm Registration No. 110905W were appointed as Statutory Auditors of the Company from conclusion of the 24th Annual General Meeting (AGM) till the conclusion of the 29th AGM to be held in the year 2022.

M M Thakkar & Co, Chartered Accountants have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the company.

The Auditor's Report to the shareholders for the year under review does not contain any qualification.

Details in respect of frauds reported by auditors under sub-section (12) of Section 143 other than those which are reported to the central government:

During the year under consideration, there were no such instances.

ii) SECRETARIAL AUDITOR

Yash Mehta & Associates, Practicing Company Secretaries were appointed to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report is annexed herewith as **ANNEXURE-I** to this Report.

iii) COST AUDITORS

The Company doesn't fall under the purview and requirement to get the cost audit done for FY 2019-20 pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, hence the Company has not appointed Cost Auditors for FY 2019-20.

17. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility Committee comprises Mr. Balvantsinh Rajput as the Chairman, Mr. Piyushchandra Vyas and Prof.(Dr.) Dipooaba Devada as the members.

Pursuant to the provisions of section 135 of Companies Act 2013, company is not required to spend any amount in CSR activities for the financial year 2018-19 as company's average profit during the three immediately preceding financial years does not exceed Rs.5 Crores

However the company has spent an unspent amount of Rs.16.11 Lakhs of the F.Y 2017-18 during the F.Y 2018- 19 towards its CSR obligation.

The Report on CSR activities is given in **ANNEXURE-II** forming part of this Report.

18. MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this Annual Report.

19. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015 a separate section on Corporate Governance forms part of this report and Certificate from a Company's Auditor regarding compliance of conditions of Corporate Governance is as **ANNEXURE-III**.

20. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as **ANNEXURE-IV** which forms part of this report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **ANNEXURE-V** which forms part of this report.

21. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

The rules regarding conservation of Energy and Technology Absorption are not applicable to the Company as company does not have any production unit at present. However, the information pertaining to Foreign Exchange Earnings and Outgo are as follows:

(Amount ₹ in Lakhs)

Particulars	Year ended 2018-19	Year ended 2017-18
1) Total foreign exchange used	Nil	13.08
2) Total foreign exchange earned	53.12	89.57

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

23. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the company had not entered into any contract or arrangement or transactions with related parties which could be considered 'material' (i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements entered into individually or taken together with previous transactions during the financial year) according to the policy of the Company on materiality of Related Party Transactions. Accordingly, there are no transactions that are required to be reported in form AOC-2.

However, you may refer to Related Party transactions, as per the Ind AS, in Note No.37.of the Standalone Financial Statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link:- <http://www.gokulgroup.com/investor.php>

24. ANNUAL RETURN

Pursuant to Section 92(3) of the Act read with the applicable Rules, the extract of Annual Return in Form MGT 9 is attached as **ANNEXURE VI** to this Report. Further, the extract to the Annual Return of the Company can also be accessed on the Company's website at the link <http://www.gokulgroup.com/investor.php>

25. INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134(5)(e) of the Act. For the year ended on March 31, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations, Managing the Risks of fraud, corruption.

26. MAINTENANCE OF COST RECORDS UNDER SUB SECTION (1) OF SECTION 148 COMPANIES ACT, 2013:

The Company doesn't fall under the purview and requirement of maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

27. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

28. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:-

- 1) Details relating to deposits covered under Chapter V of the Act.
- 2) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- 3) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- 4) Neither the Managing Director nor the Whole-time Directors of the Company receive any commission from the Company and not disqualified from receiving any remuneration or commission from any of subsidiaries of the Company.
- 5) No significant and material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's future operations.

29. APPRECIATIONS

Your Directors wish to place on record their appreciation for the continuous support received from the Members, customers, suppliers, bankers, various statutory bodies of the Government of India and the Company's employees at all levels.

Date: 27th May, 2019

Place: Ahmedabad

For, Gokul Refoils and Solvent Limited

Sd/-

Balvantsinh Rajput

Chairman & Managing Director

(DIN:00315565)