

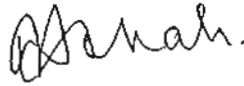
# GARDEN SILK MILLS LIMITED

## FORM - A

(Format of covering letter of the annual audit report to be filed with the Stock Exchange)

- 1 Name of the company : Garden Silk Mills Limited
- 2 Annual financial statements for the year ended : 31st March, 2015
- 3 Type of Audit observation : Un-qualified.
- 4 Frequency of observation : Not Applicable.
- 5 Form B : Not Applicable.

For Garden Silk Mills Limited



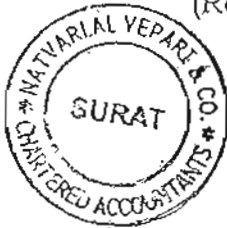
**Praful A. Shah**  
Chairman & Managing Director

For Garden Silk Mills Limited



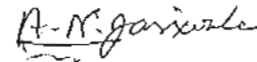
**Alok P. Shah**  
Jt. Managing Director

For NATVARLAL VEPARI & CO.  
Chartered Accountants  
(Registration No. 123626W)



**R. N. VEPARI**  
Partner  
Membership No.: 6728

For Garden Silk Mills Limited



**A. N. Jariwala**  
Director  
Chairman Audit Committee

Place: Surat

Date : 05/06/2015



**Garden\***

Registered Office : Tulsi Krupa Arcade, Puna-Kumbharla Road, Dumbhal, Surat - 395 010. Phone : (0261) 2311197-98, 2311513/615 Fax : (0261) 2311029/502

Mumbai Office: Manek Mahal, 90 Veer Nariman Road, Mumbai - 400 020. Phone : (022) 22873117-19, 22046473, 22040895 Fax : (022) 22048112

CIN : L17111GJ1979PLC003463 | Website : www.gardenvareli.com

# Garden Silk Mills Limited

**ANNUAL REPORT 2014-2015**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS \*

**Praful A. Shah**

Chairman & Managing Director

**Alok P. Shah**

Joint Managing Director & CFO

**Sanjay S. Shah**

Executive Director

**Suhail P. Shah**

Executive Director

**Rajen P. Shah**

Arunchandra N. Jariwala

**J. P. Shah**

Yatish Parekh

H. C. Mishra (Nominee of LIC of India)

Sunil S. Sheth

Mrs. Anita Mandrekar

\* As on 30/05/2015

### COMPANY SECRETARY

Kamlesh B. Vyas

### 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

### CORPORATE OFFICE

Manek Mahal, 90, Veer Nariman Road,  
Churchgate, Mumbai 400 020

Tel: (022) 2287 3117-19

Fax: (022) 2204 8112

### STATUTORY AUDITORS

Natvarlal Vepari & Co.

Chartered 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  
State Bank of Patiala  
Corporation Bank  
Union Bank of India  
IDBI Bank Limited  
Indian Overseas Bank  
Export Import Bank of India  
Life Insurance Corporation of India  
State Bank of Travancore  
Indian Bank  
ICICI Bank Ltd.

### REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally Mandal, Ranga Reddy District,  
Hyderabad 500032.  
State: Telangana, India.  
Phone No. 040 67162222,  
Fax No. 040 23001153  
e-mail: einward.ris@karvy.com

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**With effect from 1st July, 2013, the Registered Office of the Company has been shifted to the new location at Tulsi Krupa Arcade, 1st Floor, Near Aai Mata Chowk, Puna-Kumbharia Road, Dumbhal, Surat 395010.**

## NOTICE

Notice is hereby given that the Thirty-sixth Annual General Meeting of the Members of Garden Silk Mills Limited will be held on **Wednesday, 9th September, 2015 at 11.00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following businesses:-

### Ordinary Business:

- 1 To receive, consider and adopt:
  - a. the Audited Financial Statement of the Company for the financial year ended March 31, 2015, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. The Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2015, together with the Report of the Auditors thereon.
- 2 To appoint a Director in place of Shri Alok P. Shah (DIN 00218180), who retires by rotation and, being eligible, offers himself for re-appointment.
- 3 To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the ordinary resolution passed by the Members at the 35th Annual General Meeting of the Company and the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of Messrs Natvarlal Vepari & Co. Chartered Accountants, having Firm Registration No.123626W as the Statutory Auditors of the Company for the financial year ending 31st March, 2016, at such remuneration as shall be fixed by the Board of Directors of the Company, be and is hereby ratified.”

### Special Business:

#### 4 Appointment of Shri Sunil S. Sheth as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV to the Act and Clause 49 of the Listing Agreement, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri Sunil S. Sheth (DIN: 00024033), who holds office as an Additional Director of the Company upto the date of this Annual General Meeting in terms of Section 161 of the Act and who qualifies for being appointed as an Independent Director, in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years, effective 9th September, 2015 not being liable to retire by rotation.”

#### 5 Appointment of Smt. Anita Mandrekar as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules,

2014, Schedule IV to the Act and Clause 49 of the Listing Agreement, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Smt. Anita Mandrekar (DIN: 00623327), who holds office as an Additional Director of the Company upto the date of this Annual General Meeting in terms of Section 161 of the Act and who qualifies for being appointed as an Independent Director, in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years, effective 9th September, 2015 not being liable to retire by rotation.”

## 6 Re-appointment of Shri Suhail P. Shah as Executive Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (“the Act”), and subject to the requisite approval of the Central Government and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded to re-appointment and payment of remuneration of Shri Suhail P. Shah (DIN: 00719002) as a Whole-time Director designated as Executive Director of the Company, for a period of 3 (three) years with effect from 1st December, 2015, upon the terms and conditions as set out in the Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Suhail P. Shah, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Suhail P. Shah.

**RESOLVED FURTHER THAT** in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling without any further reference or approval of the members of the Company in general meeting.

**RESOLVED FURTHER THAT** where in any financial year during the term of office of Shri Suhail P. Shah, the Company has no profits or its profits are inadequate, Shri Suhail P. Shah shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions.”

## 7 Ratification of Cost Auditor’s Remuneration

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Act, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in

force), and other applicable provisions, if any, payment of remuneration of ₹ 1,50,000 plus service tax and actual out-of-pocket expenses to M/s Manubhai & Associates, Cost Accountants, Surat, who were appointed as Cost Auditors by the Board of Directors in their meeting held on 30th May, 2015 for carrying out cost audit of the Company for financial year 2015-16, be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

## 8 Revision in the terms of appointment and remuneration of Shri Alok P. Shah

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

**“RESOLVED THAT** in partial modification of the Resolution No. 5 passed by the members at the 35th Annual General Meeting of the Company held on 30th July, 2014 for the appointment and terms of remuneration of Shri Alok P. Shah Joint Managing Director and CFO of the Company and pursuant to the provisions of Sections 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the “Act”) read with Schedule V to the Act, and subject to the approval of the Central Government and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded to the revision in terms of appointment and remuneration of Shri Alok P. Shah (DIN: 00218180) as Whole-time Director designated as “Joint Managing Director and Chief Financial Officer (CFO)” of the Company, with effect from 01st April, 2015 up to the balance period of his current tenure ending on 31st October, 2017, on the terms and conditions as set out in the Explanatory Statement to this Resolution and also contained in the draft agreement to be executed between the Company and Shri Alok P. Shah, submitted to this meeting, be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as “the board” which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013, in such form and manner as the Board may deem fit and agreed to by Shri Alok P. Shah.

**RESOLVED FURTHER THAT** in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling without any further reference or approval of the members of the Company in general meeting.

**RESOLVED FURTHER THAT** where in any financial year during the term of office of Shri Alok P. Shah, the Company has no profits or its profits are inadequate, Shri Alok P. Shah shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions.”

**By Order of the Board of Directors,  
FOR GARDEN SILK MILLS LIMITED**

**KAMLESH B. VYAS  
Company Secretary**

Surat, 30th May, 2015

**Notes:**

1. **A member entitled to attend and vote at the annual general meeting (“meeting”) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.**

**A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**

**The instrument appointing the proxy, in order to be effective, shall be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is annexed to this Notice.**

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. In terms of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Alok P. Shah (DIN 00218180), Joint Managing Director retires by rotation and being eligible, offers himself for re-appointment. The Board of Directors commends the aforesaid re-appointment. As per explanation to Section 152(6)(e) of the Companies Act, 2013, total number of Directors for the purpose of determining Directors liable to retire by rotation shall not include Independent Directors, whether appointed under the Companies Act, 2013 or any other law for the time being in force.
5. Brief resume of all Director(s) proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships/ chairmanships for Board/Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure to the Notice.
6. Pursuant to Section 102 of the Companies Act, 2013, the statement setting out the material facts concerning each item of special business to be conducted at the Thirty-sixth Annual General Meeting is annexed hereto.
7. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which the Directors are interested are available for inspection by the members at the Registered Office of the Company during business hours on all working days, except Saturdays, Sundays and National Holidays up to the date of the Thirty-sixth Annual General Meeting.
8. The Register of Members and Share Transfer Register Books of the Company shall remain closed from Thursday, 3rd September, 2015 Wednesday, 9th September, 2015 (both days inclusive) for the purpose of Thirty-sixth Annual General Meeting of the Company.
9. Members are requested to furnish their Bank Account details, change of address and all other required details to the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited in respect of shares if held in physical form. In case of shares held in electronic form, these details should be furnished to the respective Depository Participants (DPs).
10. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (“PAN”) by every participant in the securities market. Members holding shares in electronic form are therefore,



requested to submit their copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.

11. For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by way of attendance slip, which is annexed to this Notice. Members are requested to bring their Attendance Slip, fill up and sign the same at the place provided and hand it over at the entrance of the venue.
12. Members are requested to send all communications relating to shares to the Registrar & Share Transfer Agent of the Company at the following address:

**By Post / Courier / Hand Delivery**

Karvy Computershare Private Limited  
 Karvy Selenium, Tower – B, Plot 31-32, Ganchibowli,  
 Financial District, Nanakramguda  
 Hyderabad 500032  
 Toll Free No. (India) : 1800 345 4001  
 Phone No. 040 67162222  
 Fax No. 040 - 23001153  
 Email: einward.ris@karvy.com

If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).

13. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 (corresponding to Sections 205A to 205C of the Companies Act, 1956), all unclaimed/unpaid monies by way of dividend transferred to the “Unpaid Dividend Account” of the Company that remains unclaimed/ unencashed for a period of 7 (seven) years from the respective date of such transfer, has to be transferred by the Company to “The Investor Education and Protection Fund” (“IEPF”).
14. The details of Dividends’ ‘paid by the Company and the corresponding due dates for transfer of such unclaimed/ unencashed dividend to the aforementioned Fund constituted by the Central Government are furnished hereunder:

<b>Due Date of transfer to the Investor Education and Protection Fund</b>	<b>Date of Declaration of Dividend</b>	<b>Due Date of transfer to the Investor Education and Protection Fund</b>
2007-08	23.12.2008	22.12.2015
2008-09	30.09.2009	29.09.2016
2009-10	31.08.2010	30.08.2017
2010-11	20.09.2011	19.09.2018

Members who have not encashed/claimed the dividend warrant(s) so far in respect of the above financial years, are therefore, requested to make their claims to Karvy Computershare Private Limited well in advance of the above due dates. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

15. Electronic copy of the annual report for 2014-15 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purpose unless any member had requested for a hard copy of the same. For members who have not registered their email address, physical copy of the annual report for 2014-15 is being sent in the permitted mode.
16. Electronic copy of the Notice convening the Thirty-sixth Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-voting with Attendance Slip and Proxy Form is being sent to all Members whose email addresses are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a physical copy of the same. For Members, who have not registered their e-mail addresses, physical copies of the Notice convening the Thirty-sixth AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the modes permitted under the Companies Act, 2013. Notice convening Thirty-sixth AGM is also available for download at [www.gardenvareli.com](http://www.gardenvareli.com).
17. To support the "Green Initiative", the Members who have not registered their e-mail addresses are requested to register the same with Registrars and Share Transfer Agent/Depositories.
18. Voting through electronic means
  - i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (hereinafter called "the Rules" for the purpose of this section of the notice) and Clause 35B of the Listing Agreement, the Company is providing 'remote e-voting' from a place other than venue of the AGM) facility through Karvy Computershare Private Limited (Karvy) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the notice dated May 30, 2015 convening the Thirty-sixth Annual General Meeting.
  - ii. The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the Thirty-sixth Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the Thirty-sixth Annual General Meeting.
  - iii. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
  - iv. The Board of Directors have appointed Shri Kunjal Dalal, Proprietor of K. Dalal & Co. Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the Thirty-sixth Annual General Meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
  - v. In terms of requirements of the Companies Act, 2013 and the relevant Rules, voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, 3rd September, 2015.
  - vi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Thursday, 3rd September, 2015 only shall be entitled to avail the facility of remote e-voting as well as vote in the Thirty-sixth Annual General Meeting.
  - vii. Any person who acquires shares of the Company and become a member of the Company after dispatch of the Notice of the Thirty-sixth Annual General Meeting and holding shares as on the cut-off date i.e. Thursday, 3rd September, 2015, may obtain the User ID and password by writing to the Karvy on the email Id - [varghese1@karvy.com](mailto:varghese1@karvy.com) or to Mr. P. A. Varghese, Contact No. 040-33215424, at [Unit: Garden Silk Mills Limited]

Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Ranga Reddy District, Hyderabad 500032. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xiii) as mentioned in A below to cast the vote.

- viii. The remote e-voting facility will be available during the following period:  
Commencement of remote e-voting: From 9.00 am (IST) on Saturday, 5th September, 2015  
End of remote e-voting: At 5.00 pm (IST) on Tuesday, 8th September, 2015  
The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforementioned period.
- ix. The Scrutinizer, after scrutinizing the votes cast at the Thirty-sixth Annual General Meeting and through remote e-voting will, not later than three days of conclusion of the Thirty-sixth Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman/ Managing Director. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.gardenvareli.com](http://www.gardenvareli.com) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- x. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Thirty-sixth Annual General Meeting i.e. 9th September, 2015.
- xi. The instructions and other information for remote e-voting are as under:**
- A. For Members who receive Notice of Annual General Meeting through email:**
- i. Use the following URL for e-voting <https://evoting.karvy.com>.
  - ii. Enter the login credentials i.e., user id and password mentioned in your email. Event No. followed by Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing USER ID and password for casting your votes.
  - iii. After entering the details appropriately, click on "LOGIN".
  - iv. You will reach the 'password change' menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials/password.
  - vi. On successful login, the system will prompt you to select the EVENT i.e. Garden Silk Mills Limited.
  - vii. On the voting page, the number of shares (which represents the number of votes) as held by the member on the cut-off date/record date will appear. If you desire to cast all votes assenting/dissenting to the resolutions, then enter all shares and click "FOR"/"AGAINST" as the case may be or partly in "FOR" and partly in "AGAINST", but the total number in "FOR"/"AGAINST" taken together should not exceed your total shareholding as on the cut-off/record date. You may also choose the option "ABSTAIN" and the shares held will not be counter under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
  - ix. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed, click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be

allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

- x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer Scrutinizer through email [k\\_dalal@rediffmail.com](mailto:k_dalal@rediffmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
- xi. The Portal will remain open for voting from: 9:00 a.m. (I.S.T) on Saturday, 5th September, 2015 till 5:00 p.m. (I.S.T.) on Tuesday, 8th September, 2015.
- xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual available at the "download" section of [www.evoting.karvy.com](http://www.evoting.karvy.com) or contact Karvy Computershare Private Limited on Toll Free No.1-800-34-54-001 for any further clarifications.
- xiii. Members may alternately cast their votes using the ballot form which is sent along with this notice and also available on the website of the Company/Karvy. Please refer instructions under heading C below for more details.

**B. For Members who receive the physical copy of the Notice of Annual General Meeting:**

- i. Members holding shares either in demat or physical mode who are in receipt of Notice in physical form, may cast their votes using ballot form enclosed to this Notice. Please refer instructions under heading C below for more details.
- ii. Members may alternatively opt for e-voting, for which the USER ID and initial password are provided at the bottom of the ballot form. Please follow steps from Sl. No. (i) to (xiii) under heading A above to vote through e-voting platform.

**C. For members who wish to vote using ballot form:**

- i. Pursuant to Clause 35B of the listing agreement, Members may fill in the ballot form enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer, Shri Kunjal Dalal so as to reach by 5.00 p.m. on Tuesday, 8th September, 2015. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
- ii. In the event, a member casts his votes through both the processes i.e. e-voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.

## GENERAL INSTRUCTIONS:

- i. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- ii. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

**By Order of the Board of Directors,  
FOR GARDEN SILK MILLS LIMITED**

**KAMLESH B. VYAS  
Company Secretary**

Surat, 30th May, 2015

## ANNEXURE TO THE NOTICE

### **Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”).**

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

#### **Item No.4**

The Board of Directors of the Company at its meeting held on 13th August, 2014, had appointed Shri Sunil S. Sheth as Additional Director pursuant to Section 161 of the Companies Act, 2013. As per the provisions of the said section Shri Sunil Sheth holds office as Additional Director up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Shri Sunil Sheth is given below:

Shri Sunil Sheth holds Doctorate in Physics from Columbia University, USA. He is having wide exposure and specialisation in energy saving device and rendering his professional services as consultant in telecommunication system and power plants, etc.

The Company has received a notice under Section 160 of the Act along with the requisite deposit, from a member proposing Shri Sunil Sheth as a candidate for office of independent director of the Company.

The Company has received declaration from Shri Sunil Sheth that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

Shri Sunil Sheth is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

In the opinion of the Board, Shri Sunil Sheth fulfills the conditions specified in the Act and the Listing Agreement, for appointment as an Independent Director of the Company. Shri Sunil Sheth is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Sunil Sheth as an Independent Director of the Company.

It is proposed to appoint Shri Sunil Sheth as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the 41st Annual General Meeting in the year 2020.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Shri Sunil Sheth as an Independent Director is now being placed before the Members for their approval.

A copy of the draft Letter of Appointment of Shri Sunil Sheth as an Independent Director setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

Shri Sunil Sheth does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Shri Sunil Sheth, being an appointee, none of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Ordinary Resolution set out at Item No.4 of the Notice for approval of the members.

#### **Item No. 5**

The Board of Directors of the Company at its meeting held on 30th May, 2015, had appointed Smt. Anita Mandrekar as Additional Director pursuant to Section 161 of the Act. As per the provisions of the said section Smt. Mandrekar holds

office as Additional Director up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Smt. Anita Mandrekar is given below:

Smt. Anita Mandrekar is M.A. (Advanced Economics) from Mumbai University and holds Business Management qualification from the prestigious Jamnalal Bajaj Institute of Management Studies. She has a rich and vast experience in academic field teaching at graduation level and in the management institute on the subject of advertising and marketing, for more than three decades. Apart from being an entrepreneur, she had an experience of about a decade in the field of marketing and advertisement.

The Company has received a notice under Section 160 of the Act along with the requisite deposit, from a member proposing Smt. Mandrekar as a candidate for office of independent director of the Company.

The Company has received declaration from Smt. Mandrekar that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

Smt. Mandrekar is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

In the opinion of the Board, Smt. Mandrekar fulfills the conditions specified in the Act and the Listing Agreement, for appointment as an Independent Director of the Company. Smt. Mandrekar is independent of the management.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Smt. Mandrekar as an Independent Director of the Company.

It is proposed to appoint Smt. Mandrekar as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the 41st Annual General Meeting in the year 2020.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Smt. Mandrekar as an Independent Director is now being placed before the Members for their approval.

A copy of the draft Letter of Appointment of Smt. Mandrekar as an Independent Director setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

Smt. Mandrekar does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Except Smt. Mandrekar, being an appointee, none of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.5 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval of the members.

## **Item No.6**

At the Extra-Ordinary General Meeting of the Company through postal ballot process held on 25th January, 2012, the Members had approved the reappointment of Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of three years with effect from 1st December, 2012, upon the terms and conditions including remuneration as specified in the explanatory statement annexed to the Notice of the said meeting.

The Board of Directors of the Company (the 'Board'), at its meeting held on 11th February, 2015 has, subject to the approval of members, re-appointed Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a further period of 3 (three) years from the expiry of his present term i.e. with effect from 1st December, 2015 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Shri Suhail P. Shah holds a Post Graduate in Physical Chemistry from The University of Chicago and a Doctorate in Theoretical Physical Chemistry from The University of Chicago and has had a brilliant academic career. He has to his credit various research accomplishments, computational skills and publications at the international level. He has more than 10 years of experience in research with various universities of international repute.

During his tenure as Executive Director Shri Suhail P. Shah has actively supported the Company and contributed valuable suggestions in identifying international suppliers, carrying out technical appraisal with them for finalising the Continuous Polymerisation (CP) Chips Project of the Company. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency with technology upgradation.

He has been actively involved as Executive Director of the Company in the business policy decisions of the Company.

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Suhail P. Shah as Wholetime Director designated as Executive Director, in terms of the applicable provisions of the Act.

The salient features of the terms and conditions of and remuneration payable to Shri Suhail P. Shah as set out in the draft agreement placed before this Meeting are as follows:

i) **Salary:** ₹ 6,00,000/- per month.

With annual increment upto 15% every year as approved by the Board on the recommendation of Nomination and Remuneration Committee.

ii) **Perquisites and Allowances:**

(a) in addition to the salary as above, Shri Suhail P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.

(b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

(c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) **Remuneration based on net profits:**

In addition to the salary, perquisites and allowances as set out above, Shri Suhail P. Shah shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.



- iv) The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.
- v) **Reimbursement of Expenses:**  
Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.
- vi) **Minimum Remuneration:**  
In the event of inadequacy or absence of profits in any financial year during his tenure as Executive Director, Shri Suhail P. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.
- vii) **Other Terms and Conditions:**
- (i) The Executive Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.
  - (ii) The Executive Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
  - (iii) The Executive Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
  - (iv) The office of the Executive Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Suhail P. Shah satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Suhail P. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Directors are of the view that the re-appointment of Shri Suhail P. Shah as Executive Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Suhail P. Shah under Section 190 of the Act.

The copy of draft Letter of Appointment is kept open for inspection by any member of the Company under Section 190(2) of the Act.

Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act and also Clause 49 of the Listing Agreement with the Stock Exchanges, are given in Annexure A to this Explanatory Statement.

Shri Suhail P. Shah is interested in the resolution set out at Item No.6 of the Notice, which pertains to his re-appointment and remuneration payable to him.

Except Shri Suhail P. Shah, Shri Praful A. Shah and Shri Alok P. Shah and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out in item no. 6 of the Notice.

The Board commends the Special Resolution set out at Item No.6 of the Notice for approval of the members.

## Annexure A to the Explanatory Statement

Statement as required under Section II of Part II of Schedule V to the Act giving details in respect of re-appointment of Shri Suhail P. Shah as Wholetime Director designated as Executive Director.

### I General Information

#### (a) Nature of Industry

The Company belongs to the GARDEN VARELI Group which is a leader in the Indian Textile Industry with particular strength in polyester filament based textiles, both yarn and fabric. The Company is also a leading player in polyester chips and differentiated partially oriented yarn (POY) manufacture and is a regular supplier of bright, cationic, micro denier, and fine denier yarns in the market.

#### (b) Date of commencement of commercial production

The Company is an existing Company commenced since 1979. The Company was incorporated in the year 1979 as a Private Limited Company and commenced its operation. It was converted into Public Limited Company in the year 1987. The Company started its commercial production in the year 1979.

#### (c) Financial performance – as per the standalone audited financial results for the year ended 31st March 2015

	(₹ in Crore)
Total Revenue	2648.44
Earning Before Interest, Depreciation and Tax (EBIDTA)	116.62
Less: Finance Costs	183.24
Profit/(Loss) before Depreciation and Tax	(66.62)
Less: Depreciation	76.13
Profit/(Loss) before tax	(142.75)
Less: Provision for Tax	0.00
Profit/(Loss) after Tax	(142.75)

#### (d) Export performance and net foreign exchange collaborations:

	(₹ in Crore)
FOB value of Exports – 2014-15	369.35
Net Foreign Exchange collaborations	NIL

#### (e) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

### II Information about the Appointee

#### (a) Background details

Shri Suhail P. Shah holds a Post Graduate in Physical Chemistry from The University of Chicago and a Doctorate in Theoretical Physical Chemistry from The University of Chicago.

Shri Suhail P. Shah was inducted as member of the Board in the year 2006. He was appointed as Executive Director in December, 2007 with overall responsibility of the implementation of upcoming projects, business development, finance, management and corporate affairs. In addition, he continues to shoulder several other corporate responsibilities.

**(b) Past Remuneration – for the year 2014-15**

(₹ in Lacs p.a.)				
Name of Director	Salary	Perquisites and Allowances	Commission	Total
Shri Suhail P. Shah	63.84	77.04	0.00	140.88

**(c) Recognition or awards:**

- Harvard College Scholarship for academic achievement with high distinction
- Harvard College Dean's List, 1992-1996.
- Directed and supervised the engineering and commissioning of India's largest single continuous polymerization manufacturing plant in Jolwa, Dist. Surat, Gujarat.
- Has to his credit various research accomplishments, computational skills and publications at the international level.

**(d) Job Profile and his Suitability**

Shri Suhail P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance and management etc.

During his tenure as Executive Director Shri Suhail P. Shah has actively supported the Company and contributed valuable suggestions in identifying international suppliers, carrying out technical appraisal with them for finalising, and commissioning of the Continuous Polymerisation (CP) Chips Project of the Company. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency with technology upgradation.

Apart from enhancing Continuous Polymerisation (CP) capacity, the Company has installed additional Draw Warping and Air Texturising machines during last couple of years. The Company today is a global leader in Polyester-Chips, and one of the leading differentiated producer in the Country. Shri Suhail P. Shah has been actively involved in the policy decisions with respect to expansion programs of the Company.

In consideration of the performance of Shri Suhail P. Shah as Executive Director of the Company over the years, the Board of Directors of the Company in their meeting held on 11th February, 2015 approved the remuneration as recommended by the Nomination and Remuneration Committee of Shri Suhail P. Shah for a period 3 years from 1st December, 2015 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government, if required.

- (e) Proposed Remuneration:** as stated in Resolutions at Item No.6, the approval of shareholders by a special resolution and central government is sought for payment of remuneration for a period of 3 years w.e.f. 1st December, 2015

(₹ in Lacs p.a.)			
Name of Director	Salary*	Perquisites and Allowances	Total
Shri Suhail P. Shah	72.00	90.00	162.00

\* With annual increment upto 15% every year as approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

**(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other companies.

**(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Shri Suhail P. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2015 is 24556130 Equity Shares of ₹ 10 each which constitutes 58.35% of the paid-up share capital of the Company. Shri Suhail Shah, Executive Director of the Company is the son of Shri Praful A. Shah, Chairman and Managing Director and brother of Shri Alok P. Shah, Joint Managing Director and CFO of the Company. No other managerial personnel have any relationship with Shri Suhail P. shah.

### III Other Information

**(a) Reasons for inadequacy of profits**

During the financial year ended 31st March, 2015, the Company achieved Net Sales of ₹ 2640.73 crore as compared to ₹ 3066.62 crore in the previous year. Despite the difficult business environment, the Company achieved higher Earning before Interest, Depreciation and Tax at ₹ 116.62 crore as compared to ₹ 66.69 in the previous year.

The operating profits were adversely affected owing to oversupply of finished product, more particularly in polyester chips and yarn segments resulting in lower margins and capacity utilization. A significant fall in raw material prices (consequent to the crash in crude oil markets) led to inventory losses though these were minimized due to prudent working capital management and timely exports.

The increase in interest cost resulted in incurring of further loss for the Company.

**(b) Steps taken or proposed to be taken for improvement:**

The Company has numerous initiatives towards improving operational efficiencies which will reduce energy and manpower costs. A business restructuring is underway at our Jolva plant that will make the Company leaner still. Continued emphasis on the company's strength in product innovation will help it maintain pricing power.

The Company has also taken steps to refinance some of its loans at a lower interest rate with the support of its bankers.

The outlook on long-term prospects of the polyester filament yarn (PFY) business is positive with most projections showing PFY to be by far the fastest growing fibre in the world and in India in particular. The Company is expected to be benefited as it enjoys a leadership position in textile grade polyester chips market not to mention its special position as a yarn and fabric innovator. With the rise in demand for company's products and better capacity utilisation an across the board improvement in performance is expected over the next 2-3 years.

Owing to the over-competitive local markets, the company is also increasingly focusing on the international market.

**(c) Expected increase in productivity and profits in measurable terms.**

The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity and profitability in the past and will be continued in future.

Garden is also debottlenecking one of its FDY lines to increase output without material increase in costs.

Large additions to PTA capacity are expected this financial year that should result in more competitive PTA costs that will improve both domestic and export sales and margins, other things being same.

With the improvement in overall economic scenario and business environment, stable input costs and commodity prices coupled with domestic demand growth in the Company's products and the steps proposed to be taken as mentioned above, the Company expects improvement in performance over the medium to long-term. Introduction of GST will further provide a level playing field thereby removing a competitive disadvantage of the Company.

**IV Disclosures:**

The remuneration package along with the corresponding details of Shri Suhail P. Shah, Executive Director of the Company have been fully described in the respective Resolution and/or Explanatory Statement. The remuneration paid to the Managing Director for the year 2014-15 has been disclosed in the Report on Corporate Governance in the annual report. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by an agreement / contract with a notice period of three months. Shri Suhail P. Shah shall be liable to retire by rotation.

**Item No.7**

Pursuant to Section 148 of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors shall appoint as Cost Auditor, a firm of cost accountants in practice on the recommendations of the Audit Committee, which shall also recommend the remuneration payable to the Cost Auditors. The remuneration so recommended by the Audit Committee shall be considered and approved by the Board of Directors and shall be ratified by the members of the Company.

On recommendation of the Audit Committee, the Board of Directors has at its meeting held on 30th May, 2015, considered and approved the appointment of M/s Manubhai & Associates, Cost Accountants, to conduct audit of Cost Accounts of the Company at a remuneration of ₹ 1,50,000 (Rupees One lakh fifty thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Person of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.7 of the Notice for approval of the members.

**Item No.8**

At the 35th Annual General Meeting of the Company held on 30th July 2014, the Members had approved the re-appointment of Shri Alok P. Shah as Whole-time Director designated as "Joint Managing Director and Chief Financial Officer (CFO)" of the Company for a period of three years upto 31st October, 2017 upon the terms and conditions including remuneration of ₹ 2,70,00,000 per annum as specified in the explanatory statement annexed to the Notice of the said meeting.

In view of the un-favorable economic conditions, decline in the overall company's business and profitability and re-alignment of roles and responsibilities of Shri Alok P. Shah, the Board of Directors of the Company (the "Board"), therefore at its meeting held on 30th May, 2015 has approved and revised the terms of appointment and remuneration of Shri Alok P. Shah and decreased his remuneration from ₹ 2,70,00,000 to ₹ 1,80,00,000 per annum (including perquisites and allowances) with

effect from 01st April, 2015 for the remainder period of his term upto 31st October, 2017, on the recommendation of the Nomination and Remuneration Committee of the Board, in accordance with the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Act read with Schedule V of the Act and subject to the approval of members at the ensuing Annual General Meeting and the Central Government, if necessary.

Shri Alok P. Shah is a graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA. Shri Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance & management etc. Shri Alok P. Shah has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures.

It was therefore proposed to seek approval of members by way of passing special resolution for revision of terms of appointment and remuneration paid / payable to Shri Alok P. Shah with effect from 1st April, 2015 for the remainder period of his term upto 31st October, 2017.

The salient features of the terms and conditions of remuneration paid / payable to Shri Alok P. Shah as set out in the draft agreement placed before this meeting are as follows:

i) **Salary:** ₹ 7,50,000/- per month.

With annual increment upto 15% every year as approved by the Board on the recommendation of Nomination and Remuneration Committee.

ii) **Perquisites and Allowances:**

(a) in addition to the salary as above, Shri Alok P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 100% of the salary mentioned at i) above.

(b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

(c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) **Remuneration based on net profits:**

In addition to the salary, perquisites and allowances as set out above, Shri Alok P. Shah shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration paid / payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

iv) The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.

v) **Reimbursement of Expenses:**

Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

vi) **Minimum Remuneration:**

In the event of inadequacy or absence of profits in any financial year during his tenure as Whole-time Director, Shri Alok P. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.

vii) **Other Terms and Conditions:**

(i) The Whole-time Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.

(ii) The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The Whole-time Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

(iv) The office of the Whole-time Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Alok P. Shah satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his continued appointment as Whole-time Director. Shri Alok P. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Board is of the view that the revision in the terms of appointment and remuneration of Shri Alok P. Shah as Whole-time Director will be beneficial to the operations of the Company and the remuneration paid / payable to him is commensurate with his role and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration. The above may be treated as a written memorandum setting out the terms of appointment and remuneration of Shri Alok P. Shah under Section 190 of the Act.

The draft agreement between the Company and Shri Alok P. Shah is available for inspection by the Members of the Company at its Registered Office of the Company on all working days except Sunday and public holiday, between 10:00 hours and 12:00 hours up to the date of meeting.

Except Shri Alok P. Shah, Shri Praful A. Shah and Shri Suhail P. Shah and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out in item no. 8 of the Notice.

The Board commends the Special Resolution set out Item No.8 of the Notice for approval of the members.

## Annexure B to the Explanatory Statement

Statement as required under Section II of Part II of Schedule V to the Act giving details in respect of revision in the terms of appointment and remuneration of Shri Alok P. Shah as Joint Managing Director and CFO.

### I General Information

#### (a) Nature of Industry

The Company belongs to the GARDEN VARELI Group which is a leader in the Indian Textile Industry with particular strength in polyester filament based textiles, both yarn and fabric. The Company is also a leading player in polyester chips and differentiated partially oriented yarn (POY) manufacture and is a regular supplier of bright, cationic, micro denier, and fine denier yarns in the market.

#### (b) Date of commencement of commercial production

The Company is an existing Company commenced since 1979. The Company was incorporated in the year 1979 as a Private Limited Company and commenced its operation. It was converted into Public Limited Company in the year 1987. The Company started its commercial production in the year 1979.

#### (c) Financial performance – as per the audited financial results for the year ended 31st March 2015

	(₹ in Crore)
Total Revenue	2648.44
Earning Before Interest, Depreciation and Tax (EBIDTA)	116.62
Less: Finance Costs	183.24
Profit/(Loss) before Depreciation and Tax	(66.62)
Less: Depreciation	76.13
Profit/(Loss) before tax	(142.75)
Less: Provision for Tax	0.00
Profit/(Loss) after Tax	(142.75)

#### (d) Export performance and net foreign exchange collaborations:

	(₹ in Crore)
FOB value of Exports – 2014-15	369.35
Net Foreign Exchange collaborations	NIL

#### (e) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

### II Information about the Appointee

#### (a) Background details

Shri Alok P. Shah, Jt. Managing Director of the Company is an Electrical Engineer from Stanford University, USA. He has an M.B.A. Finance, General Management & Economics from University of Chicago.

Shri Alok P. Shah was inducted as member of the Board in the year 1999. He was appointed as Executive Director in November, 2004 with overall responsibility of the implementation of upcoming projects, business development, finance, management and corporate affairs. In addition, he continues to shoulder several other corporate responsibilities.



**(b) Past Remuneration – for the year 2014-15**

(₹ in Lacs p.a.)

Name of Director	Salary	Perquisites and Allowances	Commission	Total
Shri Alok P. Shah	54.00	64.73	0.00	118.73

**(c) Recognition or awards:**

- Graduated with distinction from Stanford University and completed Masters (MBA) with High Honors from University of Chicago.
- Member of Tau Beta Pi Honors engineering society at Stanford,
- Member of Young Presidents Organisation
- Member of Young Entrepreneurs Organisation

**(d) Job Profile and his Suitability**

Shri Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance and management etc.

Shri Alok P. Shah has made outstanding contribution by advising the company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures. In appreciation of his dedicated efforts and contribution for the growth of the company he was elevated to the position of Joint Managing Director (JMD) in October, 2007.

The Company has in last few years implemented many value addition projects such as expansion of production capacity of downstream processes by installing Draw Texturised Yarn (DTY) Machines, Coal base Power Plants for generation of captive power etc. He has been actively involved in the overall design and viability analysis of all these projects. Shri Alok P. Shah initiated internal audit and BPR reviews across the company and has represented the Company to lending and rating institutions.

In consideration of the performance of Shri Alok P. Shah as Jt. Managing Director of the Company over the years, the Board of Directors of the Company in their meeting held on 30th May 2015 has approved the revision in terms of his appointment and remuneration as recommended by the Nomination and Remuneration Committee of Shri Alok P. Shah with effect from 1st April, 2015 for the remainder period up to 31st October, 2017 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government, if required.

- (e) Proposed Remuneration:** as stated in Resolutions at Item No.8 the approval of shareholders by a special resolution and central government is sought for payment of remuneration for a period commencing with effect from 01st April, 2015 for the remainder period of his term up to 31st October, 2017.

(₹ in Lacs p.a.)

Name of Director	Salary*	Perquisites and Allowances	Total
Shri Alok P. Shah	90.00	90.00	180.00

\* With annual increment upto 15% every year as approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

**(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other companies.

**(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Shri Alok P. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2015 is 24556130 Equity Shares of ₹ 10 each which constitutes 58.35% of the paid-up share capital of the Company. Shri Suhail Shah, Executive Director of the Company is the son of Shri Praful A. Shah, Chairman and Managing Director and brother of Shri Suhail P. Shah, Wholtime Director of the Company. No other managerial personnel have any relationship with Shri Alok P. Shah.

### III Other Information

**(a) Reasons for inadequacy of profits**

During the financial year ended 31st March, 2015, the Company achieved Net Sales of ₹ 2640.73 crore as compared to ₹ 3066.62 crore in the previous year. Despite the difficult business environment, the Company achieved higher Earning before Interest, Depreciation and Tax at ₹ 116.62 crore as compared to ₹ 66.69 in the previous year.

The operating profits were adversely affected owing to oversupply of finished product, more particularly in polyester chips and yarn segments resulting in lower margins and capacity utilization. A significant fall in raw material prices (consequent to the crash in crude oil markets) led to inventory losses though these were minimized due to prudent working capital management and timely exports.

The increase in interest cost resulted in incurring of further loss for the Company.

**(b) Steps taken or proposed to be taken for improvement:**

The Company has numerous initiatives towards improving operational efficiencies which will reduce energy and manpower costs. A business restructuring is underway at our Jolva plant that will make the Company leaner still. Continued emphasis on the company's strength in product innovation will help it maintain pricing power.

The Company has also taken steps to refinance some of its loans at a lower interest rate with the support of its bankers.

The outlook on long-term prospects of the polyester filament yarn (PFY) business is positive with most projections showing PFY to be by far the fastest growing fibre in the world and in India in particular. The Company is expected to be benefited as it enjoys a leadership position in textile grade polyester chips market not to mention its special position as a yarn and fabric innovator. With the rise in demand for company's products and better capacity utilisation an across the board improvement in performance is expected over the next 2-3 years.

Owing to the over-competitive local markets, the company is also increasingly focusing on the international market.

**(c) Expected increase in productivity and profits in measurable terms.**

The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity and profitability in the past and will be continued in future.

Garden is also debottlenecking one of its FDY lines to increase output without material increase in costs.

Large additions to PTA capacity are expected this financial year that should result in more competitive PTA costs that will improve both domestic and export sales and margins, other things being same.

With the improvement in overall economic scenario and business environment, stable input costs and commodity prices coupled with domestic demand growth in the Company's products and the steps proposed to be taken as mentioned above, the Company expects improvement in performance over the medium to long-term. Introduction of GST will further provide a level playing field thereby removing a competitive disadvantage of the Company.

**IV Disclosures:**

The remuneration package along with the corresponding details of Shri Alok P. Shah, Executive Director of the Company have been fully described in the respective Resolution and/or Explanatory Statement. The remuneration paid to the Managing Director for the year 2014-15 has been disclosed in the Report on Corporate Governance in the annual report. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by an agreement / contract with a notice period of three months. Shri Alok P. Shah shall be liable to retire by rotation.

**By Order of the Board of Directors,  
FOR GARDEN SILK MILLS LIMITED**

**KAMLESH B. VYAS  
Company Secretary**

Surat, 30th May, 2015

**Registered Office:**

Tulsi Krupa Arcade, First Floor,  
Puna-Kumbharia Road, Dumbhal, Surat 395010  
(CIN No. L17111GJ1979PLC003463)  
Tel. No. 91-261-2311197-98, Fax No. 91-261-2311029/502,  
Website: [www.gardenvareli.com](http://www.gardenvareli.com)  
Email: [shareddepartment@gardenvareli.com](mailto:shareddepartment@gardenvareli.com)

**Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.**

Name of the Director	Shri Alok P. Shah	Shri Sunil S. Sheth	Smt. Anita Mandrekar	Shri Suhail P. Shah
Director Identification Number	00218180	00024033	00623327	00719002
Date of Birth	11.09.1970	27.02.1952	21.03.1936	01.09.1974
Nationality	Indian	Indian	Indian	Indian
Brief Resume – Age and Qualification	45 years Graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA.	63 years Doctorate in Physics from Columbia University, USA	79 years M.A. Advanced Economics, Mumbai University. Business Management, Jamnalal Bajaj Institute of Management Studies.	41 years Ph.D. Theoretical Physical Chemistry M.S. Physical Chemistry A.B. Chemistry and Physics
Date of Appointment/Re-appointment	19.10.2001	13.08.2014	30.05.2015	30.10.2006
Expertise in Specific Functional Areas	He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance & management etc. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures.	Professional consultant in telecommunication and energy saving device.	She has a rich and vast experience in academic field teaching at graduation level and in the management institute on the subject of advertising and marketing, for more than three decades.	To his credit various research accomplishments, computational skills and research operations of more than 15 years
Directorship held in other Public Limited Companies	Palomar Textiles Ltd. Bijlee Textiles Ltd. Rosekamal Textile Ltd. Wheel & Axle Textiles Ltd. Prabhat Silk Mills Ltd. Vareli Trading Co. Ltd.	Nil.	Nil.	Palomar Textiles Ltd. Bijlee Textiles Ltd. Rosekamal Textile Ltd. Wheel & Axle Textiles Ltd. Prabhat Silk Mills Ltd. Vareli Trading Co. Ltd.
Memberships/ Chairmanships of committees across public companies (include only Audit Committee and Shareholders / Investors' grievance Committee)	Management Committee - Chairman	1. Management Committee - Member 2. Remuneration Committee – Member 3. Audit Committee - Member	Nil	Nil
No. of shares held in the Company	754671	Nil	Nil	571685
Disclosure of relationship	Shri Alok P. Shah is related to Shri Praful A. Shah and Shri Suhail P. Shah, Directors of the Company.	Shri Sunil Sheth is not related to any of the Director of the Company.	Smt. Anita Mandrekar is not related to any of the Director of the Company.	Shri Suhail P. Shah is related to Shri Prafu A. Shah and Shri Alok P. Shah, Directors of the Company.

**By Order of the Board of Directors,  
FOR GARDEN SILK MILLS LIMITED**

**KAMLESH B. VYAS**  
Company Secretary

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors hereby present the Thirty-sixth Annual Report on the business and operations of the Company, together with the Audited Statements of Accounts for the year ended 31st March, 2015.

### Financial Results

The Company's performance during the financial year ended 31st March, 2015 on standalone basis, as compared to the previous financial year, is summarized below.

Particulars	(₹ in crores)	
	2014-15	2013-14
Total Revenue	2648.44	3081.27
Earning before interest, depreciation and tax (EBIDTA)	116.62	66.69
Less: Finance Costs	183.24	158.22
Depreciation	76.13	92.37
Profit / (Loss) before Tax	(142.75)	(183.90)
(Add)/Less: Provision for Tax	0.00	(39.45)
Profit / (Loss) after Tax	(142.75)	(144.45)

### Dividend

Considering the loss incurred by the Company, your Directors do not recommend any dividend on equity shares for the financial year 2014-15.

### Transfer to Reserve

In absence of distributable profits / earnings, it is not proposed to transfer any amount to reserves for the financial year 2014-15.

### Nature of Business

The Company belongs to the GARDEN VARELI Group which is a leader in the Indian Textile Industry with particular strength in polyester filament based textiles, both yarn and fabric. The Company is also a leading player in polyester chips for both textile and film applications. The Company is known to be a differentiated producer of chips, Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Draw Texturised Yarn, Draw Warped Yarn, Draw Twisted Yarn, greige fabric, as well as printed and dyed fabric. The Company is a regular supplier of bright, cationic, micro denier, fine denier yarn, mother yarn and dope-dyed yarn in the market.

There was no change in the nature of business of the Company during the year under review.

### Review of Operations

The Company's standalone total revenue for the year 2014-15 was ₹ 2648.44 crore as compared to ₹ 3081.27 crore for the previous year, a decline of about 14%. The fall in sales was due to lower utilization rates due to excess capacity in the face of subdued market conditions. The entire industry operated at a lower utilization rate owing to a large capacity addition by the largest producer of PFY.

Despite lower revenues, the operating profit (earning before interest, depreciation and tax) for the year 2014-15 was higher at ₹ 116.62 crore as compared to ₹ 66.69 crore in the previous year. This was possible despite a challenging year that saw an oil-price driven crash in raw material prices leading to concomitant inventory losses and weak market sentiment. Our emphasis on increased product differentiation, along with record operational efficiencies, timely exports and careful working

capital management helped us to remain competitive and improve our EBITDA. However, the high and increased interest cost resulted in another year of loss for the Company. The net loss for the year stood at ₹ 142.75 crore as compared to ₹ 144.45 crore in the previous year.

The sale of chips was lower at 102,031 MT for the year 2014-15 as compared to 124,620 MT in the previous year. The total sale of polyester filament yarn (PFY) was marginally lower at 149,222 MT as compared to 152,200 MT in the previous year.

The overall production of Chips was at 244053 MT during the year 2014-15 as compared to 266831 MT achieved in the previous year. Whereas the production of PFY during the year was higher at 152275 MT as compared to 148949 MT in the previous year. In the weaving segment, grey cloth production for the year 2014-15 was higher at 292.89 lacs mtrs as compared to 275.86 lacs mtrs. during the previous year. The Company had to curtail the production during the year to avoid inventory losses due to volatility of prices of raw material as well as finished goods. Production was also hampered by a shortage of PTA due to plant maintenance by local PTA suppliers in the early part of the financial year.

Your Company's performance was assisted by never-before achieved operational efficiency, first quality production and wastage levels across its yarn plants. Coal, which is the major fuel for the company reduced in price by over 8% during the year. This, coupled with increased substitution of gas with coal was a major cause of cost reduction across our chips and yarn divisions.

Owing to the over-competitive local market, the company also increasingly focussed on the international market.

### Subsidiaries and their financial position

During the year under review, GAIA International FZE, Wholly Owned Overseas Subsidiary was incorporated on 8th July, 2014. The subsidiary commenced its operation during the year 2014-15. The subsidiary achieved a turnover of ₹ 333.29 Lacs and incurred net loss of ₹ 20.09 Lacs for the year ended 31st March, 2015.

Garden Exim Pte Ltd, another Wholly Owned Overseas Subsidiary was incorporated on 23rd October, 2014. The subsidiary has not commenced its operation during the year 2014-15. The subsidiary incurred net loss of ₹ 4.74 Lacs for the year ended 31st March, 2015.

The consolidated total revenue of the Company for the year 2014-15 was ₹ 2648.69 crore. The operating Profit (earning before interest, depreciation and tax) was at ₹ 116.60 crore. The loss for the year 2014-15 was ₹ 143 crore.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing the salient features of the financial statements of the Company's Subsidiaries (in Form AOC-1) is forming part of the Consolidated Financial Statements. Pursuant to Section 136 of the Companies Act, 2013 ("the Act") the Company is exempted from attaching to its Annual Report, the Annual Report of the Subsidiary Company.

The financial statement of the subsidiary company is kept open for inspection by the shareholders at the Registered Office of the Company. The Company shall provide the copy of the financial statement of its subsidiary company to the shareholders upon their request free of cost. It is also available on the website of the Company.

The financial year 2014-15, being the first year that consolidated financial statement are presented, comparative figures for the previous year have not been presented in accordance with the transitional provisions of AS-21 consolidated financial statement.

### Changes in Share Capital

During the year under review, your Company allotted 1,949,860 equity shares of ₹ 10 each fully paid up at a premium of ₹ 25.90 per share to the promoters / promoter group on exercise of option for conversion of the 1,487,147 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) issued on preferential basis pursuant to the SEBI (ICDR) Regulation, 2009. As a result of such allotment, the paid up equity share capital of the Company increased from 40132665 equity shares of ₹ 10 each aggregating to ₹ 40,13,26,650 to 42082525 equity shares of ₹ 10 each aggregating to ₹ 42,08,25,250.

During the year under review, the Company has not issued shares with differential voting rights, nor granted stock options nor sweat equity. As on 31st March, 2015, the shareholding of the Directors in the Company has been disclosed in the Corporate Governance Report which forms part of this report.

## **Disclosures in respect of voting rights not directly exercised by employees.**

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

## **Public Deposits**

During the year under review, your Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014. As on April 1, 2014, no amounts were outstanding which were classified 'Deposits' under the applicable provisions of Companies Act, 1956 and hence the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

## **Directors**

### **Induction**

On the recommendations of the Nomination and Remuneration Committee, the Board appointed Shri Sunil S. Sheth as an Independent Director of the Company with effect from 13th August, 2014. Shri Sunil Sheth had a long tenure as Member of the Board and retired by rotation at the AGM held on 30th July, 2014 and did not seek re-appointment. However, in the interest of maintaining continuity and providing guidance during challenging time, the Nomination and Remuneration Committee and the Board of Directors of the Company requested Shri Sunil Sheth to accept the Board position once again. Shri Sheth accepted the request. We seek your support in confirming the appointment of Shri Sunil Sheth in the ensuing AGM.

Smt. Anita Mandrekar was appointed as an Additional Directors (Independent) on the Board with effect from 30th May, 2015 respectively. We seek your confirmation for her appointment as Independent Directors for a term up to 5 (five) consecutive years i.e. from the date of the 36th AGM of the Company on non-rotational basis.

The resolutions seeking approval of the Members for the appointment of Shri Sunil S. Sheth and Smt. Anita Mandrekar have been incorporated in the Notice of the ensuing Annual General Meeting of the Company along with brief details about them. The Company has received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit proposing the appointment of Shri Sunil S. Sheth and Smt. Anita Mandrekar.

The Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013 and that there is no change in their status of independence.

### **Resignation**

During the year under review, Shri Madanlal Lankapati, independent Director resigned from the Board of Directors of the Company with effect from 30th March, 2015. The Board of Directors wish to place on record their appreciation for the contribution made by Shri Lankapati to the Board and the Company during his tenure as a Director.

### **Re-appointments**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Alok P. Shah (DIN: 00218180) will retire at the ensuing Annual General Meeting, and being eligible, seek re-appointment. The Board recommends his re-appointment.

The Companies Act, 2013, provides for the appointment of Independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Directors shall hold office for a term of up to five consecutive years on the board of a company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Accordingly, all the Independent Directors except for Shri Sunil Sheth who was appointed as additional Director on 13th August, 2014 were appointed by the shareholders at the general meeting held on 30th July, 2014. Further, sub-section (13) of Section 149, provides that the provisions of retirement by rotation as defined in sub-section (6) and (7) of Section 152 of the Companies Act, 2013 shall not apply to such IDs. Hence, none of the Independent Directors retire at the ensuing AGM.

During the year, the non-executive directors of the Company have no pecuniary relationship of transactions with the Company.

## Key Managerial Personnel

At the Board Meeting held on 28th May, 2014 Mr. Praful A. Shah, Managing Director, Mr. Alok P. Shah, Joint Managing Director and CFO and Mr. Kamlesh B. Vyas, Company Secretary and Compliance Officer were designated as “Key Managerial Personnel” of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance and that of its committees viz. Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and that of the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Nomination and Remuneration Policy

The Board has adopted, on recommendation of the Nomination and Remuneration Committee, a policy for selection and appointment of Directors, Senior Management and their remuneration.

The details pertaining to criteria for determining qualifications, positive attributes, independence of a Director, remuneration policy and other related matters have been provided in the Corporate Governance Report and also posted on the website of the Company, [www.gardenvareli.com](http://www.gardenvareli.com).

## Declaration by Independent Directors

As per the provisions of Section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement, there were three Non-Executive Independent Directors – Shri Arunchandra N. Jariwala, Shri J. P. Shah and Shri Yatish Parekh. The Company has received the necessary declaration from each Independent Directors in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in the sub section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Further the two new Additional Directors appointed by the board of Directors of the Company have also submitted similar Declarations.

## Directors’ Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they 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 the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return in Form MGT-9, for the financial year ended 31st March, 2015 made under the provisions of Section 92(3) of the Act is attached as **Annexure F** which forms part of this Report.

## Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, your Company has invested in 1 Equity Share of GAIA International FZE, Dubai of 185000 AED equivalent to ₹ 30.26 Lacs and 10000 Equity Shares of Garden Exim Pte Ltd, Singapore of 1 USD equivalent to ₹ 6.24 Lacs towards share capital of the subsidiaries.

## Corporate Governance

The report on Corporate Governance and the certificate from the Statutory Auditors regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and forms part of the annual report.

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

Energy conservation is a key component of the Company's continuous improvement program. Power, heat and steam are key inputs for the Company requiring careful and prudent management across levels in the organization. During the year under review, there was no major capital investment on energy conservation equipment.

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in **Annexure A** to this Report.

## Particulars of Employees and Related disclosure

The information as required under the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in **Annexure G** hereto, which forms part of this report. As on 31st March, 2015 there were 5639 permanent employees.

## Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s Natvarlal Vepari & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of this Annual General Meeting. However, their appointment as Statutory Auditors of the Company is subject to ratification by the Members at every Annual General Meeting.

The Company has received confirmation from the firm regarding their consent and eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

As required under Clause 41 of the Listing Agreement, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Audit Committee and the Board of Directors have recommended the appointment of the Auditors for the financial year 2015-16. Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

## Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with notifications / circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at their meeting dated 28th May, 2014, appointed M/s Manubhai & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2014-15.

In respect of Financial Year 2015-16, the Board, based on the recommendation of the Audit Committee, has approved the appointment of M/s Manubhai & Associates, Cost Accountants, as the Cost Auditors of the Company. A resolution for ratification of the payment to be made for such appointment is included in the notice of the ensuing Annual General Meeting.

## Secretarial Audit

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 has appointed M/s K. Dalal & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year 2014-15. The report of the Secretarial Auditor is annexed to this report as **Annexure D** which is self explanatory and give complete information.

## Comments on the Auditors Report

The Audit Report on the financial statements for the year ended on 31st March, 2015 and observations/comments/remarks etc. made by statutory auditors of the Company read with the Notes to Financial Statements are self-explanatory.

With regard to the observation made by the Auditors at Point No.ix of the Annexure to the Auditors' Report regarding the delay in payment of interest for the quarter January-March, 2015, we would like to inform that the same has been paid during the quarter April-June 2015.

## Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company has appointed Shri Piyush Patel, Chartered Accountant (ICAI Membership No.116769) as Internal Auditor of the Company. 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.

## Related Party Transactions

The Company has formulated a policy on dealing with Related Party Transactions. The policy is disclosed on the website of the Company. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. During the year, the Company had not entered into any contracts / arrangements / transactions with related parties which can be considered as material in nature. The related party transactions are disclosed under Note 30 of the Note to Financial Statements for the financial year 2014-15.

## Disclosure of orders passed by the regulators or courts or tribunal

No significant and material orders have been passed by any Regulators or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

## Corporate Social Responsibility Committee

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

The Company has incurred loss during the last three financial years, therefore the provisions with respect to amount to be spent towards the CSR activity is not applicable. However, the Company has voluntarily incurred expenditure on CSR related activity during the year. The details in terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are appended to this Report as **Annexure B**.

## Audit Committee

An Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee of the Company comprises of four Independent Directors. The composition of directors and other details are provided in the Corporate Governance Report of the Company. During the year, there were no instances where the Board has not accepted the recommendation of the Audit Committee.

## Nomination and Remuneration Committee

A nomination and Remuneration Committee is in existence in accordance with the provisions of sub-section (3) of Section 178 Kindly refer section on Corporate Governance, under the head, 'Nomination and Remuneration Committee' for matters relating to constitution, meeting, functions of the Committee and the remuneration policy formulated by this Committee.

## **Risk Management Policy**

The Board of Directors of the Company has formed a risk management policy to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. It regularly analyses and takes corrective actions for managing / mitigating the same. The audit committee has additional oversight in the area of financial risks and controls. Your Company's risk management framework ensures compliance with the provisions of Clause 49 of the Listing Agreement. The details of Risk Management as practiced by the Company forms part of the Corporate Governance Report.

## **Insurance**

The properties and insurable interests of your Company like buildings, plant and machinery, stocks etc. are adequately insured by the Company.

## **Finance**

Your Company has repaid / prepaid Secured Rupee Term Loan availed from banks / financial institutions, to the tune of ₹ 207.13 Crore during the year. The Company also availed term loan aggregating to ₹ 33.05 Crore from the banks / financial institutions during the year.

Cash and cash equivalent as at March 31, 2015 was ₹ 45.37 crore. The Company continues to focus on judicious management of its working capital. Receivables, Inventories and other working capital parameters were kept under strict check through continuous monitoring. The working capital requirement of the Company continues to be funded by a consortium of banks led by Bank of Baroda.

The Company has also taken steps to refinance some of its loans at a lower interest rate with the support of its bankers.

Your Company has entered into a Long Term Advance Payment and Supply Agreement (ASPA) with one of its export customers. Under the ASPA, your Company has received Long Term Advances against Exports to the tune of USD 66.48 Million which will be adjusted against exports to that Customer over 10 years.

## **Payment of remuneration / commission to Directors from holding or subsidiary companies**

None of the managerial personnel i.e. Managing Director and Whole Time Director/s of the Company are in receipt of remuneration / commission from the holding or subsidiary company of the Company.

## **Meetings of the Board**

During the year, 6 Board Meetings and 4 Audit Committee Meetings were convened and held. Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the members from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and as per Clause 49 of the Listing Agreement. The details of the meetings are furnished in the Corporate Governance Report.

## **Independent Directors' Meeting**

In compliance with the requirements of Schedule IV of the Companies Act, 2013 and Clause 49(II)(B)(6) of the Listing Agreement a meeting of the Independent Directors was held on 18th March, 2015, 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.

The criteria for performance evaluation have been detailed in the Corporate Governance Report forming part of this report.

## **Familiarisation programme for Independent Directors**

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Company has formulated a programme for familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various initiatives. Quarterly updates on relevant statutory changes encompassing important laws are regularly circulated to the Directors.

The detail of such familiarization programmes for Independent Directors are posted on the website of the Company at [www.gardenvareli.com](http://www.gardenvareli.com).

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has constituted an Internal Complaint Committee ('ICC') as required by the said Act with 3 members of which 2 members as the employees and 1 member representing NGO. The Company is strongly opposed to sexual harassment and employees are made aware about the consequences of such acts and about the constitution of ICC. During the year under review, no complaints were filed with the Committee under the provisions of the said Act.

### **Material Subsidiary**

During the year ended 31st March, 2015, the Company does not have any material listed / unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement. The details of the policy on determining material unlisted subsidiary of the Company is available on the Company's website [www.gardenvareli.com](http://www.gardenvareli.com).

### **Disclosures under Section 134(3)(I) of the Companies Act, 2013**

There were no material changes and commitment which could affect the Company's financial position have occurred between the end of financial year of the Company and the date of this Report.

### **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the Policy on Vigil Mechanism / Whistle Blower and the same was hosted on the website of the Company.

Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. Brief details about the policy are provided in the Corporate Governance Report attached as Annexure B to this Report and also available on the Company's website [www.gardenvareli.com](http://www.gardenvareli.com).

### **Unclaimed and Unpaid Dividends**

As on 31st March, 2015 an aggregate amounts of ₹ 48.97 Lacs is lying in the unpaid equity dividend account of the Company in respect of the dividend for the financial year 2007-08, 2008-09, 2009-10 and 2010-11. Members who have not yet received / claimed their dividend entitlements are requested to contact the Company or the Registrar and Transfer Agents of the Company.

### **Investor Education and Protection Fund**

In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), the Company has credited during the year ended 31st March, 2015 an aggregate amount of ₹ 10.51 lacs, which pertains to the dividend for the year 2006-07 and remained unpaid or unclaimed for a period of 7 years from the date of declaration, to the Investor Education and Protection Fund (IEPF).

### **Service of documents through electronic means**

All documents, including the Notice and Annual Report shall be sent through electronic transmission in respect of members whose email IDs are registered in their demat account or are otherwise provided by the members. A member shall be entitled to request for physical copy of any such documents.

## Adequacy of Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on continuous basis covering all the major operations. Reports of internal audits are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

The Internal Financial Control with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency of such controls.

## Overview of Economy

The Indian economy in year 2014-15 was characterized by declining inflation, higher growth, a relatively stable currency, huge foreign inflows and improving investor confidence in India. India is likely to become the world's fastest-growing major economy by 2016, ahead of a slowing China.

The Indian economy grew at 7.4% in 2014-15 as compared to 6.9% in 2013-14 and has been projected to grow faster still in 2015-16. The consumer inflation index reduced from 9.7% in 2013-14 to 5.2% in 2014-15. With the fiscal deficit in the range of 4.0% and current account deficit expected to be around 1.7%, India's macroeconomic conditions look healthy.

The steep fall in commodity prices of key imports like coal and especially oil will not just strengthen India's external stability and balance sheet, but also boost demand and growth in time to come.

IMF expects India to grow 7.5 per cent in both 2015 and 2016, while China's growth rate has been projected at 6.8 per cent and 6.3 per cent, respectively. Though the recovery in advance economies is slow, the external environment for India is benign.

Yet external challenges such as a slowing China, weak global trade growth and normalization of monetary policy in the US remain.

A major concern for the economy is the weak industrial growth of 3.5% in FY15 and possibly slower in FY16. Pricing power, demand and thus margins in the industrial sector have been weak leading to low utilization levels and deferment if not abandonment of expansion plans. According to Crisil, utilization rates in 10 out of 12 sectors are at 5-year lows. Stimulating investment growth will remain a key challenge for the new government.

## Industry Scenario and Company Performance

The Indian textiles and apparel industry, was estimated at around US \$118 billion in 2014. This comprises a domestic market of \$76 billion and export market of \$42 billion. Both markets are projected to increase at 14% CAGR to make for a total of \$500 billion by 2025 according to Wazir Advisors. The industry is the second largest employer after agriculture, providing direct employment to over 45 million and to around 60 million people indirectly. The importance of the sector to the well-being of the economy and its people is thus evident.

Globally, in the year 2000 fibre consumption in textiles was predominantly cotton. Since then, polyester has begun to dominate the fibre mix and its global consumption is expected to be more than double that of cotton by 2030.

In India, the major textile fibre consumed is still cotton, but as is happening in other countries polyester growth is widely expected to greatly outstrip that of cotton. Within the polyester sector the growth of polyester filament yarn, is expected to be fastest for textile applications. The vast majority of your Company's activities services the polyester filament yarn and fabric industry.

While there has been a significant demand slowdown in the PFY industry over the last 4 years, the trend is expected to reverse in line with international and historical domestic trends. Very high growth and profitability in the industry upto FY11 led to substantial capacity expansions such that supply greatly exceeds demand leading to industry utilization rates of around 66%. In the years to come, however, utilization rates and margins are expected to continually improve.

In the year under review, crude oil prices saw a massive correction from \$115/barrel in June 2014 to \$45/barrel in January 2015. This resulted in corresponding price reductions in PTA and MEG, your Company's key raw materials. From August 2014 to January 2015, PTA prices fell from \$1000/MT to \$580/MT. The speed of the drop led to panic in the markets, a demand slowdown and inventory losses for the entire polyester textile chain.

Anti dumping duty was imposed on imported PTA but later was dropped for Chinese suppliers providing some relief to the industry.

A weak monsoon coupled with poor government transfers to rural areas last year affected the demand growth for polyester. With the commissioning of an expected 3.3 million tons of PTA capacity this financial year, PTA availability and pricing is expected to improve for the industry.

Last financial year saw the completion of a major PFY expansion of 390,000 MT p.a. by the largest producer of polyester. This worsened the demand-supply balance and reduced utilization rates in the industry. Despite this fact and the raw material price crash your Company improved its performance at the EBIDTA level.

This was possible due to across the board improvements in efficiency, quality parameters and wastage levels across the Company's polymerization and spinning plants. In fact we can proudly say that the Company's plant performance has never been better. Careful raw material and working capital management also helped a great deal. But the largest contributor was the further improvement in the Company's product mix. Our volume of differentiated products increased in the year under review.

During the year 2014-15 price of coal reduced in line with international prices while the Company increased the replacement of gas by coal in its fuel mix. This was also a major contributor in lowering cost of production across its polymerization and spinning plants.

Our weaving and finishing (dyed and printed fabric) divisions continue to at the forefront of fabric and design innovation in India. The varieties of fabric bases as well as designs are unparalleled in the country. In the finished fabric division the Company emphasized higher-value cotton, viscose staple fibre, viscose filament and bemberg based printed fabrics for which there is a large international clientele as well

## Opportunity, Risks and Concerns

The opportunity in the textile space is enormous. The textile market has been projected to increase from \$118 billion in 2014 to \$500 billion by 2025. With polyester projected to grow much faster than cotton, a large part of the increase in market will be due to polyester especially polyester filament based yarn, fabric and apparel. Within the polyester chips, yarn and fabric industry your Company is especially well-positioned as a leader in product-innovation. Your Company's product-range is unparalleled and its reputation for service and transparency is impeccable. This results in a price premium for the Company's products across its entire range. As demand grows, margins in the industry are expected to normalize resulting in significant gains to your Company.

By 2017 CST-exemptions available to a number of companies in certain Union Territories will expire resulting in a significant improvement in your Company's sales and profits owing to creation of a level-playing field.

The Company, like any other enterprise is exposed to business risks. Continuation of the slowdown in polyester demand growth will delay normalization of margins. It is widely expected, however that the slowdown is temporary. The high growth in India's GDP will be highly supportive of growth in the polyester industry as it has been in the past decades.

Another risk faced by the Company in present scenario is sharp downward fluctuations in the prices of its raw materials. This results in weakening of demand and inventory losses although temporary the effect can be significant. On the positive side, the consequent lower price of the finished product will lead to improvement in demand albeit with a lag.

Supply and price of cotton and any significant change in the size of cotton crop in India or globally could have an impact on the demand of the Company's products. Any negative effect is expected to be temporary, however, as the long term trend for polyester both globally and domestically has been to gradually replace cotton.

An increase in the amount of competition that we face could have a material adverse effect on our market share and sales. It is widely expected that demand and supply will gradually balance out in the years to come, both in India as well as in China. This should lead to improved sales and margins in the years to come.

Any unexpected changes in the regulatory framework and financial incentives from the government can affect our operations and profitability. The levy of anti-dumping duty on imported PTA was costly for the industry. Removal of 2% financial incentive for exports given in the Focused Product Scheme, for the company's products has adversely affected export profitability.

Large additions to PTA capacity are expected this financial year that should result in more competitive PTA costs. This is likely to improve both domestic and export performance, other things being same.

The Company's significant exports, imports and dollar liabilities make it vulnerable to currency fluctuations. However, the Company has put in place foreign-currency risk management rules to minimize the forex risk.

The Company's sizeable interest burden make it vulnerable to increases in the interest rate. Yet, the Company is hopeful that interest rates are on the way down.

## **Business Outlook:**

The financial year 2015-16 began on a positive note, though, margins may remain weak owing to oversupply. Demand for both polyester and cotton is weak and might remain so for the next 2 quarters. The embroidery segment is facing a severe slowdown which has affected demand for dyed fabrics. Demand for water-jet loom based fabric has come down generally which has affected the sizing and air-texturising segments that feed it. This has affected the Company's draw-warping, sizing and air-texturising divisions which have been highly profitable for us in the past. Fortunately, the demand for many of the Company's specialties in both yarn and fabric remains strong. In particular, the Company has increased volumes in cationic, fine-denier and spandex-based yarns. The sales of Garden's natural fabric range is expected to be boosted by exports in the quarters to come.

The polyester industry is greatly dependent on the rural economy which has been adversely affected in the past year owing to poor rural handouts and a weak monsoon. The quality of this year's monsoon will have a significant bearing on polyester. Low international demand for cotton and the consequent low cotton prices have also had some effect on polyester demand. Yet, we are cautiously optimistic as the large PTA expansions come on stream in India as this may result in our having internationally competitive raw material pricing.

The outlook on long-term prospects of the polyester filament yarn (PFY) business is positive with most projections showing PFY to be by far the fastest growing fibre in the world and in India in particular. The Company is expected to be benefited as it enjoys a leadership position in textile grade polyester chips market not to mention its special position as a yarn and fabric innovator. With the rise in demand for company's products and better capacity utilisation an across-the-board improvement in performance is expected over the next 2-3 years.

The Company's numerous initiatives towards improving operational effectiveness will reduce energy and manpower costs. A business restructuring is underway at our Jolva plant that will make the Company leaner still. Continued emphasis on the company's strength in product innovation will help it maintain pricing power.

Garden is de-bottlenecking one of its FDY lines to increase output without a material increase in costs.

The continuous efforts to improve product-mix through product innovation via close collaboration between R&D, production and marketing departments has been a key to Garden's profitability in the past and will continue to be so in future.

## **Internal Control System and their Adequacy**

The Company has an internal control system that is commensurate with the size, scale and complexity of its operations.

The internal audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, and accounting procedures and policies at all the Company's locations.

The Internal Control System provides for well documented policies / guidelines, authorizations and approval procedures. Considering the nature of its business and size of operations, your Company through its Internal Audit Department, carried out periodic audit based on the plan approved by the Audit Committee.

## **Health, safety and environment**

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. The Company continues to focus on maintenance and performance improvement of related pollution control facility at its manufacturing locations. 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.

## Industrial Relation / Human Resources

The relations between the workmen, employees and the Management have remained cordial and harmonious 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.

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The total number of permanent employees as on 31st March, 2015 was 5639.

## CAUTIONARY STATEMENTS

Statements made in this report forming part of the disclosure related to Management, Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws, and other factors such as litigation and industrial relations.

## Acknowledgement

Your Directors take this opportunity to thank the customers, suppliers, bankers, business partners / associates, financial institutions and various regulatory authorities for their consistent support / encouragement to the Company.

Your Directors are thankful to the esteemed shareholders for their continuous support and the confidence reposed in the Company and its management.

For and on behalf of the Board

**Praful A. Shah**  
Chairman & Managing Director

Surat, 5th June, 2015



## ANNEXURE – A TO THE DIRECTORS' REPORT

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

### I. CONSERVATION OF ENERGY

- (a) The Company continued to emphasize on the conversion and optimal utilization of energy in every manufacturing division of the Company. The energy conservation measures implemented during the financial year 2014-15 are as under:
- Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants.
  - Energy Audit is also being carried out by external agencies.
  - The Company makes an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production.
  - Reduction of maximum demand by even distribution of daily load and through increased efficiency of plants.
  - Continued efforts for Rain harvesting measures.
  - Power saving in compressed air system through energy efficient new air dryer.
  - Reduction of generating pressure for yarn intermingling in spinning, reducing power consumption.
- (b) Additional investments and proposals, if any, being implemented by the Company for reduction of consumption of energy
- Reduction of use of spin finish chemical without quality compromise.
  - Optimizing use of number of Pack Pre Heaters.
- (c) Impact of the above measures for reduction of energy consumption and consequent impact on cost of production of goods:
- Reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production.
  - Improvement in energy consumption and reduction in water consumption and steam consumption.
  - Customers' satisfaction and new business opportunities because of competitive costs and better quality.
- (d) Total energy consumption and energy consumption per unit of production as per prescribed Form-A.  
- As per 'Form A' attached.

### Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company:  
The R&D efforts of the Company are directed towards the following:
- New products such as cationic-based yarns, dope-dyed products, and microfilament and fine-denier yarns were also developed.

- Various products in colored yarns and low temperature dyeing yarns were developed.
  - Reintroduced full dull chips and master batch chips.
  - Various new shades in dope dyed yarn were developed.
  - Numerous new textured, air textured yarn, draw warped yarns, lycra yarns on DTY machines etc. developed.
2. Benefits derived as a result of above efforts:
- Opening up avenues for more business in future including export markets.
  - Customers' satisfaction and new business opportunities because of competitive costs and better quality.
  - Improved customer service & customer satisfaction.
  - Energy conservation.
  - Quality Improvement.
  - Improvement in product mix & availability of value added products.
  - Improved customer base & market share.
3. Future plan of action:
- (a) Process improvement for reduction in energy consumption.
  - (b) Purchase of power from grid under open access regulations.
  - (c) Energy optimization for process plants.
  - (d) Up gradation of new variants of existing products.
  - (e) Optimization of production process of new products.
  - (f) Further improvement in the Quality of Products and Processes.
4. Expenditure on R & D:
- (a) The Company, from time to time, exposes itself to better technology and keeps itself abreast of technological improvements. Research & Development is carried out by the concerned departments in-house.
 

(i) Capital Expenses	Nil
(ii) Recurring expenses	Nil
(iii) Total	Nil
(iv) Total R & D expenditure as a % of total turnover	Not applicable.

## TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION:

Form for disclosure of particulars with respect to conservation of energy

	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>A POWER AND FUEL CONSUMPTION</b>		
<b>1 Electricity</b>		
(a) Purchased Unit in Lacs	450.10	680.50
Total amount ₹ in Lacs.	3625.38	3333.17
Rate / Unit (₹)	8.05	4.90
(b) Own Generation		
i. Through Generator HFO/LDO/HSD Based Units in Lacs	6.11	9.58
Unit per Ltr. of Diesel /HFO/LDO/HSD	3.30	2.92
Consumption Cost/Unit (₹)	15.42	15.34
ii. Through Generator Gas Base Units in Lacs	96.55	265.67
Unit per SCM of Gas Consumption	4.32	3.62
Cost/Unit (₹)	9.93	9.82
ii. Through Generator Thermal base Units in Lacs	2481.57	1813.02
Unit per SCM of Gas Consumption	0.85	0.81
Cost/Unit (₹)	3.97	4.59
<b>2 Coal/Lignite for Generation of Steam</b>		
Usage in Boilers and Thermopack, Quality used "C" Grade		
Quantity (M.T.)	306303.02	236672.50
Total Cost ₹ in Lacs	10314.77	8696.97
Average rate ₹ /M.T.	3367.51	3674.69
<b>3 Furnace Oil</b>		
Quantity (K.Lts.)	NIL	NIL
Total Amount	NIL	NIL
Average rate ₹ /Lts.	NIL	NIL
<b>4 Others/Internal generation</b>		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit (₹)	NIL	NIL
<b>B POWER AND FUEL CONSUMPTION</b>		
<b>Vareli Division</b>	<b>MTS./KG.</b>	<b>MTS./KG.</b>
Electricity (Unit)		
Product:		
Grey Fabrics	0.31	0.31
Finished Fabrics	0.36	0.36
Warp Draw Yarn	1.79	1.81
Furnace Oil	NIL	NIL
<b>Jolwa Division</b>		
Electricity (Unit)		
Product:		
PFY	1.19	1.11
Chips	0.16	0.15
Furnace Oil	NIL	NIL
Coal / Lignite	NIL	NIL

## II. TECHNOLOGY ABSORPTION:

### Technology Absorption, Adaptation & Innovation

- (i) Efforts in brief, made towards technology absorption, adaptation & innovation
- Installation of inverters in LP cooling water pumps.
  - Continued efforts made for power saving by optimizing and reducing the chilled water pressure in VAM and VCC by trimming chilled water impellers.
- (ii) Benefits derived as a result of above efforts
- Improved product quality meeting customer stringent requirements.
  - Reduction in production cost.
  - Improved customer base
  - Increased Volume of value added specialty products
  - Improved Customer satisfaction
- (iii) Future Plan of Action
- Continued efforts are being made to develop innovative, commercially viable process and also for improving quality and meeting regulatory compliances.
  - Management is committed to strengthen quality control department, further to improve its competitiveness in times to come with productivity enhancement and development of new products.
- (iv) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:
- |  |                  |
|--|------------------|
| (a) Technology imported  | : Nil            |
| (b) Year of import   | : Not Applicable |
| (c) Has the technology been fully absorbed?  | : Not Applicable |
| (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. | : Not Applicable |

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:  

The Company continues to focus on enhancing its ability for value addition through technology upgradation – for existing and new customers in varied business sectors. The Company was successful in exporting Polyester Chips, POY, DTY, FDY to new markets. The Company has been successful in increasing the exports of goods. During the year your Company achieved export sale FOB value of ₹ 369.35 crores.
2. Details of earning accrued and expenditure incurred in foreign currency are given in Note 27.4 of the Notes forming part of the financial statements.

## 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.	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 <a href="http://www.gardenvareli.com">www.gardenvareli.com</a>
2 Composition of CSR Committee	The CSR Committee comprises the following members: a. Mr. Yatish Parekh, (Chairman) (Independent Director) b. Mr. Arunchandra Jariwala, (Independent Director) c. Mr. Suhail P. Shah, Wholetime Director
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 loss during the last three financial years hence the requirement of CSR expenditure is not applicable. However the Company has voluntarily incurred an expenditure of ₹ 15.83 Lacs towards education promotion and social welfare etc.
4 Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Not applicable.
5 Details of CSR expenditure during the financial year	₹ 15.83 Lacs
(a) Total amount to be spent for the financial year.	Not applicable.
(b) Amount unspent, if any.	Not applicable.
(c) Manner in which the amount spent during the financial year.	The Company has spent an aggregate amount of ₹ 15.83 Lacs towards various education promotion and social welfare related programs during the year.
6 Reasons for failure to spend the two per cent of the average net profit of the last three financial years or any part thereof:	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

Sd/-  
Yatish Parekh  
Chairman of the Committee  
(DIN 00168488)

Surat, 5th June, 2015

## 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 – 4.54 Mr. Alok P. Shah, Joint Managing Director & CFO – 4.59 Mr. Suhail P. Shah, Wholetime Director – 5.76 Mr. Sanjay S. Shah, Wholetime Director – 2.16
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, Joint Managing Director & CFO - Not applicable. Mr. Suhail P. Shah, Wholetime Director - Not applicable. Mr. Sanjay S. Shah, Wholetime Director - Not applicable. Mr. Kamlesh B. Vyas, Company Secretary – 9.5%
3.	The Percentage increase in the median remuneration of employees in the financial year.	3.67%
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2015.	5639
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	The Company had inadequate profits during the financial year 2014-15 however, on an average employees receive an annual increase of about 3.67%.
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 2015 ₹ 4.30 Crore * (ii) Total revenue ₹ 2648.44 Crore (iii) Remuneration of KMPs (as percentage of revenue) 0.16 (iv) Profit /(Loss) before tax (₹ 142.76 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 Central Government in view of inadequacy of profits.
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.  * Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	There was no increase in the managerial remuneration from 2013-14 to 2014-15 as the Company had inadequate profits and the central government granted its approval with reduction in remuneration of each of the Managing Director / Wholetime Director.
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.

Sr. No.	Requirement under Rule 5(1)	Details
9.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but received in excess of the highest paid director during the year.	None.
10.	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.
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2015 – ₹ 109.20 crore. Market capitalization as on 31/03/2014 – ₹ 152.50 crore.
12.	Price earnings ratio as at the closing of 31st March, 2015 and 31st March, 2014.	Not applicable.
13.	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.	Market Price (NSE) – 31/03/2015 ₹ 25.95 per share. Market Price (NSE) – 31/03/2014 ₹ 38 per share.

Surat, 5th June, 2015

**For and on behalf of the Board of Director**  
**Praful A. Shah**  
**Chairman and Managing Director**

## ANNEXURE - D SECRETARIAL AUDIT REPORT

### For the Financial Year Ended 31st March, 2015

[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, First 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 authorized 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, 2015, 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:

1. 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, 2015, 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) 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;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (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, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) 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;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchanges.



During the financial year under report, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

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 the Company has substantially complied with the provisions of those Acts that are applicable to Company.

During the year under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (v) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings;

**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. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

**I further report that** as per the explanations given to us and the representation made by the Management and relied upon by us 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 specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines, etc. referred to above.

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

Sd/-

**Kunjal Dalal**

Proprietor

FCS No.: 3530 CP No: 3863

Place: Surat

Date: 30th May, 2015

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

## 'Annexure A'

To,  
The Members,  
Garden Silk Mills Limited  
Tulsi Krupa Arcade, First 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 processes 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 processes 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

Sd/-

**Kunjai Dalal**

Proprietor

FCS No.: 3530 CP No: 3863

Place: Surat

Date: 30th May, 2015

## ANNEXURE - E

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

### Part "A": Subsidiaries

Sr. No.	Name of the subsidiaries	Garden Exim Pte Ltd	GAIA International FZE
1	Reporting period for the subsidiaries concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting currency: USD and Exchange rate: USD 1 = ₹ 62.50	Reporting currency: USD and Exchange rate: USD 1 = ₹ 62.50
3	Share capital	6.24	30.26
4	Reserves & surplus – Debit balance of Profit & Loss Account	(4.74)	(20.09)
5	Total assets	6.16	33905.11
6	Total Liabilities	4.66	33894.94
7	Investments	0.00	0.00
8	Turnover	0.00	333.29
9	Profit / (Loss) before taxation	(4.74)	(20.09)
10	Provision for taxation	0.00	0.00
11	Profit / (Loss) after taxation	(4.74)	(20.09)
12	Proposed Dividend	Nil	Nil
13	% of shareholding	100%	100%

### Notes:

- Names of subsidiaries which are yet to commence operations: Garden Exim Pte Ltd.
- Names of subsidiaries which have been liquidated or sold during the year: Nil
- The subsidiaries namely GAIA International FZE and Garden Exim Pte Ltd were incorporated on 8th July, 2014 and 23rd October, 2014 respectively. Therefore, the annual accounts have been prepared upto the financial year ended 31st March, 2015. There were no Associates and Joint Ventures of the Company.

For and on behalf of the Board of Director

Sd/-

**Praful A. Shah**

Chairman and Managing Director

Surat, 5th June, 2015

## ANNEXURE - F

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2015

[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 Computershare Private Limited Karvy Selenium, Tower – B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad 500032 Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 – 23001153 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 As per Attachment A

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

As per Attachment B

#### IV SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

- |      |   |                     |
|------|---|---------------------|
| i)   | Category-wise Share Holding   | As per Attachment C |
| ii)  | Shareholding of Promoters   | As per Attachment D |
| iii) | Change in Promoters' Shareholding (please specify, if there is no change)                                   | As per Attachment E |
| iv)  | Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) | As per Attachment F |
| v)   | Shareholding of Directors and Key Managerial Personnel  | As per Attachment G |

**V INDEBTEDNESS** As per Attachment H  
 Indebtedness of the Company including interest outstanding/accrued but not due for payment

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager As per Attachment I  
 B. Remuneration to other directors As per Attachment J  
 C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD As per Attachment K

**VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES** As per Attachment L

**Attachment A**

**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	90.26

**Attachment B**

**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
1	Garden Exim Pte Ltd, Republic of Singapore	N.A.	Subsidiary	100%	2(87)(ii)
2	GAIA International FZE, Ajman Free Zone Area, Dubai	N.A.	Subsidiary	100%	2(87)(ii)

**Attachment C**

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share holding**

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>(A) Promoter</b>							
(1) Indian							
(a) Individuals / Hindu Undivided Family	7463683	0	7463683	6373683	0	6373683	15.15%
(b) Central Government / State Government	0	0	0	0	0	0	0.00%
(c) Bodies Corporate	11897666	0	11897666	11897666	0	11897666	28.27%
(d) Financial Institutions / Banks	0	0	0	0	0	0	0.00%
(e) Any Other (Specify) PARTNERSHIP FIRM	2492816	1842105	4334921	4334921	1949860	6284781	14.93%
<b>Sub-Total (A)(1)</b>	<b>21854165</b>	<b>1842105</b>	<b>23696270</b>	<b>22606270</b>	<b>1949860</b>	<b>24556130</b>	<b>58.35%</b>
(2) Foreign							<b>-0.69%</b>
(a) Individuals (Non-Resident individuals / Foreign Individuals)	0	0	0	0	0	0	0.00%
(b) Bodies Corporate	0	0	0	0	0	0	0.00%
(c) Institutions	0	0	0	0	0	0	0.00%
(d) Any Other (Specify)	0	0	0	0	0	0	0.00%
<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Total Shareholding of Promoter and Promoter Group</b>							
<b>(A) = (A)(1)+(A)(2)</b>	<b>21854165</b>	<b>1842105</b>	<b>23696270</b>	<b>22606270</b>	<b>1949860</b>	<b>24556130</b>	<b>58.35%</b>
<b>(B) Public Shareholding</b>							
(1) Institutions							
(a) Mutual Funds / UTI	0	12100	12100	0	12100	12100	0.03%
(b) Financial Institutions / Banks	150	950	1100	150	950	1100	0.00%
(c) Central Government / State Government(s)	0	0	0	0	0	0	0.00%
(d) Venture Capital Funds	0	0	0	0	0	0	0.00%
(e) Insurance Companies	0	0	0	0	0	0	0.00%
(f) Foreign Institutional Investors/ Companies	0	16215	16215	0	16215	16215	0.04%
							0.00%

# GARDEN SILK MILLS LIMITED

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Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
(g) Foreign Venture Capital Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i) Any Other (Specify)									
i. Foreign Financial Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-Total (B)(1)</b>	<b>150</b>	<b>29265</b>	<b>29415</b>	<b>0.07%</b>	<b>150</b>	<b>29265</b>	<b>29415</b>	<b>0.07%</b>	<b>0.00%</b>
(2) Non-Institutions									
(a) Bodies Corporate	3690108	3104	3693212	9.20%	5059968	3084	5063052	12.03%	2.83%
(b) Individuals									
i. Individual Shareholders holding									
nominal share capital upto ₹ 1 lakh.	3998108	1481188	5479296	13.65%	4727838	1437389	6165227	14.65%	1.00%
ii. Individual Shareholders holding									
nominal share capital in excess of ₹ 1 lakh.	3182032	0	3182032	7.93%	2241949	0	2241949	5.33%	-2.60%
(c) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d) Any Other (Specify)									
i. NRI with and without repatriation	3684914	328623	4013537	10.00%	3675282	323906	3999188	9.50%	-0.50%
ii. Trusts/Overseas Body Corporates	340	350	690	0.00%	340	350	690	0.00%	0.00%
iii. Clearing Member	38213	0	38213	0.10%	26874	0	26874	0.06%	-0.03%
<b>Sub-Total (B)(2)</b>	<b>14593715</b>	<b>1813265</b>	<b>16406980</b>	<b>40.88%</b>	<b>15732251</b>	<b>1764729</b>	<b>17496980</b>	<b>41.58%</b>	<b>0.70%</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>14593865</b>	<b>1842530</b>	<b>16436395</b>	<b>40.96%</b>	<b>15732401</b>	<b>1793994</b>	<b>17526395</b>	<b>41.65%</b>	<b>0.69%</b>
<b>T O T A L (A)+(B)</b>	<b>36448030</b>	<b>3684635</b>	<b>40132665</b>	<b>100.00%</b>	<b>38338671</b>	<b>3743854</b>	<b>42082525</b>	<b>100.00%</b>	<b>0.00%</b>
(C) Shares held by Custodians and against which									
Depository Receipts have been issued									
1 Held by Promoter/promoter's 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%
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>36448030</b>	<b>3684635</b>	<b>40132665</b>	<b>100.00%</b>	<b>38338671</b>	<b>3743854</b>	<b>42082525</b>	<b>100.00%</b>	<b>0.00%</b>

**Attachment D**

**(ii) Shareholding of Promoters**

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		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	18.02%	0.00%	7231996	17.19%	0.00%	-0.83%
2	Palomar Textiles Ltd.	3930872	9.79%	0.00%	3930872	9.34%	0.00%	-0.45%
3	Praful Amichand Shah Partner Rayban Investments	2492816	6.21%	0.00%	2492816	5.92%	0.00%	-0.29%
4	Shri Praful A. Shah (Ind)	2059035	5.13%	0.00%	2059035	4.89%	0.00%	-0.24%
5	Praful Amichand Shah Partner Isha Enterprise	1842105	4.59%	0.00%	3791965	9.01%	0.00%	4.42%
6	Shri Praful A. Shah (HUF)	1002667	2.50%	0.00%	1002667	2.38%	0.00%	-0.12%
7	Shri Rajen P. Shah	959198	2.39%	0.00%	4198	0.01%	0.00%	-2.38%
8	Shri Sanjay S. Shah	760167	1.89%	0.00%	689660	1.64%	0.00%	-0.26%
9	Shri Alok P. Shah	754671	1.88%	0.00%	754671	1.79%	0.00%	-0.09%
10	Surat Textile Mills Limited	734778	1.83%	0.00%	734778	1.75%	0.00%	-0.08%
11	Shri Praful A. Shah (Ind)	730155	1.82%	0.00%	655155	1.56%	0.00%	-0.26%
12	Shri Suhail P. Shah	496685	1.24%	0.00%	571685	1.36%	0.00%	0.12%
13	Smt. Shilpa P. Shah	460626	1.15%	0.00%	460626	1.09%	0.00%	-0.05%
14	Smt. Shilpa P. Shah	93699	0.23%	0.00%	93699	0.22%	0.00%	-0.01%
15	Smt. Shyama S. Shah	68863	0.17%	0.00%	68863	0.16%	0.00%	-0.01%
16	Shri Sanjay S. Shah	64493	0.16%	0.00%	0	0.00%	0.00%	-0.16%
17	Ms. Archita R. Shah	13424	0.03%	0.00%	13424	0.03%	0.00%	0.00%
18	Vareli Trading Co. Ltd.	20	0.00%	0.00%	20	0.00%	0.00%	0.00%
	<b>Total</b>	<b>23696270</b>	<b>59.04%</b>	<b>0.00%</b>	<b>24556130</b>	<b>58.35%</b>	<b>0.00%</b>	<b>-0.69%</b>



**Attachment E**

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

Sr. No.		Shareholding at the beginning of the year		Date wise Increase/Decrease in Promoters' share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):			Cumulative Shareholding during the year		Shareholding at the end of the year	
		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	18.02%		0				7231996	17.19%
2	Palomar Textiles Ltd.	3930872	9.79%		0				3930872	9.34%
3	Praful Amichand Shah Partner Rayban Investments	2492816	6.21%		0				2492816	5.92%
4	Shri Praful A. Shah (Ind)	2059035	5.13%		0				2059035	4.89%
5	Praful Amichand Shah Partner Isha Enterprise	1842105	4.59%	18/03/2015	1949860	Allotment		3791965	9.01%	9.01%
6	Shri Praful A. Shah (HUF)	1002667	2.50%		0				1002667	2.38%
7	Rajen P. Shah	959198	2.39%	04/06/2014	-42475	Transfer		916723		
				04/06/2014	-22325	Transfer		894198		
				05/06/2014	-240000	Transfer		654198		
				05/06/2014	-130000	Transfer		524198		
				06/06/2014	-76500	Transfer		447698		
				06/06/2014	-45000	Transfer		402698		
				06/06/2014	1500	Transfer		404198		
				05/09/2014	-39064	Transfer		365134		
				05/09/2014	-32487	Transfer		332647		
				08/09/2014	-45000	Transfer		287647		
				08/09/2014	-12000	Transfer		275647		
				09/09/2014	-45000	Transfer		230647		
				09/09/2014	-25000	Transfer		205647		
				10/09/2014	-40000	Transfer		165647		
				10/09/2014	-35000	Transfer		130647		
				10/09/2014	-15230	Transfer		115417		
				10/09/2014	-10000	Transfer		105417		

Sr. No.	Shareholding at the beginning of the year	Date wise Increase/Decrease in Promoters' share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):			Cumulative Shareholding during the year		Shareholding at the end of the year			
		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
				16/09/2014	-30000	Transfer	75417	0.19%		
				16/09/2014	-20000	Transfer	55417	0.14%		
				17/09/2014	-2000	Transfer	53417	0.13%		
				18/09/2014	-29219	Transfer	24198	0.06%		
				18/09/2014	-20000	Transfer	4198	0.01%	4198	0.01%
8	Sanjay S. Shah	760167	1.89%	18/09/2014	-15000	Transfer	745167	1.86%		
				19/09/2014	-20000	Transfer	725167	1.81%		
				22/09/2014	-20000	Transfer	705167	1.76%		
				23/09/2014	-25000	Transfer	680167	1.69%		
				24/09/2014	25000	Transfer	705167	1.76%		
				25/09/2014	-30000	Transfer	675167	1.68%	675167	1.60%
9	Shri Alok P. Shah	754671			0				754671	1.79%
10	Surat Textile Mills Limited	734778			0				734778	1.75%
11	Shri Praful A. Shah (Ind)	730155			-75000	Transfer	655155	1.63%	655155	1.56%
12	Shri Suhail P. Shah	496685			75000	Transfer	571685	1.42%	571685	1.36%
13	Smt. Shilpa P. Shah	460626			0				460626	1.09%
14	Smt. Shilpa P. Shah	93699			0				93699	0.22%
15	Smt. Shyama S. Shah	68863			0				68863	0.16%
16	Shri Sanjay S. Shah	64493		30/09/2014	-64493	Transfer	0	0.00%	0	0.00%
17	Ms. Archita R. Shah	13424			0				13424	0.03%
18	Vareli Trading Co. Ltd.	20			0				20	0.00%

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/Decrease in Promoters' share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):			Cumulative Shareholding during the year		Shareholding at the end of the year	
		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.	2561433	6.38%	04/04/2014	3851	Transfer	2565284	6.39%		
				06/06/2014	1097500	Transfer	3662784	9.13%		
				13/06/2014	15000	Transfer	3677784	9.16%		
				04/07/2014	-16577	Transfer	3661207	9.12%		
				11/07/2014	-63535	Transfer	3597672	8.96%		
				18/07/2014	1887	Transfer	3599559	8.97%		
				25/07/2014	-4000	Transfer	3595559	8.96%		
				01/08/2014	-4000	Transfer	3591559	8.95%	3591559	8.53%
2	Keswani Haresh	1888289	4.71%		0				1888289	4.49%
3	Ricky Ishwardas Kirpalani	1182161	2.95%		0				1182161	2.81%
4	Shaunak Jagdish Shah	666222	1.66%		0				666222	1.58%
5	Rajan Ishwardas Kirpalani	665000	1.66%	06/06/2014	-665000	Transfer	0	0.00%	0	0.00%
6	Sanjana Rajan Kirpalani	435000	1.08%	06/06/2014	-435000	Transfer	0	0.00%	0	0.00%
7	Andromeda Textiles and Trading Pvt. Ltd.	370012	0.92%	30/06/2014	356356	Transfer	726368	1.81%		
				05/12/2014	-18100	Transfer	708268	1.76%		
				19/12/2014	-60010	Transfer	648258	1.62%		
				09/01/2015	-11452	Transfer	636806	1.59%		
				06/03/2015	-17600	Transfer	619206	1.54%		
				13/03/2015	-20300	Transfer	598906	1.49%		
				31/03/2015	-500	Transfer	598406	1.42%	598406	1.42%
8	Creative Processing Limited	356356	0.89%	30/06/2014	-356356	Transfer	0	0.00%	0	0.00%
9	Jagdish Amritlal Shah	325877	0.81%		0				325877	0.77%
10	Mala Sunil Jhangiani	190894	0.48%		0				190894	0.45%
11	Pranav Kumarpal Parekh	110158	0.27%		0				110158	0.26%
12	Vinodchandra Mansukhlal Parekh	100266	0.25%		0				100266	0.24%

**Attachment G**

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase/Decrease in Promoters' share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):			Cumulative Shareholding during the year		Shareholding at the end of the year	
		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	Rajen P. Shah	959198	2.39%	04/06/2014	-42475	Transfer	916723	2.28%		
				04/06/2014	-22525	Transfer	894198	2.23%		
				05/06/2014	-240000	Transfer	654198	1.63%		
				05/06/2014	-130000	Transfer	524198	1.31%		
				06/06/2014	-76500	Transfer	447698	1.12%		
				06/06/2014	-45000	Transfer	402698	1.00%		
				06/06/2014	1500	Transfer	404198	1.01%		
				05/09/2014	-39064	Transfer	365134	0.91%		
				05/09/2014	-32487	Transfer	332647	0.83%		
				08/09/2014	-45000	Transfer	287647	0.72%		
				08/09/2014	-12000	Transfer	275647	0.69%		
				09/09/2014	-45000	Transfer	230647	0.57%		
				09/09/2014	-25000	Transfer	205647	0.51%		
				10/09/2014	-40000	Transfer	165647	0.41%		
				10/09/2014	-35000	Transfer	130647	0.33%		
				10/09/2014	-15230	Transfer	115417	0.29%		
				10/09/2014	-10000	Transfer	105417	0.26%		
				16/09/2014	-30000	Transfer	75417	0.19%		
				16/09/2014	-20000	Transfer	55417	0.14%		
				17/09/2014	-2000	Transfer	53417	0.13%		
				18/09/2014	-29219	Transfer	24198	0.06%		
				18/09/2014	-20000	Transfer	4198	0.01%	4198	0.01%
2	Sanjay S. Shah	760167	1.89%	18/09/2014	-15000	Transfer	745167	1.86%		
				19/09/2014	-20000	Transfer	725167	1.81%		
				22/09/2014	-20000	Transfer	705167	1.76%		
				23/09/2014	-25000	Transfer	680167	1.69%		
				24/09/2014	25000	Transfer	705167	1.76%		
				25/09/2014	-30000	Transfer	675167	1.68%	675167	1.68%

## Attachment H

### 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	134105.66	1276.61	758.87	136141.14
ii) Interest due but not paid	1371.77	0.00	0.00	1371.77
iii) Interest accrued but not due	517.01	8.75	0.00	525.76
<b>Total (i+ii+iii)</b>	<b>135994.44</b>	<b>1285.36</b>	<b>758.87</b>	<b>138038.67</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	3305.13	0.00	0.00	3305.13
• Reduction	22893.91	221.21	24.24	23139.36
<b>Net Change</b>	<b>-19588.78</b>	<b>-221.21</b>	<b>-24.24</b>	<b>-19834.23</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	115155.83	1056.92	734.63	116947.38
ii) Interest due but not paid	777.33	0.00	0.00	777.33
iii) Interest accrued but not due	472.50	7.23	0.00	479.73
<b>Total (i+ii+iii)</b>	<b>116405.66</b>	<b>1064.15</b>	<b>734.63</b>	<b>118204.44</b>

## Attachment I

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri Praful A. Shah	Shri Alok P. Shah	Shri Sanjay S. Shah	Shri Suhail P. Shah	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	132.60	111.00	27.33	139.80	410.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.95	7.73	0.00	1.07	19.75
	(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
	<b>Total (A)</b>	<b>143.55</b>	<b>118.73</b>	<b>27.33</b>	<b>140.87</b>	<b>430.48</b>
	Ceiling as per the Act	The remuneration paid the Wholetime / Managing Director during the year is in line with the approval of the central government.				

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

## Attachment J

### B. Remuneration to other directors:

(₹ In Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri Rajen P. Shah	Shri A. N. Jariwala	Shri J. P. Shah	Shri Yatish Parekh	Shri H. C. Mishra	Shri Sunil Sheth	
3.	Independent Directors							
	• Fee for attending board committee meetings	0	1.02	0.1	1.24	0.7	1.04	4.1
	• Commission	0	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0	0
	<b>Total (1)</b>	<b>0</b>	<b>1.02</b>	<b>0.1</b>	<b>1.24</b>	<b>0.7</b>	<b>1.04</b>	<b>4.1</b>
4.	Other Non-Executive Directors							
	• Fee for attending board committee meetings	0.64	0	0	0	0	0	0.64
	• Commission	0	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0	0
	<b>Total (2)</b>	<b>0.64</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.64</b>
	<b>Total (B) = (1 + 2)</b>	<b>0.64</b>	<b>1.02</b>	<b>0.1</b>	<b>1.24</b>	<b>0.7</b>	<b>1.04</b>	<b>4.74</b>
	<b>Total Managerial Remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.74</b>
	Overall Ceiling as per the Act	The Company has not paid any remuneration to Non-executive Directors except sitting fees.						

## Attachment K

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

(₹ In Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
		Shri Kamlesh B. Vyas	Shri Alok P. Shah	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.99	111.00	124.99
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.39	7.73	8.12
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	<b>Total</b>	<b>14.38</b>	<b>118.73</b>	<b>133.11</b>

## Attachment L

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCL1 / COURT]	Appeal made, if any (give Details)
A. COMPANY	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					
B. DIRECTORS	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sd/-

**Praful A. Shah**

Chairman & Managing Director

Surat, 5th June, 2015

## ANNEXURE - G

### Statement under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 60,00,000/- per annum

Sr. No.	Name	Age	Designation and nature of duties	Remuneration (₹)	Nature of Employment	Qualifications	Experience (Years)	Date of Commencement of employment	Particulars of last employment held
1	Mr. Praful A. Shah	77	Chairman & Managing Director	1,43,54,080	Contractual	M.S. (Stanford University USA)	50	01-04-1985	Vareli Textile Industries Limited
2	Mr. Alok P. Shah	45	Joint Managing Director & CFO	1,18,73,302	Contractual	B.S. (Stanford University USA) M.B.A. (University of Chicago, USA)	14	19-10-2001	--
3	Mr. Suhail P. Shah	41	Executive Director	1,40,87,711	Contractual	Ph.D. in Theoretical Physical Chemistry, M.S. in Physical Chemistry (Uni. of Chicago)	9	30-10-2006	--

#### Notes:

1. The gross remuneration consists of salary and allowances paid and cash value of perquisites granted to the employees.



## ANNEXURE - H

### REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31ST MARCH, 2015

#### 1. Corporate Governance Philosophy

The philosophy of Corporate Governance is a principle based approach as codified in Clause 49(i) of the Listing Agreement, encompassing the fundamentals of rights and roles of various shareholders of the Company, disclosure, transparency and board responsibility.

Your Company is in compliance of Clause 49 on Corporate Governance as they stood during the relevant period of Financial Year 2014-15.

A report on the matters mentioned in the said clause and the practices / procedures followed by your Company for the year ended 31st March, 2015 is detailed below.

#### 2. Board of Directors

##### (a) Composition:

Your Company has the combination of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement. The Non-Executive Directors are having diverse backgrounds with considerable professional proficiency, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enables them to contribute effectively to the Company in their capacity as member of the Board.

The present strength of the Board of Directors is a mix of six Non-Executive Directors and four Executive Directors. Of the six Non-Executive Directors, five are Independent Directors. The Chairman of the Board is an Executive Director.

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 Clause 49(II)(B)(2). 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 Clause 49(II)(D)(2) of the listing agreement.

The Non-Executive Directors are having diverse backgrounds with considerable professional proficiency, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enables them to contribute effectively to the Company in their capacity as member of the Board.

Transactions with related parties are disclosed in Note No.28 of 'Notes to the Financial Statements' for the year ended 31st March, 2015. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2014-15.

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.

##### (b) Board Meetings.

The Board oversees the entire functioning of the Company and is involved in strategic decision-making on a collective basis. The Board meets at least four times a year and the interval between any such two meetings has not been more than one hundred and twenty days. 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.

During the year under review, 6 Board Meetings were held on 28/05/2014, 18/06/2014, 13/08/2014, 08/11/2014, 11/02/2015 and 18/03/2015.

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

The details of the composition of the Board, number of Board meetings held, attendance thereat and at the last annual general meeting and the number of other Directorship, Memberships and/or Chairmanship held by each Director of the Board as on 31st March, 2015, are set out below:

Name and Designation of Directors	Category	No. of Board Meeting attended	Whether attended last AGM held on 30.07.2014	No. of Other Directorship(s) **	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies#	Share-Holding
Shri Praful A. Shah Chairman & Managing Director	Promoter	6	No	6	--	2714190
Shri Alok P. Shah Joint Managing Director	Promoter	4	Yes	6	--	754671
Shri Sanjay S. Shah Executive Director	Promoter	2	Yes	2	--	689660
Shri Suhail P. Shah Executive Director	Promoter	6	Yes	6	--	571685
Shri Rajen P. Shah Non-Executive Director	Promoter	3	No	N.A.	--	4198
Shri J. P. Shah Independent Director	Non-Promoter	1	No	N.A.	--	6595
Shri Yatish Parekh Independent Director	Non-Promoter	6	Yes	N.A.	--	0
Shri A. N. Jariwala Independent Director	Non-Promoter	6	Yes	1	--	0
Shri Sunil S. Sheth Independent Director *	Non-Promoter	5	No	N.A.	--	0
Shri Madanlal Lankapati Independent Director *	Non-Promoter	0	No	N.A.	--	150
Shri H. C. Mishra Independent Director (Nominee of LIC)	Non-Promoter	6	Yes	N.A.	--	0

\* Mr. Sunil S. Sheth was appointed as Additional Director w.e.f. 13/08/2014.

\* Mr. Madanlal Lankapati resigned as Member of the Board w.e.f. 30/03/2015.

# In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies (excluding Garden Silk Mills Limited) have been considered.

## (c) Board Meeting Procedures

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. The routine business brought to the relevant meetings includes, inter alia Annual business plans and budget, Quarterly results and update on operations, Financial results for the relevant period along with limited review report thereon, Minutes of various committee meetings, Shareholding pattern as per clause 35

of the listing agreement, the information on recruitment and remuneration of senior officers just below the Board level and approval of Related Party Transaction etc.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

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

During the year under review, Shri Suhail P. Shah was re-appointed as Wholetime Director designated as Executive Director of the Company for a term of three years commencing from 1st December, 2015. He is being paid remuneration in accordance with the provisions of the Companies Act and the approval of the Central Government for the designated tenure of his appointment.

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Shri Alok 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.

Shri Sunil Sheth and Smt. Anita Mandrekar have been appointed as an Additional Director and in terms of Section 161(1) of the Companies Act, 2013 they will hold office till the date of ensuing Annual General Meeting. In terms of Section 160(1) of the Companies Act, 2013, the Company has received a notice from a member intending to propose Shri Sunil Sheth and Smt. Mandrekar as candidates for the office Director of the Company. The Independent Directors are paid sitting fees for attending meetings of Board / Board Committees.

The brief profile and other information as required under Clause 49(VIII)(E) of the Listing Agreement relating to Directors being appointed / reappointed, forms part of the Notice of ensuing Annual General Meeting.

**(e) Meeting of Independent Directors**

During the year, a meeting of Independent Directors was held on 18th March, 2015 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Shri Yatish Parekh, Chairman of the Meeting presented the views of the Independent Directors on matter relating to Board processes and overall affairs of the Company to the full Board. Four members out of six Independent Directors attended the said meeting.

The Board has, after the close of the financial year 2014-15, appointed one new Additional Director who is non-executive independent director Smt. Anita Mandrekar, the further details of Mrs. Mandrekar is mentioned in the notice convening Annual General Meeting wherein her appointment as independent director has been proposed.

**(f) Familiarization Program for Independent Directors**

The Board members are provided with the necessary documents and reports etc. to enable them to familiarize with the Company's procedures and practices. Periodic disclosures are made on business and performance updates of the Company, business strategy and risks involved. Quarterly updates on relevant statutory changes encompasses important laws are also circulated to the Directors.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company.

### 3 BOARD COMMITTEES:

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

## (a) Audit Committee

Presently the Audit Committee comprises of Shri Arunchandra N. Jariwala, Independent Director as Chairman, Shri Rajen P. Shah, Non-Executive Director and Shri Yatish C. Parekh and Shri Sunil S. Sheth, Independent Director as Members. All the members of the Committee are professionals and financially literate within the meaning of Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee includes the matters specified under Clause 49(III)(D) of the Listing Agreement with the Stock Exchanges as well as Section 177 of the Companies Act, 2013.

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 Finance Head, Internal Auditor and Statutory Auditors are invitees to the Meeting.

The Chairman of the Audit Committee was present at the 35th Annual General Meeting of the Company held on 30th July, 2014. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

### Meetings and attendance

During the financial year 2014-15, the Audit Committee of the Company met four times on 28/05/2014, 13/08/2014, 08/11/2014 and 11/02/2015. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 28/05/2014 reviewed the Annual Accounts for the year ended 31st March, 2014.

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.

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

Name of Director	Status	No. of meetings attended
Shri Arunchandra N. Jariwala	Chairman	03
Shri Yatish C. Parekh	Member	04
Shri Rajen P. Shah	Member	02
Shri Sunil S. Sheth	Member	03

## (b) Stakeholders' Relationship Committee

In line with the Companies Act, 2013 / Clause 49 of the Listing Agreement, the nomenclature of the Share Transfer and Investor Grievances Committee has been changed to Stakeholder Relationship Committee.

The committee's constitution and terms of reference are in compliance with provisions of the Section 178(5) of the Companies Act, 2013 and it further covers the matters specified under Clause 49(VIII)(E)(4) of the Listing Agreement with the Stock Exchanges. The minutes of the Stakeholders' Relationship Committee were noted at the Board Meeting.

The broad terms of reference of the said committee comprises to look into the redressal of grievances such as transfer of security, non-receipt of annual report, dividends etc. of various stakeholders of the Company and to approve and monitor transfers, transmission, splitting, consolidation, dematerialization of securities issued by the Company and issue of duplicate security certificates.

It also carries out the functions as envisages under the Code of Conduct to regulate, monitor and report trading by insiders and code of practices and procedures for fair disclosures of unpublished price sensitive information adopted by the Company in terms of Regulations 8(1) and 9(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Presently, the Stakeholder Relationship Committee comprises of Shri Yatish Parekh, Independent Director as Chairman, Shri Rajen P. Shah, Non-Executive Director, Shri Arunchandra Jariwala, Independent Director and Shri Sanjay Shah, Wholetime Director as its Members.

A summary of the complaints received, cleared / pending during the financial year under review are given below:

Nature of Complaints	Number of Complaints			
	As on 1st April, 2014	Received during the financial year	Cleared / attended during the financial year	Pending as on 31st March, 2015
Non-receipt of dividend warrants	Nil	13	13	Nil
Non-receipt of share certificates after transfer, deletion of name, transmission, transposition, consolidation of folios & share certificates, correction of name etc.	Nil	20	20	Nil
Non-receipt of Annual Report	Nil	18	18	Nil
Letters from SEBI, Stock Exchanges and Ministry of Corporate Affairs	Nil	1	1	Nil
<b>Total</b>	<b>Nil</b>	<b>52</b>	<b>52</b>	<b>Nil</b>

During the Financial Year under review, 52 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 Listing Agreement with the Stock Exchanges.

### (c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is fully empowered to determine / approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Managing Director after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration etc. The terms of reference of the Nomination and Remuneration Committee includes the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges as well as under Section 178 of the Act.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have formulated and adopted Nomination and Remuneration Policy. The details of the remuneration policy are available on the website of the Company [www.gardenvareli.com](http://www.gardenvareli.com). The Non-Executive Directors are paid sitting fees for every meeting of the Board and its Committees attended by them.

Presently the Nomination and Remuneration Committee comprises of Shri Arunchandra N. Jariwala, as Chairman, Shri Yatish Parekh and Shri Sunil Sheth, Independent Director as its Members. One meeting of Nomination and Remuneration Committee was held on 28/05/14. All the members were present at the meeting.

## Remuneration Policy

Payment of remuneration to the Managing Director / Whole-time Directors is governed by the Agreement executed between them and the Company. Their Agreement is approved by the Board and by the shareholders. Their remuneration structure comprises salary, incentive, bonus, benefits, perquisites and allowances, contribution to provident fund, superannuation and gratuity. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fee as may be determined by the Board from time to time. The remuneration policy as approved by the Board is placed on the website of the Company [www.gardevareli.com](http://www.gardevareli.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 & Perquisites	Sitting fees	Commission
Shri Praful A. Shah	1,43,54,080	Nil	Nil
Shri Alok P. Shah	1,18,73,302	Nil	Nil
Shri Suhail P. Shah	1,40,87,711	Nil	Nil
Shri Sanjay S. Shah	27,33,996	Nil	Nil
Shri Rajen P. Shah	Nil	64,000	Nil
Shri J. P. Shah	Nil	10,000	Nil
Shri Yatish Parekh	Nil	1,24,000	Nil
Shri A.N. Jariwala	Nil	1,02,000	Nil
Shri Sunil S. Sheth	Nil	1,04,000	Nil
Shri Madanlal Lankapati	Nil	Nil	Nil
Shri H. C. Mishra	Nil	70,000	Nil
<b>Total</b>	<b>4,30,49,089</b>	<b>4,74,000</b>	<b>Nil</b>

## 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 2014-15 was ₹ 4,74,000/-.

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.

## Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 ("Act") and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Equity Listing Agreement ("Clause 49") as may be applicable, the Board of Directors ("Board") has carried out an annual evaluation of its

own performance and that of its committees and individual directors.

The performance of the Board and individual directors was evaluated by the Board seeking inputs from all the Directors. The performance of the committees was evaluated by the Board seeking inputs from the committee members. The Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors. A separate meeting of Independent Directors was also held to review the performance of non-independent directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors. This was followed by a Board meeting and discussed the performance of the Board, its committees and individual directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of committees of the Board included aspects like composition of committees, effectiveness of committee meetings etc. The criteria for performance evaluation of the individual directors included aspects on contribution to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition the Chairperson was also evaluated on the key aspects of his role.

#### **(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, Joint Managing Director as Chairman, Shri Sanjay S. Shah, Wholetime Director, Shri Rajen P. Shah, Non-Executive Director and Shri Yatish C. Parekh and Shri Sunil S. Sheth, Independent Director as Member. During the year 2014-15 the Committee met on 19/06/2014, 16/07/2014, 07/10/2014 and 13/01/2015 to discuss the matters coming within the Committee’s purview.

#### **(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 and Clause 49 of the listing agreement.

The Corporate Social Responsibility Committee was constituted on 13th August, 2014. The composition of the Committee of Directors comprises Shri Yatish Parekh, Independent Director as Chairman, Shri Arunchandra Jariwala, Independent Director and Shri Suhail P. Shah, Wholetime Director as as Members. During the year 2014-15 the Committee met once on 8th November, 2014 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 there under.

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](http://www.gardenvareli.com).

#### **4 MD/CEO/CFO Certification**

As required under Clause 49(IX) of the Listing Agreement, 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, 2015.

## 5 General Body Meetings

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

Financial Year	Date	Time
2011-12	26/09/2012	11.00 a.m.
2012-13	11/09/2013	11.00 a.m.
2013-14	30/07/2014	11.00 a.m.

Two Special Resolutions were passed at the Annual General Meeting held on 26/09/2012, Three Special Resolutions were passed at the Annual General Meeting held on 11/09/2013 and One Special Resolution was passed at the Annual General Meeting held on 30/07/2014.

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

Two Special Resolutions were proposed and passed at the 33rd Annual General Meeting of the Company held on 26th September, 2012, for issue of securities in favour of promoters in accordance with the provisions of chapter VII of SEBI (ICDR) Regulations, 2009 and for appointment of Smt. Shilpa P. Shah holding office or place of profit pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956.

Three Special Resolutions were proposed and passed at the 34th Annual General Meeting of the Company held on 11th September, 2013, for alteration in Articles of Association, issue of securities in favour of promoters in accordance with the provisions of chapter VII of SEBI (ICDR) Regulations, 2009 and for re-appointment of Shri Praful A. Shah as Chairman and Managing Director of the Company for a period of 3 years w.e.f. 1st September, 2013.

One Special Resolution was proposed and passed at the 35th Annual General Meeting of the Company held on 11th September, 2013, for alteration in Articles of Association, issue of securities in favour of promoters in accordance with the provisions of chapter VII of SEBI (ICDR) Regulations, 2009 and for re-appointment of Shri Praful A. Shah as Chairman and Managing Director of the Company for a period of 3 years w.e.f. 1st September, 2013.

- (c) **Passing of Special Resolutions by Postal Ballot:**

During the year under review, the Company has passed 4 (Four) Special Resolutions through Postal Ballot in accordance with the procedure described in Section 110 of the Companies Act, 2015 ('the Act') read with the Companies (Management and Administration) Rules, 2014. The resolution proposed were as under:

Resolution 1: Approval of Borrowing Powers of the Company;

Resolution 2: Creation of charge / security / mortgage on the assets of the Company in favour of the lenders;

Resolution 3: Adoption of new set of Articles of Association of the Company;

Resolution 4: Approval for Inter-Corporate Loans, Investments and Guarantees;

Mr. Kunjal Dalal, Practicing Company Secretary was appointed as Scrutinizer for the postal ballot process for conducting the entire activity in a fair and transparent manner. The aforesaid resolutions were passed as special resolutions on 28th March, 2015 with the requisite majority.

None of the Resolutions proposed at the 36th Annual General Meeting is proposed by Postal Ballot.

## 6 DISCLOSURES

- (a) **Related Party Transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of section 188 of the Companies Act, 2013.



There were no materially significant transactions with related party during the financial year which were in conflict with the interests of the Company at large.

Suitable disclosure as required by the Accounting Standard (AS)18 has been made in the notes to the Financial Statement.

As required under clause 49(viii) of the listing agreement with Stock Exchanges, the Company has formulated a policy on Related Party Transactions which has been put up on the website of the Company.

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.

**(b) Disclosure of Accounting Treatments**

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

**(c) Material 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 formulated a Policy on Material Subsidiary as required under Clause 49(V)(D) 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. A detailed review of business risks and the Company's plan to mitigate them is presented to the Audit Committee towards risk identification, analysis and development of risk mitigation plan and reporting to the Board periodically.

**(e) Compliance by the Company**

The Company had complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

**Code of Conduct:**

The Company's Board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company. All Board members and senior management personnel have affirmed compliance with the code of conduct during the year 2014-15. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

**Prevention of Insider Trading Code**

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders and code of practices and procedures for fair disclosures of unpublished price sensitive information in terms of Regulations 8(1), 9(1) and 9(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

All the Directors, employees at senior management level and other specified persons who could have access to unpublished price sensitive information of the Company are governed by this code.

**Whistle Blower Policy / Vigil Mechanism:**

In conformity with the requirements of Section 178 of the Companies Act, 2013 read with provisions of Clause 49 of the Listing Agreement, the Company has devised Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviors, 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. No employee of the Company / no other person has been denied access to the Audit Committee of the Board of Directors of the Company. During the year under review, no complaints have been received from any whistle blower. The Whistle Blower Policy of the Company has been posted on the website of the Company [www.gardenvareli.com](http://www.gardenvareli.com).

### 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.

### Reconciliation of Share Capital Audit

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carrying out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), shares held physically as per the register of members and the total issued and listed capital. The audit is carried out every quarter and the total issued and listed capital. This audit is carried out on quarterly basis and the report thereon is submitted to the Stock Exchanges and is also placed before the Stakeholder Relationship Committee and the Board of Directors.

## 7. 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 The Time of India (English) and Dhabkar (Vernacular), both Surat editions.
- (b) Management Discussion and Analysis report forms part of the Directors Report.

## 8. GENERAL SHAREHOLDER INFORMATION:

### (a) 36th Annual General Meeting:

Date : Wednesday, 9th September, 2015

Time : 11:00 a.m.

Venue: Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

### (b) Financial Calendar (2014-15) :

Results for the quarter ending June 30, 2015	:	July/August, 2015.
Results for the quarter ending September 30, 2015	:	October/November, 2015
Results for the quarter ending December 31, 2015	:	January/February, 2016
Results for the year ending March 31, 2016	:	April/May, 2016
<b>Book Closure Date</b>	:	Thursday, 3rd September, 2015 to
	:	Wednesday, 9th September, 2015
	:	(both days inclusive)

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

- (1) The Ahmedabad Stock Exchange Limited (ASE),
- (2) The Bombay Stock Exchange Limited (BSE)
- (3) National Stock Exchange of India Limited (NSE).

The Company has paid the Annual Listing fee for the year 2015-16.

As on 31st March 2015, there were 72954 shareholders of the Company.

(d) **Stock Code:**

The Ahmedabad Stock Exchange Limited (Physical Segment)	18350
The Bombay Stock Exchange Limited (Physical Segment)	155
The Bombay Stock Exchange Limited (Demat Segment)	500155
National Stock Exchange of India Limited	GARDENSILK(EQ)
Demat ISIN in NSDL and CDSL for Equity Shares	INE526A01016.
Corporate Identity Number (CIN): L17111GJ1979PLC003463	

(e) **Market Price Data:**

	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2014	41.50	37.15	41.70	36.95
May 2014	48.30	36.20	48.50	36.05
June 2014	50.00	39.00	49.95	38.75
July 2014	56.50	43.00	56.40	42.50
August 2014	45.85	39.05	45.85	38.75
September 2014	45.50	36.25	45.20	36.20
October 2014	41.30	36.00	40.95	36.00
November 2014	39.25	33.00	39.50	32.55
December 2014	39.95	29.00	34.80	29.00
January 2015	33.15	29.15	32.85	29.00
February 2015	34.30	27.00	30.90	27.35
March 2015	30.90	24.30	31.35	24.15

(f) **Registrar and Share Transfer Agents:**

Karvy Computershare Private Limited,  
 (Unit: Surat Textile Mills Limited),  
 Karvy Selenium, Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda,  
 Hyderabad 500032.  
 Toll Free No. (India) : 1800 345 4001  
 Phone No. 040 67162222  
 Fax No. 040 23001153  
 Email: einward.ris@karvy.com

(g) **Share Transfer System:**

All the share related work is being undertaken by the company's Registrar & Transfer Agent. A Share Transfer Committee of two Directors has been constituted to approve the share transfer, transmission, split, 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 Board are noted by the Board at its next meeting.

**(i) Distribution of shareholding as on 31st March, 2015:**

Category	Shareholding	
	No. of shares	%
Promoters	24556130	58.35
Mutual Funds & UTI.	12100	0.03
Banks, Financial Institutions & Insurance Companies.	50.00	39.00
FIs	1100	0.00
FIs	16215	0.04
Private Bodies Corporate.	5063052	12.03
NRIs	3999188	9.50
Indian Public	8407176	19.98
Others:		
Clearing Members	26874	0.07
Trust	690	0.00
<b>Total</b>	<b>42082525</b>	<b>100.00</b>

**(ii) Category of Shareholders as on 31st March, 2015:**

Sr. No.	Range of Holding	No. of Shareholders	% to Shareholders	No. of Shares	% to Capital
1	Upto 5000	71023	97.35	3959940	9.41
2	5001 – 10000	1001	1.37	814857	1.94
3	10001 – 20000	458	0.63	693865	1.65
4	20001 – 30000	159	0.22	403253	0.96
5	30001 – 40000	68	0.09	239903	0.57
6	40001 – 50000	54	0.07	254888	0.60
7	50001 - 100000	93	0.13	694397	1.65
8	100001 and above	98	0.14	35021422	83.22
<b>Total</b>		<b>72954</b>	<b>100.00</b>	<b>42082525</b>	<b>100.00</b>

**Dematerialisation of shares and Liquidity:**

The status of Dematerialisation as on 31st March, 2015 is as under:

Segment	No. of Shares	%	No. of holders	%
Physical	3743854	8.90	46523	63.77
Electronic form with NSDL	33661319	79.99	20180	27.66
Electronic form with CDSL	4677352	11.11	6251	8.57
<b>Total</b>	<b>42082525</b>	<b>100.00</b>	<b>72954</b>	<b>100.00</b>

The Company's Equity Shares are regularly traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

**(h) 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.

**(i) Dematerialisation of Shares:**

38348671 Equity Shares aggregating to 91.10% of the total Equity Capital is held in dematerialized form as on 31/03/2015. All shares held by Promoters / Promoter Group Companies have been dematerialized. Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India (SEBI).

**(j) 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.

**(k) 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 Computershare Private Limited, (Unit: Garden Silk Mills Limited), Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032. Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 23001153 Email: einward.ris@karvy.com
(ii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.
(iii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010

As required in terms of Clause 47(f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is [sharedepartment@gardenvareli.com](mailto:sharedepartment@gardenvareli.com)

**(l) Eliminate Duplicate Mailing**

If you hold the Equity Shares of the Company in more than one Folio in your name or with the same address as other shareholders of the Company, you may authorize the Company to discontinue mailing of multiple Annual Reports.

**(m) 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](mailto:shareddepartment@gardenvareli.com) or login at the R&TA’s website [www.gardenvareli.com](http://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](mailto:shareddepartment@gardenvareli.com) or login at the R&TA’s website [www.gardenvareli.com](http://www.gardenvareli.com) quoting their DP ID & Client ID and/or Registered Folio Number.

## 9. 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](http://www.gardenvareli.com)’. Therefore, the results were not separately circulated to all shareholders.

Place: Surat  
Date: 5th June, 2015

**Praful A. Shah**  
**Chairman & Managing Director**

## CEO/CFO CERTIFICATION UNDER CLAUSE 49(IX)

The Board of Directors,

Garden Silk Mills Limited.

1. We have reviewed financial statement and the cash flow statement of Garden Silk Mills Limited ('the Company') for the year ended 31st March, 2015 and to the best of our knowledge and belief:
  - (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.
2. There are, 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.
3. 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. We have not come across any reportable deficiencies in the design or operation of such internal control.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) that there are no significant changes in internal control over financial reporting during the year;
  - (ii) that there are no significant changes in accounting policies during the year; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

Surat, 5th June, 2015

**Praful A. Shah**  
**Managing Director**  
**(DIN 00218143)**

**Alok P. Shah**  
**Jt. Managing Director & CFO**  
**(DIN 00218180)**

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## Declaration on Code of Conduct

This is to certify that your Company has in place a Code of Conduct applicable to the Board Member as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2014-15.

Surat, 5th June, 2015

**Praful A. Shah**  
**Managing Director**  
**(DIN 00218143)**

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Garden Silk Mills Limited.

We have examined the compliance of conditions of Corporate Governance by **Garden Silk Mills Limited** ("the Company"), for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further 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 NATVARLAL VEPARI & CO.**  
Chartered Accountants  
Firm Registration Number: 123626W

**R. N. VEPARI**  
Partner  
Membership No.: 6728

Surat, 5th June, 2015



## INDEPENDENT AUDITOR'S REPORT

To The Members of  
Garden Silk Mills Limited,

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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 Accounting Standards 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 March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
  - f) 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, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31(1) to the financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

Partner

Membership No.: 6728

Surat, 5th June, 2015

## Annexure to the Independent Auditors' Report

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report of even date on the standalone financial statements of Garden Silk Mills Limited ("the Company") for the year ended March 31, 2015)**

Having regard to the nature of the Company's business / activities / result, clauses (v) and (viii) to the Order are not applicable to the Company for the year.

- (i) In respect of its fixed assets:
  - (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) the fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in our opinion, provides for physical verification of fixed assets at reasonable intervals having regard to the size of the Company nature and value of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. In our opinion, discrepancies noticed on physical verification of inventories were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account;
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013 and accordingly, the provisions of Clause (iii) of paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits and accordingly, the provisions of clause V of paragraph 3 of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013. We are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and the books of accounts examined by us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.

# GARDEN SILK MILLS LIMITED

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- (b) There are no dues of Wealth Tax, Income Tax and custom duty which have not been deposited on account of any dispute with the relevant authorities. Details of dues towards Excise Duty, Service Tax and Sales Tax and Cess that have not been deposited as at March 31, 2015 on account of disputes are as stated below:

(₹ in Lacs)

Name of Statute	Nature of Dues	Amount under Dispute	Period to which the amount relates to / Order /Appeal year	Forum where the dispute is pending	Amount deposited against (₹ In lacs)
Central Excise Act, 1944	Penalty	25.00	1994-95	Mumbai High Court.	10.00
Central Excise Act, 1944	Excise Duty/ Service Tax*	143.13	2005-06	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	43.65	2009-11	CESTAT, Ahmadabad	43.65
Central Excise Act, 1944	Excise Duty/ Service Tax*	114.72	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	6,038.37	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	3,300.00	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	523.07	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	157.79	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	349.49	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	96.61	2012-13	CESTAT, Ahmadabad	96.61
Central Excise Act, 1944	Excise Duty/ Service Tax*	8345.57	2006-13	CESTAT, Ahmadabad	--
Gujarat Sales Tax Act, 1969	Gujarat Sales Tax	80.51	2004-05	The Joint Commissioner of Commercial Tax, Appeal (2), Baroda.	10.00

\*including penalty, wherever applicable.

- (c) The amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under, have been transferred to such fund within time.
- (viii) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. However, the Company has incurred cash losses both in the current year as well as in the immediately preceding financial year.

- (ix) In our opinion and according to the information and explanations furnished to us, read with Note No 4.1(c) to the financial statements, the defaults existed in repayment of dues (towards interest) to Banks at the date of Balance Sheet amounting to ₹ 777.33 lacs. The Company does not have any borrowing by way of debenture.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of knowledge and belief, and according to the information and explanations given to us by the Management, no fraud on, or by the Company, has been noticed or reported during the year.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

**Partner**

Membership No.: 6728

Surat, 5th June, 2015

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

## Balance Sheet as at 31st March, 2015

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	4208.25	4161.98
Reserves and Surplus	3	7255.25	21850.00
		<b>11463.50</b>	<b>26011.98</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	104788.43	118886.68
Deferred Tax Liability (net)	5	0.00	0.00
Other Long-Term Liabilities	6	32947.13	758.87
Long-Term Provisions	7	642.08	529.53
		<b>138377.64</b>	<b>120175.08</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	5680.48	6419.65
Trade Payables	9	31369.89	35867.96
Other Current Liabilities	10	8766.81	13349.14
Short-Term Provisions	11	1185.17	947.32
		<b>47002.35</b>	<b>56584.07</b>
<b>TOTAL</b>		<b>196843.49</b>	<b>202771.13</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :			
- Tangible Assets	12(A)	119084.24	124063.18
- Intangible Assets	12(B)	59.42	113.15
- Capital Work-in-Progress	12(C)	3202.96	4675.08
		<b>122346.62</b>	<b>128851.41</b>
Non-Current Investments	13	1393.57	1357.02
Long-Term Loans and Advances	14	5598.57	6590.42
		<b>129338.76</b>	<b>136798.85</b>
<b>Current Assets</b>			
Inventories	15	31280.81	32007.01
Trade Receivables	16	10607.10	14602.76
Cash and Bank Balances	17	4537.16	3197.35
Short-Term Loans and Advances	18	18601.64	14654.82
Other Current Assets	19	2478.02	1510.34
		<b>67504.73</b>	<b>65972.28</b>
<b>TOTAL</b>		<b>196843.49</b>	<b>202771.13</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes annexed to and forming part of the Financial Statements</b>	<b>1 to 33</b>		

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

*Chairman & Managing Director*

*Joint Managing Director & CFO*

*Director*

*Company Secretary*

Surat, 5th June, 2015

## Statement of Profit and Loss for the year ended 31st March, 2015

Particulars	Note No.	(₹ in Lacs)	
		2014-15	2013-14
<b>INCOME:</b>			
Revenue from Operations (Net)	20	264073.36	306662.45
Other Income	21	770.23	1464.78
<b>Total Revenue</b>		<b>264843.59</b>	<b>308127.23</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	190164.67	232473.38
Purchases of Stock-in-Trade	23	3918.04	1475.37
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(270.74)	9467.81
Employee Benefits Expense	25	11088.71	8597.39
Finance Costs	26	18324.18	15821.87
Depreciation and Amortisation Expense	12	7613.21	9236.58
Other Expenses	27	48281.07	49444.62
<b>Total Expenses</b>		<b>279119.14</b>	<b>326517.02</b>
<b>Profit/(Loss) Before Tax</b>		<b>(14275.55)</b>	<b>(18389.79)</b>
<b>Tax Expense:</b>			
Tax in respect of earlier years		0.00	(214.60)
Deferred Tax		0.00	(3730.42)
<b>Profit/(Loss) After Tax</b>		<b>(14275.55)</b>	<b>(14444.77)</b>
Earnings per equity share of face value of ₹10 each			
Basic and Diluted (in ₹)	28	(35.50)	(37.66)
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes annexed to and forming part of the Financial Statements</b>	<b>1 to 33</b>		

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

*Chairman & Managing Director*

*Joint Managing Director & CFO*

*Director*

*Company Secretary*

Surat, 5th June, 2015

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

## Cash Flow Statement for the year ended 31st March, 2015

	(₹ in Lacs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before tax	(14275.55)	(18389.79)
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	7613.21	9236.58
Finance Costs	18324.18	15821.87
Interest Income	(240.04)	(291.89)
Net gain on sale of current investments	(463.90)	(220.11)
Dividend Income	(0.95)	(0.81)
(Profit) / Loss on disposal of fixed assets (net)	133.85	(817.84)
	<b>25366.35</b>	23727.80
<b>Operating Profit before Working Capital Changes.</b>	<b>11090.80</b>	5338.01
( Increase ) / decrease in Trade and Other Receivables	(1252.82)	1297.66
( Increase ) / decrease in Inventories	726.20	12317.94
(Decrease) / Increase in Trade and Other Payable	27408.72	(7284.68)
	<b>26882.10</b>	6330.92
<b>Cash Generated from Operations</b>	<b>37972.90</b>	11668.93
Direct Taxes ( Paid ) / Refund.	218.54	116.98
<b>Net Cash Flow from Operating Activities (A)</b>	<b>38191.44</b>	11785.91
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	178.12	(1658.08)
Sale of Fixed Assets	308.61	940.19
Purchase of Investments	(51512.63)	(28112.30)
Investment in Subsidiaries	(36.60)	0.00
Sale of Investments	51976.48	28332.41
Dividend Income	0.95	0.81
Other Loans and Advances	(909.53)	1111.81
<b>Net Cash Inflow from Investing Activities (B)</b>	<b>5.40</b>	614.84
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Long Term Borrowings	3305.13	7436.50
Repayment of Short Term Borrowings	(739.17)	(1256.05)
Repayment of Long Term Borrowings	(20713.36)	(3717.75)
Interest and Other Finance Charges Paid	(18709.63)	(14815.56)
<b>Net Cash Outflow from Financing Activities (C)</b>	<b>(36857.03)</b>	(12352.86)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1339.81</b>	47.89
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>3197.35</b>	3149.46
<b>Cash and Cash Equivalents at the end of the year</b>	<b>4537.16</b>	3197.35

**Note:** (i) Bank balances include unclaimed dividend ₹ 48.97 Lacs (Previous Year: ₹ 59.73 Lacs) which is not available for use by the Company as they represent corresponding unpaid dividend liability.

(ii) Figures in the bracket ( ) denominates outflow.

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

Chairman & Managing Director

Joint Managing Director & CFO

Director

Company Secretary

Surat, 5th June, 2015



## Notes annexed to and forming part of the Financial Statements

### Note 1 : Significant Accounting Policies

#### 1.01 Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles including the Accounting Standards notified under the provisions of The Companies Act, 2013. The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. Accounting policies not referred to otherwise are consistent with the generally accepted accounting principles.

#### 1.02 Fixed Assets:

##### Tangible Assets

Fixed Assets are recorded at cost of acquisition or construction, net of CENVAT / VAT and include amounts added / reduced on revaluation, less accumulated depreciation. These assets have been stated at historical cost, except for the Fixed Assets which have been revalued. Borrowing costs for acquisition or construction of a qualifying asset and revenue expenses incurred, (including expenditure on test runs and experimental production) at project sites for the period prior to commencement of commercial production are capitalised as part of asset cost.

##### Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation.

#### 1.03 Capital Work-in-Progress

Projects under commissioning and other capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 1.04 Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date in respect of Cash Generating Unit, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's selling price and value in use.

#### 1.05 Investments

Investments classified as long term investments are stated at cost. Provision is made to recognize decline, other than temporary, in the value of investments. Investments classified as Current Investments are carried in Financial Statements at lower of Cost and fair value, computed categorywise.

#### 1.06 Inventories

Inventories are valued in accordance with the requirements of revised Accounting Standard (AS2) on 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India (ICAI) using weighted average cost method. Any item of inventory is valued at Net Realisable Value if the same is less than cost. Inventories are specifically identified, wherever possible in respect of traded goods. Inventory valuation is determined on the following basis :

- (i) Raw Materials, Stock in Process, Finished goods, Stores Spares & Chemicals are valued at cost or Net realisable value, whichever is lower.
- (ii) Waste is valued at net realisable value.
- (iii) By product is valued at net realisable value.
- (iv) Property under Development is valued at cost .

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

### 1.07 Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at a rate prevalent on the date of transaction.

At each Balance Sheet date, unrealized gains or losses on foreign currency transactions on revenue account as a result of increase or decrease in rupee liability as a result of exchange difference between the Balance Sheet date conversion rate and the transaction rate are recorded to the Profit & Loss account, and accordingly, assets or liabilities are adjusted.

Difference between forward rate and the exchange rate at the inception of a forward contract is recognized as income or expense over the life of a contract, and any unrealized gains or losses on account of fluctuations in the exchange rate pertaining to forward contracts at the Balance sheet date arising out of difference between the forward contract rate and year-end rate are recognised in the Profit and Loss account.

### 1.08 Depreciation and Amortisation

Depreciation on the fixed assets is calculated on Straight Line Method, except on the Factory Buildings and Plant & Machineries pertaining to Draw Winding & Draw Twisting section, specific Power Projects situated at Jolwa, Draw Warping & Gas Based Power Project situated at Vareli which is on Written Down Value method. Depreciation on revalued Assets is charged by dividing the unamortised depreciable amount over the residual useful life of the Assets. Depreciation on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets is provided over the residual life of the assets.

Intangible asset is amortised over the useful life of the underlying asset.

Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is provided as per the useful life specified in the Act or as re-assessed by the Company.

### 1.09 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales includes sale of goods, services, service tax, excise duty and sales during trial run period, adjusted for returns, discount, rate difference and Value Added Tax (VAT) on dispatch of goods to customers and gain/loss on corresponding hedge contracts. Sales also include sale of scrap, waste, rejects, empty containers etc.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

### 1.10 Expenses

All material known liabilities are provided for, on the basis of available information / estimates.

### 1.11 CENVAT:

- (i) The purchase cost of raw materials and other expenses are considered net of cenvat available on inputs.
- (ii) The cenvat benefits attributable to acquisition / construction of fixed assets are netted off against the cost of fixed assets in accordance with the guidance note issued by The Institute of Chartered Accountants of India.

### 1.12 Excise Duty and VAT

Excise Duty is accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses & uncleared goods and the same is treated as part of the cost of respective stock as per the revised Guidance Note on Accounting treatment for Excise Duty issued by The Institute of Chartered

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

Accountants of India.

Amount of Excise Duty shown as deduction from Sales is the total Excise Duty for the year except the duty related to difference between Closing Stock & Opening Stock. Excise duty related to the difference between Closing Stock & Opening Stock is recognised separately in the Profit & Loss Account.

Sales Tax / VAT payable/paid is charged to the Profit and Loss account.

### 1.13 Employees Benefits

Contributions are made to Provident Fund as per the Provident Fund Act. Contribution to Gratuity Fund are made on the basis of actuarial valuation report as at the year end. Provision for Leave encashment benefit is provided in accordance with the Accounting Standard (AS)15 "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI).

#### (i) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering of service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary ex-gratia are recognised in the period in which employee renders the related services.

#### (ii) For Defined Contribution Plans (PF, FPF and ESI)

Contributions to Defined Contribution Plans are recognized as expenses in the Profit and Loss Account as they are incur.

#### (iii) For Defined Benefit Plans

As per requirement defined in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India, the entity relies on the Acturial valuation undertaken by a certified actury for the present value of obligation.

### 1.14 Research and Development

All revenue expenditure on research and development are charged to the Profit and Loss Account for the year in which they are incurred.

### 1.15 Inter-divisional Transfers

Internal transfers of goods between departments as captive consumption are shown as contra items in the Profit and Loss Account to reflect the true economic value of the production. Any unrealised profit on unsold stock is ignored while valuing inventories.

### 1.16 Borrowing Cost

Borrowing cost (including interest and exchange difference arising from foreign exchange borrowings) to the extent that they are regarded as the adjustments to interest costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortised and charged to the Profit and Loss Account, over the tenure of the loan.

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

### 1.17 Provision for Current and Deferred Tax

Provision for the current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from 'timing difference' between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation and their required recognition.

### 1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.

Contingent Assets are neither recognized nor disclosed in the financial statement. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 1.19 Earning Per Share

"Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

Diluted Earning per share is calculated by considering potential equity shares that have been converted, from the beginning of the period"

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

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 2 : Share Capital</b>		
<b>Authorised</b>		
5,00,00,000 (5,00,00,000) Equity Shares of ₹ 10/- each	5000.00	5000.00
1,00,00,000 (1,00,00,000) Preference Shares of ₹ 10/- each	1000.00	1000.00
<b>TOTAL</b>	<b>6000.00</b>	<b>6000.00</b>
<b>Issued, Subscribed and Paid up</b>		
4,20,82,525 (40132665) Equity Shares of ₹ 10/- each fully paid up	4208.25	4013.27
Nil (14,87,147) 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 10/- each fully paid up	0.00	148.71
<b>TOTAL</b>	<b>4208.25</b>	<b>4161.98</b>

**2.1** As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009, the management committee of Board of Directors of the Company at its meeting held on 23rd September, 2013 allotted 1487147 OCCPS of ₹ 10 each at a premium of ₹ 37.07 each in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company.

**2.2** As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009 and consequent to the rights of conversion exercised by the OCCPS holders, the Board of Directors of the Company at its meeting held on 18th March, 2015, allotted 1949860 equity shares of ₹ 10/- each at a premium of ₹ 25.90 per share in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company, against 1487147, 0.001% OCCPS held by the promoters at the beginning of the year.

### 2.3 Reconciliation of Equity Shares outstanding

	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	₹ In Lacs	No. of Shares	₹ In Lacs
Balance at the beginning of the year	40132665	4013.27	38290560	3829.06
Shares issued on conversion of share warrants	0	0.00	1842105	184.21
Shares issued on conversion of OCCPS	1949860	194.98	0	0.00
Outstanding at the end of the year	<b>42082525</b>	<b>4208.25</b>	40132665	4013.27

### 2.4 Reconciliation of 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) outstanding

	As at 31st March, 2015		As at 31st March, 2014	
	No. of OCCPS	₹ In Lacs	No. of OCCPS	₹ In Lacs
Balance at the beginning of the year	1487147	148.71	0	0.00
Add: OCCPS issued during the year	0	0.00	1487147	148.71
Less: OCCPS converted into equity shares	1487147	148.71	0	0.00
Outstanding at the end of the year	<b>0</b>	<b>0.00</b>	1487147	148.71

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

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

	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19	7231996	18.02
Shri Praful A. Shah (Indl.)	2714190	6.45	2789190	6.95
Shri Praful A. Shah Partner of Isha Enterprises	3791965	9.01	1842105	4.59
IL & FS Trust Co. Ltd.	3591559	8.53	2561433	6.38
M/s Rayben Investments	2492816	5.92	2492816	6.21
M/s Palomar Textiles Ltd.	3930872	9.34	3930872	9.79

### 2.6 Shareholders holding more than 5% of Paid-up 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) Capital

	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
Shri Praful A. Shah -	0	0.00	1487147	100.00
(Partner of Isha Enterprises)	0	0.00	1487147	100.00

### 2.7 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 ₹ 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.

The Company had two class of shares referred to as Equity Shares and Optionally Convertible Cumulative Preference Shares (OCCPS) at the beginning of the year. During the year, the OCCPs, have been converted in to equity shares as referred in note 2.2 above.

“OCCPS holder had the option to apply for and obtain allotment, from time to time, not later than 18 (eighteen) months from the date of allotment of OCCPS, of such number of fully paid-up equity shares of the face value of ₹ 10 each (“Equity Shares”) against conversion of the OCCPS in such manner and on such price, terms and conditions as determined by the Board, such that the total issue size of the preferential allotment does not exceed an aggregate value of ₹ 7.00 crores (including, premium if any, on such Equity Shares), in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations or other provisions of the law as may be prevailing at that time.

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

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 3 : Reserves and Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance at the beginning of the year	25265.33	24198.24
Add: Premium on allotment of OCCPS	0.00	551.29
Add: Premium on conversion of share warrants	0.00	515.80
Less: Premium on conversion of OCCPS	551.29	0.00
Add: Premium on issue of Equity Shares on Conversion of OCCPS	505.02	0.00
Balance at the end of the year	25219.06	25265.33
<b>General Reserve</b>		
Balance at the beginning of the year	3632.63	3632.63
Add: Transfer from Statement of Profit and Loss	0.00	0.00
Less: Prior period Depreciation (Refer Note No.12.4)	272.93	0.00
Balance at the end of the year	3359.70	3632.63
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	(7047.96)	7396.81
Add/Less: Profit/(Loss) for the year	(14275.55)	(14444.77)
Balance at the end of the year	(21323.51)	(7047.96)
<b>Total</b>	7255.25	21850.00

**3.1** During the financial year 2013-14, the Company had issued and allotted 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 10 each aggregating to ₹ 7.00 crores in accordance with the SEBI (ICDR) Regulations, 2009, as amended, in favour of Promoters on preferential basis as part of the arrangement with the lenders to realign debts repayment schedules.

As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009, consequent to the rights of conversion exercised by the OCCPS holders, the Board of Directors of the Company at its meeting held on 18th March 2015 allotted 1949860 equity shares of ₹ 10/- each at a premium of ₹ 25.90 per share in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company.

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

	As at 31st March, 2015		As at 31st March, 2014	
	Non-Current	Current	Non-Current	Current
<b>Note 4 : Long-Term Borrowings</b>				
<b>Secured</b>				
Term Loans from banks				
Rupee Loans	99460.01	3561.75	109950.35	6755.31
Foreign Currency Loans	2454.69	3042.03	5625.35	3042.04
Rupee Term Loans from financial institutions	1979.23	0.00	2196.79	116.42
	<b>103893.93</b>	<b>6603.78</b>	<b>117772.49</b>	<b>9913.77</b>
<b>Unsecured</b>				
Term Loans from foreign banks	894.50	162.42	1114.19	162.42
	<b>894.50</b>	<b>162.42</b>	<b>1114.19</b>	<b>162.42</b>
<b>Total</b>	<b>104788.43</b>	<b>6766.20</b>	<b>118886.68</b>	<b>10076.19</b>

### 4.1 Note on Secured Long-Term Borrowings:

- a) Term Loans from Banks and Financial Institutions are secured by first mortgage on pari passu basis on all immovable properties (except those specifically excluded by lenders, of Rupee Term Loans as per Note (b) below), both present and future and first charge by way of hypothecation of all movables (except book debts) both present and future subject to prior charges created/to be created in favor of Bankers for working capital borrowings.
- b) Of the Rupee Term Loans from banks:
  - i) Loans from Bank of India to the extent of ₹ 212.50 Lacs (Previous year ₹ 250.00 Lacs) 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 ₹ 1012.61 Lacs (Previous year ₹ 1191.11 Lacs) are secured by hypothecation of specific Building and machinery of Texturising plant and Draw Twisting plant at Jolwa.
  - iii) Term loans from ICICI Bank, Kotak Mahindra Prime Limited and Axis Bank Ltd aggregating to ₹ 107.69 Lacs (Previous year ₹ 116.03 Lacs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements.
  - iv) Housing Loan of ₹ 565.14 Lacs (Previous year ₹ 643.21 Lacs) from ICICI Bank is secured by hypothecation of residential flat at Mumbai.
  - v) Loans from Corporation Bank to the extent of ₹ 3094.00 Lacs (Previous Year ₹ 3640.00 Lacs) 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 ₹ 4461.40 Lacs (Previous Year ₹ 5248.90 Lacs) is secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.
- c) As on the Balance Sheet date, part of the payment of interest for the quarter January-March, 2015, aggregating to ₹ 777.33 Lacs (Previous Year ₹ 1371.77 Lacs) to various lender banks were unpaid.



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

### 4.2 Maturity profile of Secured and Unsecured Term Loan is set out as below :

Maturity Profile as at 31/03/2015					
	Rate of Interest ranged between during 31/03/2015	1-2 years	2-3 years	3-4 years	Beyond 4 years
<b>Secured Term Loans</b>					
Rupee Loans	8% - 13.25%	13200.29	13559.01	19095.92	53604.79
Foreign Currency Loans	8.50% - 8.55%	2454.69	0.00	0.00	0.00
Rupee Term Loans from financial institutions	8.25% - 11.50%	232.85	232.85	349.28	1164.25
		<b>15887.83</b>	<b>13791.86</b>	<b>19445.20</b>	<b>54769.04</b>
<b>Unsecured Term Loans</b>					
Term Loans- from foreign banks	5.65% - 5.70%	162.42	162.42	162.42	407.24
		<b>162.42</b>	<b>162.42</b>	<b>162.42</b>	<b>407.24</b>
<b>Total</b>		<b>16050.25</b>	<b>13954.28</b>	<b>19607.62</b>	<b>55176.28</b>

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Note 5 : Deferred Tax Liability (net)</b>		
<b>(a) Deferred Tax Liability on account of :</b>		
Difference between book value and tax written Down Value of Fixed Assets	17472.01	16871.93
<b>Total</b>	<b>17472.01</b>	<b>16871.93</b>
<b>(b) Deferred Tax Asset on account of :</b>		
Disallowances under the Income Tax Act, 1961	86.91	174.31
Provision for Diminution in Value of Investments	132.20	132.20
Carried forward tax losses	24329.82	18873.99
<b>Total</b>	<b>24548.93</b>	<b>19180.50</b>
<b>Deferred Tax Liability / (Asset) (Net) (Refer Note 5.1)</b>	<b>(7076.92)</b>	<b>(2308.57)</b>
Current year (Credit)/ Charge to the extent of liability	0.00	(3730.42)
Current year (Credit)/ Recognised at balance amount	0.00	0.00

**5.1** The Company has unabsorbed depreciation and carried forward losses under Tax laws. In absence of virtual certainty of sufficient future taxable income, net deferred tax assets have not been recognised considering prudence in accordance with Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

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

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 6 : Other Long-term Liabilities</b>		
Advance received against Export (Refer Note 6.1)	32212.50	0.00
Trade Deposits	734.63	758.87
<b>Total</b>	<b>32947.13</b>	<b>758.87</b>

**6.1** The Company has entered into a Long Term Advance Payment and Supply Agreement (ASPA) with one of its export customers (Refer Note 30(i)&(ii)). Under the ASPA, the Company has received Long Term Advances against Exports to the tune of USD 66.48 Million which will be adjusted against exports to that Customer over 10 years.

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 7 : Long-term Provisions</b>		
Provision for Employee Benefits (Refer Note 25.2)	642.08	529.53
<b>Total</b>	<b>642.08</b>	<b>529.53</b>

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 8 : Short-term Borrowings</b>		
<b>Secured</b>		
Loan repayable on demand		
- Cash Credit Facilities (Refer Note 8.1)	4658.11	6419.65
Others		
- Buyers Credit (Refer Note 8.2)	1022.37	0.00
<b>Total</b>	<b>5680.48</b>	<b>6419.65</b>

**8.1** Cash Credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured with hypothecation by way of first pari passu charge on all company's current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facilities ranged between 11.50% to 12.00%

**8.2** Buyers' Credit is secured by Letter Of Comfort (LOC) / Undertaking (LOU) forming part of Working Capital facilities issued by the banks. Rate of Interest on Buyers' Credit facility is 3M Libor+41 bps above the Libor at the relevant time.

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

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 9 : Trade Payables</b>		
Acceptances	22777.89	26131.67
Due to Micro, Small and Medium Enterprises	62.96	180.65
Others including creditors for expenses	8529.04	9555.64
	<b>31369.89</b>	<b>35867.96</b>

**9.1** The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
Principal amount due and remaining unpaid	0.00	0.00
Interest due on above and the unpaid interest	0.00	0.00
Interest paid	0.00	0.00
Payment made beyond the appointed day during the year	0.00	0.00
Interest due and payable for the period of delay	0.00	0.00
Interest accrued and remaining unpaid	0.00	0.00
Amount of further interest remaining due and payable in succeeding years	0.00	0.00

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 10 : Other Current Liabilities</b>		
Current Maturities of Long term debt (Refer Note 4)	6766.20	10076.19
Interest Accrued and Due on Borrowings	777.33	1371.77
Interest Accrued but not Due on Borrowings	479.73	525.76
Unclaimed Dividends	48.97	59.73
Other Payables		
Creditors for Capital Expenditure	138.36	211.19
Payable to related parties towards purchase of fixed assets	30.00	30.00
Statutory Dues - TDS and VAT	513.90	1054.18
Other Advances	12.32	20.32
<b>Total</b>	<b>8766.81</b>	<b>13349.14</b>

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Note 11 : Short-term Provisions</b>		
Provision for Employee Benefits (Refer Note 25.2)	<b>83.50</b>	30.41
Other Provisions (Refer Note 11.1)	<b>1101.67</b>	916.91
<b>Total</b>	<b>1185.17</b>	947.32

**11.1** The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2014 of ₹916.91 Lacs as per the estimated pattern of dispatches. On the analogy, provision for such liability works out to be ₹1101.67 Lacs as on 31st March, 2015. Actual outflow is expected in next financial year.

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

### Note 12 : Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation						Net Block		
	As at	Additions	Reclasses	Deductions/	As at	As at	For the	Reclasses	Deductions/	Upto	As at	As at	
	01/04/2014	2	3	4	5	31/03/2015	01/04/2014	Year	Adjustments	31/03/2015	31/03/2015	31/03/2014	
1						6	7	8	9	10	11	12	13
<b>(A) Tangible Assets:</b>													
Freehold Land	5429.68	92.47	0.00	0.00	0.00	5522.15	0.00	0.00	0.00	0.00	0.00	5522.15	5429.68
Building	34114.30	313.18	0.00	0.00	25.86	34401.62	10876.47	1766.35	0.00	9.30	12633.52	21768.10	23237.83
Plant and Machinery	164965.45	2537.11	(715.15)	3400.25	3400.25	163387.16	72455.69	4991.76	(403.90)	3000.82	74042.73	89344.43	92509.74
Furniture & Fixtures	883.71	19.82	(0.45)	0.00	0.00	903.08	474.40	75.43	(0.43)	0.00	549.40	353.68	409.31
Motor Vehicles	1031.63	141.07	0.00	100.09	100.09	1072.61	594.03	133.68	0.00	73.78	653.93	418.68	437.60
Office Equipments	517.39	20.75	(7.92)	0.00	0.00	530.22	247.54	180.48	(5.68)	0.00	422.34	107.88	269.85
Computer & Data Processing Units	426.19	19.03	413.31	0.00	0.00	858.53	247.14	231.68	283.37	0.00	762.19	96.34	179.05
Laboratory Equipments	0.00	0.00	213.23	0.00	0.00	213.23	0.00	53.78	90.48	0.00	144.26	68.97	0.00
Electrical Installation & Equipments	2453.67	148.28	96.98	1.30	1.30	2697.63	863.55	396.86	34.44	1.23	1293.62	1404.01	1590.12
<b>Total Tangible Assets</b>	209822.02	3291.71	0.00	3527.50	3527.50	209586.23	85758.82	7830.02	(1.72)	3085.13	90501.99	119084.24	124063.18
<b>(B) Intangible Assets:</b>													
Software	610.81	4.11	0.00	0.00	0.00	614.92	497.66	56.12	1.72	0.00	555.50	59.42	113.15
<b>Total Intangible Assets</b>	610.81	4.11	0.00	0.00	0.00	614.92	497.66	56.12	1.72	0.00	555.50	59.42	113.15
<b>Total</b>	210432.83	3295.82	0.00	3527.50	3527.50	210201.15	86256.48	7886.14	0.00	3085.13	91057.49	119143.66	124176.33
<b>Total Previous Year</b>	204014.36	7167.17	0.00	748.70	748.70	210432.83	77647.62	9236.58	0.00	627.70	86256.50	3202.96	4675.08
<b>(C) Capital Work-in-Progress</b>													
<b>Total</b>												<b>122346.62</b>	<b>128851.41</b>

Notes:

- 12.1 Buildings include ₹40.59 Lacs (Previous Year ₹40.59 Lacs) being cost of shares relating to ownership flat in a Co-Operative Society.
- 12.2 Factory Building and Plant & Machineries include borrowing costs capitalised during the year aggregating to ₹Nil (Previous Year ₹314.65 Lacs).
- 12.3 Plant & Machineries include foreign currency fluctuation capitalised during the year aggregating to ₹188.07 Lacs (Previous Year ₹336.26 Lacs) in accordance with para 46A of Accounting Standards 11 relating to 'The effects of changes in Foreign Exchange Rates'.
- 12.4 Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is required to be provided as per the useful life specified in the Act or as re-assessed by the Company. Consequently, the Company having followed useful life specification as per Schedule II to the Companies Act, 2013, resultant depreciation for the year ended 31st March, 2015, is lower by ₹2012.20 Lacs. Carrying value of the assets whose useful life is already exhausted as on 1st April, 2014, amounting to ₹272.93 Lacs has been adjusted in the opening balance of Retained Earnings.
- 12.5 Assets grouped have been presented in terms of requirements of Schedule III of the Companies Act, 2013. Certain assets have been reclassified in suitable asset group for better presentation.

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

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 13 : Non-current Investments</b>		
<b>Long Term Investments (At Cost)</b>		
<b>Other Investments</b>		
<b>In Equity Shares of Associate Company – (Quoted, Fully paid-up)</b>		
14500000 (14500000) Equity Shares of Surat Textile Mills Ltd. of ₹1 each	<b>1282.92</b>	1282.92
<b>In Equity Shares (Unquoted, Fully paid-up)</b>		
108 (108) Equity Shares of New Piece Goods Bazaar Co. Ltd. of ₹100 each	<b>1.57</b>	1.57
50000 (50000) Equity Shares of Amitabh Bachchan Corporation Ltd. of ₹10 each	<b>40.00</b>	40.00
4943832 (4943832) Equity Share of Salora Shinsung Textile Co Ltd. of ₹ 10 each	<b>549.17</b>	549.17
100 (100) Equity Shares of Electrex India Ltd. of ₹ 10 each	<b>0.02</b>	0.02
206667 (206667) Equity Share of Icent Ltd. of ₹ 10 each	<b>62.00</b>	62.00
500 (450) Equity Shares of Majestic Land Developers Pvt. Ltd. of ₹ 100 each	<b>32.41</b>	32.41
<b>Investment in Wholly Owned Subsidiary Company</b>		
1 (Nil) Equity Share of GAIA International FZE, Dubai of 185000 AED	<b>30.26</b>	0.00
10000 (Nil) Equity Shares of Garden Exim Pte Ltd, Singapore of 1 USD	<b>6.24</b>	0.00
1 (Nil) Equity Share of Garden Exim Pte Ltd, Singapore of 1 SGD (equivalent to ₹ 48.33 only)	<b>0.00</b>	0.00
<b>In Government Securities-Unquoted</b>		
6 Years National Savings Certificate (Deposited with Sales Tax Authorities)	<b>0.15</b>	0.10
	<b>2004.74</b>	1968.19
Less : Provision for diminution in value of investments	<b>611.17</b>	611.17
<b>Total</b>	<b>1393.57</b>	1357.02
Aggregate Value of Unquoted Investments	<b>110.65</b>	74.10
Aggregate Value of Quoted Investments	<b>1282.92</b>	1282.92
Aggregate Market Value of Quoted Investments	<b>233.45</b>	213.15
<b>Notes:-</b>		
The break up of provision for diminution in value of investments is as under:		
i) Equity Shares of Salora Shinsung Textile Co. Ltd.	<b>549.17</b>	549.17
ii) Equity Shares of Icent Ltd.	<b>62.00</b>	62.00
<b>Total</b>	<b>611.17</b>	611.17

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

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 14 : Long-term Loans and Advances</b>		
Capital Advances	3463.86	5411.37
Capital Advances to related parties (Refer Note 30)	0.00	54.32
Security Deposits	94.98	143.26
Advance Income Tax (Net of Provision for Tax)	152.19	370.73
Employee Advances	24.07	55.91
Loans and Advances to a related party (Refer Note 30 (i) & (ii) )	1364.31	0.00
Other Loans and Advances	499.16	554.83
<b>Total</b>	<b>5598.57</b>	<b>6590.42</b>

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 15 : Inventories</b>		
Raw Materials	8960.44	9317.05
Raw Materials in Transit	1087.78	1952.86
Stock-in-Process	357.26	412.06
Finished Goods	13519.74	12740.34
Stores, Spares and Chemicals	5600.20	5560.21
Stock-in-Trade (Art & Artifacts)	1277.03	1546.13
Stock-in-Trade (Property under development )	478.36	478.36
<b>Total</b>	<b>31280.81</b>	<b>32007.01</b>

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 16 : Trade Receivables</b>		
(Unsecured and Considered Good)	2344.67	2098.00
Outstanding for a period exceeding six months from the date they are due for payment	8262.43	12504.76
<b>Total</b>	<b>10607.10</b>	<b>14602.76</b>

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

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 17 : Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents:</b>		
Bank Balances in :		
- Current Accounts	2406.40	731.59
- Deposit Accounts (with maturity less than 12 months)	27.32	29.88
Margin Money Account	1645.95	2037.31
Cash on hand	150.16	93.56
	<b>4229.83</b>	<b>2892.34</b>
<b>Other Bank Balances:</b>		
Earmarked balances with Banks in Unpaid Dividend Account	48.97	59.73
Deposit Accounts (with maturity more than 12 months)	258.36	245.28
	<b>307.33</b>	<b>305.01</b>
<b>Total</b>	<b>4537.16</b>	<b>3197.35</b>

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 18 : Short-term Loans and Advances</b>		
(Unsecured and Considered Good)		
Loans to employees	35.35	73.30
Advance to Suppliers	5087.41	8618.78
Security Deposits	697.60	813.31
Deposit to Gratuity Fund	0.00	165.33
Advance Recoverable in cash or in kind or for value to be received	9601.96	1506.82
Balance with Customs, Central Excise Authorities etc.	3179.32	3477.28
<b>Total</b>	<b>18601.64</b>	<b>14654.82</b>

(₹ in Lacs)		
	As at 31st March, 2015	As at 31st March, 2014
<b>Note 19 : Other Current Assets</b>		
Interest Subsidy and interest Receivable	299.98	314.96
Export Incentives Receivable	480.68	440.93
Insurance Claim Receivable	104.14	0.00
Benefits receivable against Advance Licence received	1593.22	754.45
<b>Total</b>	<b>2478.02</b>	<b>1510.34</b>



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

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 20 : Revenue from Operations</b>		
Sale of Products	284688.81	333056.20
Less: Excise Duty	20615.45	26393.75
<b>Total</b>	<b>264073.36</b>	<b>306662.45</b>
<b>Particulars of Sale of Products</b>		
Chips	84285.22	117289.21
Yarn (Includes POY & Processed yarn)	172671.40	190090.50
Fabrics	22169.26	21500.07
Art and Artifacts	103.40	886.21
P.T.A.	2101.57	416.13
M.E.G.	615.89	303.03
Spin Finish Oil	29.01	64.64
Others	2713.06	2506.41
<b>Total</b>	<b>284688.81</b>	<b>333056.20</b>

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 21 : Other Income</b>		
Net gain on sales of current Investment	463.90	220.11
Net surplus on disposal of Fixed Assets	0.00	817.84
Interest Income	240.04	291.89
Rent Income	10.93	14.95
Credit Balances Written off	17.70	85.30
Bad Debts Recovery	13.23	9.90
Dividend Income	0.95	0.81
Miscellaneous Income	23.48	23.98
<b>Total</b>	<b>770.23</b>	<b>1464.78</b>

	(₹ in Lacs)			
	2014-15		2013-14	
<b>Note 22 : Cost of Materials Consumed</b>				
Raw Materials				
Imported	21.22%	40352.18	20.28%	47154.96
Indigenous	78.78%	149812.49	79.72%	185318.42
<b>Total</b>	<b>100.00%</b>	<b>190164.67</b>	<b>100.00%</b>	<b>232473.38</b>

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

	(₹ in Lacs)	
	2014-15	2013-14
<b>22.1 Particulars of materials consumed</b>		
P.T.A.	118501.01	155261.45
M.E.G.	47759.22	57733.09
Carbon Black Powder	236.44	275.73
Polyester Chips	10969.34	4616.96
Yarn	9035.86	10703.75
Cloth	3662.80	3882.40
<b>Total</b>	<b>190164.67</b>	<b>232473.38</b>

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 23 : Purchases of Stock-in-trade</b>		
Fabrics	1564.63	1413.26
MEG	181.83	62.11
P.T.A.	2128.14	0.00
Readymade	43.44	0.00
<b>Total</b>	<b>3918.04</b>	<b>1475.37</b>

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 24 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock</b>		
Finished Goods and Stock-in-trade	14286.47	24226.73
Work-in-Progress	412.06	774.80
	<b>14698.53</b>	<b>25001.53</b>
<b>Closing Stock</b>		
Finished Goods and Stock-in-trade	14796.77	14286.47
Work-in-Progress	357.26	412.06
	<b>15154.03</b>	<b>14698.53</b>
Add: Variation in Excise duty on opening and closing stock of finished goods	184.76	(835.19)
<b>Total</b>	<b>(270.74)</b>	<b>9467.81</b>

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

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 25 : Employee Benefits Expense</b>		
Salaries and Wages	9769.60	7718.37
Contribution to Provident and Other Funds	881.97	683.31
Gratuity	297.74	65.23
Staff Welfare Expenses	139.40	130.48
<b>Total</b>	<b>11088.71</b>	<b>8597.39</b>

**25.1** During the year, the Central Government vide its letter dated 31st July, 2014, granted its approval for payment of total remuneration @ ₹ 1,46,91,000 (Rupees One Crore Forty-six Lacs Ninety-one Thousand only) per annum to Shri Praful A. Shah for the period from 01/09/2013 to 31/03/2014. Further the Company has already filed an application with the Central Government seeking their approval for the remaining tenure i.e. from 01/04/2014 to 31/08/2016. The approval of Central Government for the said period is awaited. However, the actual remuneration paid to Shri Praful A. Shah during the year 2014-15 is in accordance with the provisions of Part II Section II of Schedule V to the Companies Act, 2013. The arrears if any, would be paid on receipt of approval of Central Government.

### 25.2 Employee Benefits as per AS 15:

Brief description : The type of defined benefit plans is as follows

#### Gratuity :

The employee gratuity fund is managed by "Garden Silk Mills - Employees Gratuity Fund". The present value of obligation is determined based on actuarial valuation. The liability is fully funded.

#### Leave Encashment:

The present value of obligation for Leave encashment is determined based on actuarial valuation and is unfunded.

	(₹ in Lacs)			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
<b>A. Amounts recognised in Balance Sheet:</b>				
i. Present Value of Defined Benefit Obligation				
- Wholly Funded	2559.40	2181.41	0.00	0.00
- Wholly Unfunded	0.00	0.00	659.18	559.94
Less: Fair Value of Plan Assets	2492.99	2346.74	0.00	0.00
Amount recognised in Balance Sheet as Liability or (Asset)	66.41	(165.33)	659.18	559.94
ii. Amount Reflected in Balance Sheet				
- Liability		(165.33)		
<b>B. Expenses recognised in statement of Profit and Loss:</b>				
Current Service Cost	146.95	134.69	195.23	178.91
Interest Cost	189.49	166.20	49.57	29.70
Expected return on Plan assets	(208.33)	(197.32)	0.00	0.00
Actuarial (Gain)/Loss	169.63	(38.34)	325.50	183.89
<b>Net Cost</b>	<b>297.74</b>	<b>65.23</b>	<b>570.30</b>	<b>392.50</b>

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

**C. Changes in present value of defined benefit obligation representing Reconciliation of opening and closing balances of fair value of Plan Assets.**

(₹ in Lacs)				
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Opening value of present value of defined benefit obligation	2181.41	2110.39	559.94	565.96
Add :Current Service Cost	146.95	134.69	195.23	178.91
Add: Interest Cost	189.49	166.20	49.57	29.70
Add : Actuarial Losses / (Gains)	248.69	(112.71)	325.50	183.89
	2766.54	2298.57	1130.24	958.46
Less : Benefits paid	207.14	117.16	471.06	398.52
Closing value of present value of defined benefit obligation	2559.40	2181.41	659.18	559.94

**D. Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages)**

(₹ in Lacs)				
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Discount Rate (p.a.)	7.70%	9.10%	7.70%	9.10%
Expected Rate of Return on Assets (p.a.)	9.00%	9.00%	9.00%	0%
Rate of escalation in salary (p.a.)	8.00%	9.00%	8.00%	9.00%
Mortality		1994-96 LIC		1994-96 LIC

(₹ in Lacs)		
	2014-15	2013-14
<b>Note 26 : Finance Costs</b>		
Interest Expenses	17766.44	16008.69
Other Financial Charges	777.65	753.87
Foreign Exchange Loss/(Gain)	182.03	(51.57)
	18726.12	16710.99
Less : Interest capitalized	0.00	314.65
Less : Interest and other financial income	401.94	574.47
<b>Total</b>	<b>18324.18</b>	<b>15821.87</b>

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

	(₹ in Lacs)	
	2014-15	2013-14
<b>Note 27 : Other Expenses</b>		
<b>Manufacturing expenses</b>		
Consumption of Stores, Spares and Chemicals	10207.66	10200.18
Power and Fuel	19652.30	21074.94
Packing Charges	5506.87	5438.65
Conversion and Processing Charges	492.23	642.46
Repairs to Machinery	1324.62	1330.05
Repairs to Buildings	59.85	234.31
Repairs-others	191.75	345.62
<b>Selling and Distribution Expenses</b>		
Commission and Discount	3016.38	2793.13
Freight, Octroi, Carting, Loading Unloading etc.	2782.53	1947.49
Advertisement	435.68	398.02
Other Selling and Distribution Expenses	352.79	346.39
<b>Establishment Expenses</b>		
General Charges	3524.80	4038.13
Insurance	204.71	233.92
Rent	274.34	238.00
Rates and Taxes	100.00	139.31
Auditors' Remuneration	20.71	23.33
Debit Balances Written off	0.00	20.69
Loss on Sale of Fixed Assets	133.85	0.00
<b>Total</b>	<b>48281.07</b>	<b>49444.62</b>

	2014-15		2013-14	
	%	₹ in Lacs	%	₹ in Lacs
<b>27.1 Value of Stores, Chemicals and Component Consumed</b>				
Imported	45.15	4609.11	51.21	5223.36
Indigenous	54.85	5598.55	48.79	4976.82
	<b>100.00</b>	<b>10207.66</b>	<b>100.00</b>	<b>10200.18</b>

	(₹ in Lacs)	
	2014-15	2013-14
<b>27.2 Value of Imports on CIF basis in respect of</b>		
Raw Materials	45553.06	45771.95
Stores, Spare parts, Components and Chemicals	13166.75	11878.13
Capital goods	0.00	271.17

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

	(₹ in Lacs)	
	2014-15	2013-14
<b>27.3 Payment to Auditors as :</b>		
(a) Auditor:		
Statutory Audit Fees	15.00	17.50
Tax Audit Fees	2.00	3.45
(b) Certification Fees	2.13	0.80
(c) Cost Audit Fees	1.58	1.58
<b>Total</b>	<b>20.71</b>	<b>23.33</b>

	(₹ in Lacs)	
	2014-15	2013-14
<b>27.4 Expenditure in Foreign Currency</b>		
Interest Expenses	334.40	475.53
Brokerage on Exports	395.33	236.76
Travelling Expenses	47.40	15.09
Overhauling & Maintenance Charges	0.00	15.23
Other Matters	82.03	34.09

### 27.5 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.

Details of hedged and unhedged exposure are as under:

Particulars	2014-15			2013-14	
	Foreign Currency Denomination	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)
<b>a. Hedged</b>					
Debtors	USD	32.77	1900.66	49.33	2924.77
Acceptances	USD	27.36	1721.19	177.39	11217.88
	EUR	0.00	0.00	0.61	52.42
	JPY	255.82	134.97	591.04	367.02
Loan Taken	USD	155.50	7576.00	212.18	9943.99
<b>b. Unhedged</b>					
Creditors	JPY	0.39	0.20	0.00	0.00
	USD	0.56	34.94	0.04	2.40
	CHF	0.02	1.05	0.02	1.11
	EUR	0.01	0.95	0.01	1.17

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

Particulars	2014-15			2013-14	
	Foreign Currency Denomination	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)
Acceptances	USD	27.16	1697.67	18.09	1084.12
	JPY	278.81	145.33	70.87	41.15
	EUR	0.32	21.77	1.33	109.84
Loan Taken	USD	515.43	32214.53	0.00	0.00
Loan Given	USD	22.03	1377.00	0.00	0.00
Export Commission payable	USD	2.23	139.44	0.00	0.00

### Note 28 : Earnings per share (EPS)

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 "Earning per Share" as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014

	2014-15		2013-14	
	(₹ in Lacs)			
i) Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lacs)	<b>(14275.55)</b>			(14444.77)
ii) Weighted Average number of equity share used as denominator for calculating EPS	<b>40207454</b>			38356169
iii) Basic and Diluted Earnings per share (₹) (Refer Note 28.1)	<b>(35.50)</b>			(37.66)
iv) Face Value per equity share (₹)	<b>10.00</b>			10.00

**28.1** Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares (i.e. Optionally convertible Cumulative Preference shares)

Since, resultant EPS due to dilution decreased net loss per share as compared to basic earning per share, both basic and diluted EPS are considered at basic earnings.

	2014-15		2013-14	
	(₹ in Lacs)			
<b>Note 29 : Earnings in Foreign Exchange</b>				
FOB Value of Exports	<b>36935.46</b>			33591.04

### Note 30 : Related Party Disclosures

As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the disclosures of transactions with the related parties as defined in As - 18 are given below:

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

**(i) List of related parties with whom transactions have taken place and relationships:**

Sr. No.	Nature of relationships	Names of related parties
1	Subsidiary Companies	GAIA International FZE Garden Exim Pte Ltd
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
4	Relatives of Key management personnel and their enterprises where transactions have taken place.	Smt. Shilpa P. Shah Smt. Sujata V. Parsai Shri V. K. Parsai Shri Parthiv S. Shah Armorax Business Centre Pvt. Ltd. Como Textile Pvt. Ltd. Sorrento Textile Pvt. Ltd. Amalfi Textile Pvt. Ltd.

**(ii) Transactions during the year with Related Parties:**

Nature of Transactions	Subsidiary	Group Company	Key Management Personnel	Others	Total
Sales		993.77			993.77
		(1476.75)			(1476.75)
Rent Income		7.00			7.00
		(12.00)			(12.00)
Job Charges Income		27.30			27.30
		(0.00)			(0.00)
Electric Power and Fuel Charges		508.46			508.46
		(1073.53)			(1073.53)
Sales of Art & Artifacts		0.00			0.00
		(264.50)			(264.50)
Purchases		4821.16			4821.16
		(6304.98)			(6304.98)
Job Charges expenses		146.97			146.97
		(0.00)			(0.00)
Business Center user expenses				130.10	130.10
				(133.24)	(133.24)
Remuneration			468.02	25.08	493.10
			(539.06)	(25.08)	(564.14)



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

Nature of Transactions	Subsidiary	Group Company	Key Management Personnel	Others	Total
Professional Consultancy Fee				1.35	1.35
				(1.45)	(1.45)
ICD Repaid				0.00	0.00
				4.02	4.02
Land purchase				85.80	85.80
				(0.00)	(0.00)
Payment against land purchase				31.48	31.48
				(0.00)	(0.00)
Payments under Current Account.		13439.60			13439.60
		(11506.36)			(11506.36)
Receipt under Current Account		10710.68			10710.68
		(9492.55)			(9492.55)
Investment in Shares	36.50				36.50
	(0.00)				(0.00)
Unsecured Loan given	1364.31				1364.31
	(0.00)				(0.00)
Advance received against sales	32212.50				32212.50
	(0.00)				(0.00)
Interest Expenses	2.04				2.04
	(0.00)				(0.00)
Sales of Finished Goods	306.08				306.08
	(0.00)				(0.00)
Payment received against sales	23.45				23.45
	(0.00)				(0.00)
Advances for preliminary expenses	16.75				16.75
	(0.00)				(0.00)
<b>Balance at the beginning of the year</b>					
Payables			21.31	1.43	22.74
Current Account: Credit Balance		277.11			277.11
Advance against Labd purchase				54.32	54.32
<b>Balance at the end of the year</b>					
Payables	2.04		51.71	1.37	55.12
Current Account: Credit Balance		979.79			979.79
Investment in Shares	36.50				36.50
Unsecured Loan given	1364.31				1364.31
Debtors for goods	282.63				282.63
Advance received against sales	32212.50				32212.50
Advances given	16.75				16.75

Note : Figures in bracket represent Previous Year's amount.

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

### Note 31 : Contingent Liabilities and Commitments

#### 1 Contingent Liabilities

- (i) Disputed liabilities for Excise Duty not acknowledged as debts ₹ 18987.14 Lacs (Previous Year ₹ 50264.32 Lacs).
- (ii) Disputed liabilities for Gujarat Sales Tax not acknowledged as debts ₹ 70.51 Lacs (Previous Year ₹ 70.51 Lacs).
- (iii) Counter-guarantees to Banks against guarantees issued to third parties ₹ 23.75 Lacs (Previous year ₹ 24.02 Lacs)
- (iv) Foreign bills Discounted with Banks ₹ 4361.81 Lacs (Previous Year ₹ 2902.43 Lacs )
- (v) Unpaid dividend on 0.001% Optionally Convertible Cumulative Preference shares(now converted into equity shares) not acknowledged as debts ₹ 0.01 Lacs (Previous year Nil)

#### Note 32 :

The Company has only one reportable segment viz. 'Textiles' as per Accounting Standard (AS) 17 of The Institute of Chartered Accountants of India (ICAI).

#### Note 33 :

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

*Chartered Accountants*

*Regn. No. 111184W*

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

*Chairman & Managing Director*

**ALOK P. SHAH**

*Joint Managing Director & CFO*

**SUNIL SHETH**

*Director*

**KAMLESH B. VYAS**

*Company Secretary*

Surat, 5th June, 2015

## INDEPENDENT AUDITOR'S REPORT

To The Members of  
Garden Silk Mills Limited,

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Garden Silk Mills Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other auditors, on the financial statements of the subsidiaries noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## Other Matters

- (a) We did not audit the financial statements of two wholly owned overseas subsidiaries, whose financial statements reflect total assets (net) of ₹ 11.66 Lacs as at March 31, 2015, total loss of ₹ 24.84 Lacs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group. Our opinion is not qualified in respect of these matters.

- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

## Report on other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies, we give in the Annexure 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, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) 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 Consolidated Financial Statement disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 32(1) to the financial statements;
  - ii. The Group did not have any material foreseeable losses on the 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 Holding Company.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

**Partner**

Membership No.: 6728

Surat, 5th June, 2015

## Annexure to the Independent Auditor's Report on the consolidated financial statements

**(The Annexure referred to in para 'Report on Other Legal and Regulatory Requirements' of our Independent Auditors' Report to the members of the company on the consolidated financial statements for the year ended March 31, 2015.)**

Our reporting on the Order includes only the holding company and not to the two subsidiaries not incorporated in India, which has been audited by other auditors and our report in respect of these entities is based solely on the report of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

Having regard to the nature of the Company's business / activities / result, clauses (i), (ii), (vi), (ix), (x) and (xi) of the Order are not applicable to the subsidiary companies for the year.

- i. In respect of the fixed assets of the Holding Company:
  - (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As per the information and explanations given to us, the fixed assets of the Holding Company have been physically verified by the Management at reasonable intervals and as informed to us no material discrepancies between the book records and physical verification were noticed on such verification.
- ii. In respect of the inventories of the Holding Company:
  - (a) As per the information and explanations given to us, the inventories were physically verified during the year by the Management of the Holding Company at reasonable intervals. In our opinion, the frequency of verification was reasonable.
  - (b) As per the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of the Holding Company were reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Holding Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained by the Holding Company under Section 189 of the Companies Act, 2013.
- (iv) As per the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Holding Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control system.
- (v) According to the information and explanations given to us, the Holding Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 and 76 or any other relevant provisions of the Act.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013. We are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, and the records examined by us, in respect of statutory dues of the Holding Company:
  - (a) the Holding Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, wealth tax, customs duty, excise duty, service tax, cess and any other statutory dues wherever applicable.

# GARDEN SILK MILLS LIMITED

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- (b) There were no undisputed amounts payable, where applicable, in respect of provident fund, employees' state insurance, income-tax, sales tax, value added tax, wealth tax, customs duty, excise duty, service tax, cess and any other statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Excise Duty, Service Tax and Sales Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

(₹ in Lacs)

Name of Statute	Nature of Dues	Amount under Dispute	Period to which the amount relates to / Order /Appeal year	Forum where the dispute is pending	Amount deposited against
Central Excise Act, 1944	Penalty	25.00	1994-95	Mumbai High Court.	10.00
Central Excise Act, 1944	Excise Duty/ Service Tax*	143.13	2005-06	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	43.65	2009-11	CESTAT, Ahmadabad	43.65
Central Excise Act, 1944	Excise Duty/ Service Tax*	114.72	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	6,038.37	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	3,300.00	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	523.07	2013-14	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	157.79	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	349.49	2012-13	CESTAT, Ahmadabad	--
Central Excise Act, 1944	Excise Duty/ Service Tax*	96.61	2012-13	CESTAT, Ahmadabad	96.61
Central Excise Act, 1944	Excise Duty/ Service Tax*	8345.57	2006-13	CESTAT, Ahmadabad	--
Gujarat Sales Tax Act, 1969	Gujarat Sales Tax	80.51	2004-05	The Joint Commissioner of Commercial Tax, Appeal (2), Baroda.	10.00

\*including penalty, wherever applicable.

- (d) According to the information and explanations given to us, the amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under, has been transferred to such fund within time.

- (viii) The Group's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. However, the Company has incurred cash losses both in the current year as well as in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations furnished to us, read with Note No 4.1(c) to the financial statements, the defaults existed in repayment of dues (towards interest) to Banks at the date of Balance Sheet amounting to ₹ 777.33 lacs. The Holding Company does not have any borrowing by way of debentures.
- (x) According to the information and explanations given to us, the Holding Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud on, or by the Holding Company, has been noticed or reported during the year.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

**Partner**

Membership No.: 6728

Surat, 5th June, 2015

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

## Consolidated Balance Sheet as at 31st March, 2015

		(₹ in Lacs)
Particulars	Note No.	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	2	4208.25
Reserves and Surplus	3	7230.41
		<b>11438.66</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	4	137000.93
Deferred Tax Liability (net)	5	0.00
Other Long-Term Liabilities	6	734.63
Long-Term Provisions	7	642.08
		<b>138377.64</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	8	5680.48
Trade Payables	9	31377.19
Other Current Liabilities	10	8779.16
Short-Term Provisions	11	1185.17
		<b>47022.00</b>
<b>TOTAL</b>		<b>196838.30</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets :		
- Tangible Assets	12(A)	119084.24
- Intangible Assets	12(B)	59.42
- Capital Work-in-Progress	12(C)	3202.96
		<b>122346.62</b>
Non-Current Investments	13	1357.07
Long-Term Loans and Advances	14	4234.26
		<b>127937.95</b>
<b>Current Assets</b>		
Inventories	15	31280.81
Trade Receivables	16	10365.38
Cash and Bank Balances	17	5522.45
Short-Term Loans and Advances	18	19253.69
Other Current Assets	19	2478.02
		<b>68900.35</b>
<b>TOTAL</b>		<b>196838.30</b>
<b>Significant Accounting Policies</b>	1	
<b>Notes annexed to and forming part of the Financial Statements</b>	1 to 34	

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

Chairman & Managing Director

Joint Managing Director & CFO

Director

Company Secretary

Surat, 5th June, 2015



## Consolidated Statement of Profit and Loss for the year ended 31st March, 2015

		(₹ in Lacs)
Particulars	Note No.	2014-15
<b>INCOME:</b>		
Revenue from Operations (Net)	20	264098.38
Other Income	21	770.89
<b>Total Revenue</b>		<b>264869.27</b>
<b>EXPENSES:</b>		
Cost of Materials Consumed	22	190164.67
Purchases of Stock-in-Trade	23	3918.04
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(270.74)
Employee Benefits Expense	25	11088.71
Finance Costs	26	18347.57
Depreciation and Amortisation Expense	12	7613.21
Other Expenses	27	48308.20
<b>Total Expenses</b>		<b>279169.66</b>
<b>Profit/(Loss) Before Tax</b>		<b>(14300.39)</b>
<b>Tax Expense:</b>		
Tax in respect of earlier years		0.00
Deferred Tax		0.00
<b>Profit/(Loss) After Tax</b>		<b>(14300.39)</b>
<b>Earnings per equity share of face value of ₹10 each</b>		
<b>Basic and Diluted (in ₹)</b>	<b>28</b>	<b>(35.57)</b>
<b>Significant Accounting Policies</b>	<b>1</b>	
<b>Notes annexed to and forming part of the Financial Statements</b>	<b>1 to 34</b>	

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Chartered Accountants  
Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

*Chairman & Managing Director*

*Joint Managing Director & CFO*

*Director*

*Company Secretary*

Surat, 5th June, 2015

# GARDEN SILK MILLS LIMITED

Annual Report 2014-2015

## Consolidated Cash Flow Statement for the year ended 31st March, 2015

	(₹ in Lacs)
	Year ended 31st March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Profit/(Loss) before tax	(14300.39)
<b>Adjustments for:</b>	
Depreciation and Amortisation Expense	7613.21
Finance Costs	18347.57
Interest Income	(240.04)
Net gain on sale of current investments	(463.90)
Dividend Income	(0.95)
(Profit) / Loss on disposal of fixed assets (net)	133.85
	<u>25389.74</u>
<b>Operating Profit before Working Capital Changes.</b>	<b>11089.35</b>
( Increase ) / decrease in Trade and Other Receivables	(1663.24)
( Increase ) / decrease in Inventories	726.20
(Decrease) / Increase in Trade and Other Payable	(4796.49)
	<u>(5733.53)</u>
<b>Cash Generated from Operations</b>	<b>5355.82</b>
Direct Taxes ( Paid ) / Refund.	218.54
<b>Net Cash Flow from Operating Activities (A)</b>	<b>5574.36</b>
<b>B. Cash Flow from Investing Activities:</b>	
Purchase of Fixed Assets	178.12
Sale of Fixed Assets	308.61
Purchase of Investments	(51512.63)
Sale of Investments	51976.48
Dividend Income	0.95
Other Loans and Advances	454.78
<b>Net Cash Inflow from Investing Activities (B)</b>	<b>1406.31</b>
<b>C. Cash Flow from Financing Activities:</b>	
Proceeds from Long Term Borrowings	35517.63
Repayment of Short Term Borrowings	(739.17)
Repayment of Long Term Borrowings	(20713.36)
Interest and other Finance Charges Paid	(18720.67)
<b>Net Cash Outflow from Financing Activities (C)</b>	<b>(4655.57)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>2325.10</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>3197.35</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>5522.45</b>

**Note:** (i) Bank balances include unclaimed dividend ₹ 48.97 Lacs (Previous Year: ₹ 59.73 Lacs) which is not available for use by the Company as they represent corresponding unpaid dividend liability.

(ii) Figures in the bracket ( ) denominates outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Regn. No. 111184W

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

**PRAFUL A. SHAH**

**ALOK P. SHAH**

**SUNIL SHETH**

**KAMLESH B. VYAS**

Chairman & Managing Director

Joint Managing Director & CFO

Director

Company Secretary

Surat, 5th June, 2015

## Notes annexed to and forming part of the Financial Statements

### Note 1 : Significant Accounting Policies

Consolidated Financial Statements comprises of the financial statements of Garden Silk Mills Limited and its 100% Subsidiaries namely, Gaia International FZE, Dubai and Garden Exim Pte Ltd., Singapore as at 31st March, 2015.

#### 1.01 Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles including the Accounting Standards notified under the provisions of The Companies Act, 2013. The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. Accounting policies not referred to otherwise are consistent with the Generally Accepted Accounting Principles.

#### Principles of Consolidation

The consolidated financial statements relate to Garden Silk Mills Ltd (“the Company”) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by basis by adding together the book value of like terms of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 - “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- b) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s Separate Financial Statements.
- c) Investments made by the parent company in subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
- d) Intra group balances of intra group transactions have been accounted for depending upon whether the transaction is an upstream or a downstream transaction.
- e) Transactions in Foreign currencies of subsidiary Companies are converted into U.S.Dollars at the rate of exchange ruling on the date of the transaction.

#### 1.02 Foreign subsidiaries being considered Integral Foreign Operation

- a) Assets and liabilities expressed in U.S.Dollars are translated into Indian Rupees at a rate of exchange at the balance sheet date.
- b) Revenues and expenses expressed in U.S.Dollars are translated into Indian Rupees at an average rate of exchange for the month during which the transaction takes place.
- c) Resulting gain or loss is taken to the Consolidated Statement of Profit and Loss.

#### 1.03 Fixed Assets:

##### Tangible Assets

Fixed Assets are recorded at cost of acquisition or construction, net of CENVAT / VAT and include amounts added / reduced on revaluation, less accumulated depreciation. These assets have been stated at historical cost, except for the Fixed Assets which have been revalued. Borrowing costs for acquisition or construction of a qualifying asset and revenue expenses incurred, (including expenditure on test runs and experimental production) at project sites for the period prior to commencement of commercial production are capitalised as part of asset cost.

##### Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation.

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

### 1.04 Capital Work-in-Progress

Projects under commissioning and other capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### 1.05 Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date in respect of Cash Generating Unit, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's selling price and value in use.

### 1.06 Investments

Investments classified as long term investments are stated at cost. Provision is made to recognize decline, other than temporary, in the value of investments. Investments classified as Current Investments are carried in Financial Statements at lower of Cost and fair value, computed categorywise.

### 1.07 Inventories

Inventories are valued in accordance with the requirements of revised Accounting Standard (AS2) on 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India (ICAI) using weighted average cost method. Any item of inventory is valued at Net Realisable Value if the same is less than cost. Inventories are specifically identified, wherever possible in respect of traded goods. Inventory valuation is determined on the following basis :

- (i) Raw Materials, Stock in Process, Finished goods, Stores Spares & Chemicals are valued at cost or Net realisable value, whichever is lower.
- (ii) Waste is valued at net realisable value.
- (iii) By product is valued at net realisable value.
- (iv) Property under Development is valued at cost .

### 1.08 Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at a rate prevalent on the date of transaction.

At each Balance Sheet date, unrealized gains or losses on foreign currency transactions on revenue account as a result of increase or decrease in rupee liability as a result of exchange difference between the Balance Sheet date conversion rate and the transaction rate are recorded to the Profit & Loss account, and accordingly, assets or liabilities are adjusted.

Difference between forward rate and the exchange rate at the inception of a forward contract is recognized as income or expense over the life of a contract, and any unrealized gains or losses on account of fluctuations in the exchange rate pertaining to forward contracts at the Balance sheet date arising out of difference between the forward contract rate and year-end rate are recognised in the Profit and Loss account.

### 1.09 Depreciation and Amortisation

Depreciation on the fixed assets is calculated on Straight Line Method, except on the Factory Buildings and Plant & Machineries pertaining to Draw Winding & Draw Twisting section, specific Power Projects situated at Jolwa, Draw Warping & Gas Based Power Project situated at Vareli which is on Written Down Value method. Depreciation on revalued Assets is charged by dividing the unamortised depreciable amount over the residual useful life of the Assets. Depreciation on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets is provided over the residual life of the assets.

Intangible asset is amortised over the useful life of the underlying asset.

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

Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is provided as per the useful life specified in the Act or as re-assessed by the Company.

### 1.10 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales includes sale of goods, services, service tax, excise duty and sales during trial run period, adjusted for returns, discount, rate difference and Value Added Tax (VAT) on dispatch of goods to customers and gain/loss on corresponding hedge contracts. Sales also include sale of scrap, waste, rejects, empty containers etc.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

### 1.11 Expenses

All material known liabilities are provided for, on the basis of available information / estimates.

### 1.12 CENVAT:

- (i) The purchase cost of raw materials and other expenses are considered net of cenvat available on inputs.
- (ii) The cenvat benefits attributable to acquisition / construction of fixed assets are netted off against the cost of fixed assets in accordance with the guidance note issued by The Institute of Chartered Accountants of India.

### 1.13 Excise Duty and VAT

Excise Duty is accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses & uncleared goods and the same is treated as part of the cost of respective stock as per the revised Guidance Note on Accounting treatment for Excise Duty issued by The Institute of Chartered Accountants of India.

Amount of Excise Duty shown as deduction from Sales is the total Excise Duty for the year except the duty related to difference between Closing Stock & Opening Stock. Excise duty related to the difference between Closing Stock & Opening Stock is recognised separately in the Profit & Loss Account.

Sales Tax / VAT payable/paid is charged to the Profit and Loss account.

### 1.14 Employees Benefits

Contributions are made to Provident Fund as per the Provident Fund Act. Contribution to Gratuity Fund are made on the basis of actuarial valuation report as at the year end. Provision for Leave encashment benefit is provided in accordance with the Accounting Standard (AS)15 "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI).

#### (i) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering of service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary ex-gratia are recognised in the period in which employee renders the related services.

#### (ii) For Defined Contribution Plans (PF, FPF and ESI)

Contributions to Defined Contribution Plans are recognized as expenses in the Profit and Loss Account as they incur.

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

### (iii) For Defined Benefit Plans

As per requirement defined in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India, the entity relies on the Actuarial valuation undertaken by a certified actuary for the present value of obligation.

### 1.15 Research and Development

All revenue expenditure on research and development are charged to the Profit and Loss Account for the year in which they are incurred.

### 1.16 Inter-divisional Transfers

Internal transfers of goods between departments as captive consumption are shown as contra items in the Profit and Loss Account to reflect the true economic value of the production. Any unrealised profit on unsold stock is ignored while valuing inventories.

### 1.17 Borrowing Cost

Borrowing cost (including interest and exchange difference arising from foreign exchange borrowings) to the extent that they are regarded as the adjustments to interest costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortised and charged to the Profit and Loss Account, over the tenure of the loan.

### 1.18 Provision for Current and Deferred Tax

Provision for the current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from 'timing difference' between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation and their required recognition.

### 1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.

Contingent Assets are neither recognized nor disclosed in the financial statement. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 1.20 Earning Per Share

"Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

Diluted Earning per share is calculated by considering potential equity shares that have been converted, from the beginning of the period"

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

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 2 : Share Capital</b>	
<b>Authorised</b>	
5,00,00,000 (5,00,00,000) Equity Shares of ₹ 10/- each	5000.00
1,00,00,000 (1,00,00,000) Preference Shares of ₹ 10/- each	1000.00
<b>TOTAL</b>	<b>6000.00</b>
<b>Issued, Subscribed and Paid up</b>	
4,20,82,525 (4,01,32,665) Equity Shares of ₹10/- each fully paid up	
Nil (14,87,147) 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 10/- each fully paid up	4208.25
<b>Total</b>	<b>4208.25</b>

**2.1** As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009, the management committee of Board of Directors of the Company at its meeting held on 23rd September, 2013 allotted 1487147 OCCPS of ₹ 10 each at a premium of ₹ 37.07 each in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company.

**2.2** As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009 and consequent to the rights of conversion exercised by the OCCPS holders, the Board of Directors of the Company at its meeting held on 18th March, 2015, allotted 1949860 equity shares of ₹ 10/- each at a premium of ₹ 25.90 per share in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company, against 1487147, 0.001% OCCPS held by the promoters at the beginning of the year.

### 2.3 Reconciliation of Equity Shares outstanding

	As at 31st March, 2015	
	No. of Shares	₹ In Lacs
Balance at the beginning of the year	40132665	4013.27
Shares issued on conversion of OCCPS	1949860	194.98
Outstanding at the end of the year	<b>42082525</b>	<b>4208.25</b>

### 2.4 Reconciliation of 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) outstanding

	As at 31st March, 2015	
	No. of OCCPS	₹ In Lacs
Balance at the beginning of the year	1487147	148.71
Add: OCCPS issued during the year	0	0.00
Less: OCCPS converted into equity shares	1487147	148.71
Outstanding at the end of the year	<b>0</b>	<b>0.00</b>

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

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

	As at 31st March, 2015	
	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19
Shri Praful A. Shah (Indl.)	2714190	6.45
Shri Praful A. Shah Partner of Isha Enterprises	3791965	9.01
IL & FS Trust Co. Ltd.	3591559	8.53
M/s Rayben Investments	2492816	5.92
M/s Palomar Textiles Ltd.	3930872	9.34

### 2.7 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 ₹ 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.

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 3 : Reserves and Surplus</b>	
<b>Securities Premium Reserve</b>	
Balance at the beginning of the year	25265.33
Add: Premium on allotment of OCCPS	0.00
Add: Premium on conversion of share warrants	0.00
Less: Premium on conversion of OCCPS	551.29
Add: Premium on issue of Equity Shares on Conversion of OCCPS	505.02
Balance at the end of the year	<u>25219.06</u>
<b>General Reserve</b>	
Balance at the beginning of the year	3632.63
Add: Transfer from Statement of Profit and Loss	0.00
Less: Prior period Depreciation (Refer Note No.12.4)	272.93
Balance at the end of the year	<u>3359.70</u>
<b>Surplus in Statement of Profit and Loss</b>	
Balance at the beginning of the year	(7047.96)
Add/Less: Profit/(Loss) for the year	(14300.39)
Balance at the end of the year	<u>(21348.35)</u>
<b>Total</b>	<u><u>7230.41</u></u>

**3.1** During the previous year, the Company had issued and allotted 0.001% Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 10 each aggregating to ₹ 7.00 crores in accordance with the SEBI (ICDR) Regulations, 2009, as amended, in favour of Promoters on preferential basis as part of the arrangement with the lenders to realign debts repayment schedules.



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

As per the terms of issue and in accordance with the provisions of SEBI (ICDR) Regulation, 2009, consequent to the rights of conversion exercised by the OCCPS holders, the Board of Directors of the Company at its meeting held on 18th March 2015 allotted 1949860 equity shares of ₹ 10/- each at a premium of ₹ 25.90 per share in favour of Praful Amichand Shah, Partner of M/s. Isha Enterprises, the promoter and/or promoter group of the Company.

	As at 31st March, 2015	
	Non-Current	Current
<b>Note 4 : Long-Term Borrowings</b>		
<b>Secured</b>		
Term Loans from banks		
Rupee Loans	99460.01	3561.75
Foreign Currency Loans	34667.19	3042.03
Rupee Term Loans from financial institutions	1979.23	0.00
	<b>136106.43</b>	<b>6603.78</b>
<b>Unsecured</b>		
Term Loans from foreign banks	894.50	162.42
	<b>894.50</b>	<b>162.42</b>
	<b>137000.93</b>	<b>6766.20</b>

### 4.1 Note on Secured Long-Term Borrowings:

- a) Term Loans from Banks and Financial Institutions are secured by first mortgage on pari passu basis on all immovable properties (except those specifically excluded by lenders, of Rupee Term Loans as per Note (b) below), both present and future and first charge by way of hypothecation of all movables (except book debts) both present and future subject to prior charges created/to be created in favor of Bankers for working capital borrowings.
- b) Of the Rupee Term Loans from banks:
  - i) Loans from Bank of India to the extent of ₹ 212.50 Lacs (Previous year ₹ 250.00 Lacs) 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 ₹ 1012.61 Lacs (Previous year ₹ 1191.11 Lacs) are secured by hypothecation of specific Building and machinery of Texturising plant and Draw Twisting plant at Jolwa.
  - iii) Term loans from ICICI Bank, Kotak Mahindra Prime Limited and Axis Bank Ltd aggregating to ₹ 107.69 Lacs (Previous year ₹ 116.03 Lacs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements.
  - iv) Housing Loan of ₹ 565.14 Lacs (Previous year ₹ 643.21 Lacs) from ICICI Bank is secured by hypothecation of residential flat at Mumbai.
  - v) Loans from Corporation Bank to the extent of ₹ 3094.00 Lacs (Previous Year ₹ 3640.00 Lacs) 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 ₹ 4461.40 Lacs (Previous Year ₹ 5248.90 Lacs) is secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.
- c) As on the Balance Sheet date, part of the payment of interest for the quarter January-March, 2015, aggregating to ₹ 777.33 Lacs (Previous Year ₹ 1371.77 Lacs) to various lender banks were unpaid.

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

### 4.2 Maturity profile of Secured and Unsecured Term Loan is set out as below :

Maturity Profile as at 31/03/2015					
	Rate of Interest ranged between during 31/03/2015	1-2 years	2-3 years	3-4 years	Beyond 4 years
<b>1 Secured Term Loans</b>					
Rupee Loans	8% - 13.25%	13200.29	13559.01	19095.92	53604.79
Foreign Currency Loans	8.50% - 8.55%	2454.69	0.00	0.00	0.00
Rupee Term Loans from financial institutions	8.25% - 11.50%	232.85	232.85	349.28	1164.25
Loan from Foreign Banks	Libor+350 BPS	32212.50	0.00	0.00	0.00
		<b>48100.33</b>	<b>13791.86</b>	<b>19445.20</b>	<b>54769.04</b>
<b>2 Unsecured Term Loans</b>					
Term Loans- from foreign banks	5.65% - 5.70%	162.42	162.42	162.42	407.24
		<b>162.42</b>	<b>162.42</b>	<b>162.42</b>	<b>407.24</b>
<b>Total</b>		<b>48262.75</b>	<b>13954.28</b>	<b>19607.62</b>	<b>55176.28</b>

(₹ in Lacs)

	As at 31st March, 2015
<b>Note 5 : Deferred Tax Liability (net)</b>	
<b>(a) Deferred Tax Liability on account of :</b>	
Difference between book value and tax written Down Value of Fixed Assets	<b>17472.01</b>
<b>Total</b>	<b>17472.01</b>
<b>(b) Deferred Tax Asset on account of :</b>	
Disallowances under the Income Tax Act, 1961	<b>86.91</b>
Provision for Diminution in Value of Investments	<b>132.20</b>
Carried forward tax losses	<b>24329.82</b>
<b>Total</b>	<b>24548.93</b>
<b>Deferred Tax Liability / (Asset) (Net) (Refer Note 5.1)</b>	
Current year (Credit)/ Charge to the extent of liability	<b>0.00</b>
Current year (Credit)/ Recognised at balance amount	<b>0.00</b>

**5.1** The Company has unabsorbed depreciation and carried forward losses under Tax laws. In absence of virtual certainty of sufficient future taxable income, net deferred tax assets have not been recognised considering prudence in accordance with Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

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

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 6 : Other Long-term Liabilities</b>	
Trade Deposits	734.63
<b>Total</b>	<b>734.63</b>

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 7 : Long-term Provisions</b>	
Provision for Employee Benefits (Refer Note 25.2)	642.08
<b>Total</b>	<b>642.08</b>

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 8 : Short-term Borrowings</b>	
<b>Secured</b>	
Loan repayable on demand	
- Cash Credit Facilities (Refer Note 8.1)	4658.11
Others	
- Buyers Credit (Refer Note 8.2)	1022.37
<b>Total</b>	<b>5680.48</b>

**8.1** Cash Credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured with hypothecation by way of first pari passu charge on all company's current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facilities ranged between 11.50% to 12.00%

**8.2** Buyers' Credit is secured by Letter Of Comfort (LOC) / Undertaking (LOU) forming part of Working Capital facilities issued by the banks. Rate of Interest on Buyers' Credit facility is 3M Libor+41 bps above the Libor at the relevant time.

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 9 : Trade Payables</b>	
Acceptances	22777.89
Due to Micro, Small and Medium Enterprises	62.96
Others including creditors for expenses	8536.34
	<b>31377.19</b>

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

**9.1** The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	(₹ in Lacs)
	<b>As at 31st March, 2015</b>
Principal amount due and remaining unpaid	0.00
Interest due on above and the unpaid interest	0.00
Interest paid	0.00
Payment made beyond the appointed day during the year	0.00
Interest due and payable for the period of delay	0.00
Interest accrued and remaining unpaid	0.00
Amount of further interest remaining due and payable in succeeding years	0.00

	(₹ in Lacs)
	<b>As at 31st March, 2015</b>
<b>Note 10 : Other Current Liabilities</b>	
Current Maturities of Long term debt (Refer Note 4)	6766.20
Interest Accrued and Due on Borrowings	775.30
Interest Accrued but not Due on Borrowings	494.11
Unclaimed Dividends	48.97
Other Payables	
Creditors for Capital Expenditure	168.36
Statutory Dues - TDS and VAT	513.90
Other Advances	12.32
<b>Total</b>	<b>8779.16</b>

	(₹ in Lacs)
	<b>As at 31st March, 2015</b>
<b>Note 11 : Short-term Provisions</b>	
Provision for Employee Benefits (Refer Note 25.2)	83.50
Other Provisions (Refer Note 11.1)	1101.67
<b>Total</b>	<b>1185.17</b>

**11.1** The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2014 of ₹ 916.91 Lacs as per the estimated pattern of dispatches. On the analogy, provision for such liability works out to be ₹ 1101.67 Lacs as on 31st March, 2015. Actual outflow is expected in next financial year.

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

### Note 12 : Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation						Net Block	
	As at	Additions	Reclasses	Deductions/	As at	For the	Reclasses	Deductions/	Upto	As at		
	01/04/2014	2	3	4	31/03/2015	Year	9	Adjustments	31/03/2015	31/03/2015		
	1			5	6	8	10	11	12			
<b>(A) Tangible Assets:</b>												
Freehold Land	5429.68	92.47	0.00	0.00	5522.15	0.00	0.00	0.00	0.00	0.00	5522.15	
Building	34114.30	313.18	0.00	25.86	34401.62	10876.47	1766.35	0.00	9.30	12633.52	21768.10	
Plant and Machinery	164965.45	2537.11	(715.15)	3400.25	163387.16	72455.69	4991.76	(403.90)	3000.82	74042.73	89344.43	
Furniture & Fixtures	883.71	19.82	(0.45)	0.00	903.08	474.40	75.43	(0.43)	0.00	549.40	353.68	
Motor Vehicles	1031.63	141.07	0.00	100.09	1072.61	594.03	133.68	0.00	73.78	653.93	418.68	
Office Equipments	517.39	20.75	(7.92)	0.00	530.22	247.54	180.48	(5.68)	0.00	422.34	107.88	
Computer & Data Processing Units	426.19	19.03	413.31	0.00	858.53	247.14	231.68	283.37	0.00	762.19	96.34	
Laboratory Equipments	0.00	0.00	213.23	0.00	213.23	0.00	53.78	90.48	0.00	144.26	68.97	
Electrical Installation & Equipments	2453.67	148.28	96.98	1.30	2697.63	863.55	396.86	34.44	1.23	1293.62	1404.01	
<b>Total Tangible Assets</b>	<b>209822.02</b>	<b>3291.71</b>	<b>0.00</b>	<b>3527.50</b>	<b>209586.23</b>	<b>85758.82</b>	<b>7830.02</b>	<b>(1.72)</b>	<b>3085.13</b>	<b>90501.99</b>	<b>119084.24</b>	
<b>(B) Intangible Assets:</b>												
Software	610.81	4.11	0.00	0.00	614.92	497.66	56.12	1.72	0.00	555.50	59.42	
<b>Total Intangible Assets</b>	<b>610.81</b>	<b>4.11</b>	<b>0.00</b>	<b>0.00</b>	<b>614.92</b>	<b>497.66</b>	<b>56.12</b>	<b>1.72</b>	<b>0.00</b>	<b>555.50</b>	<b>59.42</b>	
<b>(C) Capital Work-in-Progress</b>	<b>210432.83</b>	<b>3295.82</b>	<b>0.00</b>	<b>3527.50</b>	<b>210201.15</b>	<b>86256.48</b>	<b>7886.14</b>	<b>0.00</b>	<b>3085.13</b>	<b>91057.49</b>	<b>119143.66</b>	
<b>Total</b>											<b>3202.96</b>	<b>122346.62</b>

Notes:

- 12.1 Buildings include ₹ 40.59 Lacs being cost of shares relating to ownership flat in a Co-Operative Society.
- 12.2 Factory Building and Plant & Machineries include borrowing costs capitalised during the year aggregating to ₹ Nil.
- 12.3 Plant & Machineries include foreign currency fluctuation capitalised during the year aggregating to ₹ 188.07 Lacs in accordance with para 46A of Accounting Standards 11 relating to 'The effects of changes in Foreign Exchange Rates'.
- 12.4 Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is required to be provided as per the useful life specified in the Act or as re-assessed by the Company. Consequently, the Company having followed useful life specification as per Schedule II to the Companies Act, 2013, resultant depreciation for the year ended 31st March, 2015, is lower by ₹ 2012.20 Lacs. Carrying value of the assets whose useful life is already exhausted as on 1st April, 2014, amounting to ₹ 272.93 Lacs has been adjusted in the opening balance of Retained Earnings.
- 12.5 Assets grouped have been presented in terms of requirements of Schedule III of the Companies Act, 2013. Certain assets have been reclassified in suitable asset group for better presentation.

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

	(₹ in Lacs) As at 31st March, 2015
<b>Note 13 : Non-current Investments</b>	
<b>Long Term Investments (At Cost)</b>	
<b>Other Investments</b>	
<b>In Equity Shares of Associate Company – (Quoted, Fully paid-up)</b>	
14500000 (14500000) Equity Shares of Surat Textile Mills Ltd. of ₹ 1 each	1282.92
<b>In Equity Shares (Unquoted, Fully paid-up)</b>	
108 (108) Equity Shares of New Piece Goods Bazaar Co. Ltd. of ₹ 100 each	1.57
50000 (50000) Equity Shares of Amitabh Bachchan Corporation Ltd. of ₹ 10 each	40.00
4943832 (4943832) Equity Share of Salora Shinsung Textile Co Ltd. of ₹ 10 each	549.17
100 (100) Equity Shares of Electrex India Ltd. of ₹ 10 each	0.02
206667 (206667) Equity Share of Icent Ltd. of ₹ 10 each	62.00
500 (450) Equity Shares of Majestic Land Developers Pvt. Ltd. of ₹ 100 each	32.41
<b>In Government Securities-Unquoted</b>	
6 Years National Savings Certificate (Deposited with Sales Tax Authorities)	0.15
	1968.24
Less : Provision for diminution in value of investments	611.17
<b>Total</b>	1357.07
Aggregate Value of Unquoted Investments	110.65
Aggregate Value of Quoted Investments	1282.92
Aggregate Market Value of Quoted Investments	233.45
<b>Notes:-</b>	
The break up of provision for diminution in value of investments is as under:	
i) Equity Shares of Salora Shinsung Textile Co. Ltd.	549.17
ii) Equity Shares of Icent Ltd.	62.00
<b>Total</b>	611.17

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

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 14 : Long-term Loans and Advances</b>	
(Unsecured and Considered Good)	
Capital Advances	3463.86
Security Deposits	94.98
Advance Income Tax (Net of Provision for Tax)	152.19
Employee Advances	24.07
Other Loans and Advances	499.16
<b>Total</b>	<b>4234.26</b>

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 15 : Inventories</b>	
Raw Materials	8960.44
Raw Materials in Transit	1087.78
Stock-in-Process	357.26
Finished Goods	13519.74
Stores, Spares and Chemicals	5600.20
Stock-in-Trade (Art & Artifacts)	1277.03
Stock-in-Trade (Property under development )	478.36
<b>Total</b>	<b>31280.81</b>

	(₹ in Lacs)
	As at 31st March, 2015
<b>Note 16 : Trade Receivables</b>	
(Unsecured and Considered Good)	
Outstanding for a period exceeding six months from the date they are due for payment	2344.67
Others	8020.71
<b>Total</b>	<b>10365.38</b>

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

	(₹ in Lacs) As at 31st March, 2015
<b>Note 17 : Cash and Bank Balances</b>	
<b>Cash and Cash Equivalents:</b>	
Bank Balances in :	
- Current Accounts	3391.69
- Deposit Accounts (with maturity less than 12 months)	27.32
Margin Money Account	1645.95
Cash on hand	150.16
	5215.12
<b>Other Bank Balances:</b>	
Earmarked balances with Banks in Unpaid Dividend Account	48.97
Deposit Accounts (with maturity more than 12 months)	258.36
	307.33
<b>Total</b>	5522.45

	(₹ in Lacs) As at 31st March, 2015
<b>Note 18 : Short-term Loans and Advances</b>	
(Unsecured and Considered Good)	
Loans to employees	35.35
Advance to Suppliers	5087.41
Security Deposits	697.60
Advance Recoverable in cash or in kind or for value to be received	10254.01
Balance with Customs, Central Excise Authorities etc.	3179.32
<b>Total</b>	19253.69

	(₹ in Lacs) As at 31st March, 2015
<b>Note 19 : Other Current Assets</b>	
Interest Subsidy and interest Receivable	299.98
Export Incentives Receivable	480.68
Insurance Claim Receivable	104.14
Benefits receivable against Advance Licence received	1593.22
<b>Total</b>	2478.02



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

	(₹ in Lacs)	
	<b>2014-15</b>	
<b>Note 20 : Revenue from Operations</b>		
Sale of Products		<b>284713.83</b>
Less: Excise Duty		<b>20615.45</b>
<b>Total</b>		<b>264098.38</b>
<b>Particulars of Sale of Products</b>		
Chips		<b>84285.22</b>
Yarn (Includes POY & Processed yarn)		<b>172696.42</b>
Fabrics		<b>22169.26</b>
Art and Artifacts		<b>103.40</b>
P.T.A.		<b>2101.57</b>
M.E.G.		<b>615.89</b>
Spin Finish Oil		<b>29.01</b>
Others		<b>2713.06</b>
		<b>284713.83</b>

	(₹ in Lacs)	
	<b>2014-15</b>	
<b>Note 21 : Other Income</b>		
Net gain on sales of current Investment		<b>463.90</b>
Interest Income		<b>240.04</b>
Rent Income		<b>10.93</b>
Credit Balances Written off		<b>13.23</b>
Bad Debts Recovery		<b>17.70</b>
Dividend Income		<b>0.95</b>
Miscellaneous Income		<b>23.48</b>
Currency Translation Gain		<b>0.66</b>
<b>Total</b>		<b>770.89</b>

	(₹ in Lacs)	
	<b>2014-15</b>	
<b>Note 22 : Cost of Materials Consumed</b>		
Raw Materials		
Imported	<b>21.22%</b>	<b>40352.18</b>
Indigenous	<b>78.78%</b>	<b>149812.49</b>
	<b>100.00%</b>	<b>190164.67</b>

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

	(₹ in Lacs)
	<b>2014-15</b>
<b>22.1 Particulars of materials consumed</b>	
P.T.A.	118501.01
M.E.G.	47759.22
Carbon Black Powder	236.44
Polyester Chips	10969.34
Yarn	9035.86
Cloth	3662.80
<b>Total</b>	<b>190164.67</b>

	(₹ in Lacs)
	<b>2014-15</b>
<b>Note 23 : Purchases of Stock-in-trade</b>	
Fabrics	1564.63
MEG	181.83
P.T.A.	2128.14
Readymade	43.44
<b>Total</b>	<b>3918.04</b>

	(₹ in Lacs)
	<b>2014-15</b>
<b>Note 24 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>	
<b>Opening Stock</b>	
Finished Goods and Stock-in-trade	14286.47
Work-in-Progress	412.06
	<b>14698.53</b>
<b>Closing Stock</b>	
Finished Goods and Stock-in-trade	14796.77
Work-in-Progress	357.26
	<b>15154.03</b>
Add: Variation in Excise duty on opening and closing stock of finished goods	184.76
<b>Total</b>	<b>(270.74)</b>

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

	(₹ in Lacs)
	<b>2014-15</b>
<b>Note 25 : Employee Benefits Expense</b>	
Salaries and Wages	<b>9769.60</b>
Contribution to Provident and Other Funds	<b>881.97</b>
Gratuity	<b>297.74</b>
Staff Welfare Expenses	<b>139.40</b>
<b>Total</b>	<b>11088.71</b>

**25.1** During the year, the Central Government vide its letter dated 31st July, 2014, granted its approval for payment of total remuneration @ ₹ 1,46,91,000 (Rupees One Crore Forty-six Lacs Ninety-one Thousand only) per annum to Shri Praful A. Shah for the period from 01/09/2013 to 31/03/2014. Further the Company has already filed an application with the Central Government seeking their approval for the remaining tenure i.e. from 01/04/2014 to 31/08/2016. The approval of Central Government for the said period is awaited. The actual remuneration paid to Shri Praful A. Shah during the year 2014-15 is in accordance with the provisions of Part II Section II of Schedule V to the Companies Act, 2013. The arrears if any, would be paid on receipt of approval of Central Government.

### **25.2 Employee Benefits as per AS 15:**

Brief description : The type of defined benefit plans is as follows

#### **Gratuity :**

The employee gratuity fund is managed by "Garden Silk Mills - Employees Gratuity Fund". The present value of obligation is determined based on actuarial valuation. The liability is fully funded.

#### **Leave Encashment:**

The present value of obligation for Leave encashment is determined based on actuarial valuation and is unfunded.

	(₹ in Lacs)	
	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2014-15</b>	<b>2014-15</b>
<b>A. Amounts recognised in Balance Sheet:</b>		
i. Present Value of Defined Benefit Obligation		
- Wholly Funded	<b>2559.40</b>	0.00
- Wholly Unfunded	<b>0.00</b>	659.18
Less: Fair Value of Plan Assets	<b>2492.99</b>	0.00
ii. Amount Reflected in Balance Sheet		
- Liability	<b>66.41</b>	659.18
<b>B. Expenses recognised in statement of Profit and Loss:</b>		
Current Service Cost	<b>146.95</b>	195.23
Interest Cost	<b>189.49</b>	49.57
Expected return on Plan assets	<b>(208.33)</b>	0.00
Actuarial (Gain)/Loss	<b>169.63</b>	325.50
<b>Net Cost</b>	<b>297.74</b>	570.30

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

**C. Changes in present value of defined benefit obligation representing Reconciliation of opening and closing balances of fair value of Plan Assets.**

	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
	2014-15	2014-15
Opening value of present value of defined benefit obligation	2181.41	559.94
Add :Current Service Cost	146.95	195.23
Add: Interest Cost	189.49	49.57
Add : Actuarial Losses / (Gains)	248.69	325.50
	2766.54	1130.24
Less : Benefits paid	207.14	471.06
Closing value of present value of defined benefit obligation	2559.40	659.18

**D. Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages)**

	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
	2014-15	2014-15
Discount Rate (p.a.)	7.70%	7.70%
Expected Rate of Return on Assets (p.a.)	9.00%	9.00%
Rate of escalation in salary (p.a.)	8.00%	8.00%
Mortality		

	(₹ in Lacs)
	2014-15
<b>Note 26 : Finance Costs</b>	
Interest Expenses	17778.77
Other Financial Charges	788.71
Foreign Exchange Loss/(Gain)	182.03
	18749.51
Less : Interest and other financial income	401.94
<b>Total</b>	<b>18347.57</b>

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

	(₹ in Lacs)
	2014-15
<b>Note 27 : Other Expenses</b>	
<b>Manufacturing expenses</b>	
Consumption of Stores, Spares and Chemicals	10207.66
Power and Fuel	19652.30
Packing Charges	5506.87
Conversion and Processing Charges	492.23
Repairs to Machinery	1324.62
Repairs to Buildings	59.85
Repairs-others	191.75
<b>Selling and Distribution Expenses</b>	
Commission and Discount	3016.38
Freight, Octroi, Carting, Loading Unloading etc.	2782.53
Advertisement	435.68
Other Selling and Distribution Expenses	358.36
<b>Establishment Expenses</b>	
General Charges	3527.81
Insurance	205.49
Rent	274.34
Rates and Taxes	100.00
Auditors' Remuneration	22.06
Loss on Sale of Fixed Assets	133.85
Miscellaneous Expenses	16.42
<b>Total</b>	<b>48308.20</b>

	2014-15	
	%	₹ in Lacs
<b>27.1 Value of Stores, Chemicals and Component Consumed</b>		
Imported	45.15	4609.11
Indigenous	54.85	5598.55
	<b>100.00</b>	<b>10207.66</b>

	(₹ in Lacs)
	2014-15
<b>27.2 Value of Imports on CIF basis in respect of</b>	
Raw Materials	45553.06
Stores, Spare parts, Components and Chemicals	13166.75
Capital goods	0.00

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

	(₹ in Lacs)
	<b>2014-15</b>
<b>27.3 Payment to Auditors as :</b>	
(a) Auditor:	
Statutory Audit Fees	16.31
Tax Audit Fees	2.00
(b) Certification Fees	2.13
(c) Cost Audit Fees	1.58
Reimbursement of Expenses	0.04
<b>Total</b>	<b>22.06</b>

	(₹ in Lacs)
	<b>2014-15</b>
<b>27.4 Expenditure in Foreign Currency</b>	
Interest Expenses	357.79
Brokerage on Export	395.33
Travelling Expenses	47.40
Other Matters	109.16

### 27.5 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.

Details of hedged and unhedged exposure are as under:

Particulars	2014-15		
	Foreign Currency Denomination	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)
<b>a. Hedged</b>			
Debtors	USD	32.77	1900.66
Acceptances	USD	27.36	1721.19
	JPY	255.82	134.97
Loan Taken	USD	155.50	7576.00
<b>b. Unhedged</b>			
Creditors	JPY	0.39	0.20
	USD	0.56	34.94
	CHF	0.02	1.05
	EUR	0.01	0.95

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

Particulars	2014-15		
	Foreign Currency Denomination	Foreign Currency (Amount in Lacs)	Indian Rupees (Equivalent in Lacs)
Acceptances	USD	27.16	1697.67
	JPY	278.81	145.33
	EUR	0.32	21.77
Loan Taken	USD	515.43	32214.53
Loan Given	USD	22.03	1377.00
Export Commission payable	USD	2.23	139.44

### Note 28 : Earnings per share (EPS)

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 "Earning per Share" as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014

	(₹ in Lacs)
	<b>2014-15</b>
i) Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lacs)	<b>(14300.39)</b>
ii) Weighted Average number of equity share used as denominator for calculating EPS	<b>40207454</b>
iii) Basic and Diluted Earnings per share (₹) (Refer Note 28.1)	<b>(35.57)</b>
iv) Face Value per equity share (₹)	<b>10.00</b>

**28.1** Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares (i.e. Optionally convertible Cumulative Preference shares)

Since, resultant EPS due to dilution decreased net loss per share as compared to basic earning per share, both basic and diluted EPS are considered at basic earnings.

### 29 Additional information as required by paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of Subsidiary	Country of Incorporation	Extent of Holding
1. GAIA International FZE	UAE	100%
2. Garden Exim Pte. Ltd.	Republic of Singapore	100%

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

Name of the entity in the Parent Company	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
Garden Silk Mills Limited	100.22	11463.51	99.83	(14275.55)
<b>Subidiaries</b>				
A) Indian	Nil	Nil	Nil	Nil
B) Foreign				
1. GAIA International FZE	(0.18)	(20.11)	0.14	(20.11)
2. Garden Exim Pte. Ltd.	(0.04)	(4.73)	0.03	(4.73)

(₹ in Lacs)

**2014-15**

### Note 30 : Earnings in Foreign Exchange

FOB Value of Exports

**36935.46**

### Note 31 : Related Party Disclosures

As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the disclosures of transactions with the related parties as defined in As - 18 are given below:

**(i) List of related parties with whom transactions have taken place and relationships:**

Sr. No.	Nature of relationships	Names of related parties
1	Group Company	Surat Textile Mills Limited
2	Key Management Personnel	Shri Praful A. Shah Shri Sanjay S. Shah Shri Alok P. Shah Shri Suhail P. Shah
4	Relatives of Key management personnel and their enterprises where transactions have taken place.	Smt. Shilpa P. Shah Smt. Sujata V. Parsai Shri V. K. Parsai Shri Parthiv S. Shah Armorax Business Centre Pvt. Ltd. Como Textile Pvt. Ltd. Sorrento Textile Pvt. Ltd. Amalfi Textile Pvt. Ltd.



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

### (ii) Transactions during the year with Related Parties:

Nature of Transactions	Group Company	Key Management Personnel	Others	Total
Sales	993.77			993.77
Rent Income	7.00			7.00
Job Charges Income	27.30			27.30
Electric Power and Fuel Charges	508.46			508.46
Purchases	4821.16			4821.16
Job Charges expenses	146.97			146.97
Business Center user expenses			130.10	130.10
Remuneration		468.02	25.08	493.10
Professional Consultancy Fee			1.35	1.35
Land purchase			85.80	85.80
Payment against land purchase			31.48	31.48
Payments under Current Account.	13439.60			13439.60
Receipt under Current Account	10710.68			10710.68
<b>Balance at the beginning of the year</b>				
Payables				
Current Account: Credit Balance		21.31	1.43	22.74
Advance against Land purchase	277.11			277.11
<b>Balance at the end of the year</b>			54.32	54.32
Payables				
Current Account: Credit Balance		51.71	1.37	53.08
	979.79			979.79

### Note 32 : Contingent Liabilities and Commitments

#### 1 Contingent Liabilities

- (i) Disputed liabilities for Excise Duty not acknowledged as debts ₹ 18987.14 Lacs
- (ii) Disputed liabilities for Gujarat Sales Tax not acknowledged as debts ₹ 70.51 Lacs
- (iii) Counter-guarantees to Banks against guarantees issued to third parties ₹ 23.75 Lacs
- (iv) Foreign bills Discounted with Banks ₹ 4361.81 Lacs.
- (v) Unpaid dividend on 0.001% Optionally Convertible Cumulative Preference shares(now converted into equity shares) not acknowledged as debts ₹ 0.01 Lacs.

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

### Note 33 :

The Company has only one reportable segment viz. 'Textiles' as per Accounting Standard (AS) 17 of The Institute of Chartered Accountants of India (ICAI).

### Note 34 :

This year being the first year that consolidated financial statement are presented, comparative figures for the previous year have not been presented in accordance with the transistional provisions of Accounting Standard-21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

*Chartered Accountants*

*Regn. No. 111184W*

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 5th June, 2015

For and on behalf of the Board of Directors

**PRAFUL A. SHAH**

*Chairman & Managing Director*

**ALOK P. SHAH**

*Joint Managing Director & CFO*

**SUNIL SHETH**

*Director*

**KAMLESH B. VYAS**

*Company Secretary*

Surat, 5th June, 2015



**Garden Silk Mills Limited**

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010

CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com

Phone: (0261) 2311197, 2311615 Fax: (0261) 2311029

**ATTENDANCE SLIP**

**To be handed over at the entrance of the Meeting Hall 36th ANNUAL GENERAL MEETING**

Folio No./DP ID/Client ID No. : \_\_\_\_\_

Number of shares held : \_\_\_\_\_

Name of the attending member/Proxy : \_\_\_\_\_

I hereby record my presence at the 36th Annual General Meeting of Garden Silk Mills Limited held on Wednesday, 9th September 2015 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010

.....  
Member's/Proxy's Signature  
(To be signed at the time of handing over the slip)



### Garden Silk Mills Limited

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#### FORM NO. MGT-11

#### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

NAME OF THE MEMBER(S) : .....  
REGISTERED ADDRESS : .....  
E-MAIL ID : .....  
FOLIO No./CLIENT ID : .....  
DP ID : .....

I/We, being the member(s) holding ..... shares of the above named Company, hereby appoint

- Name ..... Address: .....  
..... Signature:....., or failing him
- Name ..... Address: .....  
..... Signature:....., or failing him
- Name ..... Address: .....  
..... Signature:....., or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Wednesday, 9th September, 2015 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional *	
		For	Against
	<b>Ordinary business</b>		
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors		
2	Re-appointment of Shri Alok P. Shah, who retires by rotation.		
3	Ratification of appointment and remuneration of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company		
	<b>Special business</b>		
4	Ordinary Resolution : Appointment of Shri Sunil S. Sheth as an Independent Director		
5	Ordinary Resolution : Appointment of Smt. Anita Mandrekar as an Independent Director		
6	Special Resolution : Re-appointment of Shri Suhail P. Shah as Whole-time Director		
7	Ordinary Resolution : Ratification of Cost Auditors remuneration		
8	Special Resolution : Revision in terms of the appointment and remuneration Shri Alok P. Shah, Joint Managing Director.		

Signed this ..... day of .....2014,

Signature of Proxy holder(s): \_\_\_\_\_ Signature of shareholder: \_\_\_\_\_

Affix Revenue Stamp

#### Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting,

\* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



## Garden Silk Mills Limited

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### BALLOT / POLL FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot / Poll Form to Mr. Kunjal Dalal, Proprietor K. Dalal & Co., Practicing Company Secretaries, (the Scrutinizer) C/o Karvy Computershare Pvt. Ltd. Unit: Garden Silk Mills Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, so as to reach him on or before 8th September, 2015)

Name	
Address	
DP Id*	
Client Id*	
Folio No.	
No. of shares held	

\*Applicable for investors holding shares in Electronic form.

I/We hereby exercise my/our vote in respect of the Ordinary Resolution(s) / Special Resolution(s) as specified in the Notice of Garden Silk Mills Limited dated 30th May, 2015 to be passed through Ballot / Poll for the businesses stated in the said Notice by conveying my/our assent or dissent to the said Resolution in the relevant box below:

Sr. No.	Resolution	Type of resolution (Ordinary /Special)	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
	<b>Ordinary Business</b>			
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors	Ordinary		
2	Re-appointment of Shri Alok P. Shah, who retires by rotation.	Ordinary		
3	Ratification of appointment and remuneration of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company	Ordinary		
	<b>Special Business</b>			
4	Appointment of Shri Sunil S. Sheth as an Independent Director	Ordinary		
5	Appointment of Smt. Anita Mandrekar as an Independent Director	Ordinary		
6	Re-appointment of Shri Suhail P. Shah as Whole-time Director of the Company.	Special		
7	Ratification of Cost Auditors remuneration	Ordinary		
8	Revision in the terms of appointment and remuneration of Shri Alok P. Shah, Joint Managing Director	Special		

Place:

Date:

-----  
Signature of Member / Beneficial owner



[www.gardenvareli.com](http://www.gardenvareli.com)

