

Garden Silk Mills Limited

ANNUAL REPORT 2018-2019



CORPORATE INFORMATION

BOARD OF DIRECTORS

Praful A. Shah (DIN: 00218143)
Chairman & Managing Director
Alok P. Shah (DIN: 00218180)
Executive Director, CFO & COO
Sanjay S. Shah (DIN: 00024004)
Executive Director
Suhail P. Shah (DIN: 00719002)
Executive Director
Yatish C. Parekh (DIN: 00168488)
Sunil S. Sheth (DIN: 00024033)
Deepak N. Shah (DIN: 07356807)
Ketan A. Jariwala (DIN:02095540)
H. C. Mishra (Nominee of LIC) (DIN: 03111520) *
Anita Mandrekar (DIN: 00623327) **
* up to 12/07/2018
** up to 31/03/2019

KAMLESH B. VYAS
Company Secretary

REGISTERED OFFICE

1st Floor, Tulsi Krupa Arcade,
Near Aai Mata Chowk,
Puna-Kumbharia Road, Dumbhal,
Surat 395010.
Tel: (0261) 2311197, 2311615.
Fax: (0261) 2311029.
e-mail:sharedepartment@gardenvareli.com
CIN: L17111GJ1979PLC003463
<http://www.gardenvareli.com>

STATUTORY AUDITORS

Sharp & Tannan Associates,
Chartered Accountants, Mumbai

COST AUDITORS

Smit Manubhai & Associates
Cost Accountants, Surat

PLANTS

- (i) Vareli Complex, Village Vareli
Taluka Palsana, Dist. Surat 394 327
Tel: (02622) 271241-47
- (ii) Village Jolwa, Taluka Palsana,
Dist. Surat 394 305
Tel: (02622) 271287-89

BANKERS

Bank of Baroda
Allahabad Bank
State Bank of India
Bank of India
Corporation Bank
Union Bank of India
IDBI Bank Limited
Indian Overseas Bank
Export Import Bank of India (EXIM Bank)
Life Insurance Corporation of India
Indian Bank
ICICI Bank Ltd.

REGISTRARS AND TRANSFER AGENTS

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad 500032. State: Telengana, India.
Phone No. 040 67162222,
Fax No. 040 23001153
e-mail: einward.ris@karvy.com
Website: www.karvy.com

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40th Annual General Meeting on Wednesday, 25th September, 2019 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010

DIRECTORS' REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Members,

Your Directors present the 40th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

The Management's Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming a part of this report.

Summarised Financial Results

The Company's performance during the financial year ended 31st March, 2019 as compared to the previous financial year, is summarised below:

	(₹ in Crore)	
	2018-19	2017-18
Sales / Revenue from Operations	3480.73	3033.40 *
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	190.63	180.76
Less: Finance Costs	204.10	188.62
Profit / (Loss) before Depreciation and Tax	(13.47)	(7.86)
Less: Depreciation & Impairment Losses	72.84	81.11
Less: Exceptional Items (Net)	3.46	0.00
Profit / (Loss) before tax	(89.77)	(88.97)

* Net of Excise Duty

Review of Operations

Your Company achieved 14.75% year-on-year (YoY) growth in gross operating revenue at ₹ 3480.73 Crore for FY 19 as compared to ₹ 3033.40 Crore (net of excise duty) in the previous fiscal. The increase in turnover was primarily due to improved price realisation in chips and yarn segments coupled with higher sale volume in chips segment.

Despite the continuing challenging operating environment, the Company achieved improved operating EBITDA, (including other income) for FY 19 at ₹ 190.63 Crore against ₹ 180.76 Crore in FY 18. Finance costs for FY 19 remained high at ₹ 204.10 Crore as compared with ₹ 188.62 Crore for FY 18 which resulted in negative PAT.

The overall production of chips and polyester melt was higher at 323360 MT during FY 19 as compared to 319979 MT in FY 18. In volume terms, sale of chips for FY 19 was higher at 172398 MT compared to 169408 MT in the previous year. In value terms also, sale of chips for FY 19 was higher at ₹ 1423.32 Crore as compared to ₹ 1112.04 Crore in the previous year.

During FY 19, capacity utilisation level in our Polyester Filament Yarn (PFY) including processed yarn declined slightly. The PFY production during FY 19 was at 172673 MT as compared to 176630 MT in the previous year. Due to maintenance shutdowns taken during a period of significant price volatility, the volume of sale of PFY including processed yarn declined in FY 19 at 174193 MT as compared to 182847 MT in previous year.

Owing to higher prices in POY and processed yarn, we achieved higher sales of ₹ 1897.91 Crore in FY 19 as compared to ₹ 1808.32 Crore in previous year.

Your Company maintained its product leadership in Polyester Weaving Division. Sale of grey fabrics was ₹ 66.79 Crore in FY 19 as compared to ₹ 66.55 Crore in previous year. Finished fabric segment contributed ₹ 66.48 Crore in the total operating revenue in FY 19.

We achieved substantial growth in our income from export sales, which contributed ₹ 1094.80 Crore to the operating income for FY 19 as compared to ₹ 589.37 Crore in previous year. Exports were primarily that of chips which helped the Company improve its chip margins over the previous year. Our global competitiveness and profitable exports to quality customers have reduced pressure of sales in the relatively weak domestic markets.

Introduction of GST helped our performance in the domestic chips and yarn market as level playing field has been finally created, yet the local markets continued to be weak and demand for fabrics remained subdued.

Higher raw material prices in the year under review resulted into higher input cost and pressure on the operating margins across the board. However, prudent inventory and production management has helped the Company protect margins against adverse impact of raw material price volatility. The Company was able to secure its full raw material supplies (except in couple of months during the year).

The Company continued its efforts to expand its customer base and develop new products. Your Company maintains its focus on cost reduction at the manufacturing level via its continuous improvement program.

The Company is continuously working on increasing/modifying its supplier base to reduce cost and lead time and ensure uninterrupted supply of raw materials and other inputs. The Company simultaneously reviews its policies and practices to adjust the inventory level of both raw materials and finished goods to reduce the impact of volatility in raw material prices while ensuring availability of sufficient stock for optimum production planning and supply of finished goods.

Your Company continues to have price and product leadership in its key specialty yarn product segments: especially cationic, fine-denier and spandex-covered yarns. It is also an important player in mother-yarn and nylon yarns. It continues to be perceived in the market as a premium producer of quality chips, yarn and fabric even for its commodity products.

The overall performance of the Company for FY19 can be considered satisfactory, given the financial constraints facing the Company and despite steep decline in raw material prices in the second half of the year.

Dividend

Considering the loss incurred by the Company, your Directors do not recommend any dividend on equity shares for the financial year 2018-19.

Transfer to Reserves

In absence of distributable profits / earnings, it is not proposed to transfer any amount to reserves for the financial year 2018-19.

Nature of Business

Garden Silk Mills Ltd. is one of India's leading man-made-fibre based textile companies. It is a vertically integrated manufacturer of a wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (Grey) Fabric as well as Dyed and Printed Sarees and Dress Materials. During the year under review, there was no change in the nature of business of the Company.

Going Concern Status

The Company has term loans, working capital loans and other financing arrangements from various banks and other lenders. These lenders have declared their arrangements with the Company as non-performing asset since the Company has defaulted in repayment of principal, interest and other penal dues. The Company's net-worth as at the year-end is negative mainly due to accumulated losses. Although the Company has shown an improvement in its operating income for the year, the Company continues to face significant pressure on its financial resources.

The Company is in discussions with its consortium of lenders for financial restructuring arrangement including identifying a suitable investor. The lenders have expressed optimism about the successful closure of above resolution in a time-bound manner and the company has thus accordingly prepared financial results on a going-concern basis.

Overview of the economy

India continued to remain the fastest growing major economy in the world in 2018-19, despite a moderation in its GDP growth from 7.2% in 2017-18 to 6.8% in 2018-19. World output growth also declined from 3.8% in 2017 to 3.6% in 2018 and has slowed further so far in 2019.

Indian's economy grew at the average of 7.4% during the last five years (2014-19). The average growth rate of India was not only higher than China's between 2014-15 and 2017-18, but was much higher than that of other major economies as well.

The global economy is facing major headwinds owing to the US-China trade war and the various geopolitical risks which has impacted global demand for manufactured products severely. Polyester demand is relatively inelastic and is less affected so far.

India's rupee is likely to be affected by China's economic slowdown leading to competitive devaluation. Rupee may come under stress due to global factors. The Indian rupee was at ₹ 69.17 to a US\$ as on 31st March, 2019 as compared to ₹ 65.17 to a US\$ as on 31st March, 2018. A weakening rupee increases the price of polyester, however the low price of crude (a consequence of global weakness) should more than compensate to keep prices in check.

A weak global economy primarily hurts Indian polyester by worsening export prospects and increasing chances of dumping of textiles and garments from countries like China and Bangladesh.

The Indian economy while relatively strong so far is showing signs of weakness which may impact polyester demand to some extent.

Industry Scenario

During the year under review, the market of Polyester Filament Yarn remained subdued. While demand continued to grow briskly the supply overhang remains and yarn margins were weaker than in the previous year. Industry polyester chip margins were stable but the Company was able to improve its margins owing to a better customer profile.

The average price of crude in FY19 was about \$70 per barrel, much higher than in FY18 (\$ 58). This resulted in much higher raw material and thus finished goods prices which impacted demand to some extent. Yet the global slowdown has led to fall in crude and raw material prices which should have a favourable effect going forward.

The current slowdown hinges around the shortage of liquidity and incomes in the rural and the informal sectors. This has impacted the production of intermediate and finished goods such as yarn and fabrics.

The Indian textile industry is currently passing through a turbulent phase in the post-GST environment but the government is sensitive to the industry's needs and so we remain optimistic for strong growth in the years to come.

Opportunities, Challenges, Threats, Risks and Concerns

Global fibre consumption is dominated by man-made fibres, having 70 per cent of share, while natural fibre constitutes only 30 per cent. Contrary to the global trend, fibre consumption in India is skewed towards natural fibres, especially cotton. The growth of cotton is limited owing to less availability of agricultural land, high prices and lower versatility. Man-made fibres are dominated by polyester, and increasingly, fast growing polyester filament yarn.

In future, Indian polyester filament yarn manufacturers might get a larger pie of the global market, at a time as China, the world's largest producer of these products, is expected to reduce its share owing to rising labour costs.

Yet, the polyester market is competitive and continuous efforts are necessary to remain ahead though innovative and better products and fast adaptation to market trends.

High crude oil prices in FY19 worsened demand however the recent fall in has come as a relief for polyester yarn manufacturers still reeling from the demand shocks of demonetization and the Goods and Service Tax (GST) that impacted the downstream unorganised wholesale and retail markets.

While currency risk and volatility has increased the Company covers its foreign currency exposures in forward market to minimise the impact of currency fluctuation.

Working capital cost has gone up as the businesses have to wait for tax refunds to come through. Pending tax refunds have resulted in liquidity constraints in the industry.

The current slowdown in consumer demand owing to weakness in Indian economy has affected near term demand, however polyester demand being relatively inelastic, it is expected that this would be temporary in nature.

The key risk facing the Company is that despite its relatively strong EBITDA lenders are seeking to cut their exposure and have reduced working capital availability which is resulting in financial constraints which has already impacted performance and continues to do so.

The Company is exposed to risks attached to various statutes and regulations including the Competition Act, 2002. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

Business Outlook

The year FY19 was a challenging year that saw oil and raw material price volatility resulting in fluctuations in finished goods prices and weak market sentiments. Despite this, our emphasis on increased products differentiation along with improved operational efficiencies and careful working capital management helped us to deliver a reasonably good performance.

In the coming year it is expected that oil and raw material prices will be much lower than in FY19 which will result in more competitive prices for the end-consumer who has been somewhat affected by the economic slowdown.

Competitive pressures are expected to continue to impact the profitability of the Company and the industry in FY20 as well. While exports are somewhat subdued at present, these markets are expected to get a boost in the coming months owing to downstream expansions by existing customers.

As the downstream industry gets accustomed to and embraces, GST growth should pick up further.

The oversupply in the industry appears to be nearing its end with most healthy competitors running at near full capacity once again. Very few expansions are now anticipated in the spinning industry while the demand growth should ensure that margins start to improve again in the years to come.

Financial Performance

Discussion on financial performance with preference to operational performance has been dealt with in this Report in the relevant para which should be treated as forming part of the Management Discussion and Analysis Report.

Resource and Liquidity

During the year under review, volatility in raw material prices affected the working capital cycle as well as inventory management for the Company.

As the Company's accounts is a "non-performing asset" (NPA) with all the consortium lenders, it is facing financial constraints from its lenders who have significantly curtailed working capital availability.

Despite these challenges, your Company during FY19 repaid ₹ 2.72 Crore towards principal component of term loans from banks and financial institutions. Moreover, the total outflow towards debt servicing including interest and other financial charges during the year 2018-19 amounted to ₹ 99.68 Crore. No fresh term loans were availed from banks and financial institutions during the year under review.

The Company's lenders are making efforts for a resolution through assignment of debts or one-time settlement.

Share Capital

The Paid-up Equity Share Capital of the Company as on 31st March, 2019 was ₹ 42.08 Crore. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted stock options. As on 31st March, 2019, none of the directors of the Company hold instruments convertible into equity shares of the Company.

Disclosures in respect of voting rights not directly exercised by employees

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

Subsidiary, Joint Venture and Associate Companies

The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018.

Indian Accounting Standard (Ind AS)

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') from 1st April, 2017 with a transition date of 1st April, 2016. The financial results for the year 2018-19 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other recognized accounting practices and policies to the extent applicable.

Corporate Governance

Your Company reaffirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 'C' of Schedule V on Annual Report pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section of disclosure on Corporate Governance and a certificate from M/s Sharp and Tannan, Chartered Accountants, Statutory Auditors of the Company in this regard, are annexed hereto and forms part of the Report. The auditor's certificate for the year 2018-19 does not contain any qualification, reservation, adverse remark or disclaimer.

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2018-19. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

Directors and Key Managerial Personnel

The Board of Directors consists of nine members, of which five are Independent Directors. The Board also comprises of one woman Director.

As per the provisions of Section 152(6) of the Companies Act, 2013 and the Company's Articles of Association, Shri Suhail P. Shah (DIN: 00719002) Retire by Rotation at the ensuing 40th Annual General Meeting and, being eligible, offers himself for re-appointment as a Director of the Company.

Further, consequent to the resignation of Mr. H. C. Mishra vide letter dated 12th July, 2018, LIC of India intimated to the Company vide its letter dated 29th August, 2018 for withdrawal of nomination of Shri H. C. Mishra on the Board of Directors of your Company.

Smt. Anita Mandrekar (DIN: 00623327) a Non-Executive Independent Director on the Board resigned from the directorship of the Company with effect from 31st March, 2019 due to her advanced age and other personal commitments. The Directors places on record the valuable contributions made by Smt. Mandrekar during her tenure with the Company. The Company is in process to identify and appoint an appropriate woman director on the Board.

The Board of Directors of the Company at its meeting held on 4th February, 2019 on recommendation of Nomination and Remuneration Committee re-appointed Shri Alok P. Shah as Wholetime Director designated as Executive Director (ED), Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the Company for a period of three years with effect from 1st June, 2019 subject to approval of shareholders at the ensuing annual general meeting.

The Board also re-appointed Shri Praful A. Shah as Chairman and Managing Director of the Company for a period of three years with effect from 1st September, 2019 subject to approval of shareholders at the ensuing annual general meeting. The necessary resolutions have been proposed in the notice of annual general meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulation.

As per the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Shri Praful A. Shah, Managing Director, Shri Alok P. Shah as Wholetime Director and CFO and Mr. Kamlesh B. Vyas, Company Secretary and Compliance Officer are the key managerial personnel of the Company.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

The information as required to be disclosed under regulation 36(3) of SEBI Listing Regulations, 2015 in case of re-appointment of the directors is provided in the Notice of the ensuing annual general meeting.

Disclosure Relating to Remuneration of Directors and Key Managerial Personnel

The remuneration paid to the Directors is in accordance with the Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013.

Disclosures of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as '**Annexure C**'.

The details of remuneration paid to the Directors including Executive Directors of the Company are given in Form MGT-9 forming part of the Directors Report.

Consolidated Financial Results

During the year under review, the business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018. Accordingly, preparation of consolidation of financial results as stipulated by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015') is not applicable.

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(1)(c) read with Section 134(5) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- a) that in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) that 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 of the profit of the Company for the year ended on that date;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have prepared the annual accounts on a going concern basis;
- e) that the Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 19.

Number of meetings of the Board

Four meetings of the Board of Directors of the Company were held during the year. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. For further details, please refer to Corporate Governance section of this Annual Report.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), the Board has devised a policy on evaluation of performance of Board of Directors, Committees and Individual directors. The policy is also in compliance to Regulation 19 read with Schedule II, Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Performance Evaluation of the Board, its Committees and individual Directors.

The Board has carried out the annual evaluation of its own performance and that of its Committees and individual Directors for the year pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements prescribed under the Listing Regulations.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors. The criteria for performance evaluation of the Board was based on the Guidance Note issued by SEBI on Board Evaluation which included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning etc. The result of the evaluation is satisfactory and adequate and meets the requirements of the Company.

Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held on 23rd March, 2019, without the participation of the Executive Directors or Management personnel.

The Independent Directors carried out performance evaluation of Non-Independent Directors and the Board of Directors as a whole, performance of Chairman of the Company, the quality, contents and timelines of flow of information between the Management and Board, based on the performance evaluation framework of the Company.

Declaration of Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there is no change in their status of independence. As required under Section 149(7) of the Companies Act, 2013, the said declaration was placed in the Board Meeting held on 30th May, 2019.

Familiarisation Programme

The Company has put in place an induction and familiarisation programme for all its Directors including the Independent Directors so as to associate themselves with the nature of the industry in which the Company operates. Directors are periodically advised about the changes effected in the Corporate Laws, Listing Regulations with regard to their roles, rights and responsibilities as Director of the Company. The familiarisation programme for Independent Directors in terms of the provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company.

Nomination and Remuneration Policy

On recommendation of Nomination and Remuneration Committee, the Board of Directors have approved a Nomination and Remuneration Policy for the appointment and remuneration of the director, key managerial personnel (KMP) and other employees.

The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of performance of Independent Directors and the Board and to devise a policy on Board diversity.

The Policy, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a director, and expertise and experience required for appointment of Directors, KMP and Senior Management.

As per the Policy, the remuneration / compensation to the Whole-time Directors shall be recommended by the Nomination and Remuneration Committee to the Board for its approval. However, the remuneration compensation to Whole-time Directors shall be subject to the approval of the shareholders of the Company and Central Government, wherever required. Further, the Non-Executive Directors shall be entitled to the fees for attending meetings of Board and Committees within the limits prescribed in the Companies Act, 2013. The Nomination and Remuneration Policy is available on the company's website.

Particulars of the Company's Remuneration Policy and information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 as set out in 'Annexure D', forms part of this Report.

A brief detail of the Policy is also given in the Corporate Governance Report.

Auditors and Auditors' Report

In accordance with the provisions of the Companies Act, 2013, M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) have been appointed as the statutory auditors of the Company for a period of five years i.e. up to the conclusion of 43rd Annual General Meeting to be held for the adoption of the accounts for the year ending 31st March, 2022. In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditor and Cost Audit Report

M/s Smit Manubhai & Associates, Cost Accountants, (Firm Registration Number 2502), were appointed as the Cost Auditor for the financial year 2018-19 to conduct the audit of the cost records of the Company. During the year, the Directors, on the recommendation of the Audit Committee, appointed M/s Smit Desai & Associates, Cost Accountants, (Firm Registration Number 001876) as the Cost Auditor for the financial year 2019-20 on a remuneration of ₹ 2.00 Lacs plus out of pocket expenses and applicable taxes.

In terms of the provisions of Section 148(3) of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, at the ensuing AGM the Board seeks ratification of the remuneration payable to the Cost Auditors for the financial year 2019-20.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have re-appointed, Shri Kunjal Dalal of K. Dalal & Co., Practicing Company Secretaries, (CP No.3863), Surat to conduct the Secretarial Audit of the Company. The Report of the Secretarial Auditor for the year 2018-19 in the prescribed form MR-3 is attached as 'Annexure E'. As mentioned therein, the delay of 18 days in filing quarterly Corporate Governance Compliance Report was inadvertent and unintentional. Except the aforesaid remark, there was no other qualification, reservations or adverse remark or disclaimer made by the Secretarial Auditor.

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company have appointed Shri Piyush Patel, Chartered Accountant (ICAI Membership No.116769) as Internal Auditor of the Company, for the financial year 2019-20.

The audit committee of the Board of Directors in consultation with the Internal Auditor formulates the scope, functioning, periodicity and methodology for conducting the internal audit.

Audit Committee

The Audit Committee of the Company comprises of three Independent Directors. The composition of directors and other details are provided in the Corporate Governance Report of the Company.

All the recommendations made by the Audit Committee during the year were accepted by the Board. During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Directors' Report.

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Listing Regulations, 2015, the Company has established a vigil mechanism through the Committee, wherein the genuine concerns can be expressed by the employees and directors. The Company has also provided adequate safeguards against victimization of employees who expressed their concern. The Company has provided the details of the vigil mechanism in the Whistle Blower Policy in their Corporate Governance Report and also posted these on the website of the Company.

Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013, comprising of three Directors including Independent Director.

For the current financial year 2018-19, as the average profits for the last three years is negative, the requirements for spending based on average profits is not applicable. However, the Company has voluntarily spent an amount of ₹ 1.25 Lacs towards various education promotion and social welfare related programs during the year.

The CSR Committee will further continue to identify the project which can be covered under the CSR guidelines in compliance with the CSR objectives and policy of the Company.

The report as per Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as '**Annexure B**' to this Report.

Contracts or Arrangement with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with Related Parties were in its Ordinary Course of Business and on arms' length basis.

Pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all Related Party Transactions were placed before the Audit Committee for its approval. There were no materially significant transactions with related parties during the financial year under review, which were in conflict with the interest of the Company.

The policy on related party transactions as approved by the Board is uploaded on the Company's website. The Company's management ensures total adherence to the approved Policy on Related Party Transactions to establish Arm's Length Basis without any compromise.

Disclosure of related party transactions with the promoter(s) / promoter(s) group which individually hold 10% or more shareholding of the Company as per Indian Accounting Standards are set out in Note No.32 of the Financial Statements of the company. The weblink for the Policy for Related Party Transaction is placed on the Company's website <http://www.gardenvareli.com/policies.aspx>.

Your Directors draw attention of the members to Note No.32 to the financial statements which sets out related party disclosures.

Whistleblower Policy and Vigil Mechanism

Your Company has adopted a Whistleblower Policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and its Stakeholders to report their concern about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. Protected disclosures can be made by a whistleblower through several channels.

The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The details of the Policy are given in the Corporate Governance Report and the Policy is also posted on the website of the Company at <http://www.gardenvareli.com/policies.aspx>.

Prevention of Sexual Harassment ('POSH')

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes the dignity of all employees. 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. This is in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. There was no complaint of sexual harassment was received by the Company during the financial year 2018-19 under the aforesaid Act.

Risk Management

Your Company recognizes that the risk is an integral part of business and is committed to managing the risks in proactive and efficient manner. Your Company periodically assesses the risks in the internal and external environment along with treating the risks and incorporates risk management plans in its strategy, business and operational plans.

The Audit Committee and the Board are appraised of the significant risks and mitigations efforts made by the Management in its quarterly meetings.

The business plan for the future are devised and approved by the Board keeping in mind the risk factors which can significantly impact the performance of the particular business. All major capital expenditures commitments are subject to scrutiny by the Board and investments are permitted only on being satisfied about its returns or utility to the Company. There are no risks which in the opinion of the Board threaten the existence of the Company.

Information Technology

Information Technology is a driving force of the business. The Company is continuously adopting and utilizing various information technology tools and is in process to implement technologies such as Industrial *Internet of Things (IOT)*, among others, to improve business process efficiencies.

As a part of its Digital Transformation journey, your Company has implemented a production planning and execution system, which was otherwise a manual process. The system for adopting GST in Oracle EBS12 has been successfully implemented by the Company. This project has been carried out entirely in-house.

Internal Financial Control System and their Adequacy

The Company is having in place Internal Financial Control System. The Internal Financial Control Systems with reference to the financial statements were adequate and operating effectively. The Company has an adequate internal control system commensurate with the size and scale of its business operations.

The Company has appointed Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

The Audit Committee of the Board of Directors approves the annual internal audit plan, periodically reviews the progress of audits as per approved audit plans, critical internal audit findings presented by internal auditors, status of implementation of audit recommendations, if any, and adequacy of internal controls.

The Audit Committee takes due cognizance of the observations made by the auditors and gives their suggestions for improvement. The suggestions of the Audit Committee are also taken into account for further strengthening of the control systems.

Health, safety and environment

The Company gives foremost importance to Safety, Health and Environment and strives relentlessly on cultivating and improving safe work culture, health awareness and environment protection.

Your Company recognizes protection and management of environment as one of its highest priority and every effort is made to conserve and protect the environment. During the year, your Company continued its focus in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surrounding. Periodical health check-up are conducted for the employees at the work place. More emphasis is given to cleanliness, workplace hygiene and good house-keeping.

The Company is continuously working on possibility of using appropriate technology to reduce the hazardous waste generation.

The Company obtained necessary approvals from concerned Government Department / Pollution Control Board and all required environment clearances / safety clearances / stipulations are complied with at Plant facilities of the Company. The Company continues to focus on maintenance and performance improvement of related pollution control facility at its manufacturing locations.

Industrial Relations / Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under review.

The Company continuously works to nurture this environment to keep its employees highly motivated, result oriented and adaptable to changing business environment. Your Company's value proposition is based on providing value to our customer, through innovation and by consistently improving efficiency at all levels.

The Company continues to strengthen its people capabilities in its quest to build a growing and sustainable business. An increased focus is being maintained to further build employee retention at all levels in the Company.

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2019 was 4572 Nos.

Secretarial Standards

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

Significant / Material Orders passed by the Regulators

There are no significant / material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operation in future.

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of financial year and the date of this Report.

Insurance

The Company has taken all the necessary steps to insure its properties and insurable interests, as deemed appropriate and also as required under the various legislative enactments.

Particulars of Employees and Related Disclosures

The details of remuneration of directors, KMPs and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as 'Annexure H'. However as per the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to the Members and others entitled thereto, excluding the information on employees remuneration particulars as required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Members may write to the Company in this regard.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are set out in a separate statement attached hereto and forms part of the Report as 'Annexure A'.

Fixed Deposits

Your Company has not accepted any fixed deposits from the public during the financial year ended 31st March, 2019 and there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Annual Return

Pursuant to Section 134(3)(s) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return is annexed herewith and forming part of the report 'Annexure F'. The weblink for the Annual Return placed on the Company's website is <http://www.gardenvareli.com/policies.aspx>.

Loans, Investments and Guarantees by the Company

Details of Loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statement.

Green Initiative

Electronic copy of the Annual Report 2018-19 and the Notice of the 40th Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time to time which permits paperless compliances and also service of notice / documents (including annual report) through electronic mode to its members. To support this green initiative, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holding with their concerned Depository Participants and/ or with the Company.

Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2019.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those express or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments, within India and the countries in which the Company conducts business and other ancillary factors. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. The Company disclaims any obligation to update these forward-looking statements, except as may be required by law.

Appreciation

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by the Company's Bankers and State & Central Government agencies. Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels.

Your Directors also acknowledge with gratitude the support of the shareholders, other investors, customers, dealers, agents and suppliers for their continued faith and support which has helped the Company to sustain its growth even during these challenging times.

For and on behalf of the Board of Directors

Mumbai, 30th May, 2019

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Annexure – A

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019 is given below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

The Company makes an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production.

I. Energy Conservation measures taken and its impact

(a) Power saving:-

- Bigger capacity air compressor combination running at partial load re arranged with insertion of smaller capacity machine to operate at full load resulted in power savings due to effective machine utilisation.
- By optimizing speeds, process conditions , jets & pressure, power saving of 4.5 lac unit in ATY & 5 Lac units in DTY was achieved, compared to last year.
- Installation of LED Lights. Total 1822 nos. Tube rod replacement during this period. Energy saving 787Kwh/units per day
- Installation of LED street lights in place of conventional Light fittings. Energy saving 46% compare to earlier & more illumination.
- Use of water treatment plant reject water for use in non critical areas like toilets, floor washing and other plant areas resulted in fresh water savings.

(b) Steam :-

Replacement of non performing process heat recovery VAM with new efficient VAM resulted in to added TR generation and power savings by stoppage of electrical VCC.

(c) Others:-

- a) Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants.
- b) Replacement of inefficient motors with energy efficient motors.
- c) Energy Audit is also being carried out by external agencies.
- d) Maintenance of the machines as per schedule.

(d) Impact of measures at (a), (b) & (c) for reduction of energy consumption and consequent impact on the cost of production of goods.

- Improvement in specific energy consumption & cost per MT on production.

II. The steps taken by the company for utilising alternate sources of energy.

- a) The Company during the year continued exploring options available for utilizing alternate sources of energy in order to reduce the electricity cost with consequent reduction in the cost of production.
- b) The Company continued efforts for improving energy efficiency through innovative measures to reduce wastage and optimize consumption.

III. The Capital investment on energy conservation equipment.

The Company has not incurred major capital investment on energy conservation equipments but focused on optimum utilisation of available resources.

B. TECHNOLOGY ABSORPTION

I. The efforts made by the Company towards technology absorption

The Company made required efforts for productivity enhancement and development of new products in polyester chips segment and polyester yarn segment.

II. The benefits derived like product improvement, cost reduction, product development or import substitution.

The Company was able to reduce maintenance and operating cost at manufacturing level more particularly the conversion cost in chips segment. There was an improvement in quality, customer satisfaction and enlargement of market base.

III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NOT APPLICABLE.

IV. The expenditure incurred on Research and Development.

During the year under review there were no major expenses pertaining to Research and Development incurred by the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Lakhs)

(i) Total Foreign exchange used:	2018-19	2017-18
a) Raw materials, stores and spare parts, Capital goods and other products – on CIF basis.	54757.04	60689.48
b) Expenditure in foreign currency	998.89	623.92
(ii) Total Foreign exchange earned:		
a) Sales – Income from Export of goods	109480.00	58937.10
(iii) Activities relating to exports, Initiatives taken to increase exports, development of export market for product and services and export plans:	New export markets are being developed and emphasis is being placed on export of value added products also	

Annexure - B Annual Report on Corporate Social Responsibility activities

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>(a) Focus areas: The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc.</p> <p>(b) CSR Objectives: To attain its CSR objectives in a professional and integrated manner, the main objectives are:</p> <p>(1) To promote, carry out, support activities relating to Education and Training, Health care, Employment enhancing Vocational skills, Conversion of Natural Resources and Promotion & Development of Art etc.</p> <p>(2) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013 as amended from time to time.</p> <p>In the financial year 2018-19, the Company has undertaken activities relating to Promoting Education, Social Welfare, Health care and Sanitation etc.</p> <p>(c) Web-Link to the CSR Policy: http://www.gardenvareli.com/policies.aspx</p> <p>(d) Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.gardenvareli.com</p>
2	Composition of CSR Committee	The CSR Committee comprises the following members: a. Mr. Yatish Parekh, Independent Director: Chairman b. Mr. Sunil S. Sheth, Independent Director: Member c. Mr. Suhail P. Shah, Executive Director: Member
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	The Company has incurred average net loss during the last three financial years. However the Company has voluntarily incurred an expenditure of ₹1.25 Lakhs towards education promotion and social welfare etc.
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	The Company is not required to spend any amount in view of average net loss during the last three financial year.
5	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year.	₹1.25 Lakhs
	(b) Amount unspent, if any.	Not applicable.
	(c) Manner in which the amount spent during the financial year.	The Company has voluntarily spent an aggregate amount of ₹1.25 Lakhs towards various education promotion and social welfare related programs during the year.
6	In case of company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	Not applicable.

Responsibility statement:

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy has been carried out with all reasonable care and diligence and the same is in compliance with the CSR objectives and the policy of the Company.

For and on behalf of the CSR Committee

Yatish Parekh
Chairman
(DIN 00168488)

Mumbai, 30/05/2019

ANNEXURE: C

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Requirement under Rule 5(1)	Details
1.	The Ratio of the remuneration of each executive Director to the median remuneration of the employees of the Company for the Financial Year.	Mr. Praful A. Shah, Chairman & Managing Director: 3.52 Mr. Alok P. Shah, Executive Director, CFO & COO: 3.52 Mr. Suhail P. Shah, Executive Director: 3.17 Mr. Sanjay S. Shah, Executive Director: 0.87
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	Mr. Praful A. Shah, Chairman & Managing Director: Not applicable. Mr. Alok P. Shah, Executive Director, CFO & COO: Not applicable. Mr. Suhail P. Shah, Executive Director: Not applicable. Mr. Sanjay S. Shah, Executive Director: Not applicable. Mr. Kamlesh B. Vyas, Company Secretary: 5.97 Note: The remuneration to MD/WTD during FY 2019 was paid in accordance with Schedule V to the Companies Act, 2013. In view of inadequacy of profit, no increment was proposed.
3.	The Percentage increase in the median remuneration of employees in the financial year.	Not Applicable.
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2019.	4572
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	The Company had inadequate profits during the financial year 2018-19 however, in order to retain talent the employees had to be given annual increase.
6	Comparison of the remuneration of the Key Managerial Personnel ("KMP") (Individually and totally) against the performance of the company.	(i) Aggregate remuneration of Key Managerial Personnel in FY 2018-19: ₹7.54 Crore * (ii) Total revenue: ₹ 3500.54 Crore (iii) Remuneration of KMPs (as percentage of revenue): 0.22 (iv) Profit /(Loss) before tax: (₹ 89.77 Crore) (v) Remuneration of KMPs (as percentage of PBT: Not applicable. * Remuneration of KMPs includes Managing Director / Wholetime Director. The remuneration paid to Managing Director / Wholetime Director is in accordance with the approval of shareholders' at the 37th Annual General Meeting held on 14th September, 2016 in view of inadequacy of profits as well as the minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013, as amended.
7.	Average percentile increase made in the salaries of employees other than the managerial personnel in last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Not applicable.

ANNEXURE: C (Contd.)

Sr. No.	Requirement under Rule 5(1)	Details
8.	Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.
9.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
10.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	None.
11.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.
12.	Variations in the market capitalization.	Market capitalization as on 31/03/2019: ₹84.79 Crore. Market capitalization as on 31/03/2018: ₹136.56 Crore.
13.	Price earnings ratio as at the closing of 31st March, 2019 and 31st March, 2018.	31/03/2019 : - 0.94 31/03/2018 : - 1.54
14.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison has not been made.

For and on behalf of the Board of Director

Praful A. Shah
Chairman and Managing Director
DIN: 00218143

Mumbai, 30th May, 2019.

ANNEXURE : D

POLICY RELATING TO THE REMUNERATION FOR THE WHOLETIME DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

General:

1. The remuneration / compensation / commission etc. to the Wholetime Director, Non-Executive/Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Wholetime Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.
3. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Wholetime Director.
4. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:
 - a) The Industry practice for the same level of employment/office.
 - b) Past performance/seniority of the concerned appointee.
 - c) The nature of duties and responsibilities cast upon such person by reason of his holding that office.
 - d) The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.
 - e) The perquisites to be given to Wholetime Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

Remuneration to Wholetime Director, KMP and Senior Management Personnel:

The Wholetime Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

Remuneration to Non- Executive / Independent Director:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed in this behalf by the Central Government from time to time.

The Company has no stock option plans and hence such instrument does not form part of the remuneration package to any Executive Director and/or Non-Executive Director.

ANNEXURE : E

FORM No. MR-3

Secretarial Audit Report for the Financial Year Ended 31st March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Garden Silk Mills Limited
Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GARDEN SILK MILLS LIMITED** (CIN:L17111GJ1979PLC003463) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on **31st March, 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; except the non compliance of Regulation 27(2) of the SEBI (LODR) Regulations, 2015 with respect to 18 days delay in filing of quarterly Corporate Governance Compliance Report with BSE.
 - (e) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable to the Company during the Audit Period**);
 - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
 - (g) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (**Not applicable to the Company during the Audit Period**);

- (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
 - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
 - (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**
- (v) Other laws applicable specifically to the Company as per representations made by the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards (i.e. SS-1 relating to Board Meetings & SS-2 relating to General Meeting) issued by The Institute of Company Secretaries of India and the Listing Agreements entered into by the Company with the Stock Exchanges.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company. I report that during the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one Woman Director. No change took place in the composition of the Board of Directors during the year under review in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, except when Board meetings were called by giving less than 7 days notice in accordance with the provisions of Section 173 of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that as per the explanations given to me and the representation made by the Management and Report of the Statutory Auditors relied upon by me, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there was no other event / action having major bearing on the Company's affair.

**For K. Dalal & Co.
Company Secretaries**

Place: Surat

Date: 29th May, 2019

**Kunjal Dalal
Proprietor
FCS No. 3530 CP No. 3863**

This report is to be read with my letter of even date which is annexed as 'Appendix A' and forms an integral part of this report.

'Appendix A'

To,
The Members,
Garden Silk Mills Limited
Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For K. Dalal & Co.
Company Secretaries

Kunjal Dalal
Proprietor
FCS No. 3530 CP No. 3863

Place: Surat
Date: 29th May, 2019

Annexure - F Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I	REGISTRATION AND OTHER DETAILS	
i)	CIN	L17111GJ1979PLC003463
ii)	Registration Date	23/07/1979
iii)	Name of the Company	Garden Silk Mills Limited
iv)	Category / Sub-Category of the Company	Public Company/Limited by shares.
v)	Address of the Registered office and contact details	Tulsi Krupa Arcade, First Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010 Tel. No. 91-261-2311197-98 Fax No. 91-261-2311029/502
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium, Tower-B Plot No. 31 and 32, Financial District, Nanakramguda Serilingampally Mandal Ranga Reddy District Hyderabad 500032 State Telengana, India Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 – 23420814 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service *	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	95.43

* As per National Industrial Classification - 2008, Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Nil					

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)											
IV. Category-wise Share holding	No. of Shares held at the beginning of the year 01/04/2018						No. of Shares held at the end of the year 31/03/2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares			
(A) Promoter											
	(1) Indian										
	(a)	6327274	0	6327274	15.04%	6323076	0	6323076	15.03%		-0.01%
	(b)	0	0	0	0.00%	0	0	0	0.00%		0.00%
	(c)	11643766	0	11643766	27.67%	11643746	0	11643746	27.67%		-0.00%
	(d)	0	0	0	0.00%	0	0	0	0.00%		0.00%
	(e)	6284781	0	6284781	14.93%	6284801	0	6284801	14.93%		0.00%
		24255821	0	24255821	57.64%	24251623	0	24251623	57.63%		-0.01%
	(2) Foreign										
	(a)	0	0	0	0.00%	0	0	0	0.00%		0.00%
	(Non-Resident individuals / Foreign Individuals)										
(b)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
(c)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
(d)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
	0	0	0	0.00%	0	0	0	0.00%		0.00%	
Total Shareholding of Promoter and Promoter Group											
	24255821	0	24255821	57.64%	24251623	0	24251623	57.63%		-0.01%	
(B) Public Shareholding											
(1) Institutions											
(a)	0	3450	3450	0.01%	0	3450	3450	0.01%		0.00%	
(b)	36449	7870	44319	0.11%	900	7870	8770	0.02%		-0.08%	
(c)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
(d)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
(e)	0	0	0	0.00%	0	0	0	0.00%		0.00%	
(f)	0	8660	8660	0.02%	0	8660	8660	0.02%		0.00%	
(g)	0	0	0	0.00%	0	0	0	0.00%		0.00%	

GARDEN SILK MILLS LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2018				No. of Shares held at the end of the year 31/03/2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i) Any Other (Specify)		0							
Foreign Financial Institutions/Foreign Nationals	100	0	100	0.00%	180	0	180	0.00%	0.00%
Sub-Total (B)(1)	36549	19980	56529	0.13%	1080	19980	21060	0.05%	-0.08%
(2) Non-Institutions									
(a) Bodies Corporate	3260919	1715	3262634	7.75%	2614635	1705	2616340	6.22%	-1.54%
(b) Individuals									
i.									
ii.	6761692	959743	7721435	18.35%	7129831	857427	7987258	18.98%	0.63%
(c) Qualified Foreign Investors	2991586	0	2991586	7.11%	3405222	0	3405222	8.09%	0.98%
(d) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
i.	3052620	213850	3266470	7.76%	3059918	202214	3262132	7.75%	-0.01%
ii.	1140	0	1140	0.00%	3140	0	3140	0.01%	0.00%
iii.	23953	0	23953	0.06%	32793	0	32793	0.08%	0.02%
iv.									
	502957	0	502957	1.20%	502957	0	502957	1.20%	0.00%
Sub-Total (B)(2)	16594867	1175308	17770175	42.23%	16748496	1061346	17809842	42.32%	0.09%
Total Public Shareholding (B) = (B)(1)+(B)(2)	16631416	1195288	17826704	42.36%	16749576	1081326	17830902	42.37%	0.01%
TOTAL (A)+(B)	40887237	1195288	42082525	100.00%	41001199	1081326	42082525	100.00%	0.00%
(C) Shares held by Custodians and against which Depository Receipts have been issued									
1. Held by Promoter/promoters group	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Held by Public	0	0	0	0.00%	0	0	0	0.00%	0.00%
TOTAL (C)	0	0	0	0.00%	0	0	0	0.00%	0.00%
GRAND TOTAL (A)+(B)+(C)	40887237	1195288	42082525	100.00%	41001199	1081326	42082525	100.00%	0.00%

* The voting rights on these shares shall remain frozen till the rightful owner claims the shares (Refer to Section 124 of the Companies Act, 2013)

(ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 01/04/2018			Shareholding at the end of the year 31/03/2019			% change in share
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Instroscope Properties Pvt. Ltd.	7231996	17.19%	100.00%	7231996	17.19%	100.00%	0.00%
2	Palomar Textiles Ltd.	3930872	9.34%	100.00%	3930872	9.34%	100.00%	0.00%
3	Praful Amichand Shah Partner Isha Enterprise	3791965	9.01%	48.58%	3791985	9.01%	48.58%	0.00%
4	Praful Amichand Shah Partner Rayban Investments	2492816	5.92%	100.00%	2492816	5.92%	100.00%	0.00%
5	Shri Praful A. Shah (Ind)	2789190	6.63%	100.00%	2789190	6.63%	100.00%	0.00%
6	Shri Praful A. Shah (HUF)	1002667	2.38%	100.00%	1002667	2.38%	100.00%	0.00%
7	Shri Alok P. Shah	754671	1.79%	100.00%	754671	1.79%	100.00%	0.00%
8	Surat Textile Mills Limited	480878	1.14%	76.27%	480878	1.14%	76.27%	0.00%
9	Shri Sanjay S. Shah	689660	1.64%	0.00%	689660	1.64%	0.00%	0.00%
10	Shri Suhail P. Shah	496685	1.18%	100.00%	496685	1.18%	100.00%	0.00%
11	Smt. Shilpa P. Shah	554325	1.32%	100.00%	554325	1.32%	100.00%	0.00%
12	Smt. Shyama S. Shah	35878	0.09%	0.00%	35878	0.09%	0.00%	0.00%
13	Ms. Archita R. Shah	0	0.00%	0.00%	0	0.00%	0.00%	0.00%
14	Shri Rajen P. Shah	4198	0.01%	0.00%	0	0.00%	0.00%	-0.01%
15	Vareli Trading Company Ltd.	20	0.00%	0.00%	0	0.00%	0.00%	-0.00%
	Total	24255821	57.64%	88.48%	24251623	57.63%	88.48%	-0.01%

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(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on 01/04/2018)		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year 01/04/2018 to 31/03/2019		Shareholding at the end of the year (As on 31/03/2019)	
		No. of Shares	% of total shares of the Company	Date	Increase/ (Decrease)	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Instroscope Properties Pvt. Ltd.	7231996	17.19%	--	0	--	0	0.00%	7231996	17.19%
2	Palomar Textiles Ltd.	3930872	9.34%	--	0	--	0	0.00%	3930872	9.34%
3	Praful Amichand Shah Partner Isha Enterprise	3791965	9.01%	21/08/2018	20	Transfer	3791985	9.01%	3791985	9.01%
4	Praful Amichand Shah Partner Rayban Investments	2492816	5.92%	--	0	--	0	0.00%	2492816	5.92%
5	Shri Praful A. Shah (Ind)	2789190	6.63%	--	0	--	0	0.00%	2789190	6.63%
6	Shri Praful A. Shah (HUF)	1002667	2.38%	--	0	--	0	0.00%	1002667	2.38%
7	Shri Alok P. Shah	754671	1.79%	--	0	--	0	0.00%	754671	1.79%
8	Surat Textile Mills Limited	480878	1.14%	--	0	--	0	0.00%	480878	1.14%
9	Shri Sanjay S. Shah	689660	1.64%	--	0	--	0	0.00%	689660	1.64%
10	Shri Suhail P. Shah	496685	1.18%	--	0	--	0	0.00%	496685	1.18%
11	Smt. Shilpa P. Shah	554325	1.32%	--	0	--	0	0.00%	554325	1.32%
12	Smt. Shyama S. Shah	35878	0.09%	--	0	--	0	0.00%	35878	0.09%
13	Ms. Archita R. Shah	0	0.00%	--	0	--	0	0.00%	0	0.00%
14	Shri Rajen P. Shah	4198	0.01%	15/03/2019	(4198)	Transfer	0	0.00%	0	0.00%
15	Vareli Trading Company Ltd.	20	0.00%	21/08/2018	(20)	Transfer	0	0.00%	0	0.00%
	Total	24255821	57.64%						24251623	57.63%

Note: Shareholding in defferent folios is consolidated on the basis of Permanent Account Number (PAN) of shareholder

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2018		Date wise increase (+) / Decrease (-) in Shareholding during the year				Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	IL and FS Trust Co Ltd.	2091212	4.97%	20/04/2018	-6815	Sold	2084397	4.95%			
				11/05/2018	2380	Purchased	2086777	4.96%			
				21/12/2018	-178062	Sold	1908715	4.54%			
				04/01/2019	-60203	Sold	1848512	4.39%			
				18/01/2019	-52195	Sold	1796317	4.27%			
				25/01/2019	-83585	Sold	1712732	4.07%			
				01/03/2019	-63549	Sold	1649183	3.92%			
				22/03/2019	1	Purchased	1649184	3.92%	1649184	3.92%	
2	Keswani Hareesh	1868212	4.44%		0		1868212	4.44%	1868212	4.44%	
3	Ricky Ishwardas Kirpalani	751563	1.79%		0		751563	1.79%	751563	1.79%	
4	Shaunak Jagdish Shah	700000	1.66%		0		700000	1.66%	700000	1.66%	
5	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	502957	1.20%		0		502957	1.20%	502957	1.20%	
6	Jagdish Amritlal Shah	325877	0.77%		0		325877	0.77%	325877	0.77%	
7	Venka Raghava Raju	301000	0.72%	27/04/2018	6516	Purchased	307516	0.73%			
				28/09/2018	22180	Purchased	329696	0.78%			
				05/10/2018	3325	Purchased	333021	0.79%			
				12/10/2018	15294	Purchased	348315	0.83%			
				19/10/2018	1325	Purchased	349640	0.83%			
				02/11/2018	500	Purchased	350140	0.83%			
				28/12/2018	1000	Purchased	351140	0.83%			
				15/02/2019	-22000	Sold	329140	0.78%			
				08/03/2019	-4000	Sold	325140	0.77%			

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2018		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				29/03/2019	-3000	Sold	322140	0.77%	322140	0.77%
8	Poonam Kirpalani	190894	0.45%		0		190894	0.45%	190894	0.45%
9	C.D.Integrated Services Limited	165646	0.39%	01/06/2018	-165646	Sold	0	0.00%		0.00%
				12/10/2018	204347	Purchased	204347	0.49%		
				19/10/2018	-204347	Sold	0	0.00%		
				26/10/2018	204347	Purchased	204347	0.49%		
				30/11/2018	-204347	Sold	0	0.00%		
				18/01/2019	204347	Purchased	204347	0.49%		
				15/02/2019	-204347	Sold	0	0.00%		
				08/03/2019	204347	Purchased	204347	0.49%		
				30/03/2019	-75000	Sold	129347	0.31%	129347	0.31%
10	Kashah Investment Limited	135000	0.32%		0		135000	0.32%	135000	0.32%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01/04/2018		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Praful A. Shah (Ind) Managing Director	2789190	6.63%				0	0	2789190	0
2	Shri Alok P. Shah Executive Director	754671	1.79%				0	0	754671	0
3	Shri Sanjay S. Shah Executive Director	689660	1.64%				0	0	689660	0
4	Shri Suhail P. Shah Executive Director	496685	1.18%				0	0	496685	0
5	Shri Yatish C. Parekh Director	0	0.00%				0	0	0	0
6	Shri Sunil S. Sheth Director	0	0.00%				0	0	0	0
7	Smt. Anita Mandrekar Director	0	0.00%				0	0	0	0
8	Shri Deepak N. Shah Director	0	0.00%				0	0	0	0
9	Shri Ketan A. Jariwala Director	0	0.00%				0	0	0	0
10	Shri H. C. Mishra Nominee Director (LIC)	0	0.00%				0	0	0	0
11	Shri Kamlesh B. Vyas Company Secretary	0	0.00%				0	0	0	0

Note: Shareholding in defferent folios is consolidated on the basis of Permanent Account Number (PAN) of shareholder

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V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	149703.21	493.37	0.00	150196.58
ii) Interest due but not paid	18014.01	0.00	0.00	18014.01
iii) Interest accrued but not due	59.56	3.43	0.00	62.99
Total (i+ii+iii)	167776.78	496.80	0.00	168273.58
Change in Indebtedness during the financial year				
• Addition	10775.13	0.00	0.00	10775.13
• Reduction	8115.36	180.70	0.00	8296.06
Net Change	2659.77	-180.70	0.00	2479.07
Indebtedness at the end of the financial year				
i) Principal Amount	141647.42	314.10	0.00	141961.52
ii) Interest due but not paid	28789.14	0.00	0.00	28789.14
iii) Interest accrued but not due	0.00	2.00	0.00	2.00
Total (i+ii+iii)	170436.56	316.10	0.00	170752.66

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors:

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Shri Paful A. Shah Managing Director	Shri Alok P. Shah Executive Director, CFO & COO	Shri Sanjay S. Shah Executive Director	Shri Suhail P. Shah Executive Director	Total Amount
1	Gross salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	238.80	238.80	59.08	214.80	751.48
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.79	0.79	0.00	0.79	2.37
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission					
-	as % of profit	0.00	0.00	0.00	0.00	0.00
-	others, specify...	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	239.59	239.59	59.08	215.59	753.85

Note: In view of inadequacy of profits, the remuneration to Managing Director / Wholetime Director has been paid in accordance with the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013

GARDEN SILK MILLS LIMITED

B. Remuneration to other Directors:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri Yatish C. Parekh	Shri Sunil S. Sheth	Smt. Anita Mandrekar	Shri Deepak N. Shah	Shri Ketan A. Jariwala	Shri H. C. Mishra	
I.	Independent Directors							
1	Fee for attending board committee meetings	1.27	1.07	0.73	1.00	1.00	0.10	5.17
2	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (I)	1.27	1.07	0.73	1.00	1.00	0.10	5.17
II.	Other Non-Executive Directors							
1	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (II)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B) = (I + II)	1.27	1.07	0.73	1.00	1.00	0.10	5.17
	Total Remuneration	1.27	1.07	0.73	1.00	1.00	0.10	5.17
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Kamlesh B. Vyas Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.43
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission	
	- as % of profit	0.00
	- others, specify...	0.00
5	Others, please specify	0.00
	Total	33.70

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board of Director

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Mumbai, 30th May, 2019.

Annexure - G

REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policy and practices adopted by the Company for the year 2018-19.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as applicable with regard to corporate governance and the same has been disclosed in this Report.

1. Company's Philosophy on Code of Governance

The Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interest of all its stakeholders and the Company's Code of Conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices.

The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

2. Board of Directors

(a) Composition:

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's Corporate Governance philosophy. The Nomination and Remuneration Committee of the Board ensures the right composition of the Board.

The Company currently has right mix of Directors on the Board who possess the requisite qualifications, experience and expertise in General Corporate Management, finance, taxation, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

The Board regularly reviews and updates Corporate Governance practices to accommodate developments within the market place in general and the business in particular.

As on 31st March, 2019, the Board of the Company consisted of 9 Directors, of whom 5 were executives and 4 were non-executive independent (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

As per the declarations received by the Company from each of the Directors, none of them are disqualified under Section 164(2) of the Companies Act, 2013.

The Independent Directors of the Company are in compliance with the provision of Regulation 16(2) of SEBI Listing Regulations, 2015. Further, disclosures have been made by the Directors regarding their Chairmanship / Membership of the mandatory Committees of the Board and that the same are within the maximum permissible limit as stipulated under Regulation 16(2) of SEBI Listing Regulations, 2015.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

None of the Directors of the Company is related to each other and there are no inter-se relationship between the Directors.

Transactions with related parties are disclosed in Note No. 32 of 'Notes to the Financial Statements' for the year ended 31st March, 2019. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2018-19.

(b) Number of meeting of the Board.

During the financial year 2018-19, the Board of Directors met 4 times viz. 30/05/2018, 07/08/2018, 31/10/2018 and 04/02/2019. The gap between any two meetings has been less than one hundred and twenty days.

The Board oversees the entire functioning of the Company and is involved in strategic decision-making on a collective basis. The Company Secretary under the direction of the Chairman and in consultation with Chief Financial Officer (CFO) prepares the agenda along with the explanatory notes thereto and circulates it to the Directors, along with the notice of the meeting.

The composition and category of Directors, the number of Directorships and Committee Chairmanships / Memberships held by them and Directorships held by them in other listed entities as on 31st March, 2019 are as follows:

Name	Category	No. of Board Meetings Attended #	Attendance at the last AGM held on 18/09/2018	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies ***
Shri Praful A. Shah Chairman & Managing Director	Promoter-Executive	4	Yes	5	--
Shri Alok P. Shah Executive Director, CFO & COO	Promoter-Executive	4	Yes	5	--
Shri Sanjay S. Shah Executive Director	Promoter-Executive	4	Yes	1	--
Shri Suhail P. Shah Executive Director	Promoter-Executive	3	Yes	5	--
Shri Yatish C. Parekh	Independent - Non Executive	4	No	1	1
Shri Sunil S. Sheth	Independent - Non Executive	3	No	1	--
Smt. Anita Mandrekar *	Independent - Non Executive	4	No	1	--
Shri Deepak N. Shah	Independent - Non Executive	3	Yes	--	--
Shri Ketan A. Jariwala	Independent - Non Executive	4	Yes	1	2
Shri H. C. Mishra ** (Nominee of LIC)	Non Executive – Non Independent	1	No	--	--

* Up to 31st March, 2019.

** Up to 12th July, 2018.

*** In accordance with SEBI Listing Regulations, 2015, Memberships / Chairmanships of only the Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies (excluding Garden Silk Mills Limited) have been considered.

excluding Independent Directors meeting.

(c) Board Meeting Procedures

The Board plays a critical role in the strategy development of the Company. The Managing Director appraises the Board on the overall performance of the Company every quarter. The Board periodically reviews the strategy, annual business plan, business performance of the Company, quality, customer centricity, capital expenditure budgets and risk management, safety and environment matters.

Amongst other things, the Board also reviews the compliance report of the laws applicable to the Company, internal financial controls and financial reporting systems, minutes of the Board Meetings, adoption of quarterly / half yearly / annual results, minutes of the meeting of the Audit and other Committees of the Board.

In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, which is required to be placed before the Board, the Directors are also kept informed of major events and approvals obtained, if necessary.

The agenda papers with relevant explanatory notes and material documents relating to matters for perusal of the Board / Committee are circulated in advance, so as to facilitate discussion and informed decision-making in the meeting, especially those that require deliberation at the highest level.

(d) Directors' Tenure, Appointment / Re-appointment and Remuneration

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Shri Suhail P. Shah is liable to retire by rotation. The said Director has offered himself for reappointment and resolution for his reappointment is incorporated in the Notice of the ensuing Annual General Meeting.

The Board of Directors of the Company at its meeting held on 4th February, 2019 on recommendation of Nomination and Remuneration Committee reappointed Shri Praful A. Shah as Managing Director of the Company for a period of three years with effect from 1st September, 2019 subject to approval of shareholders of the Company. The Board also reappointed Shri Alok P. Shah as Wholetime Director designated as Executive Director, CFO and COO of the Company for a period of three years with effect from 1st June, 2019 subject to approval of shareholders of the Company at the ensuing annual general meeting.

The brief profile and other information as required under Regulation 36(3) of SEBI Listing Regulations, 2015 relating to Directors being appointed / reappointed, forms part of the Notice of ensuing Annual General Meeting.

(e) Separate Meeting of Independent Directors

During the year under review one meeting of Independent Directors of the Company was held on 23rd March, 2019 as required under Schedule IV of the Act and Regulation 25(3) of the Listing Regulation, 2015.

At their meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, Chairman (as elected by the Board for each meeting of the Board of Directors) after taking the views of Executive Directors and Non-Executive Directors and also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The meeting was attended by all the Independent Directors and Shri Yatish C. Parekh chaired the said meeting.

All the Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the Listing Regulations. Formal letters of appointment were issued to the Independent Directors. As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at <http://www.gardenvareli.com>

(f) Familiarization Programme for Independent Directors

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company has provided program on an ongoing basis to enable them to understand the business of the Company.

Moreover, the Management has also endeavoured to appraise the Directors regarding their responsibilities under the new Listing Regulations vis-a-vis those contained in the erstwhile Listing Agreements. Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programme are available on the website of the Company at <http://www.gardenvareli.com>

Code of Conduct

The Company has adopted the Code of Conduct for its Wholtime Directors, Senior Management Personnel and other Executives which is available on the Company website at <http://www.gardenvareli.com>.

The Board has also adopted a Code of Conduct for Non-Executive Directors, which incorporates the duties of Independent Directors as laid down in Schedule IV of the Act ('Code for Independent Directors') and Regulation 17(5) of the Listing Regulations.

As on 31st March, 2019, all the Board Members and Senior Management of the Company have affirmed compliance with the respective Codes of Conduct. A declaration to this effect duly signed by the Managing Director forms part of this Report.

Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

None of the Directors has any other material pecuniary relationship or transaction except remuneration by way of sitting fees, with the Company, its Promoters, its Directors, its Senior Management.

3. BOARD COMMITTEES:

During the financial year under review, the Board had four committees viz., Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee. The Board decides the term of reference of these committees and assignment of its Members thereof.

(a) Audit Committee

The Audit Committee's role is to assist the Board fulfil its corporate governance and overseeing responsibilities in relation to the Company's financial reporting process carried out by the Management, internal control system, risk management system and internal and external audit functions.

Presently the Audit Committee comprises of Shri Yatish C. Parekh, Independent Director as Chairman, Shri Sunil S. Sheth, Shri Deepak N. Shah and Shri Ketan A. Jariwala, Independent Directors as its Members. All the members of the Committee are professionals and financially literate within the meaning of Regulation 18 of SEBI Listing Regulations, 2015.

The terms of reference of the Audit Committee includes the matters specified under Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Part C of Schedule II of the Listing Regulations. During the year under review, the terms of reference of the Audit Committee were amended to align the role of the Committee with amendments to the Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Audit Committee may call for the Comments of the Auditors about internal control systems, the scope of Audit, including observations and review of financial statements before their submission to the Board and any related issues with internal and statutory auditors and management of the Company.

The Audit Committee also assures the Board about the adequate internal control procedures and financial disclosures commensurate with the size of the Company and in conformity with the requirements of the new Listing Regulations. The Finance Head, Internal Auditor and Statutory Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary to the Audit Committee.

The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

The Chairman of the Audit Committee Mr. Yatish Parekh and the members of Nomination and Remuneration Committee of the Board had delegated the responsibility and authorised Mr. Deepak N. Shah another member and a professionally qualified person to remain present at the 39th AGM and represent as Chairman of Audit Committee and Nomination and Remuneration Committee. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

Meetings and attendance

During the financial year 2018-19, the Audit Committee of the Company met four times on 30/05/2018, 07/08/2018, 31/10/2018 and 04/02/2019. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 30/05/2019 reviewed the Annual Accounts for the year ended 31st March, 2019.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts and cost audit report etc. before submitting to the Board of Directors.

In addition to the members of the Audit Committee, these meetings were attended by the head of finance, internal auditor and the statutory auditors of the Company. Further, on invitation, directors who are not member of the Company also attended the meetings of the Committee. The Company Secretary acted as the secretary of the Audit Committee.

The details of composition of the Audit Committee and the attendance of the Members at the Audit Committee Meetings are as under:

Sr. No.	Name of Director	Status	No. of meetings attended
1	Shri Yatish C. Parekh	Chairman	4
2	Shri Sunil S. Sheth	Member	3
3	Shri Deepak N. Shah	Member	3
4	Shri Ketan A. Jariwala (w.e.f. 01/10/2018)	Member	2

(b) Stakeholders' Relationship Committee

The Company has constituted the Stakeholders' Relationship and Investors' Grievance Committee in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations (erstwhile Listing Agreements). The Stakeholder Relationship Committee oversee investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services.

Presently, the Stakeholder Relationship Committee comprises of Shri Yatish C. Parekh, Independent Director as Chairman and Shri Sanjay S. Shah, Wholetime Director and Shri Sunil S. Sheth, Independent Director as its Members.

The Stakeholders' Relationship Committee ('SRC') looks in to various aspects of interest of shareholders. During the year under review, the terms of reference of the SRC were amended to align the role of the Committee with amendments to the Listing Regulations. The minutes of the Stakeholders' Relationship Committee were noted at the Board Meeting. In addition, the committee also looked into matters that can facilitate investor services and relation.

The said Committee also approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding Transmission / Consolidation / Split of Share Certificates etc. The powers for the aforesaid has been delegated to the Registrar & Transfer Agents who approves the documents fortnightly. The transfer registers duly signed by the authorised person is placed before the meeting of Stakeholders' Relationship Committee meetings on quarterly basis.

Further, as per regulation 40(2) of the Listing Regulation, a report on transfer of shares / deletion of name / issue of duplicate share certificates / transmission of securities is also placed at each meeting of the Board of Directors. The Company Secretary and Compliance Officer acted as the secretary to the committee.

During the Financial Year under review, 186 complaints were received and as on date all of them have been redressed / answered to the satisfaction of the shareholders. No investor grievance remained unattended / pending for resolution for more than 30 days and no request for share transfers and dematerialization received for the financial year under review was pending for more than the time limit prescribed under the SEBI (LODR) Regulations, 2015.

(c) Nomination and Remuneration Committee

The Board of Directors have constituted a Nomination and Remuneration Committee of Directors. The role of the committee is to perform all such matters as prescribed under the Companies Act, 2013 and Schedule II-Part D about Role of Nomination and Remuneration Committee of Directors under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia includes – recommendation to Board of Directors remuneration policy for the Company, formulation of criteria for performance evaluation of Directors, Board and Committee, appointment of Directors, appointment and remuneration of Whole-time Directors / Managing Director and Key Managerial Personnel. The Committee will also deal with matters as may be assigned from time to time by the Board of Directors.

The Committee consists of three Independent Directors namely Shri Yatish C. Parekh as Chairman, Shri Sunil S. Sheth and Smt. Anita Mandrekar, as member. During the year 2018-19 two meetings of the members of Nomination and Remuneration Committee were held on 29th May, 2018 and 4th February, 2019 wherein all the members were present.

Nomination and Remuneration Policy

On recommendation of Nomination and Remuneration Committee, the Board of Directors have approved a Nomination and Remuneration Policy for the appointment and remuneration of the director, key managerial personnel (KMP) and other employees. The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of performance of Independent Directors and the Board and to devise a policy on Board diversity. The Policy, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a director, and expertise and experience required for appointment of Directors, KMP and Senior Management.

The details of the remuneration policy are available on the website of the Company www.gardenvareli.com.

Remuneration to Directors

There has been no materially significant related party transactions, pecuniary relationships or transactions between the Company and its Directors for the financial year under review that may have a potential conflict with the interest of the Company at large.

Remuneration paid to Executive Directors

(Amount in ₹)

Name of Director	Salary & Allowances	Taxable Value of perquisites	Sitting fees
Shri Praful A. Shah	2,38,80,000	79,200	N.A.
Shri Alok P. Shah	2,38,80,000	79,200	N.A.
Shri Suhail P. Shah	2,14,80,000	79,200	N.A.
Shri Sanjay S. Shah	59,08,320	N.A.	N.A.
Shri Yatish Parekh	N.A.	N.A.	1,27,500
Shri Sunil S. Sheth	N.A.	N.A.	1,07,500
Smt. Anita Mandrekar	N.A.	N.A.	72,500
Shri Deepak N. Shah	N.A.	N.A.	1,00,000
Shri Ketan A. Jariwala	N.A.	N.A.	1,00,000
Shri H. C. Mishra	N.A.	N.A.	10,000
Total	7,51,48,320	2,37,600	5,17,500

Remuneration paid to Non-Executive Directors

The Company has paid sitting fees to Non-Executive directors for attending meetings of the Board, Audit Committee and Share Transfer Committee meetings. The aggregate amount of sitting fees paid during the financial year 2018-19 was ₹ 5,17,500/-.

The Company has no stock option plans and hence such instrument does not form part of the remuneration package to any Executive Director and/or Non-Executive Director.

(d) Other Committees of Directors

Management Committee of the Board

The Board of Directors has constituted Management Committee of Directors to approve routine and specific matters delegated by the Board. The composition of the Committee of Directors comprises Shri Alok P. Shah, Chairman, Shri Sanjay S. Shah, Wholetime Director, Shri Yatish C. Parekh and Shri Sunil S. Sheth, Independent Directors as Members.

(e) Corporate Social Responsibility Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Section 135 of the Companies Act, 2013.

The composition of the Committee of Directors comprises Shri Yatish Parekh, Chairman, (Independent Director), Shri Sunil S. Sheth, Independent Director and Shri Suhail P. Shah, Wholetime Director as Members.

During the year 2018-19 the Committee met once on 27th March, 2019 to discuss the matters coming within the Committee's purview.

The Committee's prime responsibility is to assist the Board in discharging its social responsibility by way of formulating and monitoring implementation of the framework of corporate social responsibility policy. The terms of reference of the Corporate Social Responsibility are in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder.

The Company has also adopted CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.gardenvareli.com.

4. MD/CEO/CFO Certification

As required under Regulation 17(8) of SEBI Listing Regulations, 2015, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting for the financial year ended was placed before Board of Directors at its Meeting held on 30th May, 2019.

5. Compliance officer

The Company Secretary is the Compliance Officer under Regulation 6 of the SEBI Listing Regulations, 2015 and other applicable SEBI Regulations and Rules.

6. General Body Meetings

(a) The details of last 3 Annual General Meetings held are as under:

Year	Location	Date	Time
2017-18	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	18th September, 2018	11.00 a.m.
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	20th September, 2017	11.00 a.m.
2015-16	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	14th September, 2016	11.00 a.m.

All the resolutions set out in the respective Notices were passed by the requisite majority of the Members.

(b) Special Resolutions passed at the last 3 Annual General Meetings:

- i) Three Special Resolutions were proposed and passed at the 37th Annual General Meeting of the Company held on 14th September, 2016, for re-appointment of Shri Praful A. Shah as Chairman and Managing Director designated of the Company for a period of 3 years w.e.f. 1st September, 2016, appointment of Shri Alok P. Shah as Executive Director, CFO and COO of the Company for a period 3 years w.e.f. 1st June, 2016 and for revision in terms of appointment and remuneration of Shri Suhail P. Shah, Wholetime Director designated as Executive Director of the Company with effect from 1st June 2016 up to the remaining period of his tenure ending on 30th November 2018.
- ii) A Special Resolution was proposed and passed at 38th Annual General Meeting of the Company held on 20/09/2017 for re-appointment of Shri Sanjay S. Shah, Wholetime Director designated as Executive Director for a period 3 years w.e.f. 01/07/2017.
- iii) Two Special Resolutions were proposed and passed at the 39th Annual General Meeting of the Company held on 18th September, 2018, for re-appointment of Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of 3 years w.e.f. 1st December, 2018, and for re-appointment of Shri Yatish C. Parekh as Independent Director for a period of five year with effect from 1st April, 2019.
- iv) As of date, there is no proposal to pass any Special Resolution by postal ballot.

(c) Passing of Special Resolutions by Postal Ballot:

Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended no postal ballot were held during 2018-19.

7. DISCLOSURES

(a) Related Party Transactions

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. The policy on Related Party Transactions is hosted on the website of the Company.

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – ‘Related Party Disclosures’ notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under note No.32 of the annual accounts for the financial year 2018-19.

(b) Disclosure of Accounting Treatments

Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

(c) Subsidiary Company

The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. Your Company has voluntarily formulated a Policy on Material Subsidiary as required under Regulation 24 of the SEBI Listing Regulations, 2015 and the Policy is hosted on the website of the Company.

(d) Risk Management

Your Company has laid down procedure to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it. Details of Risk Management by the Company have been provided in the Directors’ Report and Management Discussion and Analysis.

(e) Statutory Compliance, Penalties and Strictures

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years, except a fine of ₹ 21,240/- including GST imposed by BSE Limited during the year 2018-19 for non compliance of Regulation 27(2) of the SEBI (LODR) Regulations, 2015 with respect to delay in filing of quarterly Corporate Governance Compliance Report.

(f) Code of Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics (“the Code”) which is applicable to the Board of Directors and Senior Management Team (one level below the Board of Directors) of the Company. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company’s website.

(g) Whistle Blower Policy / Vigil Mechanism:

The Company has established a Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviours, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. The said policy provides for adequate safeguard against victimization and also direct access to the higher levels of supervisors.

(h) Preventing Conflict of Interests

Members of Board and Senior Management Team while discharging their duties, avoid their conflict of interest in the decision making process. The members of Board refrain themselves from any discussions and voting in transactions where they have concern or interest.

(i) Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“The PIT Regulations”). The PIT Regulations has come into effect from May 15, 2015 and replaced the earlier Regulations. The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed company.

The Company has adopted an ‘Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders’ (“the Code”) in accordance with the requirements of the PIT Regulations. The Code lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company. During the year, the Code was amended to align it with the amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015. As per the revised Code, the Company also adopted Policy on Enquiry in case of leak or suspected leak of UPSI and policy for Determination of Legitimate Purposes.

The Code of Corporate Disclosure Practices along with the Policy for Determination of Legitimate Purposes is also available on the website of the Company at <http://www.gardenvareli.com>.

The Code is applicable to Promoters and Promoter’s Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations.

The Company has also formulated ‘The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)’ in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company’s website.

(j) Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary carries out reconciliation of share capital Audit, on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. MEANS OF COMMUNICATION:

- (a) The Quarterly (Unaudited) Financial Results are sent to Stock Exchanges where the Company’s shares are listed and are normally published in Indian Times of India / Indian Express (English) and Dhabkar (Vernacular), both Surat editions.
- (a) Management Discussion and Analysis report forms part of the Directors Report.

9. GENERAL SHAREHOLDER INFORMATION:

(a) 40th Annual General Meeting:

Date : Wednesday, 25th September, 2019
 Time : 11:00 a.m.
 Venue : Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

(b) Financial Calendar (2019-20):

Results for the quarter ending June 30, 2019 : July/August, 2019
 Results for the quarter ending September 30, 2019 : October/November, 2019
 Results for the quarter ending December 31, 2019 : January/February, 2020
 Results for the year ending March 31, 2020 : April/May, 2020
 Book Closure Date : Friday, 20th September, 2019 to
 : Wednesday, 25th September, 2019
 : (both days inclusive)

(c) Listing on Stock Exchanges : The Company's Equity Shares are listed on the following stock Exchanges:

- (1) BSE Limited (BSE)
- (2) National Stock Exchange of India Limited (NSE).

(d) Annual Listing Fees: The Company has paid the Annual Listing fee to the above stock exchanges for the financial year 2019-2020.

As on 31st March 2019, there were 53186 shareholders of the Company.

(e) Stock Code:

BSE Limited 500155
 National Stock Exchange of India Limited GARDENSILK(EQ)
 Demat ISIN in NSDL and CDSL for Equity Shares INE526A01016.
 Corporate Identity Number (CIN): L17111GJ1979PLC003463

(f) Market Price Data

The High/Low market price of the shares during the year 2018-19 at the BSE Limited are as under.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 2018	38.00	32.70	38.30	32.45
May 2018	34.95	28.70	35.00	28.70
June 2018	32.35	22.10	32.40	24.10
July 2018	28.30	22.30	28.70	23.70
August 2018	32.65	26.25	32.55	26.20
September 2018	28.25	19.65	28.75	19.55
October 2018	23.00	18.00	23.10	17.25
November 2018	25.45	19.50	22.40	19.90
December 2018	27.20	20.05	27.30	20.05
January 2019	26.80	19.15	26.50	20.15
February 2019	22.70	15.05	22.90	15.00
March 2019	23.75	19.30	23.95	19.55

(g) Registrar and Share Transfer Agents:

Karvy Fintech Private Limited,
(Unit: Garden Silk Mills Limited),
Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda,
Hyderabad 500032 State: Telangana, India
Phone No. 040 67162222, Fax No. 040 23420814, Email: einward.ris@karvy.com

(h) Share Transfer System:

All the share related work is being undertaken by the company's Registrar & Transfer Agent. A Stakeholders Relationship Committee has been constituted to approve the share transfer, transmission, split and consolidation etc. of shares. The transfers which are complete in all respects are taken up for approval at least once in a fortnight and the transferred securities dispatched to the transferee within 21 days. The details of transfer / transmission approved by the Committee are noted by the Board at its next meeting.

(i) Distribution of shareholding as on 31st March, 2019:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters.	24251623	57.63
2.	Indian Public.	11392480	27.07
3.	Banks, Financial Institutions & Insurance Companies, Mutual Fund	21060	0.05
4.	NRI's / Overseas Body Corporate	3262132	7.75
5.	Bodies Corporate	2616340	6.22
6.	Trusts	1040	0.00
7.	Clearing Members (NSDL+CDSL)	32793	0.08
8.	Any other	505057	1.20
	TOTAL	42082525	100.00

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2019:

Range of Equity Shares Holding	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 500	50531	95.01	3483501	8.28
501 - 1000	1369	2.57	1135654	2.70
1001 - 2000	599	1.13	938300	2.23
2001 - 3000	226	0.42	578979	1.38
3001 - 4000	95	0.18	341966	0.81
4001 - 5000	91	0.17	434926	1.03
5001 - 10000	138	0.26	1010263	2.40
10001 - 20000	61	0.11	867067	2.06
20001 and above	76	0.15	33291869	79.11
TOTAL:	53186	100.00	42082525	100.00

(k) Depository Services:

The Equity Shares of your Company are traded in compulsory dematerialised form by all the investors. The Company has entered into agreements with both the depositories viz., National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), enabling the investors to hold shares of the Company in electronic form through the depository of their choice.

(l) Dematerialisation of Shares:

41001199 Equity Shares aggregating to 97.43% of the total Equity Capital is held in dematerialized form as on 31/03/2019 of which 81.87% (34451138 Equity Shares) of total equity capital is held with NSDL and 15.56% (6550061 Equity Shares) of total equity capital is held with CDSL as on 31/03/2019.

(m) Stock Exchange Intimations

All price-sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. All submissions to the Exchanges are made through the respective electronic filing systems.

Material events or information as detailed in Regulation 30 of the Listing Regulations are disseminated to the Stock Exchanges by filing them with BSE through BSE Online Portal. They are also displayed on the Company's website at <http://www.gardenvareli.com>.

(n) Letters and Reminders to Shareholders

The Company in terms of circular issued by SEBI time to time with respect to Updation of PAN and Bank details, mandating transfer of securities only in electronic form effective from 1st April, 2019, has communicated to the shareholders through notice of Annual General Meeting.

(o) Credit Ratings

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds during the financial year ended 31st March, 2019. Accordingly requirement of obtaining credit rating is not applicable.

(p) Commodity price risk / Foreign Exchange Risk and Hedging Activity

Certain key raw materials, such as MEG / PTA used by the Company are derivatives of commodities such as crude oil. Any material price fluctuation in such commodities can impact the margins of the Company till the impact is appropriately factored in the pricing of Company's products. The Company does not undertake commodity hedging activities. Exposure to commodity and commodity risks faced by the Company throughout the year is Nil.

(q) Outstanding GDRs/ADRs/Warrants

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2019.

(r) Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form can be obtained from the Company's Registrar and Transfer Agent.

(s) Address for Correspondence:

For Transfer / Dematerialisation of Shares, Payment of Dividend on Shares and any other query relating to the shares of the Company.

(i)	For Shares held in Physical Form	Karvy Fintech Pvt. Ltd. (Unit: Garden Silk Mills Limited), Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India. Phone No. 040 67162222 Fax No. 040 23420814 Email: einward.ris@karvy.com Karvy Computershare Pvt. Ltd.
(ii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.

(t) Eliminate Duplicate Mailing

Members holding Equity Shares of the Company in more than one Folio in one name or with the same address as joint members of the Company, may authorize the Company to discontinue mailing of multiple Annual Reports.

(u) Green Initiative:

By virtue of Ministry of Corporate Affairs (“MCA”) Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, read with Rule 11 of the Companies (Accounts) Rules, 2014, service of documents may be made to members through electric mode.

We therefore appeal to the members to be a part of the said “Green Initiative” and request the members to register their name in getting the said documents in electronic mode by sending an email giving their Registered Folio Number and/or DP Id/Client ID to the dedicated email address of shareddepartment@gardenvareli.com or login at the R&TA’s website www.gardenvareli.com and register their request.

Those members, who want the above documents in physical form, must indicate their option by sending a letter or an email to the Registrar at the specially created e-mail ID shareddepartment@gardenvareli.com or login at the R&TA’s website www.gardenvareli.com quoting their DP ID & Client ID and/or Registered Folio Number.

(v) Equity Shares in the suspense account

During the year under review, there were no shares held in the demat suspense account/unclaimed suspense account. The Company has sent reminders to the shareholders to claim their shares returned undelivered and lying in physical form with the Company.

(w) Secretarial Audit

Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been issued, on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.

A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and he total issued and listed capital.

The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

Mr. Kunjal Dalal of M/s K. Dalal & Co., Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2018-19. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, its Memorandum and Articles of Association, Listing Regulations and the applicable SBI Regulations. The Secretarial Audit Report forms part of the Board's Report.

Certificate from Practising Company Secretary

Mr. Jigar Vyas of M/s Jigar Vyas And Associates, Practicing Company Secretaries, has issued a certificate confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

In accordance with the SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Kunjal Dalal of M/s K. Dalal & Co., Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2019.

(x) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements and have not adopted non-mandatory requirements.

(y) The Company does not have any material subsidiary company.

(z) Policy on dealing with related party transactions is available on the website of the Company.

10. Compliance of Discretionary requirements under Part E of Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. The Board: The Chairperson does not maintain his separate office at the Company's expense.
2. Shareholder Rights: The Company publishes the financial results in news papers and places on its website and does not send it to shareholders.
3. Modified opinion(s) in audit report: The Audit opinion received by the Company has not been modified.
4. Separate posts of chairperson and chief executive officer: The Company has a Managing Director and a Wholetime Director designated as Executive Director and CFO of the Company.
5. Reporting of internal auditor: The Internal Auditor of the Company directly reports to the Audit Committee of the Company and their Internal Audit Reports are presented in the meeting of the Audit Committee.

11. Compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.

The Company has complied with Corporate Governance requirements as specified in regulations 17 to 27 relating to Board of Directors; Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Vigil Mechanism, Related Party Transactions, Corporate Governance Requirements, obligations with respect to Independent Directors, other Directors and Senior Management. The information and documents specified under clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been placed on the website of the Company.

12. Non-Mandatory Requirements

Shareholders' Rights

The half yearly financial results are published in the newspapers as mentioned above and also they are displayed under the investor relations section on the Company's website 'www.gardenvareli.com'. Therefore, the results were not separately circulated to all shareholders.

For Garden Silk Mills Limited

Place: Mumbai
Date : 30th May, 2019

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

CEO/CFO CERTIFICATION

(under Regulation 17(8) of SEBI (LODR) Regulations, 2015)

To
The Board of Directors,
Garden Silk Mills Limited
Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Garden Silk Mills Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statement together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these efficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

For Garden Silk Mills Limited

Mumbai, 30th May, 2019

Praful A. Shah
Chairman & Managing Director
(DIN 00218143)

Alok P. Shah
Executive Director, CFO & COO
(DIN 00218180)

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

(Regulation 34(3) read with Schedule V (Part D) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm and certify that the Company has adopted a Code of Conduct for Board member and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board member and Senior Management have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2019.

Place: Mumbai, 30th May, 2019

For Garden Silk Mills Limited

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Garden Silk Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Garden Silk Mills Limited (“the Company”), for the year ended on 31st March, 2019, as stipulated in Regulations 17 – 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), pursuant to the Listing Agreement of the Company with Stock exchanges.

Management Responsibility

2. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company or ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Notes on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Opinion

6. Based on our examination of the relevant records and according to the information and explanation provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sharp & Tannan Associates
Chartered Accountants
Firm Registration Number: 109983W

Tirthraj Khot
Partner

Membership No.: (F) 037457

Place: Mumbai, 30th May, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Garden Silk Mills Limited

Report on the audit of the standalone financial statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **Garden Silk Mills Limited** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31st 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 notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit/(loss) (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for qualified opinion

As at 31st March, 2019 the Company's financial statements mention total borrowings including interest accrued of ₹ 171,691 Lakhs from various banks and other lenders. We have obtained/verified direct bank confirmations/ bank statements/ reconciliation statements and other relevant available information and observed that balances as per company's books and with respective bank records are subject to reconciliation. According to information and explanation provided to us, with respect to outstanding principal amounts, interest calculations including overdue and penal interest, appropriation of amounts paid towards these outstanding balances between interest and principal loan repayments etc. as provided by lenders and as available with the Company is inadequate and, hence pending reconciliation. In light of the above, we are unable to quantify the consequential impact on Company's total borrowings as at 31st March, 2019 and impact of interest and other changes accrued on the statement of profit and loss for the year ended as on that date. (Refer note no. 12(a)(e))

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") 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 standalone 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 together with the ethical requirements that are relevant to our audit of the standalone 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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note no. 12(a), d) & e) to the financial statements. The Company's net-worth is negative as at the year-end mainly due to accumulated losses and continues to have significant pressure on its financial resources. An application is made by one of its lenders to the National Company Law Tribunal (NCLT) Ahmedabad Bench, seeking action under Insolvency and Bankruptcy Code, 2016. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matters as described below:

A. Accounting treatment for customer contracts

B. Contingent liabilities

A. Accounting treatment for customer contracts

Description of key audit matter

Revenue amounting to ₹ 348,027 Lakhs reported in the company's financial statements pertains to customer specific contracts and the same are required to satisfy the recognition and measurement criteria as prescribed in IND AS 115, 'Revenue from Contracts with Customers'. Revenue recognition is considered as an inherent risk and also as a fraud risk. In case of revenue recognition risk of material mis-statement significantly increases for its cut-offs, accuracy, completeness and presentation and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

Description of Auditor's response

With a view to verify the reasonableness of the revenue accounting we carried out following procedures:

- a) Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;
- b) Read terms of the contracts and verified accuracy of sales recognition on test basis;
- c) Discussed with the management process of identification of variable consideration, if any;
- d) Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;
- e) Performed analytical procedures and obtained reasons for major variances;
- f) Ensured that revenue is recognized in accordance with accounting policy of the Company and Ind AS 115 and necessary disclosures are made in the financial statements;

B. Contingent liabilities

Description of key audit matter

Contingent liabilities as at 31 March 2019 amounted to ₹ 13,025 Lakhs, which mainly include pending income-tax matters, indirect-tax matters etc. Contentious direct/ indirect tax matters relate to interpretational differences between the company and various tax authorities, certain matters subjected to internal circulars and guidelines within tax authorities irrespective of stated legal provisions sometimes requiring decision making only by higher tax authorities through appellate procedures resulting in delays in outcome. These multiple litigations by and on the Company, which are currently pending at various levels and courts requiring the company's management to exercise significant judgement on these outcomes to determine the liabilities that are contingent in nature. Considering these factors, in the context of our audit, this matter was of significance and hence a key audit matter.

Description of Auditor's response

With a view to ensure that disclosures made by the company in note no. 28 are determined appropriately and prudently, we obtained information of pending income-tax and indirect-tax matters from the Company and have obtained/verified the documents including the communication with the departments provided by the Company. In addition, we have carried out comparison with respect to previous year and obtained/reviewed documentation for additional direct/ indirect tax matters reported, if any, including matters arisen during the year. Our tax team has carried out discussions with the Company's internal tax team on these cases mainly with respect to issues raised by various tax authorities in their communication to the company to substantiate company's assessment that there are no present obligations perceived.

Information other than the standalone financial statements and auditor's report thereon (hereinafter referred as "other information")

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the standalone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cashflows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Company's Management and Board of Directors are 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the standalone 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.

- B. 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 expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 standalone 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. [Refer above para "*Material Uncertainty Related to Going Concern*"]
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, 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 purposes 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 balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
- g) With respect to the other matters to be included in the auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the auditor’s report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March, 2019 on its financial position in its standalone financial statements - refer note 28 to the standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan Associates,
Chartered Accountants
Firm’s Registration No.: 109983W

Tirtharaj Khot
Partner

Membership No.: (F) 037457

Mumbai, 30 May, 2019

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. property, plant and equipment and other intangible assets of the Company).
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.
- (c) According to information and explanation given to us and the records examined by us and based on the examination of the Photocopies/scanned copies of the title deeds of all the immovable properties deposited with the bankers, we report that the title deeds of all the immovable properties that have been pledged as security against borrowings and other facility availed by the company, are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting on paragraph 3(iii) of the Order is not applicable.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act, to the extent applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation provided to us, dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute are as follows:

Name of Statute	Nature of dues	Forum where Dispute is Pending	Period to which amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
Central Excise Act, 1944	Excise Duty / Service Tax	Mumbai high Court	1994-95	35.00	25.00
		Gujarat High Court (Ahmedabad)	2008-09	2610.00	1960.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	101.61	101.61
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-12	40.55	40.55
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2009-10	3.00	3.00
		Gujarat High Court (Ahmedabad)	2000-01	336.17	0.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	505.80	486.83
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008-13	77.75	74.84
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2010-14	37.40	36.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-16	27.12	25.76
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	160.51	154.49
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-16	398.14	378.23
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	286.16	275.43
		Gujarat High Court (Ahmedabad)	1994-95	4293.11	4293.11
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2014-17	34.35	33.05
Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2017-18	245.00	0.00		
Customs Act, 1962	Customs Duty	Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	126.93	0.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	36.43	33.26
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	33.84	29.34
		Total		9388.87	7950.50

- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has defaulted in repayment of dues to financial institution and bank, details of which are mentioned below. The Company does not have any debenture holders and has not borrowed from government.

Category of the Lender	Name of the Lender	Amount of Default ₹ in Lakhs **		Amount of Default ₹ in Lakhs		Period of default
		Up to 31-03-2019		Up to 31-03-2018		
		Principal	Interest	Principal	Interest	
Banks:	Allahabad Bank	2,006.16	1,428.34	233.39	184.91	2016-17,2017-18 & 2018-19
	Bank of Baroda	12,687.46	5,685.13	6,000.55	5,652.71	
	Bank of India	3,305.47	3,319.99	1,787.74	1,946.71	
	Corporation Bank	4,340.36	4,557.16	2,517.71	2,661.75	
	Exim Bank	1,839.50	1,409.13	930.59	787.89	
	ICICI	499.78	264.40	227.92	224.25	
	IDBI Bank	3,117.63	1,662.74	1,944.02	894.64	
	Indian Bank	453.85	253.56	243.53	117.67	
	Indian Overseas Bank	1,326.68	786.23	710.92	395.12	
	State Bank of India *	5,681.16	5,328.90	2,916.84	3,091.35	
	Union Bank of India	4,940.35	3,480.13	2,652.20	1,777.15	
Financial institution:	LIC of India	725.07	613.43	337.96	279.86	2016-17,2017-18 & 2018-19

*State Bank of Patiala & State Bank of Travancore have merged with State Bank of India.

**As per books of accounts of the company and subject to reconciliation

- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purposes for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi) is not applicable.

For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner

Membership No.: (F) 037457

Mumbai, 30 May, 2019

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on even date)

Report on the Internal Financial Controls

[under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")]

Opinion

We have audited the internal financial controls over financial reporting of **Garden Silk Mills Limited** (hereinafter referred as "the Company") as of **31st March, 2019** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal financial 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 (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Management's responsibility for internal financial controls

The Company's Management and Board of Directors are 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. 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 its 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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 internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial control over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457

Mumbai, 30 May, 2019

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

	Note No.	As at 31st Mar, 2019	As at 31st Mar, 2018
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	1	96754.66	103029.09
(b) Capital Work-In-Progress	1	646.34	1514.39
(c) Intangible Assets	1	1.47	7.82
(d) Financial Assets			
(i) Investments	2	446.94	1064.71
(ii) Loans and Advances	3	7.36	5.14
(iii) Others Financial Assets	4	225.40	225.40
(e) Deferred Tax Assets (Net)	5	0.00	0.00
(f) Other Non-Current Assets	9	3048.24	2789.63
Total Non-Current Assets (A)		101130.41	108636.18
Current Assets			
(a) Inventories	6	41532.31	42288.06
(b) Financial Assets			
(i) Trade Receivables	7	10361.93	21061.90
(ii) Cash and Cash Equivalents	8(a)	3656.40	4109.74
(iii) Bank Balances Other than (iii) above	8(b)	2713.79	5919.63
(iv) Loans and Advances	3	58.00	109.08
(v) Others Financial Assets	4	43.73	0.00
(c) Other Current Assets	9	12537.51	15238.76
Total Current Assets (B)		70903.67	88727.17
TOTAL ASSETS (A)+(B)		172034.08	197363.35
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	10	4208.25	4208.25
(b) Other Equity	11	(34509.56)	(25294.74)
Total Equity (A)		(30301.31)	(21086.49)
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12(a)	69027.60	93375.38
(ii) Other Financial Liabilities		0.00	0.00
(b) Long-Term Provisions	13	498.39	588.10
(c) Other Non-Current Liabilities		0.00	0.00
Total Non-Current Liabilities (B)		69525.99	93963.48
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12(b)	8727.23	15751.51
(ii) Trade Payables			
1. Dues of Micro Enterprises and Small Enterprises	15(a)	290.49	37.45
2. Dues of Other than Micro Enterprises and Small Enterprises	15(a)	23884.08	36168.62
(iii) Other Financial Liabilities	15(b)	96855.06	62713.15
(b) Other Current Liabilities	14	3031.94	8219.19
(c) Short-Term Provisions	13	20.60	1596.44
Total Current Liabilities (C)		132809.40	124486.36
TOTAL EQUITY AND LIABILITIES (A)+(B)+(C)		172034.08	197363.35
Significant Accounting Policies	A to C		
The accompanying Notes form an integral part of Financial Statements	1 to 37		

As per our report of even date
For Sharp & Tannan Associates.
 Chartered Accountants
 Firm Registration No. 109983W
Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 Mumbai, 30th May, 2019

For and on behalf of the Board of Directors
PRAFUL A. SHAH (DIN: 00218143) Chairman & Managing Director
ALOK P. SHAH (DIN: 00218180) Executive Director, CFO & COO
SUNIL S. SHETH (DIN: 00024033) Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2019

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

	Note No.	2018-19	2017-18
INCOME			
Revenue from Operations	16	348073.17	310333.45
Other Income	17	1980.74	536.07
TOTAL INCOME		350053.91	310869.52
EXPENSES			
Cost of Materials Consumed	18	259873.64	221749.82
Purchases of Stock-In-Trade	19	3996.20	6448.83
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	20	834.25	(4925.11)
Excise Duty	21	0.00	6993.22
Employee Benefit Expense	22	12627.50	13040.50
Finance Costs	23	20410.08	18861.91
Depreciation and Amortisation Expense	24	6614.70	6624.98
Impairment Losses	24	669.39	1486.02
Other Expenses	25	53659.10	49485.98
TOTAL EXPENSES		358684.86	319766.15
Profit/(Loss) Before Exceptional Item and Tax		(8630.95)	(8896.63)
Exceptional Items :			
Fair Value Loss on Investments in Subsidiary Co.	2	345.88	0.00
Profit/(Loss) Before Tax		(8976.83)	(8896.63)
Tax Expense			
Current Tax	5	0.00	0.00
Deferred Tax	5	0.00	0.00
Profit/(Loss) for the Year		(8976.83)	(8896.63)
Other Comprehensive Income/(Loss)			
(i) Items that will not be reclassified to Profit or (Loss)	26	(237.99)	45.54
(ii) Income tax relating to items that will not be reclassified to Profit or (Loss)		0.00	0.00
Total Other Comprehensive Income/(Loss) for the Year		(237.99)	45.54
Total Comprehensive Income/(Loss) for the Year (Net of Tax)		(9214.82)	(8851.09)
Earnings per Equity Share of face value of ₹ 10 each	27	(21.33)	(21.14)
Basic and Diluted (in ₹)			
Significant Accounting Policies	A to C		
The accompanying Notes form an integral part of Financial Statements	1 to 37		

As per our report of even date
For Sharp & Tannan Associates.
 Chartered Accountants
 Firm Registration No. 109983W
Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 Mumbai, 30th May, 2019

For and on behalf of the Board of Directors
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SUNIL S. SHETH (DIN: 00024033) Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2019

Statement of Changes in Equity for the year ended 31st March, 2019

A Equity Share Capital

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	42082525	4208.25	42082525	4208.25
Shares issued	0	0.00	0	0.00
Outstanding at the end of the year	42082525	4208.25	42082525	4208.25

B Other Equity

(₹ in Lakh)

	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2018	25219.06	2046.18	(52620.01)	60.03	(25294.74)
Total Comprehensive Income for the year	0.00	0.00	(8976.83)	(237.99)	(9214.82)
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2019	25219.06	2046.18	(61596.84)	(177.96)	(34509.56)

As per our report of even date
For Sharp & Tannan Associates.
 Chartered Accountants
 Firm Registration No. 109983W
Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 Mumbai, 30th May, 2019

For and on behalf of the Board of Directors
PRAFUL A. SHAH (DIN: 00218143) Chairman & Managing Director
ALOK P. SHAH (DIN: 00218180) Executive Director, CFO & COO
SUNIL S. SHETH (DIN: 00024033) Director
KAMLESH B. VYAS Company Secretary
 Mumbai, 30th May, 2019

Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakhs)

	Year ended 31st March, 2019	Year ended 31st March, 2018
A. Cash flow from Operating Activities		
Profit/(Loss) before tax	(8976.83)	(8896.63)
Adjustment for:		
Depreciation and Amortisation	6614.70	6624.98
Impairment losses	669.39	1486.02
Finance Costs (Net)	20410.08	18861.91
Profit on Sale of Assets	(7.98)	(88.52)
Interest Income	(263.34)	(221.93)
Dividend Income	(0.73)	(1.06)
Fair value Loss on Investment in Subsidiary	345.88	16.61
Credit Balance no longer required	(1580.52)	(109.67)
Bad Debts written off	40.22	15.85
Bad Debts /Advances Recovery	(44.42)	0.00
Fair Value (Gain) / Loss	(105.27)	139.66
	<u>26078.01</u>	<u>26723.85</u>
Operating Profit before Working Capital Changes	17101.18	17827.22
Movements in Working Capital :		
(Increase) / Decrease in Inventories	755.74	(3466.79)
(Increase) / Decrease in Trade Receivables	10735.26	(5896.03)
(Increase) / Decrease in Loans in Advances	48.86	634.09
(Increase) / Decrease in Other Assets	2530.87	(6498.95)
(Decrease) / Increase in Trade Payables	(12019.08)	9900.04
(Increase) / Decrease in Provisions	(214.46)	(1216.41)
(Decrease) / Increase in Other Financial Liabilities	(573.05)	23.56
(Decrease) / Increase in Other Current Liabilities	(5186.33)	6207.15
	<u>(3922.19)</u>	<u>(313.34)</u>
Cash Generated from Operations	13178.99	17513.88
Direct Taxes (Paid) / Refund.	(71.44)	(13.93)
Net Cash Flow from Operating Activities (A)	<u>13107.55</u>	<u>17499.95</u>
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(184.32)	(505.98)
Sale of Property, Plant and Equipment	33.69	300.77
Closure of Subsidiary	118.86	0.00
Dividend Income	0.73	1.06
Interest Income	256.72	205.95
Net Cash Inflow from Investing Activities (B)	<u>225.68</u>	<u>1.80</u>
C. Cash Flow from Financing Activities		
(Repayment)/Proceeds from Short Term Borrowings	(7024.28)	4699.53
Proceeds from Long Term Borrowings	0.00	5149.05
Repayment of Long Term Borrowings	(272.19)	(14578.84)
Payment of Interest and Bank Charges	(9695.94)	(7866.54)
Net Cash Outflow from Financing Activities (C)	<u>(16992.41)</u>	<u>(12596.80)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(3659.18)</u>	<u>4904.95</u>
Cash and Cash Equivalents at the beginning of the year	10029.37	5124.42
Cash and Cash Equivalents at the end of the year	6370.19	10029.37
(Refer Note No. 8)		

Notes :

- 1 Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"
- 2 There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

As per our report of even date
For Sharp & Tannan Associates.
 Chartered Accountants
 Firm Registration No. 109983W
Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 Mumbai, 30th May, 2019

For and on behalf of the Board of Directors
PRAFUL A. SHAH (DIN: 00218143) Chairman & Managing Director
ALOK P. SHAH (DIN: 00218180) Executive Director, CFO & COO
SUNIL S. SHETH (DIN: 00024033) Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2019

Notes annexed to and forming part of the Financial Statements

A. Corporate Information

Garden Silk Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at 1st Floor, Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat-395010. Garden Silk Mills Ltd. is one of India's leading man-made fibre-based textile companies. It is a vertically integrated manufacturer of a wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (Grey) Fabric as well as Dyed and Printed Sarees and Dress Materials. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

B. Summary of Significant Accounting Policies

B.1. Basis for Preparation of Financial Statements:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company, and all values are rounded to the nearest Lakhs with two decimal, except when otherwise indicated.

The Company has term loan, working capital and other financing arrangements from certain banks and other lenders. These lenders have declared their arrangements with the Company as non-performing asset since the Company has defaulted in repayment of principal, interest and other penal dues. The Company's net-worth as at the year-end is negative mainly due to accumulated losses. Although the Company has shown an improvement in its operating income for the year, the Company continue to have a significant pressure on its financial resources. The Company is in discussion with its consortium of lenders for financial restructuring arrangement including identifying a potential investor. The management is confident about the successful closure of above measures/conditions and has accordingly prepared financial results on a going-concern basis.

The financial statements are approved for issue by the Company's Board of Directors on 30th May 2019.

B.2. Application of New Ind AS:

Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Company. The standard permits two possible methods of transaction:

- (i) Retrospective Approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (ii) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach).

The effective date of adoption of Ind AS 115 is financial period beginning on or after April 01, 2018.

The Company has adopted the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

There is no material impact on adoption of Ind AS 115.

Notes annexed to and forming part of the Financial Statements (Contd.)

B.3. Key Sources of Estimation:

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include:

- (i) The useful lives and Residual value of Property, Plant and Equipment
- (ii) Income Tax Assets / Liabilities
- (iii) Allowance for Expected Credit Loss of Financial Assets
- (iv) Future Obligations in Respect of Retirement Benefit Plans
- (v) Differences, if any, between the actual results and estimates are recognised in the period in which the results are known
- (vi) Fair value of Investments

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described above, the Management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Impairment of Property, Plant and Equipment:

Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating unit. The value in use calculation requires to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) Useful Lives and Residual Value of Property, Plant and Equipment:

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there are no major changes required to the useful lives of assets.

(iii) Discount Rate - Defined Benefit Obligation:

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

(iv) Provision for Litigations and Contingencies:

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

(v) Allowance for expected credit losses :

The expected credit allowance is based on the ageing of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

Notes annexed to and forming part of the Financial Statements (Contd.)

(vi) Income Taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

B.4. Current versus Non-current Classification

Assets and liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, and the Company's normal operating cycle.

An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) 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:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

B.5. Property, Plant and Equipments and Other Intangible Assets:

Property, Plant and Equipments

Property, plant and equipment held for use in production or supply of goods or services or for administrative purposes are stated at cost less accumulated depreciation/amortization less accumulated impairment, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use.

Depreciation Methods, Estimated Useful Lives and Residual Value

Depreciation is recognized (other than on capital work-in-progress) on a straight line method over the estimated useful lives of assets except on the Factory Buildings and Plant & Machineries pertaining to Draw Winding & Draw Twisting section, specific Power Projects situated at Jolwa, Draw Warping situated at Jolwa & Vareli which is on Written Down Value method, as per schedule-II to the Companies act 2013.

Notes annexed to and forming part of the Financial Statements (Contd.)

Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement. The estimated useful lives of assets are stated below:

Sr. No.	Category of Assets	Useful Life* (in Years)
1	Buildings:	
(i)	Factory Buildings	30
(ii)	Other Buildings	60
2	Plant and Machinery:	
(i)	Continuous Process Plants	25
(ii)	Power Plants	40
(ii)	Other	8 to 10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office Equipments	5
6	Electrical installations and Equipments	10
7	Computer Equipments	3
8	Software	6
9	Property, plant and equipment individually costing Rs. 10,000 or less	1

**Estimated Useful life of assets consistent with the useful life specified in the Schedule II of the Companies Act, 2013.*

The economic useful lives of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

Freehold land is not depreciated.

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a written down value over their estimated useful lives, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life, the amortization method and the amortization period are reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

Notes annexed to and forming part of the Financial Statements (Contd.)

B.6. Impairment of Tangible and Intangible Assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible and Intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual 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 assessment 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 recognized immediately in the Statement of 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, but so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in the Statement of Profit or Loss.

B.7. Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials, stores and spare parts and traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

B.8. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties. Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides with dispatch of goods from factory/stock points.

Interest Income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

Eligible export incentives are recognised in the year in which the conditions precedent is met and there is significant certainty about the collectability.

Revenue in respect of other income is recognised to the extent that the Company is reasonably certain of its ultimate realisation.

Notes annexed to and forming part of the Financial Statements (Contd.)

B.9. Foreign Currencies:

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

B.10. Employee Benefits:

Short-term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

Other Long-term Employee Benefits

The liability for earned leave is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Post-Employment Benefits

(a) Defined Contribution Plans:

Payments to defined contribution retirement benefit plans are recognized as expenses when the employees have rendered the service entitling them to the contribution.

Provident fund: The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' basic salary (currently 12% of employees' basic salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

(b) Defined Benefit Plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in the Statement of Profit or Loss in the period of plan amendment.

Defined benefit costs comprising service cost (including current and past service cost and gains and losses on curtailments and settlements) and net interest expense or income is recognized in profit or loss.

Notes annexed to and forming part of the Financial Statements (Contd.)

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each balance sheet date using the projected unit credit method

(c) Termination Benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense in the period in which they are incurred.

B.11. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

B.12. Taxation:

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Notes annexed to and forming part of the Financial Statements (Contd.)

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Current tax and Deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The Company has unabsorbed depreciation and carried forward losses under Tax laws. In absence of reasonable certainty of sufficient future taxable income, net deferred tax assets have not been recognised considering prudence in accordance with Ind AS 12 Income taxes.

B.13. Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes annexed to and forming part of the Financial Statements (Contd.)

B.14. Financial Instruments:

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

(A) Financial Assets

a) Initial Recognition and Measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

b) Subsequent Measurement

(i) Financial Assets Carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the 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.

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the 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.

(iii) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

(iv) Investment in Subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in subsidiaries, associates and joint venture at cost.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

d) Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- * The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); OR
- * Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes annexed to and forming part of the Financial Statements (Contd.)

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

(b) Financial Liabilities

a) Initial Recognition and Measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

b) Subsequent Measurement

Financial liabilities are carried at amortized 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. Financial Assets Carried at Amortised Cost (AC)

c) De-Recognition

Financial liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

d) Foreign Exchange Gains and Losses

Financial liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss.

B.15. Derivative Financial Instruments:

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and subsequently re-measured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit or Loss immediately. The Company has not designated any derivative financial instrument as a hedging instrument.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives where the risk and characteristics are not closely related to the host contracts and the host contracts are not measured at fair value through profit or loss.

B.16. Cash and Cash Equivalents:

Cash and cash equivalents comprise cash in hand and unencumbered, highly liquid bank and other balances (with original maturity of three months or less) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

B.17. Statement of Cash Flow:

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profits for the effects of:

Notes annexed to and forming part of the Financial Statements (Contd.)

- (i) Transactions of a non-cash nature.
- (ii) Any deferrals or accruals of past or future operating cash receipts or payments.
- (iii) Items of income or expense associated with investing or financing cash flows.
- (iv) Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

B.18. Events after Reporting Date:

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date only of material size or nature are disclosed.

B.19. Earnings per Share:

The Company reports basic and diluted earnings per share (EPS) in accordance with Indian Accounting Standard 33 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by weighted average number of equity shares outstanding during the year as adjusted for the effects of the effects of all dilutive potential ordinary shares dilutive potential equity shares (except where the results are anti-dilutive).

C. Recent Indian Accounting Standards (Ind AS)

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases'. The Standard are applicable to the Company with effect from 1st April 2019.

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- (i) Lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.
- (ii) At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- (iii) Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right of-use asset.
- (iv) A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurements normally also adjusts the right-of-use asset.

The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.

The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete. This review included:

- (i) an assessment about whether the contract depends on a specific asset,
- (ii) whether the company obtains substantially all the economic benefits from the use of that asset; and whether the Company has the right to direct the use of that asset.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The company is currently evaluating the effect of this amendment on the financial statement.

Notes annexed to and forming part of the Financial Statements

Note 1 : PROPERTY, PLANTS & EQUIPMENTS

(A) Property, Plants & Equipments and Intangible Assets:

Description	Tangible Assets:										Intangible Assets:		Grand Total	
	Freehold Land	Building	Plant and Machinery	Furniture & Fixtures	Motor Vehicles	Office Equipments	Computer & Data Processing Units	Laboratory Equipments	Electrical Installation & Equipments	Total Tangible Assets	Intangible Assets:			
											Software	Total		
GROSS BLOCK														
Balance as at 31st March 2017	6000.51	20834.31	86783.63	368.53	464.02	109.48	92.96	27.40	1100.44	115781.28	33.54	115814.82		
Additions	0.00	216.93	173.56	1.09	88.63	11.59	11.45	0.00	0.01	503.26	0.97	504.23		
Retirements/(Deductions)	0.00	0.00	229.82	0.00	11.14	0.04	0.07	0.00	1.30	242.37	0.00	242.37		
Balance as at 31st March 2018	6000.51	21051.24	86727.37	369.62	541.51	121.03	104.34	27.40	1099.15	116042.17	34.51	116076.68		
Additions	0.00	23.32	255.14	17.20	30.28	11.84	15.47	0.00	(4.31)	348.94	0.00	348.94		
Adjustments	0.00	0.00	165.12	0.00	0.00	0.00	0.00	0.00	0.00	165.12	0.00	165.12		
Retirements/(Deductions)	0.00	0.00	16.10	1.51	25.48	1.67	0.00	0.00	0.00	44.76	0.00	44.76		
Balance as at 31st March 2019	6000.51	21074.56	87131.53	385.31	546.31	131.20	119.81	27.40	1094.84	116511.47	34.51	116545.98		
ACCUMULATED DEPRECIATION														
Balance as at 31st March 2017	0.00	1168.38	4782.46	63.77	96.22	28.51	20.86	4.77	263.90	6428.87	16.02	6444.89		
Additions	0.00	1214.88	4949.76	62.06	91.05	28.73	17.60	2.06	248.18	6614.32	10.66	6624.98		
Retirements/(Deductions)	0.00	0.00	24.03	0.00	5.67	0.00	0.00	0.00	0.41	30.11	0.00	30.11		
Balance as at 31st March 2018	0.00	2383.26	9708.19	125.83	181.60	57.24	38.46	6.83	511.67	13013.08	26.68	13039.76		
Additions	0.00	1174.10	4969.95	56.83	68.02	20.79	43.04	1.53	274.08	6608.94	6.36	6614.70		
Adjustments	0.00	0.00	154.03	0.00	0.00	0.00	0.00	0.00	0.00	154.03	0.00	154.03		
Retirements/(Deductions)	0.00	0.00	6.17	0.00	11.54	0.93	0.00	0.00	0.00	18.64	0.00	18.64		
Balance as at 31st March 2019	0.00	3557.36	14826.00	182.66	238.08	77.10	81.50	8.36	785.75	19756.81	33.04	19789.85		
NET BLOCK														
Balance as at 31st March 2018	6000.51	18667.98	77019.18	243.79	359.91	63.79	65.88	20.57	587.48	103029.09	7.82	103036.91		
Balance as at 31st March 2019	6000.51	17517.20	72305.53	202.65	308.23	54.10	38.31	19.04	309.09	96754.66	1.47	96756.13		

(Rs.in Lakhs)

Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 12.

(B) Capital work-in-progress:

Capital work in progress as at 31st March, 2019 is Rs.646.34 Lakhs (31st March, 2018: Rs.1514.39 Lakhs). There are no Contractual Commitments with respect to Property, Plant and Equipment. During the year, the company has provided for Impairment losses of Rs.669.39 Lakhs (Previous Year Rs.1486.02 Lakhs) for uninstalled Plant and Machinery, based on Independent Valuer's Report.

Notes annexed to and forming part of the Financial Statements

		(₹ in Lakhs)	
		As at 31st March, 2019	As at 31st March, 2018
Note 2 : Investments			
Non-current			
Quoted			
Fair Value through Other Comprehensive Income			
In Equity Shares of Group Company			
Surat Textile Mills Limited.			
14500000 (31 March 2018 : 14500000) equity shares FV of Rs.1 each		420.50	572.75
		420.50	572.75
Unquoted			
a. Other Investments			
Fair Value through Other Comprehensive Income			
Majestic Land Developers Pvt. Ltd.			
500 (31 March 2018 : 500) equity shares FV of Rs.100 each		12.27	12.34
Amitabh Bachchan Corporation Ltd.			
50000 (31 March 2018 : 50000) equity shares FV of Rs.10 each		12.42	13.13
New Piece Goods Bazaar Co. Ltd.			
108 (31 March 2018 : 108) shares FV of Rs.100 each		1.58	1.58
Electrex India Ltd.			
100 (31 March 2018 : 100) equity shares FV of Rs.10 each		0.02	0.02
Icent Ltd.,			
206667 (31 March 2018 : 206667) equity shares FV of Rs.10 each		0.00	0.00
(Carring at Re.1 in books)			
Salora Shinsung Textile Co Ltd.			
4943832 (31 March 2018 : 4943832) equity shares FV of Rs.10 each		0.00	0.00
(Carring at Re.1 in books)			
b. Investment in Government Securities			
Amortised Cost			
6 Years National Savings Certificate		0.15	0.15
(Deposited with Sales Tax Authorities)			
c. Investment in Wholly Owned Subsidiary Company			
In Foreign Subsidiary Co. measured at Cost			
GAIA International FZE, Dubai #			
Equity share Nil (31 March 2018 : 1) of 477000 AED		0.00	80.17
Investment in GAIA International FZE		0.00	384.57
		26.44	491.96
Total		446.94	1064.71

The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018. Exceptional items amounting to ₹ 345.88 Lakhs for the year ended 31st March, 2019 represent fair value Loss on closing down of Subsidiary Company namely GAIA Intenational FZE.

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 3 : Loans and Advances		
Non-Current		
Unsecured, Considered Good		
Loans to employees	7.36	5.14
Current	7.36	5.14
Unsecured, Considered Good		
Loans to employees	6.11	6.28
Advance Recoverable - Income Receivable	51.89	102.80
	<u>58.00</u>	<u>109.08</u>
Total	<u>65.36</u>	<u>114.22</u>

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 4 : Other Financial Assets		
Current		
Forward Contract Receivable	43.73	0.00
Total	<u>43.73</u>	<u>0.00</u>
Non-current		
Margin Money Account	225.40	225.40
Total	<u>225.40</u>	<u>225.40</u>

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 5 : Taxes on Income		
The major components of Income Tax Expense for the year ended March 2019 and March 2018 are:		
(i) Statement of Profit or Loss		
Current Tax	NIL	NIL
Short/(Excess) provision of tax for earlier years	NIL	NIL
Deferred Tax	NIL	NIL
Total Income Tax Expense	<u>NIL</u>	<u>NIL</u>

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
(ii) Other Comprehensive Income		
Deferred Tax relating to Net Gain/(Loss) on re-measurement of defined benefit plans	NIL	NIL
(iii) Reconciliation of Effective Tax Rate		
(A) Income before tax		
(B) Enacted Tax Rate in India		
(C) Expected Tax Expense		
(D) Effect of expenses that are not deductible in determining taxable profit		
(E) Effect of Income which is Exempt		
(F) Expenses disallowed PY but allowed in CY	Not Applicable	Not Applicable
(G) Income taxable in future years		
(H) Effect of carried forward loss		
(I) OCI		
(J) Effect of Different tax rate		
(K) Net tax expense to be recognized in Profit or Loss		
(iv) Movement of Deferred Tax		
Deferred Tax Liability on Account of :		
Difference between book value and tax written Down Value of Fixed Assets	18271.78	18782.85
Revaluation of Investment (OCI)	7.50	24.37
Total	18279.28	18807.22
Deferred Tax Asset on Account of :		
Disallowances under the Income Tax Act, 1961	8814.42	7255.98
Carried forward tax losses	27296.38	27416.67
Provision for Doubtful Debts	15.54	30.22
Remeasurements of Gratuity and Leave encashment	81.35	53.27
Total	36207.69	34756.14
Deferred Tax Liability / (Asset) (Net)	(17928.41)	(15948.92)
Current year (Credit)/ Charge to the extent of liability	0.00	0.00
Current year (Credit)/ Recognised at balance amount	0.00	0.00

The Company has unabsorbed depreciation and carried forward losses under Tax laws. In absence of reasonable certainty of sufficient future taxable income and considering prudence, net deferred tax assets on the above have not been recognised in accordance with Ind AS 12 "Income Taxes".

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 6 : Inventories* (at lower of cost and net realisable value)		
Raw Materials	10641.70	9774.29
Raw Materials In Transit	1983.87	2467.47
	12625.57	12241.76
Finished Goods (including Stock in trade)	16453.21	16922.22
Finished Goods in Transit	6201.51	6518.91
Work in Progress	210.16	250.12
	22864.88	23691.25
Stores,Spares,Chemicals & Consumables	6041.86	6004.68
Stores,Spares,Chemicals & Consumables in Transit	0.00	350.37
	6041.86	6355.05
Total	41532.31	42288.06

*Inventories hypothecated as security for short-term borrowings as disclosed under Note 12 (B).

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 7 : Trade Receivables		
Unsecured, Considered good*	10177.62	20440.89
from Subsidiary	0.00	597.51
Considered Doubtful	231.31	114.92
	10408.93	21153.32
Less: Allowance for credit losses	47.00	91.42
Total	10361.93	21061.90

*Refer Note 32 for Amount due from Related Parties.

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 8a : Cash and Cash Equivalents		
Cash on hand	26.10	79.11
Balances with banks		
In Current Accounts	1029.12	1522.16
In EEFC Accounts	2248.43	689.07
Fixed Deposit (maturity in less than 3 months)	329.06	1811.58
Fixed Deposit (maturity in 3 to 12 months)	23.69	7.82
	3656.40	4109.74

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 8b : Other Bank Balances		
Earmarked balances with Banks in Unpaid Dividend Account	0.00	13.59
Margin Money Account	2711.68	5888.68
Fixed Deposit (maturity in more than 12 months)	2.11	17.36
	2713.79	5919.63
Total	6370.19	10029.37

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 9 : Other Assets		
Non-current		
Unsecured, Considered Good		
Deposits - Receivable	62.04	71.36
Balances with Statutory Authorities	1427.06	1237.19
Paintings & Artefacts	1277.03	1277.03
Total	2766.13	2585.58
Non-current Tax Assets		
Advance Income Tax (Net of Provisions)	282.11	204.05
Total	282.11	204.05
Current		
Unsecured, Considered Good		
Advance to Trade Suppliers	568.76	3131.57
Advance to Capital Goods Suppliers	48.77	38.60
Income Receivable	775.27	1286.25
Prepaid Expenses	219.69	411.77
Deposits - Receivable	652.38	503.99
Balance with Customs, GST and State Authorities etc.	10149.61	9561.33
Advance Paid to Employees' Gratuity Fund	123.03	305.25
Total	12537.51	15238.76
Total Other Assets	15585.75	18028.39

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 10 : Equity Share Capital		
Authorised Share Capital		
Equity Shares of ₹ 10/- each 60000000 (31 March 2018 : 60000000)	6000.00	6000.00
Total	6000.00	6000.00
Issued, Subscribed and Paid up *		
Equity Shares of ₹ 10/- each fully paid up 42082525 (31 March 2018 : 42082525)	4208.25	4208.25
Total	4208.25	4208.25

*No Changes during the year and immediately Preceding Previous year.

10.1 Shareholders holding more than 5% of Paid-up Equity Share Capital

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19%	7231996	17.19%
Palomar Textiles Ltd.	3930872	9.34%	3930872	9.34%
Shri Praful A. Shah (Partner of Isha Enterprises)	3791985	9.01%	3791965	9.01%
Shri Praful A. Shah	2789190	6.63%	2789190	6.63%
Shri Praful A. Shah (Partner of Rayben Investments)	2492816	5.92%	2492816	5.92%

10.2 Rights, Preferences and Restrictions attached to Shares

Equity Shares:

The Company has one class of shares referred to as equity shares having a par value of Rs.10 each. Each shareholder is entitled to one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. In the event of liquidation, Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

10.3 For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- i) Allotted as fully paid up pursuant to contracts without payment being received in cash
- ii) Allotted as fully paid shares by way of bonus shares
- iii) Bought back.

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 11 : Other Equity		
Securities Premium		
Balance at the beginning of the year	25219.06	25219.06
Add : During the year	0.00	0.00
Balance at the end of the year	25219.06	25219.06
General Reserve		
Balance at the beginning of the year	2046.18	2046.18
Add : During the year	0.00	0.00
Balance at the end of the year	2046.18	2046.18
Retained Earnings		
Balance at the beginning of the year	(52620.01)	(43723.38)
Add : Profit/(Loss) for the year	(8976.83)	(8896.63)
Balance at the end of the year	(61596.84)	(52620.01)
Other Comprehensive Income		
Balance at the beginning of the year	60.03	14.49
Add : OCI for the year	(237.99)	45.54
Balance at the end of the year	(177.96)	60.03
Total	(34509.56)	(25294.74)

Nature and Purpose of Reserves

Securities Premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General Reserve: The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Items of Other Comprehensive Income

- i) Remeasurements of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.
- ii) Equity Instruments through Other Comprehensive Income: The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through Other Comprehensive Income. Upon de-recognition, the cumulative fair value changes on the said instruments will not be reclassified to the Statement of Profit and Loss.

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 12(a) : Long-term Borrowings		
Secured		
Term loan from Banks	131246.74	131339.66
Term loan from Financial Institutions	2612.04	2612.04
Unsecured		
Term loan from foreign banks	314.10	493.37
Total Borrowings	134172.88	134445.07
Less: Current portion (Refer Note 15 b)		
Secured		
Term loan from Banks	63922.92	40291.17
Term loan from Financial Institutions	1059.94	616.10
Unsecured		
Term loan from foreign banks	162.42	162.42
Total	65145.28	41069.69
Total Long-term Borrowings	69027.60	93375.38

Refer Note 1 (Property, Plant and Equipments) for Carrying Amount of Assets Pledged as Securities for Current / Non-current Borrowings.

Note on Secured Long-Term Borrowings:

- a) Term Loans from Banks and Financial Institutions are secured by first charge on pari passu basis on entire fixed assets of the Company both present and future by way of mortgage/hypothecation of all immovable/moveable properties (except assets under specific charge with the lenders as per Note (b) below), and are further secured by second charge on entire current assets of the Company both present and future by way of hypothecation of all current assets subject to prior charges created/to be created in favour of Bankers for working capital borrowings.
- b) **Of the Rupee Term Loans from Banks:**
- i) Loans from Bank of India to the extent of ₹ 181.25 Lakhs (Previous Year: ₹ 200.00 Lakhs) are secured by hypothecation of specific machinery of Fully Drawn Yarn (FDY) Project at Jolwa.
 - ii) Loans from Bank of India to the extent of ₹ 930.61 Lakhs (Previous Year: ₹ 953.11 Lakhs) are secured by hypothecation of specific Building and Machinery of Texturising plant and Draw Twisting plant at Jolwa.
 - iii) Loan from Daimler Financial Services Pvt Ltd aggregating to ₹ 6.01 Lakhs (Previous Year: ₹ 14.31 Lakhs) under vehicle finance scheme is secured by an exclusive charge by way of hypothecation of specific vehicle purchased under the arrangement.
 - iv) Loans from ICICI Home Finance Co. Ltd to the extent of ₹ 108.72 Lakhs (Previous Year: ₹ 245.53 Lakhs) is secured by hypothecation of residential flat at Mumbai.
 - v) Loans from Corporation Bank to the extent of ₹ 3003.00 Lakhs (Previous Year: ₹ 3003.00 Lakhs) are secured by hypothecation of movable fixed assets of Specific Continuous Polymerisation Project at Jolwa.
 - vi) Loan from Union Bank of India to the extent of ₹ 4330.15 Lakhs (Previous Year: ₹ 4330.15 Lakhs) is secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.

Notes annexed to and forming part of the Financial Statements

c) **Maturity Profile of Secured and Unsecured Term Loan is Set out as Below :** (₹ in Lakhs)

	Rate of Interest ranged between during 31/03/2019	Maturity Profile as at 31/03/2019			
		1-2 years	2-3 years	3-4 years	Beyond 4 years
Secured Term Loans					
Rupee Loans	8% to 12.65%	25985.02	30663.64	8025.22	2649.94
Rupee Term Loans from Financial Institutions	8.25% to 11.00%	491.20	607.62	170.24	283.04
		26476.22	31271.26	8195.46	2932.98
Unsecured Term Loans					
Term Loans from Foreign Banks	5.69%	151.68	0.00	0.00	0.00
		151.68	0.00	0.00	0.00
		26627.90	31271.26	8195.46	2932.98

- d) One of the members of the company's consortium funding viz. Corporation Bank, has filed an application with National Company Law Tribunal (NCLT) Ahmedabad Bench, Ahmedabad for initiation of Corporate Insolvency Resolution Process (CIRP) against the Company under section 7 of the Insolvency and Bankruptcy Code, 2016 which is likely to come up for hearing for its admission in due course. Irrespective of these developments, management's efforts for financial restructuring including identifying a potential investor are on and the management is confident of a positive outcome and has accordingly prepared financial results on a going concern basis.
- e) The Company has term loans, working capital and other financing arrangements from certain banks and other lenders. All these lenders have declared their arrangements with the Company as non-performing asset since the Company has defaulted in repayment of principal, interest and other penal dues. One of the lenders has made an application to the National Company Law Tribunal (NCLT) Ahmedabad Bench, seeking action under Insolvency and Bankruptcy Code, 2016. There are difficulties in obtaining complete and correct information from all lenders towards breakup of debt outstanding. In light of the above, outstanding balances to these lenders are subject to reconciliation/adjustments.

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Note 12(b) : Short-term Borrowings		
Secured		
Cash Credit Facilities	8727.23	15751.51
Total Short-term Borrowings	8727.23	15751.51

- a) Cash Credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured by first charge on pari passu basis on entire current assets of the Company both present and future by way of Hypothecation of all company's current assets and are further secured by second charge on pari passu basis on entire fixed assets of the Company both present and future by way of Mortgage/Hypothecation of immovable/movable properties (excluding those specifically charged) of the Company. Rate of Interest on Cash Credit facilities ranged between 10.40% to 11.20%.

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 13 : Provisions		
Long-term		
Provisions for Employee Benefits	498.39	588.10
Short-term		
Provisions for Employee Benefits	20.60	60.39
Others		
Provision for Excise duty	0.00	1536.05
Total	518.99	2184.54

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 14 : Other Liabilities		
Current		
Advances from Customers	2668.56	7763.22
Advances Received	0.06	0.40
Payable - Expenses	139.52	140.17
Payable - Taxes	41.69	182.45
Payable - TDS	182.11	132.95
Total	3031.94	8219.19

(₹ in Lakhs)		
	As at 31st March, 2019	As at 31st March, 2018
Note 15(a) : Trade Payables		
a) Acceptances	19617.56	30995.76
b) Payable to Others		
i) Payable to Micro and Small Enterprises*	290.49	37.45
ii) Others including Creditors for Expenses#	4266.52	5172.86
	24174.57	36206.07

Refer Note 32 for Amount payable to Related Parties.

* Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2019 as disclosure requirement under MSME act, 2006 are applicable.

The Company is unable to generate sufficient funds from operations and has also defaulted on loans from various lenders. Considering the current situation and based on the communication/ confirmation from MSME creditors we believe that there are no amounts including interest which is payable to them.

Notes annexed to and forming part of the Financial Statements

	(₹ in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Principal Amount Due	290.49	37.45
(b) Interest on Principal Amount Due	nil	nil
(c) Interest and Principal Amount paid beyond appointment day	nil	nil
(d) The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act.	nil	nil
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	nil	nil
(f) The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	nil	nil

	(₹ in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
Note 15(b) : Other Financial Liabilities		
Current Maturities of Long Term Debt (Refer Note : 12a)	65145.28	41069.69
Interest Accrued and Due	28789.14	18014.01
Interest Accrued But Not Due	2.00	62.99
Payable - Expenses	2124.99	2752.46
Payable - Deposits	734.19	666.19
Creditors for Capital Goods	29.41	42.60
Payable to Related Parties towards Property, Plant and Equipment	30.00	30.00
Advances Received	0.05	0.08
Unpaid Dividend	0.00	13.59
Forward Contract Payable	0.00	61.54
	96855.06	62713.15
Total	121029.63	98919.22

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	2018-19	2017-18
Note 16 : Revenue from Operations		
Sale of Products	348026.80	310295.10
Job Charges Income	46.37	38.35
Total	348073.17	310333.45
16.1 Particulars of Sales of Product		
Chips	142332.78	111203.77
POY/FDY	142954.08	130157.41
Processed yarn	46836.47	50674.34
Fabrics	13327.69	15166.27
Others	2575.78	3093.31
Total	348026.80	310295.10
16.2 Effective 01st July, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence revenue (gross) from operations for the year ended 31st March, 2018 are not comparable with the current year corresponding figures.		
<hr/>		
	2018-19	2017-18
Sale of products (including Excise Duty)	348026.80	310295.10
Less: Excise Duty	0.00	6993.22
Total	348026.80	303301.88
16.3 Reconciliation of Revenue from Sale of Product with Contracted Price		
<hr/>		
	2018-19	2017-18
Contracted Price	348051.91	312929.16
Add: Export Benefits	1950.36	1002.22
Less: Rate Difference, etc.	1975.47	3636.28
Total	348026.80	310295.10

Notes annexed to and forming part of the Financial Statements

	(₹ in Lakhs)	
	2018-19	2017-18
Note 17 : Other Income		
Interest Income		
Bank deposits	256.72	205.95
Loans and advances	1.06	0.97
Others	6.62	15.97
Dividend Income		
on Long Term Investments	0.73	1.06
Other Non Operating Income		
Credit balances Write Back	1580.52	109.67
Penalty Recovered	29.36	63.31
Miscellaneous Receipts	41.43	31.75
Rent Income	11.90	18.87
Net surplus on disposal of fixed assets	7.98	88.52
Bad Debt Recovery (ECL)	44.42	0.00
Total	1980.74	536.07

	(₹ in Lakhs)	
	2018-19	2017-18
Note 18 : Cost of Materials Consumed		
Opening Stock of Raw Material	12241.76	12538.62
Add: Purchases during the year	260257.45	221452.96
	272499.21	233991.58
Less: Closing Stock of Raw Material	12625.57	12241.76
Cost of Material Consumed	259873.64	221749.82

	(₹ in Lakhs)	
	2018-19	2017-18
18.1 Value of Imports on CIF Basis in Respect of		
Raw Materials	48511.62	49351.80
Stores, Spares, Chemicals & Consumables	6226.15	11198.79
Capital Goods	19.27	138.89
	54757.04	60689.48

Notes annexed to and forming part of the Financial Statements

	(₹ in Lakhs)	
	2018-19	2017-18
Note 19 : Purchases of Stock-in-Trade		
Yarn	2919.35	4456.37
Fabrics	748.59	1221.23
Readymade	53.97	32.68
M.E.G.	117.21	738.55
P.T.A.	157.08	0.00
Total	3996.20	6448.83

	(₹ in Lakhs)	
	2018-19	2017-18
Note 20 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	23449.01	19997.90
Work-in-Progress	250.12	387.37
	<u>23699.13</u>	<u>20385.27</u>
Less: Closing Stock		
Finished Goods and Stock-in-trade	22654.72	23449.01
Work-in-Progress	210.16	250.12
	<u>22864.88</u>	<u>23699.13</u>
Add: Excise Duty on Opening Stock of Finished Goods	0.00	(1611.25)
Total	834.25	(4925.11)

	(₹ in Lakhs)	
	2018-19	2017-18
Note 21 : Excise Duty		
Excise Duty Expense	0.00	6993.22
Total	0.00	6993.22

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

	2018-19	2017-18
Note 22 : Employee Benefits Expense		
Salaries, Wages and Bonus	11330.13	11683.50
Contribution to Provident and Other Funds	865.72	896.60
Contribution to Gratuity	216.10	262.85
Staff Welfare Expenses	215.55	197.55
Total	12627.50	13040.50

(a) Defined Contribution Plan

The Company has Recognized ₹ 302.43 Lakhs for Provident Fund Contribution in the Statement of Profit and Loss for the year ended 31st March, 2019 (Previous Year: ₹ 322.70 Lakhs).

(b) Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation.

As per Ind AS 19 "Employee Benefits", the disclosures as defined in the Accounting Standards are given below:

Annexure 1 : Funded status of the plan

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(12 months)	(12 months)	(12 months)	(12 months)
Present value of unfunded obligations	0.00	0.00	518.98	648.49
Present value of funded obligations	2845.31	3162.27	0.00	0.00
Fair value of plan assets	(2968.34)	(3467.51)	0.00	0.00
Net Liability (Asset)	(123.03)	(305.24)	518.98	648.49

Annexure 2 : Profit and Loss account for the current period

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(12 months)	(12 months)	(12 months)	(12 months)
Service cost:				
Current service cost	248.75	264.95	460.24	427.73
Past service cost and loss/(gain) on curtailments and settlement	0.00	0.00	(8.41)	0.00
Net interest cost	(32.65)	(2.10)	49.28	49.25
Net value of remeasurements on the obligation and plan assets			90.30	135.24
Total Charge to Profit & Loss	216.10	262.85	591.41	612.22

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(12 months)	(12 months)	(12 months)	(12 months)
Other Comprehensive Income for the current period				
Due to Change in financial assumptions	0.00	(102.86)	0.00	(29.33)
Due to change in demographic assumption	0.00	0.00	0.00	0.00
Due to experience adjustments	(42.83)	(115.91)	90.30	164.57
Return on plan assets excluding amounts included in interest income	37.48	25.67	0.00	0.00
Amounts recognized in Other Comprehensive Income	(5.35)	(193.10)	90.30	135.24

Annexure 3: Reconciliation of defined benefit obligation

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(12 months)	(12 months)	(12 months)	(12 months)
Opening Defined Benefit Obligation	3162.27	3253.59	648.49	706.89
Transfer in/(out) obligation	21.46	0.00	0.00	0.00
Current service cost	248.75	264.95	460.24	427.73
Interest cost	220.50	217.48	49.28	49.24
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	0.00	(102.86)	0.00	(29.32)
Due to change in demographic assumption	0.00	0.00	0.00	0.00
Due to experience adjustments	(42.83)	(115.91)	90.30	164.57
Past service cost	0.00	0.00	(8.41)	0.00
Loss (gain) on curtailments	0.00	0.00	0.00	0.00
Liabilities extinguished on settlements	0.00	0.00	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(764.84)	(354.99)	(720.92)	(670.62)
Closing Defined Benefit Obligation	2845.31	3162.26	518.98	648.49

GARDEN SILK MILLS LIMITED

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

Annexure 4: Reconciliation of Plan assets

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019 (12 months)	March 31, 2018 (12 months)	March 31, 2019 (12 months)	March 31, 2018 (12 months)
Opening value of plan assets	3467.51	3150.27	0.00	0.00
Transfer in/(out) plan assets	0.00	0.00	0.00	0.00
Interest Income	253.15	219.58	0.00	0.00
Return on plan assets excluding amounts included in interest income	(37.48)	(25.67)	0.00	0.00
Assets distributed on settlements	0.00	0.00	0.00	0.00
Contributions by employer	50.00	478.32	0.00	0.00
Assets acquired in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(764.84)	(354.99)	0.00	0.00
Closing value of plan assets	2968.34	3467.51	0.00	0.00

Annexure 5: Reconciliation of net defined benefit liability

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019 (12 months)	March 31, 2018 (12 months)	March 31, 2019 (12 months)	March 31, 2018 (12 months)
Net opening provision in books of accounts	(305.25)	103.32	648.49	706.89
Transfer in/(out) obligation	21.46	0.00	0.00	0.00
Transfer (in)/out plan assets	0.00	0.00	0.00	0.00
Employee Benefit Expense as per Annexure 2	216.10	262.85	591.42	612.22
Amounts recognized in Other Comprehensive Income	(5.34)	(193.10)	0.00	0.00
Total	(73.03)	173.07	1239.91	1319.11
Benefits paid by the Company	0.00	0.00	(720.92)	(670.62)
Contributions to plan assets	(50.00)	(478.32)	0.00	0.00
Closing provision in books of accounts	(123.03)	(305.25)	518.99	648.49

Annexure 6: Principle actuarial assumptions

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019 (12 months)	March 31, 2018 (12 months)	March 31, 2019 (12 months)	March 31, 2018 (12 months)
Discount Rate	7.60% p.a.	7.60% p.a.	7.60% p.a.	7.60% p.a.
Salary Growth Rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	7.00% p.a.
Withdrawal Rates	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages
Rate of Return on Plan Assets	7.60% p.a.	7.60% p.a.		
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Notes annexed to and forming part of the Financial Statements

(₹ in Lakhs)

Annexure 7: Expected cash flows based on past service liability

Particulars	GRATUITY		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	403.89	6.10%	20.60	1.20%
Year 2	154.32	2.30%	22.96	1.40%
Year 3	244.70	3.70%	45.59	2.70%
Year 4	246.42	3.70%	38.40	2.30%
Year 5	250.02	3.80%	35.97	2.10%
Year 6 to Year 10	1207.25	18.30%	211.60	12.60%

The future accrual is not considered in arriving at the above cash-flows.

The Expected contribution for the next year is ₹ 2,33,07,729

The Average Outstanding Term of the Obligations (Years) as at valuation date is 9.02 years.

Annexure 8: Sensitivity to key assumptions

(₹ in Lakhs)

Particulars	GRATUITY		Leave Benefits	
	March 31, 2019 (12 months)	March 31, 2018 (12 months)	March 31, 2019 (12 months)	March 31, 2018 (12 months)
Discount rate Sensitivity				
Increase by 0.5%	2727.69	3041.90	489.47	614.76
(% change)	-4.13%	-3.81%	-5.69%	-5.20%
Decrease by 0.5%	2972.40	3291.82	551.46	685.50
(% change)	4.47%	4.10%	6.26%	5.71%
Salary growth rate Sensitivity				
Increase by 0.5%	2971.84	3291.94	551.50	685.54
(% change)	4.45%	4.10%	6.26%	5.71%
Decrease by 0.5%	2727.18	3040.70	489.18	614.43
(% change)	-4.15%	-3.84%	-5.74%	-5.25%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	2847.61	3163.82	519.77	649.30
(% change)	0.08%	0.05%	0.15%	0.13%
W.R. x 90%	2842.71	3154.49	518.18	647.65
(% change)	-0.09%	-0.25%	-0.16%	-0.13%

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes annexed to and forming part of the Financial Statements

	(₹ in Lakhs)	
	2018-19	2017-18
Note 23 : Finance Costs		
Interest Expenses*	19671.49	18634.54
Other Financial Charges	1163.08	710.40
Other Interest Expenses	46.21	202.29
Total	20880.78	19547.23
Less : Other Interest/Financial Income	470.70	685.32
Total	20410.08	18861.91

*Penal Interest has not been included in lieu of ongoing discussions with bankers towards Debt Restructuring.

	(₹ in Lakhs)	
	2018-19	2017-18
Note 24 : Depreciation, Amortisation and Impairment Expenses		
Depreciation on Tangible Assets	6608.35	6614.32
Amortisation of Intangible Assets	6.35	10.66
Impairment Losses	669.39	1486.02
Total	7284.09	8111.00

	(₹ in Lakhs)	
	2018-19	2017-18
Note 25 : Other Expenses		
Manufacturing expenses		
Power and Fuel Expense	21964.42	21260.29
Consumption of Stores, Spares and Chemicals	8253.88	8614.95
Packing Charges	6198.75	6259.56
Factory Expense	1708.60	1706.18
R&M - Plant and Machinery	1919.21	1717.59
R&M - Buildings	200.73	127.34
R&M - Others	97.44	98.49
Conversion & Processing Charges	73.41	156.23
	40416.44	39940.63
Selling and Distribution Expenses		
Freight, Octroi, Carting, Loading, Unloading, etc.	5923.03	4170.90
Commission and Discount	2866.35	2394.10
Advertisement	260.77	373.80
Other Selling and Distribution Expenses	316.90	388.54
	9367.05	7327.34

Notes annexed to and forming part of the Financial Statements

Note 25 : Other Expenses(Contd.)

(₹ in Lakhs)

	2018-19	2017-18
Establishment Expenses		
General Charges	1430.03	606.67
Legal and Professional Charges	1271.50	820.28
Rent Expense	200.81	277.47
Insurance	189.60	188.77
Rates and Taxes	106.88	62.22
Auditor's Remuneration	80.11	106.17
Corporate Social Responsibility	1.25	0.91
Bad-Debts & Misc Balance Write Off	46.65	8.28
Bad and Doubtful Debts	0.00	7.58
GST ITC Lapsed	654.05	0.00
Forex - (Gain)/Loss	0.00	73.05
(Gain)/Loss on Revaluation of Forward Contracts	(105.27)	66.61
	3875.61	2218.01
Total	53659.10	49485.98

(₹ in Lakhs)

	2018-19	2017-18
25.1 Payment to Auditors		
Paid to Statutory Auditors :		
Statutory Audit Fees	21.75	17.60
Certification Fees	0.14	6.30
Limited review	15.00	9.00
Other Consultancy Fees	6.38	0.00
Paid to Other Auditors :		
Other Audit Fees	24.52	22.64
Tax Audit Fees	4.70	4.60
GST Audit Fees	3.50	3.50
Expenses towards Audit	2.34	3.21
Cost Audit Fees	1.78	1.58
Special Audit Fees	0.00	25.74
Monitoring Audit Fees	0.00	12.00
	80.11	106.17

25.2 Corporate Social Responsibility

- (a) As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- (b) The Company is not required to spend any amount in view of average net loss during the last three financial year.
- (c) The Company has voluntarily spent and aggregate amount of ₹ 1.25 Lakhs (Previous Year ₹ 0.91 Lakhs).

Notes annexed to and forming part of the Financial Statements

	(₹ in Lakhs)	
	2018-19	2017-18
Note 26 : Other Comprehensive Income		
(A) Items that will not be Reclassified to Profit or (Loss)		
Actuarial Gain/(Loss) on Gratuity Benefit	5.34	193.10
Actuarial Gain/(Loss) on Leave Benefit	(90.30)	(135.24)
Gain/(Loss) on Revaluation of Investments	(153.03)	(12.32)
	(237.99)	45.54
(B) Items that will be Reclassified to Profit or (Loss)	0.00	0.00
Total (A+B)	(237.99)	45.54

	(₹ in Lakhs)	
	2018-19	2017-18
Note 27 : Earning Per Share		
Face Value per Equity Share (₹)	10.00	10.00
Net Profit after Tax attributable to Equity Shareholders (Rs.in Lakhs)	(8976.83)	(8896.63)
Weighted Average number of Equity Shares Outstanding (nos.)	42082525	42082525
Basic and Diluted Earnings per share (₹)	(21.33)	(21.14)

Notes annexed to and forming part of the Financial Statements

28 Contingent Liabilities:

Claims against the Company not acknowledged as debts

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Disputed Liabilities in Appeal		
Income Tax#	189.62	189.62
Excise Duty / Service Tax*	7950.50	8646.06
Guarantees		
Bank Guarantees (Counter-Guarantees to Banks against guarantees issued to third parties)	981.51	927.21
Dividend Accrued on OCCP Shares		
0.001% Optionally Convertible Cumulative Preference Shares (now converted into equity shares)	0.01	0.01
Others		
Foreign Bills Discounted with Banks	3741.88	0.00
Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled	161.60	0.00

As the Company has unabsorbed depreciation and carried forward losses, company does not foresee any Cash Outflow.

* Excise Duty claims (excluding penalties) against the Company aggregating to ₹ 562 crores (Previous Year ₹ 562 crores) have not been considered contingent as favourable orders have been received by the Company from the Custom Excise and Service Tax Appellate Tribunal. The Company believes that its position is strong in this regard. The matters are pending with the Honourable Gujarat High Court and Honourable Supreme Court.

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities

29 Capital Management:

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. The capital structure of the Company consists of debt and total equity of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, External-commercial borrowings and short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The Company is not subject to any externally imposed capital requirements.

Total debt includes all long and short term debts as disclosed in **Notes 12** to the financial statements.

The **Gearing Ratio** at the end of the reporting period was as follows:

Particulars	31st March, 2019	31st March, 2018
Total Debt (₹ in Lakhs)	142900.11	150196.58
Total Equity (₹ in Lakhs)	(30301.31)	(21086.49)
Debt to Equity Ratio	-4.72%	-7.12%

Notes annexed to and forming part of the Financial Statements

30 Financial Instruments:

30.1 Categories of Financial Instruments and Fair Value Measurement:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Ind AS 113 – Fair Value Measurement. An explanation of each level is as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in 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 presents fair value Hierarchy of Assets and Liabilities measured at fair value on a recurring basis as of 31st March, 2019 and 31st March, 2018:

Particulars	As at 31st March, 2019				As at 31st March, 2018			
	Carrying Amt /Fair Value	Level of Input used in			Carrying Amt /Fair Value	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost								
(i) Investments*	1.75				1.75			
(ii) Trade receivables	10361.93				21061.90			
(iii) Cash & cash equivalents	3656.40				4109.74			
(iv) Bank balances other than (iii) above	2713.79				5919.63			
(v) Loans and Advances	65.36				114.22			
(vi) Others financial assets	269.13				334.48			
At FVTPL								
(i) Investments*	0.00				0.00			
(ii) Others financial assets	0.00				0.00			
At FVTOCI								
(i) Investments	445.19	420.50		24.69	598.22	572.75		25.47
(ii) Others financial assets	0.00				0.00			
Financial Liability								
At Amortised Cost								
(i) Borrowings	77754.83				109126.89			
(ii) Trade Payables	24174.57				36206.07			
(iii) Other financial liabilities	96855.06				62713.15			
At FVTPL								
(i) Other financial liabilities	0.00				0.00			
At FVTOCI								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	0.00				0.00			
(iii) Other financial liabilities	0.00				0.00			

*Exclude Group Company Investments ₹ NIL (Previous Year: ₹ 464.74 Lakhs) measured at cost.

Notes annexed to and forming part of the Financial Statements

Valuation Technique –

Fair value of forward contract is computed –

- i. Spot Reference of original forward deal is compared with Spot Rate by FEDAI as at the reporting date.
- ii. Residual Forward Points of original forward deal is compared with prevailing market forward points for the residual tenor as at the reporting date.
- iii. Gain/Loss (at an undiscounted amount) is computed as at reporting date.
- iv. Depending upon the tenor remaining as at the reporting date appropriate discounting factor is used to compute present value of such gain/loss.
- v. The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, current account balances with group companies and joint venture, trade payables and unpaid dividends at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

30.2 Financial Risk Management Framework:

The Company is exposed primarily to market risk, credit risk and liquidity risk which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign Currency Risk Management:

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using forward contracts in line with its risk management policies.

Foreign Currency Exposure:

The Company uses plain forward contracts for hedging purpose. Foreign currency Loans / ECB which are covered by full currency & interest rate swap. All the contracts are for hedging purpose only and not for any speculative purpose.

The Company has entered into forward contracts to hedge the foreign currency risk of firm commitments / highly probable forecast transactions.

The carrying amount of company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars		Foreign Currency Denomination	2018-2019		2017-2018	
			Foreign Currency Amount	Functional Currency Amount (Rs.in Lakhs)	Foreign Currency Amount	Functional Currency Amount (Rs.in Lakhs)
a.	Hedged					
	Trade Receivables (net)	USD	17.48	1208.67	86.19	5617.85
	Trade Payables	JPY	576.89	360.08	411.22	252.92
		USD	42.70	2953.09	117.79	7676.85
	ECB Loan	USD	4.54	314.10	7.57	493.37
	Interest Payable	USD	0.03	2.00	0.05	3.43
b.	Unhedged					
	Other Receivable	USD	3.16	218.69	0.00	0.00
	Trade Payables	JPY	44.04	27.49	179.86	110.62
		USD	16.68	1153.43	66.89	4359.32
		EUR	0.01	1.09	0.01	1.14
	Export Commission Payable	USD	1.53	105.67	2.16	140.71
	Balance in EEFC Accounts	USD	32.51	2248.43	10.57	689.07
	Amount Receivable from Subsidiary					
	Investment in Share Capital of Subsidiary Co.	USD	0.00	0.00	1.30	80.17
	Other Investments	USD	0.00	0.00	6.19	384.57

Foreign Currency Sensitivity:

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, 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. The Company's exposure to other foreign currencies is not material.

(₹ in Lakhs)

Particulars	Foreign Currency Denomination	Depreciation in INR	Effect on Profit Before Tax	Appreciation in INR	Effect on Profit Before Tax
31st March, 2019	USD		(164.44)		164.44
	JPY	+5%	(1.37)	-5%	1.37
	EUR		(0.05)		0.05
31st March, 2018	USD		(166.48)		166.48
	JPY	+5%	(5.37)	-5%	5.37
	EUR		1.64		(1.64)

Interest Rate Risk:

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 variable rate short-term debt obligations and external commercial borrowings.

Interest Rate Sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakhs)

Particulars	Increase Effect		Decrease Effect	
	March, 2019	March, 2018	March, 2019	March, 2018
Effect of Increase /decrease in floating interest rate by 100 basis points (1%) for term loans	1549.79	1456.04	(1549.79)	(1456.04)

Credit Risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Outstanding customer receivables are regularly monitored. The Company maintains its cash and cash equivalents and deposits with banks having good reputation and high quality credit ratings.

Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

31. Segment Reporting:

The Company's business segment consists of a single segment of "Textiles" in accordance with Ind AS 108 - 'Operation Segments' notified pursuant to the Companies (Indian Accounting Standard) Rules, 2015. The Company is not relied on single major customers having transaction more than 10% of total revenue. Information with respect to geographical segment, to the extent applicable is as follows:

(₹ in Lakhs)		
Segment Revenue - Geographic Segment by Location of Customer	2018-2019	2017-2018
Within India	238593.17	251396.35
Outside India	109480.00	58937.10
Total	348073.17	310333.45

32 Disclosures as required by the Ind AS 24 "Related Party Disclosures" are given below:

32.1 List of related parties with whom transactions have taken place and relationships:

Sr. No.	Nature of Relationship	Name of Related Party
1	Subsidiary Company*	GAIA International FZE
2	Group Company	Surat Textile Mills Limited
3	Key Management Personnel	Shri. Praful A. Shah Shri. Sanjay S. Shah Shri. Alok P. Shah Shri. Suhail P. Shah Smt. Anita Mandrekar Shri. Ketan A. Jariwala Shri. Deepak N. Shah Shri. Harishchandra Mishra Shri. Sunil S. Sheth Shri. Yatish Parekh Shri Kamlesh B. Vyas Sirius Management Services P. Ltd.
4	Relatives of Key management personnel and their enterprises where transactions have taken place.	Smt. Shilpa P. Shah Smt. Sujata V. Parsai The Garden Silk Factory Majestic Land Developers Pvt. Ltd. Como Textiles Pvt.Ltd Armorax Business Centre Pvt. Ltd. Sorrento Textiles Pvt. Ltd Amalfi Textiles LLP Jigar Vyas & Associates
5	Post Employment Benefit Plan	GSML-Employees Gratuity Fund

- i) * The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018. Accordingly, preparation of consolidation of financial results is not applicable.
- ii) Related party Relationship is as identified by the Company and relied upon by the Auditors.

32.2 Transactions During the year with Related Parties:

(₹ in Lakhs)

Sr. No.	Name and Nature of Transactions of Related Parties	Relationship	2018-19	2017-18
1	Revenue from Operations			
	GAIA International FZE	Subsidiary Company	144.59	7819.57
	Surat Textile Mills Limited	Group Company	121.35	3775.56
2	Sale of Power & Other Utilities			
	Surat Textile Mills Limited	Group Company	885.44	942.61
3	Sale of Gym Equipment			
	Surat Textile Mills Limited	Group Company	12.98	0.00
4	Other Income			
	Sirius Management Services P. Ltd.	KMP	1.42	0.41
	GAIA International FZE	Subsidiary Company	0.00	148.26
5	Purchases			
	Surat Textile Mills Limited	Group Company	10069.64	8250.01
6	Leave & Licence Fees and Reimbursement of Expenses			
	Amalfi Textiles Pvt.Ltd.	Enterprises	1.29	3.92
	Armorax Business Centre Private Ltd	Related to KMP	6.97	33.44
	Como Textiles Pvt.Ltd		0.00	8.61
	Sorrento Textiles Pvt.Ltd		23.93	74.20
7	Payment to Key Managerial Personnel and their Relatives*			
	Shri. Praful A. Shah	KMP	238.80	238.80
	Shri. Sanjay S. Shah	KMP	59.08	59.08
	Shri. Alok P. Shah	KMP	238.80	238.80
	Shri. Suhail P. Shah	KMP	214.80	214.80
	Smt. Anita Mandrekar	KMP	0.73	0.40
	Shri. Ketan A. Jariwala	KMP	1.00	0.50
	Shri. Deepak N. Shah	KMP	1.00	0.80
	Shri. Harishchandra Mishra	KMP	0.10	0.50
	Shri. Sunil S. Sheth	KMP	1.08	1.00
	Shri. Yatish Parekh	KMP	1.28	1.00
	Shri Kamlesh B. Vyas	KMP	33.70	31.80
	Smt. Shilpa P. Shah	Relative of KMP	26.70	26.70
	Smt. Sujata V. Parsai	Relative of KMP	0.25	0.25
	Jigar Vyas & Associates	Relative of KMP	0.85	0.81
8	Unsecured Loan Repaid by			
	GAIA International FZE	Subsidiary Company	0.00	1485.41
9	Closure of Subsidiary Co.			
	GAIA International FZE	Subsidiary Company	464.61	0.00
10	Contribution to Gratuity Fund			
	GSML-Employees Gratuity Fund	Post Employment Benefit Plan	50.00	478.32
11	Other Transaction			
	Surat Textile Mills Limited	Group Company	86.02	134.55
	The Garden Silk Factory	Enterprise Related to KMP	16.27	16.78
	Sirius Management Services P. Ltd.	KMP	0.00	54.95

Balance at the End of the Year			
1	GAIA International FZE	Subsidiary Company	
	(i) Investments		0.00
	(ii) Debtors for goods		384.57
2	Surat Textile Mills Limited	Group Company	
	(i) Trade Payables		0.00
	(i) Trade Receivables		0.00

*Payment to Key Managerial Personnel and their Relatives are Short-term benefits.

33 Income in Foreign Currency:

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Sales - Export	1,09,480.00	58,937.10
Rate Difference on Imported Materials	283.48	273.75

34 Expenditure in Foreign Currency:

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Export Commission / Brokerage	879.22	525.35
Import Commission	50.36	0.00
FCL Interest	25.69	58.88
Foreign Subscription	14.62	9.90
Foreign Traveling	20.69	15.47
Others	8.31	14.32

- 35 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund (IEPF) as at 31st March, 2019.
- 36 Contribution to Political parties during the year 2018-19 is ₹ Nil (Previous Year ₹ Nil).
- 37 Figures for the previous year have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

PRAFUL A. SHAH (DIN: 00218143)

ALOK P. SHAH (DIN: 00218180)

SUNIL S. SHETH (DIN: 00024033)

KAMLESH B. VYAS

Chairman & Managing Director

Executive Director, CFO & COO

Director

Company Secretary

Mumbai, 30th May, 2019

