

# GARDEN SILK MILLS LIMITED

Date: 27th November, 2020

The Secretary,  
BSE Limited,  
Corporate Relationship Department,  
14th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400001  
Scrip Code: 500155

The Secretary,  
National Stock Exchange of India Ltd.  
"Exchange Plaza",  
Fifth Floor, Plot No.C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai 400051  
Stock Code: GARDENSILK(EQ)

ISIN: INE526A01016

**Sub.: Submission of Notice of 41st AGM and Annual Report of the Company for the year ended 31st March, 2020**

**Ref.: Intimation under Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Sir/Madam,

This is furtherance to our letter dated 20th November, 2020 intimating the date of AGM and the Book Closure for the said purpose. We further refer to our letter dated 24th November, 2020 forwarding therewith the revised Notice of the 41st Annual General Meeting of the Company scheduled on Monday, 21st December, 2020 at 3:00 p.m. IST through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

Further in compliance to Clause 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the year 2019-20 containing the Notice of AGM and the related financial statements and the reports thereon for the financial year ended 31st March, 2020.

In compliance with Ministry of Corporate Affairs Circular No.20/2020 dated 5th May, 2020 read with Circular No.14/2020 dated 8th April, 2020 and Circular No.17/2020 dated 13th April, 2020, respectively and SEBI Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Annual Report of the Company for financial year 2019-20 and Notice of 41st AGM have been sent on 27th November, 2020 through e-mail to all the Members whose e-mail IDs are registered with the Company / Depository Participants.

The said notice and annual report are also placed on the Company's website, [www.gardenvareli.com](http://www.gardenvareli.com).

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# GARDEN SILK MILLS LIMITED

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Brief details of the 41st AGM of the Company are as under:

Date and Time of AGM	Monday, 21st December, 2020 at 3:00 p.m. IST
Mode	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM).
Cut-off date for e-voting	Tuesday, 15th December, 2020
e-voting start date and time	Thursday, 17th December, 2020, 9:00 A.M.
e-voting end date and time	Sunday, 20th December, 2020, 5:00 P.M.
e-voting website	<a href="https://www.evoting.kfintech.com">https://www.evoting.kfintech.com</a>

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

**For Garden Silk Mills Limited**



**Kamlesh B. Vyas**

**Company Secretary & Compliance Officer**

Encl.: As above

Copy to:

- 1 National Securities Depository Ltd.,  
4th Floor, 'A' Wing, Trade World,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai 400013
- 2 Central Depository Services (India) Limited  
Marathon Futurex, 25th floor,  
NM Joshi Marg, Lower Parel (East),  
Mumbai 400013
- 3 KFin Technologies Private Limited  
Karvy Selenium, Tower B, Plot 31-32,  
Financial District, Gachibowli,  
Nanakramguda,  
Hyderabad 500032.

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# GARDEN SILK MILLS LIMITED



## ANNUAL REPORT 2019-2020



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

(As on 31/03/2020)

**Praful A. Shah** (DIN: 00218143)

Chairman & Managing Director

**Alok P. Shah** (DIN: 00218180)

Executive Director, CFO & COO

**Sanjay S. Shah** (DIN: 00024004)

Executive Director

**Suhail P. Shah** (DIN: 00719002)

Executive Director

**Yatish Parekh** (DIN: 00168488) \*

**Sunil S. Sheth** (DIN: 00024033)

**Deepak N. Shah** (DIN: 07356807)

**Ketan A. Jariwala** (DIN:02095540)

**Kruti Kothari** (DIN:08502921) \*\*

\* upto 16/07/2019

\*\* w.e.f. 23/03/2020

### KAMLESH B. VYAS

Company Secretary

### REGISTERED OFFICE

1st Floor, Tulsi Krupa Arcade,

Near Aai Mata Chowk,

Puna-Kumbharia Road, Dumbhal,

Surat 395010.

Tel: (0261) 2311197, 2311615.

Fax: (0261) 2311029.

e-mail:shareddepartment@gardenvareli.com

CIN: L17111GJ1979PLC003463

http://www.gardenvareli.com

### STATUTORY AUDITORS

Sharp & Tannan Associates,

Chartered Accountants, Mumbai

### COST AUDITORS

Smit Desai & Associates

Cost Accountants, Surat

### PLANTS

(i) Vareli Complex, Village Vareli

Taluka Palsana, Dist. Surat 394327

Tel: (02622) 271241-47

(ii) Village Jolwa, Taluka Palsana,

Dist. Surat 394305

Tel: (02622) 271287-89

### BANKERS

Bank of Baroda

Allahabad Bank

State Bank of India

Bank of India

Corporation Bank

Union Bank of India

IDBI Bank Limited

Indian Overseas Bank

Export Import Bank of India (EXIM Bank)

Life Insurance Corporation of India

Indian Bank

ICICI Bank Ltd.

### REGISTRARS AND TRANSFER AGENTS

KFin Technologies Private Limited

Selenium Tower B, Plot 31 & 32,

Financial District, Gachibowli, Nanakramguda,

Hyderabad 500032, State: Telengana, India.

Phone No. 040 67161563

Fax No. 040 23001153

Email: einward.ris@kfintech.com

Toll Free No. 18003454001

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41st Annual General Meeting on Monday, 21st December, 2020 at 3:00 p.m. IST through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility

## NOTICE

NOTICE is hereby given that the **41st ANNUAL GENERAL MEETING** of the members of Garden Silk Mills Limited will be held on **Monday, the 21st December, 2020 at 3:00 p.m. IST** through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM'), to transact the following businesses.

### ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Reports of the Board of Directors taken on record by the Resolution Professional at the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020 and Auditors' thereon.
- 2 To appoint a Director in place of Mr. Sanjay S. Shah (DIN: 00024004), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

- 3 **To appoint Ms. Kruti Kothari (DIN: 08502921) as an Independent Director of the Company**

**To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Act and Regulation 16, 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations") and on the basis of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded for appointment of Ms. Kruti Kothari (DIN: 08502921) as an Independent Director for a period of five (5) consecutive years on the Board of the Company with effect from 23rd March, 2020 upto 22nd March, 2025 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the SEBI Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of a Director, not liable to retire by rotation.

**RESOLVED FURTHER THAT** any of the Directors or the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

- 4 **To re-appoint Mr. Sanjay S. Shah (DIN: 00024004) as Wholetime Director designated as Executive Director of the Company**

**To consider and if thought fit, to pass, the following resolution as a 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 pursuant to the recommendation of the Nomination and Remuneration Committee, and subject to other requisite approval as required under the applicable provisions of Companies Act, 2013 and rules made thereunder, consent of the members of the Company be and is hereby accorded for re-appointment and payment of remuneration to Mr. Sanjay S. Shah (DIN: 00024004) as Wholetime Director designated as Executive Director of the Company, for a period of 1 (one) year with effect from 1st July, 2020, as per the terms and conditions 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 Mr. Sanjay S. Shah 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 and power 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 from time to time, the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**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** in the event of absence or inadequacy of profits in any financial year, during the term of office of Mr. Sanjay S. Shah, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration in accordance with Schedule V of the Companies Act, 2013, by making requisite compliances prescribed in the said schedule.

**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), severally and jointly, 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 the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

## 5 To re-appoint Mr. Sunil S. Sheth (DIN: 00024033) as an Independent Director of the Company

**To consider and if thought fit, to pass, the following resolution as a Special 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 Schedule IV to the Act and Rules made thereunder and regulation 16(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof, for the time being in force) and recommendations of the Nomination and Remuneration Committee and approved by the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020, Mr. Sunil S. Sheth (DIN: 00024033), who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment and being eligible for re-appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, and to hold office for a second term upto 4 (four) years commencing from 9th September, 2020 upto 12th August, 2024.

**RESOLVED FURTHER THAT** any of the Directors or the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

## 6 To ratify the remuneration to Cost Auditors for the financial year ending 31 March, 2021

**To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Section 148 and other applicable provisions 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 remuneration, as approved by the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020 and set out in the Statement annexed to the Notice, to be paid to M/s Smit Desai and Associates, Cost Accountants, having Firm Registration Number 001876, appointed by the Resolution Professional, Directors and Key Managerial Personnel of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2021, be and is hereby ratified.

**RESOLVED FURTHER THAT** any of the Directors or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

## Notes:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. Further, Securities and Exchange Board of India ('SEBI') vide its Circular dated May 12, 2020 ('SEBI Circular') has also granted certain relaxations.
2. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with above mentioned MCA and SEBI Circulars, the 41st AGM of the Company is being conducted through VC/OAVM on Monday, 21st December, 2020 at 3:00 p.m. (IST). In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/ Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
3. KFin Technologies Private Limited, Registrar & Transfer Agent of the Company, (earlier known as Karvy Fintech Private Limited) ("KFin" or "KFintech") shall be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at **Note No.22** below.
4. In view of the massive outbreak of the COVID-19 pandemic, social distancing has to be a pre-requisite. Pursuant to the above mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his/her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM pursuant to the applicable MCA and SEBI Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning the business under Item Nos. 3 to 6 of the Notice is annexed hereto. The relevant details pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.
7. Messrs Sharp & Tannan Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 38th Annual General Meeting held on 20th September, 2017. Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice upto the date of AGM, i.e. 21st December, 2020. Members seeking to inspect such documents can send an email to [sharedepartment@gardenvareli.com](mailto:sharedepartment@gardenvareli.com).

9. Corporate/Institutional Members are entitled to appoint authorised representatives to attend the AGM through VC/OAVM on their behalf and cast their votes through remote e-voting or at the AGM. Corporate/Institutional Members intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutiniser at e-mail ID k\_dalal@rediffmail.com with a copy marked to evoting@kfintech.com and to the Company at shareddepartment@gardenvareli.com, authorising its representative(s) to attend and vote through VC/ OAVM on their behalf at the Meeting, pursuant to Section 113 of the Act.
10. **ELECTRONIC DISPATCH OF NOTICE AND ANNUAL REPORT:** In accordance with the MCA General Circular No. 20/2020 dated 5th May, 2020 and SEBI Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, in view of the prevailing situation and owing to the difficulties involved in dispatching physical copies of the financial statements (including Board's Report, Auditor's Report or other documents required to be attached therewith) for the Financial Year ended 31st March, 2020 pursuant to section 136 of the Act and Notice calling the Annual General Meeting pursuant to section 101 of the Act read with the Rules framed thereunder, such statements including the Notice of AGM are being sent only in electronic mode to those Members whose e-mail addresses are registered with the Company/ KFinTech or the Depository Participant(s). The Company will not be dispatching physical copies of such statements and Notice of AGM to any Member. Members are requested to register/update their email addresses, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with KFinTech Technologies Private Limited by following due procedure. A copy of the Notice of this AGM alongwith Annual Report for the Financial Year 2019-2020 is available on the website of the Company at [www.gardenvareli.com](http://www.gardenvareli.com), website of the Stock Exchanges where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of KFinTech Technologies Private Limited at <https://evoting.kfintech.com/>.
11. Member will be provided with a facility to attend the e-AGM through VC/OAVM platform provided by the Company's RTA. Members may access the same at <https://emeetings.kfintech.com/> by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/member's login where the 'EVENT' and the name of the company can be selected. Please note that the members who do not have the User ID and Password for remote e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.
12. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are KFin Technologies Private Limited having their office at Selenium, Tower-B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana 500032.
13. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the KFin Technologies Private Limited ('KFin') e-Voting website at <https://evoting.kfintech.com/>. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice.
14. **BOOK CLOSURE:** The Register of Members and Transfer Books of the Company will be closed from Wednesday, 16th December, 2020 to Monday, 21st December, 2020 (both days inclusive) for the purpose of AGM.
15. **TRANSFER OF SHARES PERMITTED IN DEMAT FORM ONLY:** As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of KFinTech to seek guidance in the demat procedure. Members may also visit website of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the demat procedure.



16. **NOMINATION:** Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Act. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to KFin Technologies Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
17. **CONSOLIDATION OF PHYSICAL SHARE CERTIFICATES:** Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
18. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to [sharedepartment@gardenvareli.com](mailto:sharedepartment@gardenvareli.com) by mentioning their DP ID & Client ID/Physical Folio Number.
19. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
20. **SUBMISSION OF QUESTIONS / QUERIES PRIOR TO AGM:**
  - a. For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company's investor email-id [sharedepartment@gardenvareli.com](mailto:sharedepartment@gardenvareli.com), at least 48 hours before the time fixed for the AGM i.e. by 3.00 p.m. (IST) on Monday, 21st December, 2020, mentioning their name, demat account no./folio number, email ID, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the AGM.
  - b. Alternatively, Members holding shares as on the cut-off date i.e. Tuesday, 15th December, 2020, may also visit <https://emeetings.kfintech.com> and click on the tab "Post Your Queries" and post their queries/views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall be closed 48 hours before the time fixed for the AGM at 3.00 p.m. (IST) on 21st December, 2020.
  - c. Members can also post their questions during AGM through the "Ask A Question" tab, which is available in the VC/OAVM facility as well as in the one way live webcast facility. The Company will, at the AGM, endeavour to address the queries received till 3.00 p.m. (IST) on Monday, 21st December, 2020 from those Members who have sent queries from their registered email IDs. Please note that Members' questions will be answered only if they continue to hold shares as on the cut-off date.
21. **SPEAKER REGISTRATION BEFORE AGM:** Members of the Company, holding shares as on the cut-off date i.e. Tuesday, 15th December, 2020 and who would like to speak or express their views or ask questions during the AGM may register themselves as speakers by visiting <https://emeetings.kfintech.com> and clicking on "Speaker Registration" during the period from Thursday, 17th December, 2020 (9:00 a.m. IST) upto Sunday, 20th December, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to speak/express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time at the AGM.
22. **INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
  - a) **ATTENDING THE AGM:** Members will be provided with a facility to attend the AGM through video conferencing platform provided by KFin Technologies Private Limited. Members are requested to login at <https://emeetings.kfintech.com> and click on the "Video Conference" tab to join the Meeting by using the remote e-voting credentials.
  - b) Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in Note No. 23.

- c) Members may join the Meeting through Laptops, Smartphones, Tablets or iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches. Members are encouraged to join the Meeting through Laptops with latest version of Google Chrome for better experience.
  - d) Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned at Note No. 23 in the Notice, and this mode will be available throughout the proceedings of the AGM.
  - e) In case of any query and/or help, in respect of attending AGM through VC/OAVM mode, Members may refer to the Help & Frequently Asked Questions (FAQs) and 'AGM VC/OAVM' user manual available at the download Section of <https://evoting.kfintech.com/> or Manager - Corporate Registry, KFinTech at Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana 500032 or at the email ID [evoting@kfintech.com](mailto:evoting@kfintech.com) or on phone No.: 040-6716 1500 or call KFin Technologies Private Limited's toll free No.: 1800-3454-001 for any further clarifications.
23. **PROCEDURE FOR REMOTE E-VOTING** In compliance with the provisions of section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations, Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFin Technologies Private Limited on all resolutions set forth in this Notice, through remote e-voting. Members are requested to note that the Company is providing facility for remote e-voting and the business may be transacted through electronic voting system. It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility. A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:

#### **Instructions:**

- a. Member will receive an e-mail from KFin Technologies Private Limited [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)] which includes details of E-Voting Event Number ("EVEN"), USER ID and password:
  - (i) Launch internet browser by typing the URL: <https://evoting.kfintech.com/>.
  - (ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin Technologies Private Limited for e-voting, you can login by using your existing User ID and password for casting your vote.
  - (iii) After entering these details appropriately, click on "LOGIN".
  - (iv) You will now reach 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 and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the "EVENT" i.e. Garden Silk Mills Limited.
  - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and

partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.

- (viii) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - (ix) Members holding multiple folios/ demat accounts shall vote separately for each folio/ demat account.
  - (x) You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote.
  - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., duly authorising their authorized representative(s) to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting to the Scrutiniser at his e-mail ID k\_dalal@rediffmail.com with a copy marked to evoting@kfintech.com and to the Company at shareddepartment@ gardenvareli.com. It should reach the Scrutiniser & the Company by email not later than Sunday, 20th December, 2020 (5:00 p.m. IST). In case if the authorized representative attends the Meeting, the above mentioned documents shall be submitted before the commencement of AGM.
- b. In case e-mail ID of a Member is not registered with the Company/ Depository Participant(s), then such Member is requested to register/update their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) and inform KFin Technologies Private Limited at the email ID evoting@kfintech.com (in case of Shares held in physical form):
- (i) Upon registration, Member will receive an e-mail from KFin Technologies Private Limited which includes details of E-Voting Event Number (EVEN), USER ID and password.
  - (ii) Please follow all steps from **Note No. 23(a) (i) to (xii)** above to cast your vote by electronic means.

## 24. OTHER INSTRUCTIONS:

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download Section of <https://evoting.kfintech.com/> or write to email ID evoting@kfintech.com or on toll free No.: 1800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on Thursday, 17th December, 2020 (9:00 a.m. IST) and ends on Sunday, 20th December, 2020 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date Tuesday, 15th December, 2020 may cast their votes electronically.

The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

- d. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on Tuesday, 15th December, 2020, being the cut-off date. Members are eligible to cast vote only if they are holding shares as on that date.

- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-Voting, i.e. Tuesday, 15th December, 2020, he/she/it may obtain the User ID and Password in the manner as mentioned below:
- (i) If the mobile number of the Member is registered against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD <space> Folio No. or DP ID Client ID to +91 9212993399. In case of physical holding, prefix Folio No. with EVEN. Example for NSDL: MYEPWD <SPACE> IN12345612345678 Example for CDSL: MYEPWD <SPACE> 1402345612345678 Example for Physical: MYEPWD <SPACE> XXXX1234567890 (XXXX being EVEN)
  - (ii) If e-mail address or mobile number of the Member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - (iii) Member may call KFin Technologies Private Limited toll free number 1800-3454-001.
  - (iv) Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com). KFin Technologies Private Limited shall send User ID and Password to those new Members whose e-mail IDs are available.
25. **VOTING AT THE AGM:**
- a. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.
  - b. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM.
  - c. E-voting during the AGM is integrated with the VC/OAVM platform and no separate login is required for the same.
  - d. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
  - e. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting through VC/OAVM; however, these Members are not entitled to cast their vote again during the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting through VC/OAVM mode during the AGM.
26. The results shall be declared not later than forty-eight hours from conclusion of the Meeting. The results declared along with the Scrutiniser's Report will be placed on the website of the Company at [www.gardenvareli.com](http://www.gardenvareli.com) and the website of KFin Technologies Private Limited: <https://evoting.kfintech.com/> immediately after the results are declared and will simultaneously be forwarded to BSE Limited and National Stock Exchange of India Limited, where Equity Shares of the Company are listed and shall be displayed at the Registered Office of the Company.
27. **PROCEDURE FOR REGISTERING THE EMAIL ADDRESSES AND OBTAINING THE AGM NOTICE AND E-VOTING INSTRUCTIONS BY THE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES (IN CASE OF MEMBERS HOLDING SHARES IN DEMAT FORM) OR WITH KFIN TECHNOLOGIES PRIVATE LIMITED (IN CASE OF MEMBERS HOLDING SHARES IN PHYSICAL FORM):**
- i. Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
    - a. Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.

- b. Members holding shares in physical form may register their email address and mobile number with KFin Technologies Private Limited by sending an email request at the email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with signed scanned copy of the request letter providing the email address, mobile number, self-attested copy of the PAN card and copy of the Share Certificate for registering their email address and receiving the AGM Notice and the e-voting instructions.
- II. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangements with KFin Technologies Private Limited for registration of email addresses of the Members in terms of the MCA Circulars. Eligible Members who have not submitted their email address to the Company or KFin Technologies Private Limited are required to provide their email address to KFin Technologies Private Limited, on or before 5:00 p.m. (IST) on Tuesday, 15th December, 2020.  
  
The process for registration of email address with KFin Technologies Private Limited for receiving the Notice of AGM and login ID and password for e-voting is as under:
  - i. Visit the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/)
  - ii. Select the Company name viz. Garden Silk Mills Limited.
  - iii. Enter the DP ID & Client ID / Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member shall enter one of the Share Certificate numbers.
  - iv. Upload a self-attested copy of the PAN card for authentication. If PAN details are not available in the system, the system will prompt the Member to upload a self-attested copy of the PAN card for updation.
  - v. Enter your email address and mobile number.
  - vi. The system will then confirm the email address for receiving this AGM Notice. The Members may also visit the website of the Company [www.gardenvareli.com](http://www.gardenvareli.com) and click on the “email registration” and follow the registration process as guided thereafter. Please note that in case of shareholding in dematerialised form, the updation of email address will be temporary only upto AGM.
- III. After successful submission of the email address, KFin Technologies Private Limited will email a copy of this AGM Notice along with the e-voting user ID and password. In case of any queries, Members are requested to write to KFin Technologies Private Limited.
- IV. Those Members who have already registered their email addresses are requested to keep their email addresses validated/updated with their DPs / KFin Technologies Private Limited to enable serving of notices / documents / Annual Reports and other communications electronically to their email address in future.

**Registered Office:**

Tulsi Krupa Arcade, 1st Floor,  
Puna-Kumbharia Road,  
Dumbhal,  
Surat 395010.

Place: Surat

Date: 11th November, 2020

For Garden Silk Mills Limited

**Kamlesh B. Vyas**  
Company Secretary

## Statement pursuant to Section 102(1) of the Companies Act, 2013

The following Explanatory Statement sets out all material facts relating to the Special Business as mentioned under Item Nos. 3 to 6 of the accompanying Notice dated 11th November, 2020.

### Item No.3:

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, had approved the appointment of Ms. Kruti Kothari (DIN: 08502921) as an Additional Director designated as Independent Woman Director with effect from 23rd March 2020 in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof, for the time being in force), to hold office for a term of 5 (five) consecutive years from 23rd March, 2020 to 22nd March, 2025, not liable to retire by rotation, subject to the approval of the Members.

Ms. Kruti Kothari is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as Director of the Company. The Company has also received a declaration from Ms. Kruti Kothari that she meets the criteria of independence as prescribed under Section 149 read with Schedule IV to the Act and the Listing Regulations.

The Company has received a notice in writing from a Member pursuant to Section 160 of the Act, proposing the candidature of Ms. Kruti Kothari for the office of Director of the Company, to be appointed as such under the provisions of Section 149 of the Act.

In the opinion of the Board, Ms. Kruti Kothari fulfils the conditions for appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the Management.

Ms. Kruti Kothari holds membership of The Institute of Chartered Accountants of India (ICAI). She has work experience in service industry and consulting field. She also holds Diploma in IFRS from ACCA, UK and also has post qualification experience of about 6 years in Auditing, Taxation, Accounting and Management Consulting.

Copy of the draft letter for appointment of Ms. Kruti Kothari as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on any working day, excluding Saturday and Sunday upto the date of this meeting.

Details of Ms. Kruti Kothari are provided in the 'Annexure' to the Notice. Pursuant to the provisions of Regulation 16(i) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and (ii) Secretarial Standard on General Meeting issued by the ICSI, she shall be paid remuneration by way of sitting fees for attending meetings of the Board or Committees thereof, reimbursement of expenses for participating in the Board and other meetings.

Mr. Kruti Kothari is interested in the Resolution set out at item No.3 of the Notice with regard to her appointment. Relatives of Mr. Kruti Kothari may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.3 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Ordinary Resolution set out at item No.3 of the Notice for the approval of the Members.

## Item No.4:

At the 38th Annual General Meeting of the Company held on 20th September, 2017, the shareholders of the Company had approved the appointment of Mr. Sanjay S. Shah as Wholetime Director designated as Executive Director of the Company for a period of three years with effect from 1st July, 2017. The current tenure of Mr. Sanjay S. Shah as Wholetime Director designated as Executive Director expires on 30th June 2020. As per the provisions of the Companies Act, 2013 ("the Act") Wholetime Director or Managing Director may be re-appointed not later than one year before the end of expiry of his term.

As per section 197 of the Act, in case a company has no profits or inadequate profit, the Company shall pay remuneration to managerial personnel in the manner as prescribed under Schedule V of the Act with the necessary approval of members. Further, if the Company has defaulted in payment of dues to any bank or public financial institution, prior approval of the bank or public financial institution concerned or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval of members in the general meeting.

Mr. Sanjay S. Shah is B.A. from Essex University, U.K. has expertise in the field of Yarn Preparatory and Weaving. He possesses wide experience in overall business management particularly with regard to textile industry and has more than three decades of experience in Senior Corporate Management. With his efforts today the Company has been able to prosper with a well-qualified team in weaving segment. During these years, he has performed the functions exceedingly well by assisting the Company in HRD and Administrative matters also.

During his tenure as Executive Director Mr. Sanjay S. Shah has contributed valuable suggestions towards improvement of production and productivity, optimising the operational efficiency with technology upgradation. He has been actively involved in the business policy decisions of the Company.

Taking into consideration his profile and experience, the responsibilities shared by him and the industry benchmarks, the Board of Directors of the Company (the 'Board'), at its meeting held on 17th June, 2020 has, subject to the approval of members, re-appointed Mr. Sanjay S. Shah as Wholetime Director designated as Executive Director of the Company for a period of 3(three) years i.e. with effect from 1st July, 2020 up to 30th June, 2021 at a remuneration recommended by the Nomination and Remuneration Committee and approved by the Board in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013. Further, in accordance with the provisions of section 197(1) read with Schedule V of the Act, the Company had submitted a request to the secured creditor namely Invent Assets Securitisation & Reconstruction Pvt. Ltd. seeking their prior approval for re-appointment of Mr. Sanjay S. Shah for a period of 3 years w.e.f. 1st July, 2020. In response to the Company's request, the secured creditor granted their no objection to the re-appointment of Mr. Sanjay S. Shah for a period of 1 year with effect from 1st July, 2020.

It is therefore proposed to seek the members' approval for the aforesaid re-appointment and remuneration payable to Mr. Sanjay S. Shah. The salient features of the terms and conditions of and remuneration payable to Mr. Sanjay S. Shah as set out in the draft agreement are as follows:

**i) Salary: Upto Rs.5,00,000/- per month.**

**ii) Perquisites and Allowances:**

- (a) in addition to the salary as above, Mr. Sanjay S. 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, Mr. Sanjay S. 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 Wholetime 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 Wholetime 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 travelling, 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, Mr. Sanjay S. 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:**

- (a) 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 Wholetime Director will be under the overall authority of the Managing Director.
- (b) 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.
- (c) The Executive Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (d) 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.

Further, pursuant to the provisions of Section 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration shall be placed for the approval of the Shareholders in the Annual General Meeting.

Mr. Sanjay S. 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 appointment. Mr. Sanjay S. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.



The draft agreement between the Company and Mr. Sanjay S. 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.

Brief profile of Mr. Sanjay S. Shah and information in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of re-appointment of Mr. Sanjay S. Shah is mentioned in the annexure which forms part of this notice.

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, are given below and forms part of this notice.

The above may be considered as a written Memorandum setting out the terms, conditions of re-appointment and remuneration of Mr. Sanjay S. Shah in terms of Section 190 of the Act.

Pursuant to sections 196, 197 and all other applicable provisions of the Act 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] read with Schedule V of the Act, the appointment of and remuneration payable to Mr. Sanjay S. Shah is now being placed before the Members at the Annual General Meeting for their approval by way of Special Resolution.

Statement as required under Section II of Part II of Schedule V to the Act giving details in respect of re-appointment of Mr. Sanjay S. Shah as Wholetime Director designated as Executive Director of the Company.

## I General Information:

### (1) Nature of Industry:

The Company belongs to the GARDEN VARELI Group. The Company is one of India's leading and most reputed companies. It is a vertically integrated textile company operating in the man-made textiles that manufactures and sale wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (grey) Fabric as well as Dyed and Printed Sarees and Dress Materials.

### (2) Date or expected date of commencement of commercial production:

The Company started commercial production in the year 1979.

### (3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not applicable as the Company is an existing Company.

### (4) Financial performance based on given indicators – for the year ended 31st March 2020:

Particulars	(Rs in Crore)
Total Revenue (Net)	2877.09
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	61.86
Less: Finance Costs	202.14
Profit/(Loss) before Depreciation and Tax	(140.28)
Depreciation and Amortization	67.32
Profit/(Loss) before Tax	(207.60)

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

	(Rs in Crore)
Income from Export Sales - 2019-20	420.15
Net Foreign Exchange collaborations	NIL

## **(6) Foreign Investments and collaboration, if any:**

The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

## **II Information about the Appointee:**

### **(a) Background details:**

Mr. Sanjay Shah who is B.A. from Essex University, U.K. has expertise in the field of Yarn Preparatory and Weaving. He possesses wide experience in overall business management particularly with regard to textile industry and has more than two decades of experience in Senior Corporate Management.

### **(b) Past Remuneration: Rs.55.45 Lacs**

The above remuneration excludes contribution to Provident Fund and Superannuation. The remuneration has been paid in compliance with the Companies Act, 2013.

### **(c) Recognition and Awards: Nil**

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

Mr. Sanjay S. Shah directs the overall affairs and operations of the Vareli Plant of the Company. He has wide exposure and knowledge in technical feasibility in respect of fabric segment. With his efforts today the Company has been able to prosper with a well-qualified team in weaving segment. During these years, he has performed the functions exceedingly well by assisting the Company in HRD and Administrative matters also.

In consideration of the performance of Mr. Sanjay S. Shah as Executive Director of the Company over the years, the Board of Directors of the Company in their Meeting held on 17th June 2020 approved the terms of his re-appointment and the remuneration as recommended by the Nomination and Remuneration Committee of Mr. Sanjay S. Shah for a period of 3 (three) years with effect from 1st July 2020 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals. In accordance with the provisions of section 197(1) read with Schedule V of the Act, the secured creditor namely Invent Assets Securitisation & Reconstruction Pvt. Ltd. granted their no objection for re-appointment of Mr. Sanjay S. Shah for a period of 1 (one) year. Accordingly, Mr. Sanjay Shah is proposed to be re-appointed for a period of 1 (one) year w.e.f. 1st July, 2020.

### **(e) Remuneration proposed:** Details of the remuneration which is proposed to be paid to Mr. Sanjay S. Shah as Wholetime Director designated as Executive Director of the Company with effect from 1st July 2020 has been fully set out in the Special Resolution at item No.4.

### **(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:**

Beside the remuneration proposed, Mr. Sanjay Shah does not have any pecuniary relationship with the Company. Mr. Sanjay Shah forms part of the Promoter Group of the Company. Mr. Sanjay Shah, Wholetime Director holds 689660 Equity Shares which constitute about 1.64% of the paid equity share capital of the Company.

## **III Other Information:**

### **(a) Reasons of loss or inadequate profit:**

The operating margins of the Company have been relatively weak over the last few years. This has been due to large volatility in prices of raw materials and finished goods, sluggish domestic demand growth (especially rural), weak global conditions, large capacity additions by industry players and dumping of goods from China. The effect of a debt burden is also one of the reasons for the Company not being able to show its performance with its potential.

In view of above facts, the overall financial performance of the Company was subdued leading to negative PAT.

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

The Company has embarked on a series of operational measures i.e. expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premier producer and wider distribution network for its products are also expected to enable the Company to position itself during adversities. The Company has also planned to address the issue of productivity and improve operating margin by further reducing the costs. The Company has emerged as a leader in specialty chips for polyester film industry as well as in cationic, fine denier, mother yarn, nylon and spandex-based yarns.

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

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 by the Company for rationalisation of manufacturing expenses and other initiatives, the Company expects improvement in performance over the medium to long-term.

The Company has also strategically planned to address the issue of productivity and increase operating profit and has put in place measures to reduce costs and improve the margins.

It is difficult to forecast the productivity and profitability in measurable terms especially due to Covid-19 pandemic. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average once the overall economy improves.

## **IV Disclosures:**

1. Remuneration package of the managerial person: As detailed in the explanatory statement which forms part of the Notice.
2. Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2019-20: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2019-20 of the Company.

Save and except Mr. Sanjay S. Shah, and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ('KMP') 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.

The Board recommends the Special Resolution set out at item No.4 of the Notice for the approval of the Members.

## **Item No.5:**

The tenure of Mr. Sunil S. Sheth (DIN: 00024033) as an Independent Director on the Board of the Company expires on 8th September, 2020.

In terms of Section 149 read with Schedule IV to the Act and relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), an Independent Director shall be eligible to be re-appointed for second term of maximum five consecutive years, on the basis of report of performance evaluation done by the Board and approval of Members by way of Special Resolution to be passed at a General Meeting.

Mr. Sunil S. Sheth (aged 68 years) holds Doctorate in Physics from Columbia University, USA. He is having wide exposure and specialisation in energy saving devices and rendering his professional services as consultant in telecommunication system and power plants etc. He was first appointed as a Director on the Board of the Company on 13th August, 2014.

Mr. Sunil S. Sheth does not hold any equity share in the Company and he is not related to any other Director and Key Managerial Personnel of the Company.

The Company has received his consent to act as a Director of the Company in the prescribed Form DIR-2 and a declaration in the prescribed form DIR-8 that he is not disqualified from being appointed as Director of the Company and also a confirmation that he meets the criteria of independence as specified in sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and is also independent of the management of the Company. He has also confirmed that he was not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member for proposing the candidature of Mr. Sunil S. Sheth for the office of an Independent Director of the Company at the ensuing Annual General Meeting.

Based on the recommendations of Nomination and Remuneration Committee, at the meeting held on 31st July, 2020, the Resolution Professional, Directors and Key Managerial Personnel of the Company, reviewed the performance evaluation of Mr. Sunil S. Sheth and unanimously acknowledged his knowledge and wide experience of over two decades and his valuable contribution as Independent Director, made during his first term with the Company. At the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020, Mr. Sunil S. Sheth was re-appointed as an Independent Director of the Company for the second term upto 4 (four) years w.e.f. 9th September, 2020 upto 12th August 2024, subject to approval of the Members of the Company.

Details of Mr. Sunil Sheth are provided in the 'Annexure' to the Notice. Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and (ii) Secretarial Standard on General Meeting issued by the ICSI, he shall be paid remuneration by way of sitting fee for attending meetings of the Board or Committees thereof, reimbursement of expenses for participating in the Board and other meetings.

Mr. Sunil Sheth is interested in the Resolution set out at item No.5 of the Notice with regard to his appointment. Relatives of Mr. Sunil Sheth may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel 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 Statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Resolution Professional, Directors and Key Managerial Personnel of the Company recommend the Special Resolution set out at item No.5 of the Notice for the approval of the Members.

## Item No.6:

The Company is directed under the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of cost records conducted by a cost accountant. Further, in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

On the recommendation of the Audit Committee at its Meeting held on 30th July, 2020, the Resolution Professional, Directors and Key Managerial Personnel of the Company at their meeting held on 31st July, 2020, approved the appointment of M/s. Smit Desai & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 at a remuneration of Rs.2,00,000/- plus applicable taxes and reimbursement of out of pocket expenses.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No.6 of the accompanying Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2021.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.6 of the Notice for approval of the Members.

The Resolution Professional, Directors and Key Managerial Personnel of the Company recommend the Ordinary Resolution set out at Item No.6 of the Notice for ratification by the Members.

## Registered Office:

Tulsi Krupa Arcade, 1st Floor,  
Puna-Kumbharia Road,  
Dumbhal,  
Surat 395010.

Place: Surat

Date: 11th November, 2020

For Garden Silk Mills Limited

**Kamlesh B. Vyas**  
Company Secretary

## DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Regulation 26(4) and 36(3) of Listing Regulations and Secretarial Standards-2 on General Meetings)

Name of the Director	Ms. Kruti Kothari (Non-Executive Independent Director)	Mr. Sanjay S. Shah (Executive Director)	Mr. Sunil S. Sheth (Non-Executive Independent Director)
<b>DIN</b>	08502921	00024004	00024033
<b>Date of Birth</b>	23/06/1992	19/02/1956	27/05/1952
<b>Age</b>	28 years	64 Years	68 Years
<b>Date of first appointment on the Board</b>	23/03/2020	19/02/1990	13/08/2014
<b>Qualification</b>	B.Com., A.C.A.	B.A. (Essex University) U.K.	Doctorate in Physics from Columbia University, USA
<b>Expertise in specific functional areas</b>	An Associate Member of the Institute of Chartered Accountants of India (ICAI) and graduate in commerce. She is having more than 5 years of experience in direct tax, audit and management consultancy related work and expertise in IFRS assignment.	Well known industrialist having more than 30 years of experience in the business of manmade textiles.	Professional consultant in telecommunication and energy saving device.
<b>Terms and conditions of appointment or re-appointment</b>	Appointed for a period of five years from 23/03/2020 to 22/03/2025.	Appointed for a period of one year from 01/07/2020 to 30/06/2021.	Appointed for a period of four years from 09/09/2020 to 12/08/2024.
<b>Details of remuneration last drawn# (FY 2019-20)</b>	Nil	Rs.55,44,648/-	Sitting Fees: Rs.2,05,000/-
<b>Directorship in other Public Companies (excluding foreign companies and Section 8 companies)</b>	Surat Textile Mills Limited	Kashah Investments Limited	Nil
<b>Memberships / Chairmanship of committees in other public limited companies</b>	Surat Textile Mills Limited Audit Committee – Chairman	Nil	Nil
<b>No. of Board Meetings attended during the year</b>	Nil	4	6
<b>Relationship with other Directors and KMPs</b>	None	None	None
<b>Number of shares held:</b>			
<b>(a) Own</b>	Nil	689660	Nil
<b>(b) For other persons on a beneficial basis</b>	Nil	Nil	Nil

## BOARD'S REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

In accordance with the provisions of the Insolvency and Bankruptcy Code 2016 ('IBC / Code'), the Corporate Insolvency Resolution Process ('CIRP Process') of Garden Silk Mills Limited ('Company') was initiated by Invent Assets Securitization and Reconstruction Private Limited, the assigned financial creditor of the Company. The Financial Creditor petition to initiate the CIRP process was admitted by the National Company Law Tribunal ('NCLT') on 24th June, 2020 ('CIRP Commencement Date'). Mr. Kuresh Khambati was appointed as Interim Resolution Professional ('IRP') by the NCLT to manage the affairs of the Company. Mr. Kuresh Khambati was confirmed as the Resolution Professional ('RP') by the Committee of Creditors ('COC'). On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended.

Further, in compliance with the provisions of Section 134(3) of the Companies Act, 2013, a report containing the details and information on the performance of the Company as required to be disclosed in the Board's Report to the shareholders of the Company is provided hereunder. The Management's Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report.

This report was discussed in a meeting held with the Key Managerial Personnels and thereafter taken on record by the Resolution Professional. Accordingly, the report for the financial year ended 31st March, 2020 is as under:

### Financial Highlights

The financial performance of the Company for the financial year ended 31st March, 2020 is summarised below:

(Rs. in Crore)

Particulars	2020	2019
Revenue from Operations	2877.09	3488.50
Other income	3.55	19.38
Operating Profit / EBITDA (including other income)	61.86	190.63
Less: Finance Costs	202.14	204.10
Profit / (Loss) before Depreciation & Impairment Losses	(140.28)	(13.47)
Less: Depreciation & Impairment Losses	67.32	72.84
Less: Exceptional Items	0.00	3.46
Profit / (Loss) before tax	(207.60)	(89.77)

\* Previous year figures have been recast / restated.

### Review of Operations

Owing to the orders issued by Government of India/State Government/Local Administration for containment of COVID-19 in the country, directing nationwide lock down in the entire country w.e.f. 25th March,2020, and in consideration of the safety of our workers, staff and the surrounding community as well of the continuous process plants, the Company was compelled to shut down its manufacturing facilities at Village Jolva and Village Vareli, Taluka Palsana, Dist. Surat, Gujarat, in a phased manner.

Revenue from operations for FY 20 declined by 17.53% year-on-year (YoY) at Rs.2877.09 Crore for FY20 as compared to Rs.3488.50 Crore in the previous fiscal owing primarily to a significant fall in product prices owing to the material fall in international PTA and MEG prices. Your Company's income from export sales fell to Rs.420.15 Crore in FY20 as compared to Rs.1094.80 Crore in the previous year. The impending assignments of debt of the Company's lenders resulted in

reduced working capital facilities. The need to reduce the working capital cycle compelled the Company to increase sales in the domestic market instead.

The Company achieved EBITDA (including other income) for FY20 at Rs.61.86 Crore against Rs.190.63 Crore in FY19. The profitability was impacted by a curtailment of working capital availability, including export bill discounting facility, which resulted in being forced to reduce profitable chips exports and focus instead on the oversupplied domestic chips market. The early part of FY20 was looking to be very positive but the Company was unable to capitalize adequately owing to a severe supply shortage of domestic PTA. As the year progressed the unusually large raw material volatility and fall in prices resulted in not just inventory losses but also lower margins as finished prices tend to fall in anticipation of local raw material prices falling. The Covid related fall in international prices at the end of the year was severe and resulted in inventory losses along with the forced shutdown in March 2020.

Despite the volatility in raw material prices the demand for polyester filament yarn continued to grow during FY20 though the high competitive intensity continued to keep industry margins in check.

Finance costs for FY20 were similar to the previous year. The subdued performance coupled with high finance costs once again led to negative PAT for the Company.

The overall production of chips and polyester melt was higher at 327305 MT during FY20 as compared to 323360 MT in FY19. Despite the shutdown taken in March, the Company achieved the highest production of polyester chips and melt in 7 years that is since the shutdown taken of CP3. In volume terms, sale of chips for FY20 declined to 166656 MT from 172398 MT in the previous year. In value terms, sale of chips for FY20 declined to Rs.1129.62 Crore as compared to Rs.1423.32 Crore in the previous year.

During FY20, the average capacity utilisation level in our Polyester Filament Yarn (PFY) including processed yarn plants were maintained at a high level despite the Covid-related shutdown. The PFY production during FY20 was at 173838 MT as compared to 172673 MT in the previous year. The volume of sale of PFY increased in FY20 at 183897 MT as compared to 174193 MT in previous year.

Owing to lower price realisation in POY and processed yarn, sales of yarn declined to Rs.1624.45 Crore in FY20 as compared to Rs.1897.91 Crore in the previous year.

There was a sharp fall in sale of grey and finished fabrics. During FY20 sale of grey and finished fabrics fell to Rs.37.23 Crore and Rs.53.02 Crore respectively in FY20 as compared to Rs.66.79 Crore and Rs 66.40 Crore respectively in previous year. The Company curtailed the production during the year partly to avoid inventory losses due to volatility of prices of raw material as well as finished goods. Our finished fabric division last year saw a number of large customers shrink sales owing to their financial and market conditions.

The Company continues its leadership in specialty yarns like cationic, fine denier, mother, nylon, melange and spandex-based yarns as well in specialty chips for the polyester film industry

The short-term impact of Covid on the polyester textile industry has been substantial. Besides the lockdowns that have forced people to restrict activities outside the home, the fear of the virus has also restrained people from working in offices, travelling for work or leisure, and importantly has affected social gatherings and events of all kinds. All these significantly affected the immediate demand for polyester textiles. Once the health concerns about the virus have abated and restrictions on business and people have been removed, the demand for polyester is widely expected to normalize.

The value proposition of polyester in thrifty times may only speed up a long-term underlying global and local trend replacing costly natural fibres. The low cost of international oil has resulted in low raw material costs that will only support demand. As low interest rates are eventually passed on to small manufacturers and traders credit will increase and greatly support the SME-driven textile industry which has already incurred the one-time impacts of demonetization, introduction of GST and now Covid. We remain very positive about the long-term prospects of the polyester industry.

## Dividend

Considering the loss incurred by the Company, your Directors do not recommend any dividend on equity shares for the financial year 2019-20.

## Transfer to Reserves

In absence of distributable profits / earnings, it is not proposed to transfer any amount to reserves for the financial year 2019-20.

## Nature of Business

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

## Corporate Insolvency Resolution Process (CIRP)

A Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Company vide an order of the National Company Law Tribunal Ahmedabad Bench ('NCLT') in the matter CP(IB) 453 of 2018 on 24th June, 2020 under the provisions of the Insolvency and Bankruptcy Code, 2016 ('Code'). Pursuant to the order, the powers of the Board of Directors stand suspended and are exercisable by Mr. Kuresh Khambati, who was appointed as Interim Resolution Professional (IRP) by the NCLT and was consequently confirmed as Resolution Professional (RP) by the Committee of Creditors (COC).

As per the Code, the RP has to receive, collate and admit all the claims submitted by the creditors of the Company. Such claims can be submitted to the RP during the CIRP, till the approval of a resolution plan by the COC. The RP is still in the process of collating and verifying such claims, as and when they are received, and shall subsequently admit such verified claims against the Company as per the Code. Pending admission of the claims received, the impact of such claims, if any, that may arise has not been considered in the preparation of the audited financial statements.

## Going Concern Status

During the year, the company has incurred a net loss increasing its negative retained earnings as at 31st March, 2020, wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth.

The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and submission of a viable resolution plan by the prospective investor. Upon the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the Company as a going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. In view of the aforesaid details and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis.

## Resource and Liquidity

The Company had term loan, working capital and other financing arrangements from certain banks and other lenders. All these lenders had declared their arrangements with the Company as non-performing asset since the Company had defaulted in repayment of principal, interest and other penal dues.

A Deed of Assignment of Debt has been executed on 4th February, 2020 between Invent Assets Securitization and Reconstruction Private Limited (ARC) (hereinafter referred to as the "Assignee") and the consortium lenders of the Company (hereinafter referred to as the "Assignors") whereby the consortium debt of Rs.1679.87 Crore payable by Garden Silk Mills Limited has been assigned in favour of the Assignee i.e. ARC. The said Deed of Assignment of Debt, describing the terms and conditions of assignment, has been registered with the appropriate authority on 4th February, 2020. The necessary forms and the documents for modification of charge in favour of the assignee have been filed with Ministry of Corporate Affairs (MCA) on 28th July, 2020.



In view of the various restrictions due to Covid-19 pandemic, there have been constraints in obtaining complete and correct information from Invent ARC. In light of the above, outstanding balances are subject to reconciliation/adjustments.

During major part of the year FY 20, your Company's accounts remained a "non-performing asset" (NPA) with all the consortium lenders. Since majority of the lenders significantly curtailed working capital availability, the operating margins were adversely affected.

Despite these challenges, your Company during FY20 repaid Rs.14.40 Crore towards principal component of term loans from banks and financial institutions. Moreover, the total outflow towards debt servicing including interest and other financial charges during the year 2019-20 amounted to Rs.131.96 Crore.

Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and back up lines of credit to run its polyester plants at a relatively high utilization level.

Your Company is not a "Large Corporate" as per the criteria under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018. The necessary declaration / undertaking has been submitted by the Company to the stock exchanges.

## Overview of the economy

### Indian economy

India's economy slowed down to 3.1% in Q4 on the back of the coronavirus pandemic superimposed on a prolonged slowdown. Economic growth slowed to an 11-year low of 4.2% in 2019-20 against 6.1% expansion in 2018-19. Risk aversion within the financial sector and concerns about its health led to weak supply of credit which is the lifeline of the economy. On the domestic front both private consumption and private investment showed material weakness in FY20 and are expected to remain vulnerable in FY21 also owing to Covid. Global GDP also slowed to 2.9% in 2019 reducing external support to the country resulting in weak exports in FY20.

A country-wide lock down was enforced by the government in late March 2020 due to the COVID-19 pandemic. Manufacturing and services activity came to a grinding halt, resulting in unprecedented degrowth in demand.

The Government of India has responded to the economic fallout by announcing stimulus packages and liquidity easing measures to fuel the economic activity. The RBI has also provided enormous and timely monetary support. The lockdown is being removed in a phased manner and efforts are being made to revive the manufacturing, services and other productive activities.

### Industry Scenario

During the year under review, the demand for Polyester Filament Yarn grew briskly, yet the margins remained subdued owing to the excess supply overhang and the substantial fall in raw material prices.

India is the second largest producer of polyester yarn in the world and is expected to continue to be one of the fastest growing manufacturers of polyester. Demand for polyester textiles all over the world is increasing and also continues to substitute cotton owing to the value proposition of polyester as well as changes in global fashion trends.

India is presently adequately supplied in terms of availability of high quality polyester raw materials / feedstock. In the recent Union Budget announcement, the Government abolished anti-dumping duty on PTA thus reducing the cost of feedstock.

The economy as a whole and the textile industry in particular are staring at lower domestic and international demand mainly due to lockdown and concerns about widespread social interaction owing to the health risks, but also due to anticipation of recession and job losses, shortage of workmen due to migration etc. Demand is expected to meaningfully normalize, once Covid has abated and restrictions on activities are lifted.

For the Polyester industry, the main raw materials are Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG). These are derivatives of petrochemical industry. Any change in crude oil price affects the prices of feedstocks PTA and MEG.

## Opportunities, Challenges, Threats, Risks and Concerns

Once the effects of Covid have abated, we expect to see improving utilisation levels and margins in the industry and for the Company. The market share of polyester filament yarn based textiles is expected to continue rising and may receive a further boost post-Covid. Import of raw materials has been minimised owing to better alternatives with local PTA and MEG suppliers who have undertaken capacity expansion. The Company's strategic location in the heart of the textile industry of Surat and close to Hazira Port minimizes logistics costs and infrastructural weakness.

Yet it may be acknowledged that the Indian textile & clothing industry has been facing challenges in the aftermath of demonetization, GST implementation, global economic slowdown, and recently, the Coronavirus outbreak in India and around the world. The downstream sector dominated by small and medium-sized enterprises has been plagued by financial tightness. Yet, it is believed these are one-off or temporary set-backs and will have little bearing of final consumer demand going forward.

While it is difficult to estimate the definitive impact of COVID-19 on the business beyond Q1-FY21, the economy is expected to see significant temporary demand constraints. These are primarily driven by reduced social interactions, stagnant or lower household incomes and heightened uncertainty. Further, rising risk aversion among banks and NBFCs has meant reduced credit to SMEs which form the bedrock of the textile trade.

On the supply side, there are challenges in the short term, owing to reduced migrant labour availability, limited working hours in factories and textile markets, restricted credit availability and costly adherence to COVID-19 safety norms. Having said that, production at the suppliers' end is resuming gradually. Also it appears that the agriculture sector will be relatively less impacted, supported by several positive factors such as record Rabi production, higher Government procurement, announcement of higher MSPs for the next Kharif crop, outlook of a normal monsoon and record reservoir levels. This should favourably support rural demand which has been a pillar of the polyester industry.

In the textile and garments industry, the preferences of the customers undergo rapid changes. Moreover the consumer is always seeking something new. The Company has an experienced sales and technical team which cooperate for product innovation and flexible production and is well-positioned to respond to changing customer needs. The company has a strength in specialty products and is also perceived to be a quality and price leader across its product segments.

## Business Outlook

The post-Covid outlook for the industry and the Company can be viewed with cautious optimism.

Low oil prices, reduced cost of government debt and generally lower interest rates, high foreign exchange reserves, moderate external debt and a responsive RBI provide a strong macroeconomic backdrop for the economy. The Covid crisis also looks to be focusing minds in the government towards much needed reform.

Very low prices of oil have driven down prices of PTA and MEG raw material which will greatly support demand once the economy is fully unlocked. Moreover, with abolition of anti-dumping duty on PTA local prices would be better still increasing the competitiveness of Indian polyester producers.

However, the outlook is heavily contingent upon the intensity, spread and duration of the pandemic.

## Financial Performance

### Operational and Financial Performance

Total gross sales of the Company for FY 20 declined by 17.53% at Rs.2877.09 Crore as compared to Rs.3488.50 Crore in FY 19 due to the lower industry volumes, further accentuated by COVID-19 lockdown from 25 March, 2020 which resulted into abrupt closure of business activities impacting sales and despatch of the products.

During the year FY 20 there was a sharp decline in the EBITDA at Rs.61.86 Crore as compared to Rs.190.63 Crore in the year FY 19.

## Material cost

The material cost as a percentage of revenue has increased marginally from 75.88% in the previous year to 76.80% in the current year.

## Energy Cost

Power and Fuel cost for FY20 constituted 7.12% of total expenses. Optimizing power and fuel costs is one of the major drivers for improving the Company's operational performance. The Company constantly endeavors to reduce costs by judicious procurement of relatively lower cost fuel, higher use of cheaper coal and use of alternative fuels.

## Finance costs

The interest expense for the year ended 31 March, 2020 is at similar levels as previous year.

## Employee benefits expense

The employee benefits expense or personnel cost as a percentage of revenue has increased from 3.62% in the previous year to 4.29% in the current year.

Overall employee costs during the year decreased by 2.17%. The decrease is due to continual efforts to improve productivity and optimize employee cost.

## Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expenses for the year ended 31st March, 2020 are as at similar levels as previous year.

## Other expenses

Other expenses as a percentage of revenue has increased from 15.59% in the previous year to 16.88% in the current year. Stringent fixed cost optimization saw savings in many fixed cost elements.

## Segment Revenue

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

(Rs in Crore)

Particulars	Within India		Outside India		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Segment Revenue - Geographic Segment by Location of Customer	2456.94	2393.70	420.15	1094.80	2877.09	3488.50

## Subsidiary, Joint Venture and Associate Companies

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2020. Accordingly, the requirements pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is not applicable.

## Indian Accounting Standard (Ind AS)

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') from 1st April, 2017 with a transition date of 1st April, 2016. The financial results of the Company for the year 2019-20 have been

prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards - Ind AS) Rules 2014 as amended and other recognised accounting practices and policies to the extent applicable.

These audited financial statements have been prepared by the management of the Company and certified by Managing Director / Wholetime Director and CFO of the Company. The RP has relied upon the assistance provided by the members of the Audit Committee in review of the financial statements and certifications, representations and statements made by Managing Director / Wholetime Director and CFO of the Company in relation to these Audited Financial Statements. The RP has approved these Audited Accounts only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code.

## Corporate Governance

Your Company reaffirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 'C' of Schedule V on Annual Report pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance forms part of the Annual Report as '**Annexure G**'.

A certificate from M/s Sharp and Tannan, Statutory Auditors of the Company confirming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to Report on Corporate Governance. The auditor's certificate for the year 2019-20 does not contain any qualification, reservation, adverse remark or disclaimer.

## Consolidated Financial Results

The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down in FY 2019 and the said Company is not in existence. Accordingly, preparation of consolidation of financial results as stipulated by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015') is not applicable.

## Directors and Key Managerial Personnel

### Directors

At the 40th Annual General Meeting of the shareholders of the Company held on 25th September, 2019, Mr. Praful A. Shah (DIN: 00218143) Managing Director and Mr. Alok P. Shah (DIN: 00218180) Wholetime Directors, CFO and COO were re-appointed for a period of 3 (three) years with effect from 1st September, 2019 and 1st June, 2019 respectively.

On the recommendation of the Nomination and remuneration Committee, the Board has appointed Ms. Kruti Kothari as an Additional Non-executive Independent Woman Director of the Company with effect from 22nd March 2020, who hold office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and is eligible for appointment.

Mr. Yatish C. Parekh (DIN: 00168488) a Non-Executive Independent Director on the Board resigned from the directorship of the Company with effect from 16th July, 2019 due to his other personal commitments and prior engagements. The Directors places on record the valuable contributions made by Mr. Yatish Parekh during his tenure with the Company.

As recommended by the Nomination and Remuneration Committee and approved by the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020, Mr. Sunil S. Sheth (DIN: 00024033) has been re-appointed as an Independent Director under Section 149(10) of the Companies Act, 2013 and Listing Regulations, 2015 to hold office for further 4 (four) years for a second term with effect from 9th September, 2020 till 12th August, 2024 subject to the approval of the shareholders at the ensuing Annual General Meeting

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Sanjay S. Shah (DIN: 00024004) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

In its meeting held on 17th June, 2020, the Board of Directors, at the recommendation of Nomination and Remuneration Committee, has approved the re-appointment of Mr. Sanjay S. Shah (DIN: 00024004) as Wholetime Director designated as Executive Director of the Company for a period of 3 (three) years with effect from 1st July, 2020. However, Secured Creditor of the Company granted their approval for appointment of Mr. Sanjay S. Shah for a tenure of 1 (one) year with effect from 01/07/2020 upto 30/06/2021, subject to approval of shareholders of the Company at the ensuing Annual General Meeting.

Your Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and under Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, pursuant to Section 164(2) of the Companies Act, 2013, all the Directors have provided declarations in Form DIR- 8 that they have not been disqualified to act as a Director.

A brief resume of directors being appointed / re-appointed along with the nature of their expertise, their shareholding in your Company and other details as stipulated under Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as an annexure to the Notice of the ensuing Annual General Meeting.

## Key Managerial Personnel (KMP)

The following have been designated as the Key Managerial Personnel of the Company pursuant to

Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- (a) Mr. Praful A. Shah - Chairman and Managing Director
- (b) Mr. Alok P. Shah - Wholetime Director, Chief Financial Officer (CFO) & COO
- (c) Mr. Kamlesh B. Vyas – Company Secretary and Compliance Officer

## Independent Directors

In terms of Section 149 of the Act, Mr. Deepak N. Shah, Mr. Ketan A. Jariwala, Mr. Sunil S. Sheth and Ms. Kruti Kothari are the Independent Directors of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations and are independent from the management. They are not liable to retire by rotation in terms of Section 149(13) of the Act.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of science and technology, human resources, strategy, auditing, tax and risk advisory services, financial services, corporate governance, business management etc. and that they hold the required standards of integrity.

The Independent Directors of the Company are in the process of taking requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fee for the purpose of attending the meetings of the Board and committees of the Board of which they are the members.

## Separate Meeting of Independent Directors

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 13th February, 2020.

## The Independent Directors at the meeting, inter alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## Familiarisation Programme for Independent Directors/Non-Executive Directors

All the Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

The Directors are provided with all the documents to enable them to have a better understanding of the Company, its various operations and the industry in which it operates. Executive Directors and Senior Management provide an overview of the operations and familiarise the new Non-Executive Directors on matters related to the Company's values and commitments.

Pursuant to Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company imparted various familiarisation programmes for its Directors including Industry Outlook at the Board Meetings, Regulatory updates at Board and Audit Committee Meetings covering changes with respect to the Companies Act, SEBI Listing Regulations, Prevention of Insider Trading Regulations, Framework for Related Party Transactions, Meeting with Senior Executive(s) of your Company, etc.

Pursuant to Regulation 46, the details required are available on the website of your Company at '<https://www.gardenvareli.com/policies.aspx>'.

## Declaration by Independent Director

For the Year 2019-20, all the Independent Directors of the Company have given their declaration to the Company that they meet the criteria of independence as laid down under Section 149(7) read with Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations and affirmed compliance with Code of Ethics and Business Principles as required under Regulation 26(3) of SEBI (LODR) Regulations, 2015 (as amended). The Appointment and Tenure of the Independent Directors, including code for Independent Directors are available on the website of the Company, '<https://www.gardenvareli.com/policies.aspx>'.

## Code of Conduct for Directors and Senior Management

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2019-20. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

## Code for Prevention of Insider Trading

Your Company has adopted a Code of Conduct to regulate, monitor and report trading by designated persons and their immediate relatives as per the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company's website at '<https://www.gardenvareli.com/policies.aspx>'.

## Nomination and Remuneration Policy

As per the Policy, the remuneration / compensation to the Wholetime Directors shall be recommended by the Nomination and Remuneration Committee to the Board for its approval. However, the remuneration compensation to

Wholetime Directors shall be subject to the approval of the shareholders of the Company and other necessary approvals, wherever required. Further, the Non-Executive Directors shall be entitled to the fees for attending meetings of Board and Committees within the limits prescribed in the Companies Act, 2013.

The main objective of the said Policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMPs and Senior Management employees.

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

The said policy has been posted on the website of the Company at '<https://www.gardenvareli.com/policies.aspx>'.

## **Disclosure Relating to Remuneration of Directors and Key Managerial Personnel**

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

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

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

## **Attributes, Qualifications & Independence of Directors and their Appointment**

The Nomination & Remuneration Committee of Directors has approved a Policy for the Selection, Appointment and Remuneration of Directors, which inter-alia, requires that the Directors shall be of high integrity with relevant expertise and experience to have a diverse Board. The Policy also lays down the positive attributes, criteria while recommending the candidature for the appointment of a new Director.

Directors are appointed / re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. The initial appointment of Managing / Wholetime Director is generally for a period of 3-5 years. All Directors other than Independent Directors are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and are eligible for re-appointment.

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and the Listing Regulations.

## **Committees of Board**

Pursuant to requirement under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted various Committees of Board such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The details of composition and terms of reference of these Committees are mentioned in the Corporate Governance Report.

## **Internal audits and controls**

The Company has a strong in-house Internal Audit (IA) department, which functionally reports to the Chairman of the Audit Committee, thereby maintaining its objectivity and independence. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. Over a period of time, the IA department has acquired in-depth knowledge about the Company, its businesses, its systems and procedures.

The IA department carries out risk-focused audits across all locations, enabling identification of areas where risk management processes may need to be strengthened. Significant audit observations and corrective action plans are presented to the Audit Committee.

## Internal Financial Control System and their Adequacy

Your Company's Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by Management and approved by the Audit Committee and the Board. These Accounting policies are reviewed and updated from time to time.

The Company uses Oracle e business suite ERP systems as a business enabler and to maintain its Books of Account. The transactional controls built into the Oracle ERP systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records.

Your Company has in placed adequate Internal Financial Controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

The findings of the Internal Audit Report are reviewed by the Audit Committee of the Board and proper follow-up actions are ensured wherever required. The Statutory Auditors have evaluated the internal financial controls framework of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

Adequate internal control systems safeguard the assets of the Company with timely identification and intervention to assuage risks. The internal audit report is discussed with the Management and members of the Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures.

## Directors' Responsibility Statement

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

- (a) that in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that date;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the directors have prepared the annual accounts on a going concern basis;
- (e) that the Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Meeting of the Board of Directors

During the year 2019-20, your Company had convened and held 6 (six) Board Meetings. The Details of the Board Meeting with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI Listing Regulations.



## Performance evaluation of Board

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

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

The independent directors were highly satisfied with the overall functioning of the Board, its various committees and with the performance of Executive Directors. They also appreciated the leadership role of the Board Chairman in upholding and following the standards of corporate governance.

## Particulars of Employees and Related Disclosures

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

## Statutory Auditors

M/s Sharp and Tannan Associates, Chartered Accountants (ICAI Firm Registration No. 109983W) were appointed as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of the 38th Annual General Meeting until the conclusion of 43rd Annual General Meeting by the shareholders on such remuneration as may be determined by the Board of Directors.

The Statutory Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Audit Committee reviews the independence of the Auditors and the effectiveness of the Audit process. The Auditors attend the Annual General Meeting of the Company. The Auditors report for the financial year 2019-20 on the financial statements of the Company forms part of this Annual Report.

Explanations or comments by the Board on 'emphasis of matters' made by the statutory auditors in their report is dealt as under.

- (i) It has been observed by the Statutory Auditors that they have not received direct balance confirmation for total bank balance of Rs.200.84 Crore. In response to the same, Directors would like to submit that balance confirmation of Rs.200.84 Crore were obtained by the Company and forwarded to the auditors. However, since the banks did not directly confirm to the auditors and therefore the said qualification forms part of the Auditors Report.
- (ii) It has been observed by the Statutory Auditors that the total borrowings of Rs.1926.73 Crore, which have been transferred from various banks and other lenders to Asset Reconstruction Company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd. ('Invent ARC') are subject to reconciliation. In response to the same, Directors would like to submit that pending availability of necessary information relating to loan repayment schedule along with the interest rates from the lender, they are unable to reconcile and identify the impact.

Further with regard to Auditors' observations in Annexure A para (i) (c) of their report, the directors wish to state that for part of the land at village Jolwa included in gross block, procedure for NA is under process/pending. Hence in case of some land blocks, formal transfer of titles is also pending and can be effected subsequently, but agreements to sale have been entered into with the Company. All the land blocks referred to above are in possession of the Company.

## Cost Auditors

The Board had appointed Messrs M/s Smit Desai & Associates, Cost Accountants, (Firm Registration Number 001876) as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2019-20 on a remuneration of Rs.2.00 Lakhs plus out of pocket expenses and applicable taxes. Pursuant to Companies (Cost Records and Audits) Rules, 2014 the Cost Audit Report for the financial year 2019 was filed with the Ministry of Corporate Affairs on 13th September, 2019 vide SRN H89272173.

The Resolution Professional, Directors and Key Managerial Personnel of the Company at their meeting held on 31st July, 2020, on the recommendation of the Audit Committee, appointed M/s Smit Desai & Associates, Cost Accountants, (Firm Registration Number 001876), as the Cost Auditors of the Company for the Financial Year 2020-21 under Section 148 of the Companies Act, 2013 and has recommended their remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting.

M/s Smit Desai & Associates, have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013. The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s Smit Desai & Associates, Cost Auditors is included in the Notice convening the 41st Annual General Meeting.

## Cost Records

As per Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained.

## Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rules made thereunder at the meeting of the Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020, Mr. Piyush Patel, Chartered Accountants (ICAI Membership No.116769) was appointed as Internal Auditors of the Company, for the financial year 2020-21.

The scope, functioning, periodicity and methodology for conducting internal audit were approved by the Board of Directors and reviewed by the Audit Committee from time to time.

## Secretarial Auditor and Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Mr. Kunjal Dalal, Practising Company Secretary (CP No.3863) to carry out Secretarial Audit of the Company. The Report of the Secretarial Auditor in the prescribed form MR-3 is attached as 'Annexure E'.

## Management Response to Secretarial Auditor's observations

Your Director wish to inform you that the observations made by the secretarial Auditor are self-explanatory, need no further clarification except the following:

There was a non-compliance under Regulation 17 of SEBI (LODR) Regulations, 2015 with respect to composition of Board of Directors, consequent to resignation of a woman director on the Board since March, 2019. The Board of Directors wish to submit that delay in appointment was caused since the account of the Company was NPA and proceedings were going on in NCLT under Section 7 of Insolvency and Bankruptcy Code (IBC). Therefore, the Company was unable to identify an appropriate candidate during the intervening period.

## Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Mr. Kunjal Dalal Practicing Company Secretary (ICSI Membership No.FCS 3530) has been submitted to the Stock Exchanges and is annexed at Annexure IV to this Board's Report.

## Audit Committee

The Audit Committee comprises of 3 Independent Directors viz. Mr. Deepak N. Shah, Chairman and Mr. Sunil S. Sheth and Mr. Ketan A. Jariwala as Members. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

## Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of your Company is available on the Company's website at '<https://www.gardenvareli.com/policies.aspx>'.

## Contracts or Arrangements with Related Parties

All transactions entered into with Related Parties as defined under Section 2(76) of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, ("The Listing Regulations"), during the financial year were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the notes forming part of the Financial Statements.

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions which has been uploaded on the Company's website at '<https://www.gardenvareli.com/policies.aspx>'.

Pursuant to Regulation 23(9) of the Listing Regulations your company has filed half yearly report on Related Party Transactions with the stock exchanges.

No material related party transactions (transactions crossing 10% of sales) were entered into during the financial year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for FY 2019-20.

All transactions with related parties were reviewed and approved by the Audit Committee.

The Company has formulated a Policy on Related Party Transactions and manner of dealing with related party transactions which is available on the Company's website at '<https://www.gardenvareli.com/policies.aspx>'.

## Reporting of Frauds

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in this Report.

## Energy, technology and foreign exchange

Information on the conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to the provisions of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, which is marked as 'Annexure A' and forms part of this report.

## Prevention of Sexual Harassment ('POSH')

The Company has constituted an Internal Complaints Committee under section 4 of the Sexual Harassment of women at workplace (Prevention, prohibition and Redressal) Act, 2013. During the year no complaint was filed before the said Committee.

The Company has a Policy on "Prevention of Sexual Harassment of Women at Workplace" and matters connected therewith or incidental thereto covering all the aspects as contain under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

The Policy of the "Prevention of Sexual Harassment of Women at Workplace" of the Company is available on the website of the Company at '<https://www.gardenvareli.com/policies.aspx>'.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee comprises of Mr. Sunil S. Sheth as the Chairman, Mr. Ketan Jariwala and Mr. Suhail P. Shah as Members.

The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013.

The CSR Committee met on 23rd March, 2020 to review the Corporate Social Responsibility Policy. For the financial year 2019-20, as the average profits for the last three years is negative, the requirements for spending based on average profits is not applicable. However, the Company has voluntarily spent an amount of Rs.0.83 Lakhs towards various education promotion and social welfare related programs during the year.

Towards the end of the financial year, the Company took various initiatives towards financial, medical and community support in the fight against Covid-19 pandemic. This included financial support towards the relief funds of local authorities.

Corporate Social Responsibility Report, pursuant to clause (o) of sub section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 including salient features mentioned under outline of Company's CSR policy forms part of this Report as 'Annexure B'.

The CSR Policy of the Company is available on the website of the Company at '<https://www.gardenvareli.com/policies.aspx>'.

## CEO and CFO certification.

Pursuant to the Listing Regulations, Managing Director and CFO Certification is attached with Annual Report. Managing Director and CFO also provide quarterly certification on financial results, while placing the financial results before the Board in terms of the Listing Regulations.

## Nodal Officer

During the year under review, Mr. Kamlesh B. Vyas, Company Secretary has been appointed as Nodal Officer of the Company under the provisions of IEPF and details of Nodal Officer are available on the website of the Company at '<https://www.gardenvareli.com/policies.aspx>'.

## Health, safety and environment

Your Company believe that organisations' sustainability is directly proportional to the safety, health and environment management. We endeavour to demonstrate environmental and social responsibility at every step.

We are devoted to benefit communities – workforce, public and environment. Our safety, health and environment objectives include complying with all applicable laws relevant to the industry. The Management believes in sharing responsibility throughout the hierarchy in conforming to the existing laws.

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

Your Company has adopted several measures to maintain ecological balance in and around our production facilities – particularly with regard to solid hazardous waste management.

Polymer waste is sold to authorised parties for reuse and we ensure that hazardous wastes reach the registered recyclers. We sustained our various efforts to protect the environment.

## Industrial Relations / Human Resources

The industrial relations scenario continued to be largely positive across the manufacturing locations. Significant emphasis was also laid towards raising awareness on health and wellness of employees through annual medical check-ups and health awareness activities.

In line with the 'Go Green' philosophy, your Company is continuously adopting new techniques to eliminate and minimise the overall environmental impact. 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 strength of permanent employees as on 31st March, 2020 was 4351 Nos.

## Certifications/Recertifications

All Plants of your Company have obtained certification under standard ISO 45001: 2018 and recertification of ISO 14001: 2015. Further, all plants are in the process of implementing, Integrated Management System (IMS), along with adopting the updated standard ISO 45001:2018.

The Company revises its targets under SOH&E year on year, and the performances against these targets are reviewed periodically by senior management. Focused initiatives involving all stakeholders coupled with management reviews have helped to improve the SOH&E performance of your Company in the period 2019-20.

## Information Technology

To ensure smooth operations during the COVID-19 Pandemic, extended the VPN functionality to key Users across all functional areas. This has led to a safer and efficient way of handling critical operations during pandemic.

SUN servers which were hosting Oracle ERP had got absolute as it were running for more than nine years. Those servers were replaced with more efficient IBM servers. Entire migration of ERP from SUN servers to IBM servers was also done.

Information technology is a driving force of the business and the digital transformation journey is a continued process. As a part of its digital transformation process, IT team along with functional users has developed and implemented barcode-based dispatch system for POY and FDY products to enable faster and error free transactions. Barcode-based dispatch system is already implemented for CHIPS product.

## Secretarial Standards

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

## Significant / Material Orders passed by the Regulators

National Company Law Tribunal Ahmedabad Bench ('NCLT') in the matter CP(IB) 453 of 2018 has on 24th June, 2020 pronounced the order for admission of reference filed by Invent Assets Securitisation & Reconstruction Pvt. Ltd. (assigned financial creditor) for initiation of Corporate Insolvency Resolution Process ('CIRP') against Garden Silk Mills Limited (Corporate Debtor) in terms of Section 7 of the Insolvency and Bankruptcy Code 2016 (IBC) read with the rules and regulations framed thereunder ('Code').

Except the above, no significant material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## Material Changes and commitments

The rampant spread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook. Due to the lockdown announced by the Government of India from 25th March, 2020, entire operations of the Company came to a halt.

Although there are uncertainties due to the pandemic, the Company is taking several measures to mitigate the adverse impact by optimising costs and continuously realigning the cost-structures to the activity level.

Except the impact of COVID-19 as mentioned in this report, no material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which the financial statements relate and on the date of this report.

## Risk Management

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

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

## Insurance

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

## Policies

The details of the Key Policies adopted by the Company are mentioned in the Corporate Governance Report as Annexure to the Board's Report.

## Deposits from Public

Your Company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013. Hence, the disclosures required as per Rule 8 (5) (v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to your Company.

## Particulars of Loans/Advances/Investments

There were no transaction(s) with a company belonging to the promoter/promoter group which hold(s) more than 10% shareholding in the Company as required pursuant to para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed separately in the Financial Statements of the Company.

## Extract of Annual Return

Pursuant to Section 134(3)(s) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 referred to in Section 92(3) of the Act is attached as 'Annexure F' to this Report.

The Annual Return will be hosted on website of the Company at '<https://www.gardenvareli.com/policies.aspx>' after necessary certification and filing the same with the authority.

## Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2020.

## Statutory compliance

Mr. Kamlesh B. Vyas, Company Secretary and Compliance Officer makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes, after obtaining confirmation from all the units of the Company.

He also ensures compliance accordance to SEBI regulations and Companies Act, 2013 and rules thereof and all other applicable statutes.

**The Company has identified the following ratios as key financial ratios:**

Sr. No.	Particulars	FY 2019-20	FY 2018-19
1	Debtors Turnover Ratio (times)	32.47	22.20
2	Inventory Turnover Ratio (times)	8.05	7.79
3	Interest Coverage Ratio (times)	0.31	0.93
4	Current Ratio (times)	3.09	0.53
5	Debt Equity Ratio (times)	-3.73	-2.28
6	Operating Profit Margin (%)	-0.31%	2.82%
7	Net Profit Margin (%)	-7.22%	-2.57%
8	Return on Net Worth (%)	-40.20%	-29.63%

## General

Your Directors state that no disclosure or reporting is made with respect to the following items, as there were no transactions during the year under review:

1. The issue of equity shares with differential rights as to dividend, voting or otherwise.
2. The issue of Shares to employees of the Company under any Scheme [(Including Sweat Equity Shares and Employees Stock Option Schemes (ESOS)] referred to in this Report.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).
4. There is no change in the share capital structure of the Company during the year under review.
5. There was no revision in the financial statements.

## Caution Statement

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements. Crucial factors that could influence the Company's operations includes global and domestic demand and supply conditions affecting selling prices, new capacity addition, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the countries and other factors that are material to the business operations of the Company.

## Appreciation

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by the Company's Bankers and State & Central Government agencies.

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

The Boards of Directors also wish to place on record its sincere appreciation for the committed services by the Company's executives, staff and workers. Your Directors also appreciate and acknowledge the confidence reposed in them by shareholders and other investors of the Company.

**Alok P. Shah**  
**Executive Director & CFO**  
**DIN: 00218180**  
Surat, 31st July, 2020

**Taken on record**

**Kuresh Khambati**  
**Resolution Professional**  
Mumbai, 31st July, 2020



## Annexure – A

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2020 is given below and forms part of the Directors' Report.

#### A. CONSERVATION OF ENERGY

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

##### I. Energy Conservation measures taken and its impact

###### (a) Power saving:-

- a) Quench coil of spinning F HVAC is replaced saving power due to reduced pressure drop.
- b) Replacement of MS piping with PPRC pipes in utility services, saving on fabrication as well as future damage due to corrosion.
- c) Replacement of LED lights in the factory premises continued during the year to save energy.
- d) Use of water treatment plant reject water for use in non critical areas like toilets, floor washing and other plant areas resulted in fresh water savings.
- e) Installation of LED Street Lights in place of conventional Light fittings.

###### (b) Others:-

- a) Use of canal water directly for the process resulted in to power savings in RO plant operation and bore well pump operation.
- b) Auto cut off lighting in warehouses at night to save energy and as safe practice.
- c) Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants.
- d) Replacement of inefficient motors with energy efficient motors.
- e) Energy Audit is also being carried out by external agencies.
- f) Maintenance of the machines as per schedule.

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

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

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

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

### III. The Capital investment on energy conservation equipment.

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

## B. TECHNOLOGY ABSORPTION

### I. The efforts made by the Company towards technology absorption

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

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

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

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

### IV. The expenditure incurred on Research and Development.

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

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Crore)

(i) Total Foreign exchange used:	2019-20	2018-19
(a) Raw materials, stores and spare parts, Capital goods and other products – on CIF basis.	311.37	547.57
(b) Expenditure in foreign currency	3.98	10.01
(ii) Total Foreign exchange earned:	2019-20	2018-19
(a) Sales – Export of goods	420.15	1094.80
(iii) Activities relating to exports, Initiatives taken to increase exports, development of export market for product and services and export plans:	New export markets are being developed and emphasis is being placed on export of value added products also	

## Annexure - B

### Annual Report on Corporate Social Responsibility activities

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>(a) Focus areas:</p> <p>The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc.</p> <p>(b) CSR Objectives:</p> <p>To attain its CSR objectives in a professional and integrated manner, the main objectives are:</p> <p>(1) To promote, carry out, support activities relating to Education and Training, Health care, Employment enhancing Vocational skills, Conversion of Natural Resources and Promotion &amp; Development of Art etc.</p> <p>(2) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013 as amended from time to time.</p> <p>In the financial year 2019-20, the Company has undertaken activities relating to Promoting Education, Social Welfare, Health care and Sanitation etc.</p> <p>(c) Web-Link to the CSR Policy:</p> <p><a href="http://www.gardenvareli.com/policies.aspx">http://www.gardenvareli.com/policies.aspx</a></p> <p>(d) Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at <a href="http://www.gardenvareli.com">www.gardenvareli.com</a></p>
2	Composition of CSR Committee	<p>The CSR Committee comprises the following members:</p> <p>a. Mr. Sunil S. Sheth, Independent Director: Chairman</p> <p>b. Mr. Suhail P. Shah, Executive Director: Member</p> <p>c. Mr. Ketan A. Jariwala, Independent Director: Member</p>
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	The Company has incurred average net loss during the last three financial years. However the Company has voluntarily incurred an expenditure of ₹83,000/- towards education promotion and social welfare etc.
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	The Company is not required to spend any amount in view of average net loss during the last three financial year.

5	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year.	₹83,000/-
	(b) Amount unspent, if any.	Not applicable.
	(c) Manner in which the amount spent during the financial year.	The Company has voluntarily spent an aggregate amount of ₹83,000/- towards various education promotion and social welfare related programs during the year.
6	In case of company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	Not applicable.

### Responsibility statement:

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

For and on behalf of the CSR Committee

**Sunil S. Sheth**

Chairman

(DIN 00024033)

Surat, 31st July, 2020.

## ANNEXURE: C

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

Sr. No.	Requirement under Rule 5(1)	Details
1.	The Ratio of the remuneration of each executive Director to the median remuneration of the employees of the Company for the Financial Year.	Mr. Praful A. Shah, Chairman & Managing Director: 3.12 Mr. Alok P. Shah, Executive Director, CFO & COO: 2.07 Mr. Suhail P. Shah, Executive Director: 4.99 Mr. Sanjay S. Shah, Executive Director: 1.38
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	Mr. Praful A. Shah, Chairman & Managing Director: Not applicable. Mr. Alok P. Shah, Executive Director, CFO & COO: Not applicable. Mr. Suhail P. Shah, Executive Director: Not applicable. Mr. Sanjay S. Shah, Executive Director: Not applicable. Mr. Kamlesh B. Vyas, Company Secretary: 6.51 <b>Note:</b> The remuneration to MD/WTD during FY 2020 was paid in accordance with Schedule V to the Companies Act, 2013. In view of inadequacy of profit, no increment was proposed.
3.	The Percentage increase in the median remuneration of employees in the financial year.	Not Applicable.
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2020.	4351
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	The Company had inadequate profits during the financial year 2019-20 however, in order to retain talent the employees had to be given annual increase.
6.	Comparison of the remuneration of the Key Managerial Personnel ("KMP") (Individually and totally) against the performance of the company.	(i) Aggregate remuneration of Key Managerial Personnel in FY 2019-20: ₹4.99 Crore (ii) Total revenue (Standalone): ₹2880.64 Crore (iii) Remuneration of KMPs (as percentage of revenue): 0.17 (iv) Profit /(Loss) before tax: (₹207.60 Crore) (v) Remuneration of KMPs (as percentage of PBT: Not applicable.
7.	Average percentile increase made in the salaries of employees other than the managerial personnel in last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Not applicable.

Sr. No.	Requirement under Rule 5(1)	Details
	Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
9.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	None.
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 31/03/2020: ₹21.88 Crore. Market capitalization as on 31/03/2019: ₹84.79 Crore.
12.	Price earnings ratio as at the closing of 31st March, 2020 and 31st March, 2019.	31/03/2020 : -0.11 31/03/2019 : -0.94
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.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison has not been made.

**Praful A. Shah**

**Chairman & Managing Director**

**DIN: 00218143**

Surat, 31st July, 2020.

## ANNEXURE: D

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

#### General:

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

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

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

#### Remuneration to Wholetime Director, KMP and Senior Management Personnel:

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

#### Remuneration to Non- Executive / Independent Director:

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

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

## ANNEXURE: E

### FORM No. MR-3

#### Secretarial Audit Report for the Financial Year Ended 31st March, 2020

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

To,

**The Members,**

**Garden Silk Mills Limited**

Tulsi Krupa Arcade, 1st Floor,

Puna-Kumbharia Road, Dumbhal,

Surat 395010

We 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 us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on **31st March, 2020** 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:

We 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, 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (e) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;



- (g) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**
  - (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
  - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
  - (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**
- (v) Other laws applicable specifically to the Company as per representations made by the Company.

No specific laws are applicable to the nature of business activities carried on by the company.

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

We 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. We report that during the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned except that there was delay in filing / reporting under; SEBI (LODR) Regulations, 2015 which was complied during the period under review and to the extent that:

1. *During the year under review, the Company appointed a woman director w.e.f. 23rd March, 2020 in compliance to the Regulation 17(1)(a) of SEBI (LODR) Regulation, 2015 consequent to the vacancy caused due to resignation of a sitting woman director w.e.f. 31/03/2019 and on resignation of an independent director w.e.f. 16/07/2019. The Company also paid the fine within the stipulated time, as imposed by the stock exchanges in accordance with SEBI (LODR) Regulations, 2015.*
2. *With respect to non-compliance under Regulation 34(1) of SEBI (LODR) Regulation, 2015 for delay in filing, the stock exchange accepted the Company's submission and granted waiver of fine imposed earlier.*

**We 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 except as stated in Para 1 above. 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.

**We further report that** the compliance by the company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

**We further report that** 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, except when Board meetings were called by giving less than 7 days notice in accordance with the provisions of Section 173 of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**We further report that** as per the explanations given to us and the representation made by the Management and Report of the Statutory Auditors 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.

**We further report that** during the audit period, there was no other event / action having major bearing on the Company's affair except that an application under section 7 of Insolvency and bankruptcy code, 2016 against the company is pending before honourable NCLT Ahmedabad Bench.

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

**Place: Surat**

**Date: 18th June, 2020**

**Kunjal Dalal  
Proprietor**

**FCS No. 3530 CP No. 3863  
UDIN: F003530B000354342**

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

## 'Appendix A'

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

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**Kunjal Dalal  
Proprietor**

**FCS No. 3530 CP No. 3863  
UDIN: F003530B000354342**

**Place: Surat**

**Date: 18th June, 2020**

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2020

[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 Fax No. 91-261-2311029
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium, Tower-B Plot No. 31 and 32, Financial District, Nanakramguda Serilingampally Mandal Ranga Reddy District Hyderabad 500032 State Telengana, India Toll Free No. (India) : 1800 345 4001 Phone No. 040 67161563 Fax No. 040 23001153 Email: einward.ris@kfintech.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	95.77

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

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

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

## 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 31/03/2019			No. of Shares held at the end of the year 31/03/2020			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>(A) Promoter</b>							
<b>(1) Indian</b>							
(a) Individuals / Hindu Undivided Family	6323076	0	6323076	6323447	0	6323447	15.03%
(b) Central Government / State Government	0	0	0	0	0	0	0.00%
(c) Bodies Corporate	11643746	0	11643746	11643746	0	11643746	27.67%
(d) Financial Institutions / Banks	0	0	0	0	0	0	0.00%
(e) Any Other (Specify)	6284801	0	6284801	6284801	0	6284801	14.93%
<b>Sub-Total (A)(1)</b>	<b>24251623</b>	<b>0</b>	<b>24251623</b>	<b>24251994</b>	<b>0</b>	<b>24251994</b>	<b>57.63%</b>
<b>(2) Foreign</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>24251623</b>	<b>0</b>	<b>24251623</b>	<b>24251994</b>	<b>0</b>	<b>24251994</b>	<b>57.63%</b>
<b>(B) Public Shareholding</b>							
<b>(1) Institutions</b>							
(a) Mutual Funds / UTI	0	3450	3450	0	3450	3450	0.01%
(b) Financial Institutions / Banks	900	7870	8770	1175	7870	9045	0.02%
(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	8660	8660	0	8660	8660	0.02%
(g) Foreign Venture Capital Investors	0	0	0	0	0	0	0.00%

# GARDEN SILK MILLS LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2019				No. of Shares held at the end of the year 31/03/2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i) Any Other (Specify)									
Foreign Financial Institutions/ Foreign Nationals	180	0	180	0.00%	180	0	180	0.00%	0.00%
<b>Sub-Total (B)(1)</b>	<b>1080</b>	<b>19980</b>	<b>21060</b>	<b>0.05%</b>	<b>1355</b>	<b>19980</b>	<b>21335</b>	<b>0.05%</b>	<b>0.00%</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate	2614635	1705	2616340	6.22%	2208523	1705	2210228	5.25%	-0.97%
(b) Individuals									
i. Individual Shareholders holding nominal share capital upto ₹2 lakhs.	7129831	857427	7987258	18.98%	7537791	823824	8361615	19.87%	0.89%
ii. Individual Shareholders holding nominal share capital in excess of ₹2 lakhs.	3405222	0	3405222	8.09%	3399382	0	3399382	8.08%	-0.01%
(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	3059918	202214	3262132	7.75%	3128904	190605	3319509	7.89%	0.14%
ii. Trusts/Overseas Bodies Corporates	3140	0	3140	0.01%	540	0	540	0.00%	-0.01%
iii. Clearing Member	32793	0	32793	0.08%	14965	0	14965	0.04%	-0.04%
iv. Investor Education and Protection Fund (IEPF) Authority *	502957	0	502957	1.20%	502957	0	502957	1.20%	0.00%
<b>Sub-Total (B)(2)</b>	<b>16748496</b>	<b>1061346</b>	<b>17809842</b>	<b>42.32%</b>	<b>16793062</b>	<b>1016134</b>	<b>17809196</b>	<b>42.32%</b>	<b>0.00%</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>16749576</b>	<b>1081326</b>	<b>17830902</b>	<b>42.37%</b>	<b>16794417</b>	<b>1036114</b>	<b>17830531</b>	<b>42.37%</b>	<b>0.00%</b>
<b>TOTAL (A)+(B)</b>	<b>41001199</b>	<b>1081326</b>	<b>42082525</b>	<b>100.00%</b>	<b>41046411</b>	<b>1036114</b>	<b>42082525</b>	<b>100.00%</b>	<b>0.00%</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>									
1. Held by Promoter/promoters group	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Held by Public	0	0	0	0.00%	0	0	0	0.00%	0.00%
<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>41001199</b>	<b>1081326</b>	<b>42082525</b>	<b>100.00%</b>	<b>41046411</b>	<b>1036114</b>	<b>42082525</b>	<b>100.00%</b>	<b>0.00%</b>

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

## (ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 01/04/2019			Shareholding at the end of the year 31/03/2020			% 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	17.19%	100.00%	7231996	17.19%	100.00%	0.00%
2	Palomar Textiles Ltd.	3930872	9.34%	100.00%	3930872	9.34%	100.00%	0.00%
3	Pratul Amichand Shah Partner Isha Enterprise	3791985	9.01%	48.58%	3791985	9.01%	48.58%	0.00%
4	Pratul Amichand Shah Partner Rayban Investments	2492816	5.92%	100.00%	2492816	5.92%	100.00%	0.00%
5	Mr. Praful A. Shah (Ind)	2789190	6.63%	100.00%	2789190	6.63%	100.00%	0.00%
6	Mr. Praful A. Shah (HUF)	1002667	2.38%	100.00%	1002667	2.38%	100.00%	0.00%
7	Mr. Alok P. Shah	754671	1.79%	100.00%	754671	1.79%	100.00%	0.00%
8	Surat Textile Mills Limited	480878	1.14%	76.27%	480878	1.14%	76.27%	0.00%
9	Mr. Sanjay S. Shah	689660	1.64%	0.00%	689660	1.64%	0.00%	0.00%
10	Mr. Suhail P. Shah	496685	1.18%	100.00%	496685	1.18%	100.00%	0.00%
11	Mrs. Shilpa P. Shah	554325	1.32%	100.00%	554696	1.32%	100.00%	0.00%
12	Mrs. Shyama S. Shah	35878	0.09%	0.00%	35878	0.09%	0.00%	0.00%
13	Ms. Archita R. Shah	0	0.00%	0.00%	0	0.00%	0.00%	0.00%
14	Mr. Rajen P. Shah	0	0.00%	0.00%	0	0.00%	0.00%	0.00%
15	Vareli Trading Company Ltd.	0	0.00%	0.00%	0	0.00%	0.00%	0.00%
	<b>Total</b>	<b>24251623</b>	<b>57.63%</b>	<b>88.48%</b>	<b>24251994</b>	<b>57.63%</b>	<b>88.48%</b>	<b>0.00%</b>

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on 01/04/2019)		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year 01/04/2019 to 31/03/2020		Shareholding at the end of the year (As on 31/03/2020)	
		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	Intrroscope Properties Pvt. Ltd.	7231996	17.19%	--	0	--	0	0.00%	7231996	17.19%
2	Palomar Textiles Ltd.	3930872	9.34%	--	0	--	0	0.00%	3930872	9.34%
3	Praful Amichand Shah Partner Isha Enterprise	3791985	9.01%				0	0.00%	3791985	9.01%
4	Praful Amichand Shah Partner Rayban Investments	2492816	5.92%	--	0	--	0	0.00%	2492816	5.92%
5	Mr. Praful A. Shah (Ind)	2789190	6.63%	--	0	--	0	0.00%	2789190	6.63%
6	Mr. Praful A. Shah (HUF)	1002667	2.38%	--	0	--	0	0.00%	1002667	2.38%
7	Mr. Alok P. Shah	754671	1.79%	--	0	--	0	0.00%	754671	1.79%
8	Surat Textile Mills Limited	480878	1.14%	--	0	--	0	0.00%	480878	1.14%
9	Mr. Sanjay S. Shah	689660	1.64%	--	0	--	0	0.00%	689660	1.64%
10	Mr. Suhail P. Shah	496685	1.18%	--	0	--	0	0.00%	496685	1.18%
11	Mrs. Shilpa P. Shah	554325	1.32%	22/11/2019	371	Transfer	0	0.00%	554696	1.32%
12	Mrs. Shyama S. Shah	35878	0.09%	--	0	--	0	0.00%	35878	0.09%
13	Ms. Archita R. Shah	0	0.00%	--	0	--	0	0.00%	0	0.00%
14	Mr. Rajen P. Shah	0	0.00%				0	0.00%	0	0.00%
15	Vareli Trading Co. Ltd.	0	0.00%				0	0.00%	0	0.00%
	<b>Total</b>	<b>24251623</b>	<b>57.63%</b>						<b>24251994</b>	<b>57.63%</b>

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

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2019		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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	Keswani Haresh	1868212	4.44%	27/12/2019	30000	Purchased	1898212	4.51%	1945448	4.62%
2	IL and FS Trust Co Limited Vistara ITCL (India) Limited (Name changed w.e.f. 10/01/2020)	1649184	3.92%	31/12/2019	47236	Purchased	1449165	3.44%	1449165	3.44%
3	Ricky Ishwardas Kirpalani	751563	1.79%		0		751563	1.79%	751563	1.79%
4	Shaunak Jagdish Shah	700000	1.66%		0		700000	1.66%	700000	1.66%
5	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	502957	1.20%		0		502957	1.20%	502957	1.20%
6	Jagdish Amritlal Shah	325877	0.77%		0		325877	0.77%	325877	0.77%
7	Venka Raghava Raju	322140	0.77%	05/04/2019	219	Purchased	322359	0.77%		
				12/04/2019	815	Purchased	323174	0.77%		
				19/04/2019	630	Purchased	323804	0.77%		
				26/04/2019	2370	Purchased	326174	0.78%		
				17/05/2019	1000	Purchased	327174	0.78%		
				28/06/2019	-500	Sold	326674	0.78%		
				02/08/2019	500	Purchased	327174	0.78%		
				23/08/2019	250	Purchased	327424	0.78%		
				30/08/2019	-265	Sold	327159	0.78%		
				22/11/2019	500	Purchased	327659	0.78%		
				20/12/2019	-500	Sold	327159	0.78%		
				27/12/2019	500	Purchased	327659	0.78%		



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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2019		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
				31/12/2019	-2000	Sold	325659	0.77%		
				03/01/2020	-200	Sold	325459	0.77%		
				10/01/2020	-12500	Sold	312959	0.74%		
				17/01/2020	-17796	Sold	295163	0.70%		
				24/01/2020	-42000	Sold	253163	0.60%		
				31/01/2020	-8903	Sold	244260	0.58%		
				07/02/2020	-18167	Sold	226093	0.54%		
				28/02/2020	-3000	Sold	223093	0.53%	223093	0.53%
8	Poonam Kirpalani	190894	0.45%		0		190894	0.45%	190894	0.45%
9	Kashah Investment Limited	135000	0.32%		0		135000	0.32%	135000	0.32%
10	C.D.Integrated Services Limited	129347	0.31%	05/04/2019	75000	Purchased	204347	0.49%		0.00%
				11/10/2019	-129347	Sold	75000	0.18%		
				18/10/2019	129347	Purchased	204347	0.49%	204347	0.49%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01/04/2019		Date wise Increase (+) / Decrease (-) in Shareholding during the year		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares
1	Mr. Praful A. Shah (Ind) Managing Director	2789190	6.63%					2789190	6.63%
2	Mr. Alok P. Shah Executive Director	754671	1.79%					754671	1.79%
3	Mr. Sanjay S. Shah Executive Director	689660	1.64%					689660	1.64%
4	Mr. Suhail P. Shah Executive Director	496685	1.18%					496685	1.18%
5	Mr. Sunil S. Sheth Director	0	0.00%					0	0.00%
6	Mr. Deepak N. Shah Director	0	0.00%					0	0.00%
7	Mr. Ketan A. Jariwala Director	0	0.00%	09/05/2019	100	0.00%	100	100	0.00%
8	Ms. Kruti Kothari Director	0	0.00%					0	0.00%
9	Mr. Kamlesh B. Vyas Company Secretary	0	0.00%					0	0.00%

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

## V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
(₹ in Lacs)				
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	141647.42	314.10	0.00	141961.52
ii) Interest due but not paid	28789.14	0.00	0.00	28789.14
iii) Interest accrued but not due	0.00	2.00	0.00	2.00
<b>Total (i+ii+iii)</b>	<b>170436.56</b>	<b>316.10</b>	<b>0.00</b>	<b>170752.66</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	61157.38	25.30	0.00	61182.68
• Reduction	36577.77	316.10	0.00	36893.87
<b>Net Change</b>	<b>24579.61</b>	<b>(290.80)</b>	<b>0.00</b>	<b>24288.81</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	192672.95	0.00	0.00	192672.95
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2343.22	25.30	0.00	2368.52
<b>Total (i+ii+iii)</b>	<b>195016.17</b>	<b>25.30</b>	<b>0.00</b>	<b>195041.47</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Mr. Paful A. Shah Managing Director	Mr. Alok P. Shah Executive Director, CFO & COO	Mr. Sanjay S. Shah Executive Director	Mr. Suhail P. shah Executive Director	Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	133.80	88.80	59.08	214.80	496.48
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.79	0.79	0.40	0.79	2.77
	(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>134.59</b>	<b>89.59</b>	<b>59.48</b>	<b>215.59</b>	<b>499.25</b>

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

## B. Remuneration to other Directors:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Yatish C. Parekh	Mr. Sunil S. Sheth	Mr. Deepak N. Shah	Mr. Ketan A. Jariwala	Ms. Kruti Kothari *	
I.	<b>Independent Directors</b>						
1	Fee for attending board committee meetings	0.03	2.05	2.03	2.03	0.00	6.14
2	Commission	0.00	0.00	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (I)	0.03	2.05	2.03	2.03	0.00	6.14
II.	<b>Other Non-Executive Directors</b>						
1	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.00
2	Commission	0.00	0.00	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (II)	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B) = (I + II)	0.03	2.05	2.03	2.03	0.00	6.14
	Total Remuneration	0.03	2.05	2.03	2.03	0.00	6.14
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	

\* appointed as an Additional Director on the Board with effect from 23/03/2020.

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

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Kamlesh B. Vyas Company Secretary
1	<b>Gross salary</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.26
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00
2	<b>Stock Option</b>	0.00
3	<b>Sweat Equity</b>	0.00
4	<b>Commission</b>	
	- as % of profit	0.00
	- others, specify...	0.00
5	<b>Others, please specify</b>	0.00
	<b>Total</b>	<b>30.50</b>

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

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

**Praful A. Shah**  
 Chairman & Managing Director  
 DIN: 00218143

Surat, 31st July, 2020.

## Annexure - G

### REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policy and practices adopted by the Company for the year 2019-20.

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

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

#### 2. BOARD OF DIRECTORS

##### (a) Composition:

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

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

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

As on 31st March, 2020, the Board of the Company consisted of 8 Directors, of whom 4 were executives and 4 were non-executive independent (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

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

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

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

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

Transactions with related parties are disclosed in Note No. 33 of 'Notes to the Financial Statements' for the year ended 31st March, 2020. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2019-20.

**(b) Number of meeting of the Board.**

During the financial year 2019-20, the Board of Directors met 6 times viz. 30/05/2019, 14/08/2019, 12/11/2019, 13/02/2020, 24/02/2020 and 23/03/2020. The gap between any two meetings has been less than one hundred and twenty days.

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

The composition and category of Directors, the number of Directorships and Committee Chairmanships / Memberships held by them and Directorships held by them in other listed entities as on 31st March, 2020 are as follows:

Name	Category	No. of Board Meetings Attended #	Attendance at the last AGM held on 25/09/2019	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies *
Mr. Praful A. Shah Chairman & Managing Director	Promoter-Executive	5	Yes	5	--
Mr. Alok P. Shah Executive Director, CFO & COO	Promoter-Executive	5	Yes	5	--
Mr. Sanjay S. Shah Executive Director	Promoter-Executive	4	Yes	1	--
Mr. Suhail P. Shah Executive Director	Promoter-Executive	6	Yes	5	--
Mr. Sunil S. Sheth	Independent - Non Executive	6	No	1	--
Mr. Deepak N. Shah	Independent - Non Executive	6	No	--	--
Mr. Ketan A. Jariwala	Independent - Non Executive	6	Yes	1	2
Ms. Kruti Kothari	Independent - Non Executive	0	N.A.	1	1

**Note:**

- (1) Mr. Yatish C. Parekh, Independent - Non Executive Director resigned as Member of the Board of Director of the Company w.e.f. 16th July, 2019.
- (2) Ms. Kruti Kothari appointed as an Additional Director on the Board w.e.f. 23rd March, 2020

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

# excluding Independent Directors meeting.

## **(c) Board Meeting Procedures**

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

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

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

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

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

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Mr. Sanjay S. 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.

On the recommendation of the Nomination and remuneration Committee, the Board has appointed Ms. Kruti Kothari as an Additional Non-executive Independent Woman Director of the Company with effect from 22nd March 2020, who hold office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and is eligible for appointment.

In its meeting held on 17th June, 2020, the Board of Directors, at the recommendation of Nomination and Remuneration Committee, has approved the re-appointment of Mr. Sanjay S. Shah (DIN: 00024004) as Wholtime Director designated as Executive Director of the Company for a period of 3 (three) years with effect from 1st July, 2020. However, Secured Creditor of the Company granted their approval for appointment of Mr. Sanjay S. Shah for a tenure of 1 (one) year with effect from 01/07/2020 upto 30/06/2021, subject to approval of shareholders of the Company at the ensuing Annual General Meeting.

As recommended by the Nomination and Remuneration Committee and approved by the Resolution Professional, Directors and Key Managerial Personnel of the Company at their meeting held on 31st July, 2020, Mr. Sunil S. Sheth (DIN: 00024033) has been re-appointed as Wholtime Director designated as Executive Director under Section 149(10) of the Companies Act, 2013 and Listing Regulations to hold office for further 4 (four) years for a second term with effect from 9th September, 2020 till 12th August, 2024 subject to the approval of the shareholders at the ensuing Annual General Meeting

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



## **(e) Separate Meeting of Independent Directors**

During the year under review one meeting of Independent Directors of the Company was held on 13th February, 2020 as required under Schedule IV of the Act and Regulation 25(3) of the Listing Regulation, 2015.

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

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

## **(f) Familiarization Programme for Independent Directors**

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

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

### **Code of Conduct**

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

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

As on 31st March, 2020, all the Board Members and Senior Management of the Company have affirmed compliance with the respective Codes of Conduct. A declaration to this effect duly signed by the Managing Director forms part of this Report.

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

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

## **3. BOARD COMMITTEES:**

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

### **(a) Audit Committee**

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

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

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

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

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

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

The Chairman of the Audit Committee Mr. Deepak N. Shah and the members of Nomination and Remuneration Committee of the Board had delegated the responsibility and authorised Mr. Ketan A. Jariwala another member and a professionally qualified person to remain present at the 40th AGM and represent as Chairman of Audit Committee and Nomination and Remuneration Committee. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

## Meetings and attendance

During the financial year 2019-20, the Audit Committee of the Company met four times on 30/05/2019, 14/08/2019, 12/11/2019 and 13/02/2020. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 31/07/2020 reviewed the Annual Accounts for the year ended 31st March, 2020.

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

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

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

Sr. No.	Name of Director	Status	No. of meetings attended
1	Mr. Deepak N. Shah	Chairman	4
2	Mr. Sunil S. Sheth	Member	4
3	Mr. Ketan A. Jariwala	Member	4

## **(b) Stakeholders' Relationship Committee**

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

Presently, the Stakeholder Relationship Committee comprises of Mr. Ketan A. Jariwala, Independent Director as Chairman and Mr. Sanjay S. Shah, Wholetime Director and Mr. Sunil S. Sheth, Independent Director as its Members.

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

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

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

During the Financial Year under review, 122 complaints were received and as on date all of them have been redressed / answered to the satisfaction of the shareholders. No investor grievance remained unattended / pending for resolution for more than 30 days and no request for share transfers and dematerialization received for the financial year under review was pending for more than the time limit prescribed under the SEBI (LODR) Regulations, 2015.

## **(c) Nomination and Remuneration Committee**

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

The Committee consists of three Independent Directors namely Mr. Sunil S. Sheth as Chairman, Mr. Ketan A. Jariwala and Mr. Deepak N. Shah, as members. During the year 2019-20 two meetings of the members of Nomination and Remuneration Committee were held on 24/02/2020 and 23/03/2020 wherein all the members were present.

### **Nomination and Remuneration Policy**

On recommendation of Nomination and Remuneration Committee, the Board of Directors have approved a Nomination and Remuneration Policy for the appointment and remuneration of the director, key managerial personnel (KMP) and other employees. The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of

performance of Independent Directors and the Board and to devise a policy on Board diversity. The Policy, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a director, and expertise and experience required for appointment of Directors, KMP and Senior Management.

The details of the remuneration policy are available on the website of the Company [www.gardenvareli.com](http://www.gardenvareli.com).

## Remuneration to Directors

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

## Remuneration paid to Executive Directors

(Amount in ₹)

Name of Director	Salary & Allowances	Taxable Value of perquisites	Sitting fees
Mr. Praful A. Shah	1,33,80,000	79,200	N.A.
Mr. Alok P. Shah	88,80,000	79,200	N.A.
Mr. Suhail P. Shah	2,14,80,000	79,200	N.A.
Mr. Sanjay S. Shah	59,08,320	39,600	N.A.
Mr. Yatish Parekh	N.A.	N.A.	2,500
Mr. Sunil S. Sheth	N.A.	N.A.	2,05,000
Mr. Deepak N. Shah	N.A.	N.A.	2,02,500
Mr. Ketan A. Jariwala	N.A.	N.A.	2,02,500
<b>Total</b>	<b>4,96,48,320</b>	<b>2,77,200</b>	<b>6,12,500</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 2019-20 was ₹6,12,500/-.

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

## (d) Other Committees of Directors

### Management Committee of the Board

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

## (e) Corporate Social Responsibility Committee

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

The composition of the Committee of Directors comprises Mr. Sunil S. Sheth, Chairman, (Independent Director), Mr. Ketan A. Jariwala, Independent Director and Mr. Suhail P. Shah, Wholetime Director as Members.

During the year 2019-20 the Committee met once on 23rd March, 2020 to discuss the matters coming within the Committee's purview.

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

The Company has also adopted CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at [www.gardenvareli.com](http://www.gardenvareli.com).

## 4. MD/CEO/CFO CERTIFICATION

As required under Regulation 17(8) of SEBI Listing Regulations, 2015, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting for the financial year ended was placed at the meeting of Resolution Professional, Directors and Key Managerial Personnel of the Company held on 31st July, 2020.

## 5. COMPLIANCE OFFICER

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

## 6. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2018-19	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	25th September, 2019	11.00 a.m.
2017-18	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	18th September, 2018	11.00 a.m.
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	20th September, 2017	11.00 a.m.

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

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

- i) A Special Resolution was proposed and passed at 38th Annual General Meeting of the Company held on 20/09/2017 for re-appointment of Mr. Sanjay S. Shah, Wholetime Director designated as Executive Director for a period 3 years w.e.f. 01/07/2017.
- ii) Two Special Resolutions were proposed and passed at the 39th Annual General Meeting of the Company held on 18th September, 2018, for re-appointment of Mr. Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of 3 years w.e.f. 1st December, 2018, and for re-appointment of Mr. Yatish C. Parekh as Independent Director for a period of five year with effect from 1st April, 2019.
- iii) Two Special Resolutions were proposed and passed at the 40th Annual General Meeting of the Company held on 25th September, 2019, for re-appointment of Mr. Praful A. Shah as Chairman & Managing Director of the Company for a period of 3 years w.e.f. 1st September, 2019, and for re-appointment of Mr. Alok P. Shah as Wholetime Director designated as Executive Director, Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the Company for a period of 3 years w.e.f. 1st June, 2019.
- iv) As of date, there is no proposal to pass any Special Resolution by postal ballot.

## (c) Passing of Special Resolutions by Postal Ballot:

Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended no postal ballot were held during 2019-20.

## 7. DISCLOSURES

### (a) Related Party Transactions

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

Particulars of transactions between the Company and related parties as per Ind AS-24 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under note No.33 of the annual accounts for the financial year 2019-20.

### (b) Disclosure of Accounting Treatments

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

### (c) Subsidiary Company

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

### (d) Risk Management

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

### (e) Statutory Compliance, Penalties and Strictures

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years, except

- (i) A fine of ₹21,240/- including GST imposed by BSE Limited during the year 2019-20 for non compliance of Regulation 27(2) of the SEBI (LODR) Regulations, 2015 with respect to delay in filing of quarterly Corporate Governance Compliance Report.
- (ii) A fine of ₹10,67,200/- including GST imposed by each of the National Stock Exchange of India Limited and BSE Limited during the year for non compliance of Regulation 17(1) of the SEBI (LODR) Regulations, 2015 with respect to delay in appointment of a Independent Non-executive Woman Director on the Board of Company.

### (f) Code of Business Conduct & Ethics

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

**(g) Whistle Blower Policy / Vigil Mechanism:**

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

**(h) Preventing Conflict of Interests**

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

**(i) Insider Trading Code**

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

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

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

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

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

**(j) Reconciliation of Share Capital Audit**

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

## 8. MEANS OF COMMUNICATION:

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

## 9. GENERAL SHAREHOLDER INFORMATION:

### (a) 41st Annual General Meeting:

Date : Monday, 21st December, 2020  
 Time : 3:00 p.m. IST  
 Venue : Through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

### (b) Financial Calendar (2020-21):

Results for the quarter ending 30th June, 2020 : July/August, 2020  
 Results for the quarter ending 30th September, 2020 : October/November, 2020  
 Results for the quarter ending 31st December, 2020 : January/February, 2021  
 Results for the year ending 31st March, 2021 : April/May, 2021  
 Book Closure Dates : Wednesday, 16th December, 2020 to  
 : Monday, 21st December, 2020  
 : (both days inclusive)

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

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

### (d) Annual Listing Fees: The Company has paid the Annual Listing fee to the above stock exchanges for the financial year 2020-2021.

### (e) Stock Code:

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



**(f) Market Price Data**

The High/Low market price of the shares during the year 2019-20 at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are as under.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 2019	21.00	17.05	21.80	16.90
May 2019	19.85	15.35	19.85	15.40
June 2019	19.30	13.00	19.15	13.00
July 2019	14.84	11.00	16.20	11.00
August 2019	11.86	8.51	11.65	8.20
September 2019	13.45	9.26	13.35	9.10
October 2019	13.89	9.50	14.00	9.65
November 2019	11.98	9.21	11.80	9.20
December 2019	13.69	8.51	13.85	8.35
January 2020	13.37	10.10	13.70	9.95
February 2020	12.98	8.39	13.00	8.30
March 2020	8.45	5.25	8.90	5.00

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

KFin Technologies Private Limited

(Unit: Garden Silk Mills Limited),

Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda,

Hyderabad 500032. State: Telengana, India.

Phone No. 040 67161563 | Fax No. 040 23001153 | Email: einward.ris@kfintech.com

**(h) Share Transfer System:**

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

(i) Distribution of shareholding as on 31st March, 2020:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters.	24251994	57.63
2.	Indian Public.	11760997	27.95
3.	Banks, Financial Institutions & Insurance Companies, Mutual Fund	21335	0.05
4.	NRI's / Overseas Body Corporate	3319509	7.88
5.	Bodies Corporate	2210228	5.25
6.	Trusts	540	0.00
7.	Clearing Members (NSDL+CDSL)	14965	0.04
8.	Any other	502957	1.20
	<b>TOTAL</b>	<b>42082525</b>	<b>100.00</b>

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2020:

Range of Equity Shares Holding	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 500	50263	0.46	628112	1.49
501 - 1000	159	2.65	1169859	2.78
1001 - 2000	624	0.18	457638	1.09
2001 - 3000	245	0.29	1186050	2.82
3001 - 4000	116	0.24	33791816	80.30
4001 - 5000	96	1.18	973926	2.31
5001 - 10000	1407	0.22	414296	0.99
10001 and above	126	94.78	3460828	8.22
<b>TOTAL:</b>	<b>53036</b>	<b>100.00</b>	<b>42082525</b>	<b>100.00</b>

(k) Depository Services:

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

(l) Dematerialisation of Shares:

41046411 Equity Shares aggregating to 97.54% of the total Equity Capital is held in dematerialized form as on 31/03/2020 of which 81.58% (34331819 Equity Shares) of total equity capital is held with NSDL and 15.96% (6714592 Equity Shares) of total equity capital is held with CDSL as on 31/03/2020.

(m) Stock Exchange Intimations

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

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

**(n) Letters and Reminders to Shareholders**

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

**(o) Credit Ratings**

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds during the financial year ended 31st March, 2020. Accordingly requirement of obtaining credit rating is not applicable.

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

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

**(q) Outstanding GDRs/ADRs/Warrants**

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2020.

**(r) Nomination:**

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

**(s) Address for Correspondence:**

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

(i)	For Shares held in Physical Form	KFin Technologies Private Limited (Unit: Surat Textile Mills Limited), Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India. Phone No. 040 67161563 Fax No. 040 23001153 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>
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(ii)	For query on Annual Report	Secretarial Department, Garden Silk Mills Limited Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.

**(t) Eliminate Duplicate Mailing**

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

**(u) Green Initiative:**

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

We therefore appeal to the members to be a part of the said “Green Initiative” and request the members to register their name in getting the said documents in electronic mode by sending an email giving their Registered Folio Number and/or DP Id/Client ID to the dedicated email address of [sharedepartment@gardenvareli.com](mailto:sharedepartment@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 [sharedepartment@gardenvareli.com](mailto:sharedepartment@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.

**(v) Equity Shares in the suspense account**

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

**(w) Secretarial Audit**

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

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

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

Mr. Kunjal Dalal of M/s K. Dalal & Co., Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2019-20. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, its Memorandum and Articles of Association, Listing Regulations and the applicable SBI Regulations. The Secretarial Audit Report forms part of the Board’s Report.

## Certificate from Practising Company Secretary

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

In accordance with the SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Kunjal Dalal of M/s K. Dalal & Co., Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2020.

## Web link for various documents.

The following documents/information are linked with the website of the Company i.e. [www.gardenvareli.com](http://www.gardenvareli.com)

Particulars	Web link
Code Of Conduct	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Annual Return	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Familiarisation Programme for Independent Director	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Policy For Determining Material Subsidiaries	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Policy for Related Party Transaction	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Corporate Social Responsibility Policy	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Whistle Blower	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Preservation of Documents and Archival Policy	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Policy on Determination of Materiality of Events Information	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>
Code of Practices and Procedures for Fair Disclosure	<a href="https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx">https://www.gardenvareli.com/pages/GardenVareli-InvestorRelations/pgid-264317.aspx</a>

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

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

- (y) The Company does not have any material subsidiary company.
- (z) Policy on dealing with related party transactions is available on the website of the Company.

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

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

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

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

## 12. Non-Mandatory Requirements

### Shareholders' Rights

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

For Garden Silk Mills Limited

**Praful A. Shah**

Chairman & Managing Director

DIN: 00218143

Surat, 31st July, 2020

## CEO/CFO CERTIFICATION

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

To  
The Resolution Professional,  
Garden Silk Mills Limited (under CIRP)  
Tulsi Krupa Arcade, 1st Floor,  
Puna-Kumbharia Road,  
Dumbhal, Surat 395010

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

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statement together present a true and fair view of the Company’s affair and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company’s Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these efficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control systems over financial reporting.

**For Garden Silk Mills Limited**

**Praful A. Shah**

Chairman & Managing Director  
DIN: 00218143

**Alok P. Shah**

Executive Director, CFO & COO  
(DIN 00218180)

Surat, 31st July, 2020

## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

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

This is to confirm and certify that the Company has adopted a Code of Conduct for Board member and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board member and Senior Management have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2020.

For Garden Silk Mills Limited

Surat, 31st July, 2020

**Praful A. Shah**  
Chairman & Managing Director  
DIN: 00218143



## INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

### Garden Silk Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Garden Silk Mills Limited (“the Company”), for the year ended on 31st March, 2020, as stipulated in Regulations 17 – 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), pursuant to the Listing Agreement of the Company with Stock exchanges.

### Management Responsibility

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

### Auditors Responsibility

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

### Opinion

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

For Sharp & Tannan Associates  
Chartered Accountants  
Firm’s Registration no. 109983W  
by the hand of

**Tirtharaj Khot**  
Partner

Membership no.(F) 037457

Pune, 31 July 2020

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GARDEN SILK MILLS LIMITED

Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

We have audited the accompanying standalone financial statements of **GARDEN SILK MILLS LIMITED** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31st March, 2020, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for qualified opinion

As at 31st March 2020 the Company's financial statements include:

- a) total bank balances of ₹200.84 Crore, for which we have not received direct balance confirmation from respective banks; and
- b) total borrowings of ₹1,926.73 Crore, which have been transferred from various banks and other lenders to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") which are subject to reconciliation. In addition, no terms and conditions have been prescribed for amount due to Invent ARC.

*In light of the above, we are unable to quantify the consequential impact on Company's total bank balance and total borrowings as at 31st March, 2020 and impact of interest and other changes accrued on the results for the year ended on that date. [Refer note no. 13(A)(b)]*

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

### Material uncertainty related to going concern

We draw attention to Note B.1 to the financial statements. During the year, the company has incurred a net loss of ₹207.60 Crore resulting in to negative retained earnings of ₹823.57 Crore as at 31st March, 2020 wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth. Further, under the CIRP process the Resolution Professional ("RP") appointed and confirmed by the Committee of Creditors have invited claims from different set of stakeholders including claims from Financial Creditors, Operational Creditors, Workmen and Employee

and other creditors which is subject to verification and shall be admitted/rejected by the RP in due course. Adding the company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and submission of a viable resolution plan by the prospective investor. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. In view of the aforesaid details and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis

Our opinion is not modified in respect of this matter.

## Emphasis of matter

1. We draw attention to Note 15 to the financial statements, which describes that RP is in the process of admitting / verifying claims by the financial creditors. Pending final outcome of the CIRP process no adjustments have been made in the books for the differential amount in the claims admitted. Hence, consequential impact, if any, on the financial results is not currently ascertainable.
2. We draw attention to Note 38 to the financial statements, which describes the economic and social consequences the entity is facing as a result of Covid-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

Our opinion is not modified in respect of these matters of emphasis.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined the key audit matters as described below:

- A. Accounting treatment for customer contracts
- B. Contingent liabilities

### A. Accounting treatment for customer contracts

#### Description of key audit matter

Revenue amounting to ₹2,877.09 Crore reported in the company's financial statements pertains to customer specific contracts and the same are required to satisfy the recognition and measurement criteria as prescribed in IND AS 115, 'Revenue from Contracts with Customers'. Revenue recognition is considered as an inherent risk and also as a fraud risk. In case of revenue recognition risk of material mis-statement significantly increases for its cut-offs, accuracy, completeness and presentation and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

#### Description of Auditor's response

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

- a) Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;
- b) Read terms of the contracts and verified accuracy of sales recognition on test basis;

- c) Discussed with the management process of identification of variable consideration, if any;
- d) Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;
- e) Performed analytical procedures and obtained reasons for major variances;
- f) Ensured that revenue is recognized in accordance with accounting policy of the Company and Ind AS 115 and necessary disclosures are made in the financial statements;

## B. Contingent liabilities

### Description of key audit matter

Contingent liabilities as at 31st March, 2020 amounted to ₹97.99 Crore, which mainly include pending income-tax matters, indirect-tax matters etc. In addition, there are certain cases pending adjudication. Contentious direct / indirect tax matters relate to interpretational differences between the company and various tax authorities, certain matters subjected to internal circulars and guidelines within tax authorities irrespective of stated legal provisions sometimes requiring decision making only by higher tax authorities through appellate procedures resulting in delays in outcome. These multiple litigations by and on the Company, which are currently pending at various levels and courts requiring the company's management to exercise significant judgement on these outcomes to determine the liabilities that are contingent in nature. Considering these factors, in the context of our audit, this matter was of significance and hence a key audit matter.

### Description of Auditor's response

With a view to ensure that disclosures made by the company in note no. 29 are determined appropriately and prudently, we obtained information of pending income-tax and indirect-tax matters from the Company and have obtained/verified the documents including the communication with the departments provided by the Company. In addition, we have carried out comparison with respect to previous year and obtained/reviewed documentation for additional direct/indirect tax matters reported, if any, including matters arisen during the year. Our tax team has carried out discussions with the Company's internal tax team on these cases mainly with respect to issues raised by various tax authorities in their communication to the company to substantiate company's assessment that there are no present obligations perceived.

## **Information other than the Standalone Financial Statements and Auditor's Report thereon (hereinafter referred as "other information")**

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

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

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

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

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code, 2016 (Code) the Corporate Insolvency Resolution Process (CIRP) of Garden Silk Mills Limited (the Corporate Debtor or Company) was initiated by

the sole Financial Creditor (namely Invent Assets Securitisation & Reconstruction Pvt. Ltd. "Invent ARC") post assignment of debt of the Company via entering into an assignment agreement dated 4th February 2020. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the sole financial creditor (Invent ARC) in terms of Section 7 of the Code and the CIRP for the Company was initiated on 24 June, 2020. Mr. Kuresh Khambati has been appointed as Interim Resolution Professional to manage the affairs of the Company. Subsequently Mr. Khambati has been confirmed as the Resolution Professional (RP) by the Committee of Creditors (COC). Upon appointment of the RP under the Code, the powers of the Board of Directors of the Company remain suspended and vest with the RP.

Further the erstwhile management of the Company including the Directors and KMPs are responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including comprehensive income, changes in equity and cash flows of the Company in accordance with the other accounting principles generally accepted in India including Indian Accounting Standard (Ind AS), as the same pertains to the period prior to the commencement of CIRP. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Management including the Directors and KMPs are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- A. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. [Refer above para "*Material Uncertainty Related to Going Concern*"]
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

## Other matter

Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out subsequent to commencement of lockdown were based on the remote access and evidence shared digitally.

Our opinion is not modified in respect of this other matter.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
  - a) *Except for the matters described in the basis for qualified opinion paragraph*, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) *Except for the effects, if any, of the matters described in the basis for qualified opinion*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Directors and KMPs, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
- g) With respect to the other matters to be included in the auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the auditor’s report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its financial position in its standalone financial statements - refer note 29 to the standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm’s Registration no. 109983W  
by the hand of

**Tirtharaj Khot**  
Partner  
Membership no.(F) 037457  
UDIN:20037457AAAABR6002

Pune, 31st July 2020

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification.
- (c) The title deeds of the Company's certain immovable properties consisting of freehold land were pledged with the lenders as a security against the loan. During the year, the lenders have assigned its debts to Invent ARC. According to the records i.e. photocopies/ scanned copies examined by us to the extent provided by the Company's management and information and explanations given to us, the title deeds of immovable properties are held in the name of the company except as mentioned below. *In addition, details of the land for which NA procedure is pending are also included below:*

Sr. No.	Land details	Gross Block Amount (₹ In Crore*)	Remarks
1	Jolwa land (part of land)	8.06	Title is in Sellers name (majority of them are promoters and their family members) however agreement to sale has been entered into. Land is in the possession of the Company. NA procedure is pending.
2	Jolwa land (part of land)	1.86	Title is in the name of Company. Also, the possession of land is with the Company but NA procedure is pending.

**\*Note:** Further, one portion of agricultural land is in the possession of the Company and consideration paid of ₹0.17 Crore appears under capital advances and not capitalised as asset.

- (ii) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals and no material discrepancies were noticed on such physical verification between the physical stock and the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting on paragraph 3(iii) (a), (b) & (c) of the Order is not applicable.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act, to the extent applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.



- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2020, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation provided to us, dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute are as follows:

Sr. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount Involved (₹ in Crore)	Amount Unpaid (₹ in Crore)
1	Central Excise Act, 1944	Excise Duty / Service Tax	Gujarat High Court (Ahmedabad)	2008-09	26.10	19.60
2			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-12	0.41	0.41
3			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2009-10	0.03	0.00
4			Gujarat High Court (Ahmedabad)	2000-01	3.36	0.00
5			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008-13	0.78	0.75
6			Gujarat High Court (Ahmedabad)	1994-95	42.93	42.93
7			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2006-09	1.15	1.15
8			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2006-11	5.23	4.97
9	Central Excise Act, 1944	Excise Duty / Service Tax	Gujarat High Court (Ahmedabad)	2005-09	60.38	60.38
10			Gujarat High Court (Ahmedabad)	2005-09	0.65	0.65
11			Supreme Court	2005-13	392.01	392.01
12	Customs Act, 1962	Customs Duty	Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	1.27	0.00
13			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	0.36	0.31
14			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	0.34	0.31
15	Income Tax Act, 1961	Income tax	C.I.T. (Appeals), Surat.	2010-15	6.08	6.08
16			Income Tax Appellate Tribunal	2002-04	0.05	0.05
17			Income Tax Appellate Tribunal	2008-09	0.03	0.03
18			Income Tax Appellate Tribunal	2008-09	0.05	0.05

\* Show cause notices for excise duty amounting to ₹ 226.51 Crore (not included above) have been received by the company against which responses have been filed. However as informed to us, authorities have not initiated any further proceedings against such responses.

- (viii) During the year, the Company has defaulted on repayment of loans including interest to banks, financial institutions and other lenders. As informed to us, total borrowings including interest thereon due to various banks, financial institutions and other lenders have been assigned to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") on 4th February 2020. *No specific terms and conditions have been prescribed by ARC hence, we are unable to comment/report on para 3(viii) of the Order.* The Company does not have any debenture holders and has not borrowed from government. *(also refer basis for qualified opinion above).*
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of Companies Act, 2013. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi) is not applicable.

**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration no. 109983W  
by the hand of

**Tirtharaj Khot**  
Partner

Membership no.(F) 037457  
UDIN:20037457AAAABR6002

Pune, 31st July 2020

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

### Report on the Internal Financial Controls

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

#### Opinion

We have audited the internal financial controls over financial reporting of **Garden Silk Mills Limited** (hereinafter referred as "the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

#### Management's responsibility for internal financial controls

The Company's Management, Directors and KMPs are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of internal financial controls over financial reporting

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

## Inherent limitations of internal financial controls over financial reporting

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

**For Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration no. 109983W

by the hand of

**Tirtharaj Khot**

Partner

Membership no.(F) 037457

UDIN:20037457AAAABR6002

Pune, 31st July 2020

# GARDEN SILK MILLS LIMITED

## Balance Sheet as at 31st March, 2020

	Note No.	As at 31st March, 2020	(₹ in Crore) As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	1	909.40	967.54
(b) Capital Work-In-Progress	1	7.28	6.46
(c) Intangible Assets	1	0.01	0.02
(d) Financial Assets			
(i) Investments	2	1.59	4.47
(ii) Loans and Advances	3	0.16	0.07
(iii) Others Financial Assets	4	4.60	2.25
(e) Deferred Tax Assets (Net)	5	0.00	0.00
(f) Non-Current Tax Assets (Net)	9	3.39	2.82
(g) Other Non-Current Assets	10	27.50	27.91
<b>Total Non-Current Assets (A)</b>		<b>953.93</b>	<b>1011.54</b>
<b>Current Assets</b>			
(a) Inventories	6	281.11	415.33
(b) Financial Assets			
(i) Trade Receivables	7	73.58	103.62
(ii) Cash and Cash Equivalents	8(a)	84.13	36.32
(iii) Bank Balances Other than (ii) above	8(b)	116.71	27.38
(iv) Loans and Advances	3	0.04	0.06
(v) Others Financial Assets	4	1.06	0.52
(c) Other Current Assets	10	130.43	125.13
<b>Total Current Assets (B)</b>		<b>687.06</b>	<b>708.36</b>
<b>TOTAL ASSETS (A)+(B)</b>		<b>1640.99</b>	<b>1719.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	11	42.08	42.08
(b) Other Equity	12	(558.44)	(345.10)
<b>Total Equity (A)</b>		<b>(516.36)</b>	<b>(303.02)</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13(a)	1926.73	690.28
(ii) Other Financial Liabilities	16	2.80	0.00
(b) Long-Term Provisions	14	5.29	4.98
(c) Other Non-Current Liabilities	17	0.00	0.00
<b>Total Non-Current Liabilities (B)</b>		<b>1934.82</b>	<b>695.26</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13(b)	0.00	87.27
(ii) Trade Payables			
1. Dues of Micro Enterprises and Small Enterprises	15	2.23	2.84
2. Dues of Other than Micro Enterprises and Small Enterprises	15	144.66	238.91
(iii) Other Financial Liabilities	16	49.63	968.10
(b) Short-Term Provisions	14	1.62	0.21
(c) Other Current Liabilities	17	24.39	30.33
<b>Total Current Liabilities (C)</b>		<b>222.53</b>	<b>1327.66</b>
<b>TOTAL EQUITY AND LIABILITIES (A)+(B)+(C)</b>		<b>1640.99</b>	<b>1719.90</b>
<b>Significant Accounting Policies</b>	A to B		
The accompanying Notes form an integral part of Financial Statements	1 to 40		

As per our report of even date  
**For Sharp & Tannan Associates.**  
Chartered Accountants  
Firm Registration No. 109983W  
by the hand of

**PRAFUL A. SHAH (DIN: 00218143)**  
Chairman & Managing Director

**ALOK P. SHAH (DIN: 00218180)**  
Executive Director, CFO & COO

**Tirtharaj Khot**  
Partner  
Membership No.(F) 037457  
UDIN: 20037457AAAAABN9141  
Pune, 31st July, 2020

**KAMLESH B. VYAS**  
Company Secretary  
Surat, 31st July, 2020

**KURESH KHAMBATI**  
Resolution Professional  
Mumbai, 31st July, 2020

## Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in Crore)

	Note No.	2019-20	2018-19
<b>INCOME</b>			
Revenue from Operations	18	2877.09	3488.50
Other Income	19	3.55	19.38
<b>TOTAL INCOME</b>		<b>2880.64</b>	<b>3507.88</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	2139.25	2598.74
Purchases of Stock-In-Trade	21	18.22	39.96
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	22	52.10	8.34
Employee Benefit Expense	23	123.54	126.28
Finance Costs	24	202.14	204.10
Depreciation and Amortisation Expense	25	67.32	66.15
Impairment Losses	25	0.00	6.69
Other Expenses	26	485.67	543.93
<b>TOTAL EXPENSES</b>		<b>3088.24</b>	<b>3594.19</b>
<b>Profit/(Loss) Before Exceptional Item and Tax</b>		<b>(207.60)</b>	<b>(86.31)</b>
<b>Exceptional Items:</b>			
Fair Value Loss on Investments in Subsidiary Co.	26.3	0.00	3.46
<b>Profit/(Loss) Before Tax</b>		<b>(207.60)</b>	<b>(89.77)</b>
<b>Tax Expense</b>			
Current Tax	5	0.00	0.00
Deferred Tax	5	0.00	0.00
<b>Profit/(Loss) for the Year</b>		<b>(207.60)</b>	<b>(89.77)</b>
<b>Other Comprehensive Income/(Loss)</b>			
(i) Items that will not be reclassified to Profit or (Loss)	27	(5.74)	(2.38)
(ii) Income tax relating to items that will not be reclassified to Profit or (Loss)		0.00	0.00
<b>Total Other Comprehensive Income/(Loss) for the Year</b>		<b>(5.74)</b>	<b>(2.38)</b>
<b>Total Comprehensive Income/(Loss) for the Year (Net of Tax)</b>		<b>(213.34)</b>	<b>(92.15)</b>
<b>Earnings per Equity Share of face value of ₹10 each</b>	28	(49.33)	(21.33)
Basic and Diluted (in ₹)			
<b>Significant Accounting Policies</b>			
The accompanying Notes form an integral part of Financial Statements		A to B	

As per our report of even date  
**For Sharp & Tannan Associates.**  
 Chartered Accountants  
 Firm Registration No. 109983W  
 by the hand of

**Tirtharaj Khot**  
 Partner  
 Membership No.(F) 037457  
 UDIN: 20037457AAAABN9141  
 Pune, 31st July, 2020

**PRAFUL A. SHAH (DIN: 00218143)**  
 Chairman & Managing Director

**ALOK P. SHAH (DIN: 00218180)**  
 Executive Director, CFO & COO

**KAMLESH B. VYAS**  
 Company Secretary  
 Surat, 31st July, 2020

**KURESH KHAMBATI**  
 Resolution Professional  
 Mumbai, 31st July, 2020

## Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. Cash flow from Operating Activities</b>		
<b>Profit/(Loss) Before Tax</b>	(207.60)	(89.77)
<b>Adjustment for:</b>		
Depreciation	67.32	66.15
Impairment losses	0.00	6.69
Financial Charges Net	202.14	204.10
Profit on Sale of Assets	(0.02)	(0.08)
Loss on Sale of Investment	0.00	0.00
Interest Income	(1.84)	(2.63)
Dividend Income	(0.01)	(0.01)
Fair value Loss on Investment in Subsidiary	0.00	3.46
Credit Balance no longer required	(0.19)	(15.81)
Bad Debts written off	0.27	0.40
Bad Debts Recovery (ECL)	0.22	(0.44)
Fair Value (Gain) / Loss	2.25	(1.05)
	<u>270.14</u>	<u>260.78</u>
<b>Operating Profit before Working Capital Changes</b>	62.54	171.01
<b>Movements in Working Capital :</b>		
(Increase) / Decrease in Inventories	134.22	7.56
(Increase) / Decrease in Trade Receivables	29.55	107.35
(Increase) / Decrease in Loans & Advances	0.04	0.49
(Increase) / Decrease in Other Assets	(5.66)	25.31
(Decrease) / Increase in Trade Payables	11.08	(120.19)
(Increase) / Decrease in Provisions	(1.31)	(2.14)
(Decrease) / Increase in Other Financial Liabilities	(6.18)	(5.73)
(Decrease) / Increase in Other Current Liabilities	(5.94)	(51.86)
	<u>155.80</u>	<u>(39.21)</u>
<b>Cash Generated from/(used towards) Operations</b>	218.34	131.80
Direct Taxes ( Paid ) / Refund.	(0.50)	(0.71)
<b>Net Cash Flow from Operating Activities (A)</b>	<u>217.84</u>	<u>131.09</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(5.00)	(1.84)
Sale of Fixed Assets	0.13	0.34
Sale of Investments	0.16	0.00
Closure of Subsidiary	0.00	1.19
Dividend Income	0.01	0.01
Fixed Deposit	(1.20)	0.15
Interest Income - FD & Staff Loan Interest	0.07	0.53
<b>Net Cash Inflow from/(used towards) Investing Activities (B)</b>	<u>(5.83)</u>	<u>0.38</u>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from/(used towards) Short Term Borrowings	57.58	(70.24)
Proceeds from Long Term Borrowings	0.00	0.00
Repayment of Long Term Borrowings	(14.40)	(2.72)
Payment of Interest and Bank Charges	(117.56)	(96.96)
Payment of Lease Liabilities	(1.05)	0.00
Earmarked balances with Banks in Unpaid Dividend Account	0.00	0.14
Margin FD	(90.48)	31.49
Margin FD Interest Income	1.71	2.04
<b>Net Cash Outflow from Financing Activities (C)</b>	<u>(164.20)</u>	<u>(136.25)</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	47.81	(4.78)
<b>Cash and Cash Equivalents at the beginning of the year</b>	36.32	41.10
<b>Cash and Cash Equivalents at the end of the year (Refer Note No 8)</b>	<u>84.13</u>	<u>36.32</u>

### Notes :

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

As per our report of even date  
**For Sharp & Tannan Associates.**  
 Chartered Accountants  
 Firm Registration No. 109983W  
 by the hand of

**PRAFUL A. SHAH (DIN: 00218143)**  
 Chairman & Managing Director

**ALOK P. SHAH (DIN: 00218180)**  
 Executive Director, CFO & COO

**Tirtharaj Khot**  
 Partner  
 Membership No.(F) 037457  
 UDIN: 20037457AAAABN9141  
 Pune, 31st July, 2020

**KAMLESH B. VYAS**  
 Company Secretary  
 Surat, 31st July, 2020

**KURESH KHAMBATI**  
 Resolution Professional  
 Mumbai, 31st July, 2020

## Statement of Changes in Equity for the year ended 31st March, 2020

### A Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	₹ in Crore	No. of Shares	₹ in Crore
Balance at the beginning of the year	42082525	42.08	42082525	42.08
Shares issued	0	0.00	0	0.00
Outstanding at the end of the year	42082525	42.08	42082525	42.08

### B Other Equity

As at 31st March, 2020 (₹ in Crore)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2019	252.19	20.46	(615.97)	(1.78)	(345.10)
Total Comprehensive Income for the year	0.00	0.00	(207.60)	(5.74)	(213.34)
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2020	252.19	20.46	(823.57)	(7.52)	(558.44)

As at 31st March, 2019 (₹ in Crore)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2018	252.19	20.46	(526.20)	0.60	(252.95)
Total Comprehensive Income for the year	0.00	0.00	(89.77)	(2.38)	(92.15)
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2019	252.19	20.46	(615.97)	(1.78)	(345.10)

As per our report of even date  
**For Sharp & Tannan Associates.**  
 Chartered Accountants  
 Firm Registration No. 109983W  
 by the hand of

**PRAFUL A. SHAH (DIN: 00218143)**  
 Chairman & Managing Director

**ALOK P. SHAH (DIN: 00218180)**  
 Executive Director, CFO & COO

**Tirtharaj Khot**  
 Partner  
 Membership No.(F) 037457  
 UDIN: 20037457AAAABN9141  
 Pune, 31st July, 2020

**KAMLESH B. VYAS**  
 Company Secretary  
 Surat, 31st July, 2020

**KURESH KHAMBATI**  
 Resolution Professional  
 Mumbai, 31st July, 2020



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

### A. Corporate Information

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

Corporation Bank filed a section 7 application for initiation of CIRP over the Corporate Debtor on 1 September, 2018. Thereafter, post assignment of debt to Invent ARC dated 4th February, 2020, a substitution application was filed by Invent ARC on 12 February, 2020 in its capacity as financial creditor for initiation of CIRP under the Insolvency and Bankruptcy Code, 2016 (IBC) which has been admitted by the Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad Bench vide its order dated 24th June, 2020 and appointed Mr. Kuresh Khambati, as the Interim Resolution Professional (IRP) in terms of the IBC and allowed moratorium inter-alia against any recovery proceedings/winding up proceedings against the Company. The order of moratorium shall have effect from 24 June, 2020 in accordance with section 14 (1) of the Insolvency and Bankruptcy Code, 2016 ("the Code"). On appointment of the IRP the power of the Board of Directors were suspended. The financial statements were certified by the Managing Director, Chief Financial Officer and Company Secretary and taken on record by the Resolution Professional at the meeting held on 31st July 2020.

### B. Summary of Significant Accounting Policies

#### B.1. Basis for Preparation of Financial Statements:

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

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

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

During the year, the company has incurred a net loss increasing its negative retained earnings as at 31st March, 2020, wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth. The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and submission of a viable resolution plan by the prospective investor. Upon the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the company as a going concern. In view of the opinion of the directors and KMPs, resolution and revival of the company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. In view of the aforesaid details and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis.

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

**B.2. Application of New Ind AS:**

Effective 1 April 2019, the company has adopted Ind AS 116 ""Leases"" and accordingly has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019.

Adoption of Ind AS 116, has no material impact on profit and earnings per share.

**B.3. Key Sources of Estimation:**

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

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

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

**(i) Impairment of Property, Plant and Equipment:**

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

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

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

**(iii) Discount Rate - Defined Benefit Obligation:**

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

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

### (iv) Provision for Litigations and Contingencies:

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

### (v) Allowance for expected credit losses :

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

### (vi) Income Taxes:

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

### (vii) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses judgement in assessing whether a contract (or part of contract) include a lease, the lease term (including anticipated renewals), the applicable discount rate, variable lease payments whether are in-substance fixed. The judgement involves assessment of whether the asset included in the contract is a fully or partly identified asset based on the facts and circumstances, whether the contract include a lease and non-lease component and if so, separation thereof for the purpose of recognition and measurement, determination of lease term basis, inter alia the non-cancellable period of lease and whether the lessee intends to opt for continuing with the use of the asset upon the expiry thereof, and whether the lease payments are fixed are variable or a combination of both.

## B.4. Current versus Non-current Classification

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

An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

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

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

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

### Depreciation Methods, Estimated Useful Lives and Residual Value:

Depreciation is recognized (other than on capital work-in-progress) on a straight line method over the estimated useful lives of assets except on the Factory Buildings and Plant & Machineries pertaining to Draw Winding & Draw Twisting section, specific Power Projects situated at Jolwa, Draw Warping situated at Jolwa & Vareli which is on Written Down Value method, as per schedule-II to the companies act 2013. Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement. The estimated useful lives of assets are stated below:

Sr. No.	Category of Assets	Useful Life* (in Years)
<b>1</b>	<b>Buildings:</b>	
	(i) Factory Buildings	30
	(ii) Other Buildings	60
	(iii) Fences, Tube wells, Other	3 to 5
<b>2</b>	<b>Plant and Machinery:</b>	
	(i) Continuous Process Plants	25
	(ii) Power Plants	40
	(iii) Other	8 to 15
3	Roads	10
4	Furniture and Fixtures	10
5	Vehicles	8 to 10
6	Office Equipments	5
7	Electrical installations and Equipments	10
8	Computer Equipments	3 to 6
9	Software	3 to 6
10	Property, plant and equipment individually costing ₹ 10,000 or less	1

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

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

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

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

Freehold land is not depreciated.

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

### Leases:

The Company, as a lessee, recognises a right-to-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-to-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-to-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-to-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-to-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

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

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

### B.6. Impairment of Tangible and Intangible Assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible and Intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual asset belongs.

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

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

### B.7. Inventories:

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

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

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

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

### B.8. Revenue Recognition:

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

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

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

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

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

### B.9. Foreign Currencies:

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

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

### B.10. Employee Benefits:

#### Short-term Employee Benefits

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

#### Other Long-term Employee Benefits

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

#### Post-Employment Benefits

##### (a) Defined Contribution Plans:

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

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

##### (b) Defined Benefit Plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected

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

immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in the Statement of Profit or Loss in the period of plan amendment.

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

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

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

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

### (c) Termination Benefits:

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

### B.11. Borrowing Costs:

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

### B.12. Taxation:

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

#### Current tax

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

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained



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

in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

### **Deferred tax**

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

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

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

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

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

### **Current tax and Deferred tax for the year**

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

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

### **B.13. Provisions and Contingent Liabilities:**

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

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

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

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

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

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

### B.14. Financial Instruments:

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

#### (A) Financial Assets

##### a) Initial Recognition and Measurement

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

##### b) Subsequent Measurement

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

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

###### (iv) Investment in Subsidiaries, Associates and Joint Ventures

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

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

### c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments is recognised in Statement of Profit and Loss when the Company's right to receive payment is established.

### d) Impairment of Financial Assets

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

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

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

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

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

## (b) Financial Liabilities

### a) Initial Recognition and Measurement

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

### b) Subsequent Measurement

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

### c) De-Recognition

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

### d) Foreign Exchange Gains and Losses

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

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

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

### **B.15. Derivative Financial Instruments:**

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

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

### **B.16. Cash and Cash Equivalents:**

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

### **B.17. Statement of Cash Flow:**

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

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

### **B.18. Events after Reporting Date:**

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

### **B.19. Earnings per Share:**

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

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

### Note 1 : PROPERTY, PLANTS & EQUIPMENTS

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

(₹ in Crore)

Description	Tangible Assets:										Right to Use Asset:	Intangible Asset:	Grand Total			
	Freehold Land	Building	Plant and Machinery	Furniture & Fixtures	Motor Vehicles	Office Equipments	Computer & Data Processing Units	Laboratory Equipments	Electrical Installation & Equipments	Total Tangible Assets				Building	Software	
<b>GROSS BLOCK</b>																
Balance as at 31st March 2018	60.01	210.51	867.27	3.70	5.42	1.21	1.04	0.27	10.99	1160.42	0.00	0.35	1160.77			
Additions	0.00	0.23	2.55	0.17	0.30	0.12	0.15	0.00	(0.04)	3.48	0.00	0.00	3.48			
Adjustments	0.00	0.00	1.65	0.00	0.00	0.00	0.00	0.00	0.00	1.65	0.00	0.00	1.65			
Retirements/(Deductions)	0.00	0.00	0.16	0.02	0.25	0.02	0.00	0.00	0.00	0.45	0.00	0.00	0.45			
Balance as at 31st March 2019	60.01	210.74	871.31	3.85	5.47	1.31	1.19	0.27	10.95	1165.10	0.00	0.35	1165.45			
Additions	0.00	0.14	2.43	(0.01)	0.02	0.08	1.57	0.00	0.00	4.23	5.04	0.00	9.27			
Retirements/(Deductions)	0.00	0.03	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.11			
Balance as at 31st March 2020	60.01	210.85	873.66	3.84	5.49	1.39	2.76	0.27	10.95	1169.22	5.04	0.35	1174.61			
<b>ACCUMULATED DEPRECIATION</b>																
Balance as at 31st March 2018	0.00	23.83	97.08	1.26	1.82	0.57	0.38	0.06	5.12	130.12	0.00	0.27	130.39			
Additions	0.00	11.74	49.70	0.57	0.68	0.21	0.43	0.02	2.74	66.09	0.00	0.06	66.15			
Adjustments	0.00	0.00	1.54	0.00	0.00	0.00	0.00	0.00	0.00	1.54	0.00	0.00	1.54			
Retirements/(Deductions)	0.00	0.00	0.06	0.00	0.12	0.01	0.00	0.00	0.00	0.19	0.00	0.00	0.19			
Balance as at 31st March 2019	0.00	35.57	148.26	1.83	2.38	0.77	0.81	0.08	7.86	197.56	0.00	0.33	197.89			
Additions	0.00	12.09	51.24	0.56	0.62	0.18	0.28	0.01	1.02	66.00	1.31	0.01	67.32			
Retirements/(Deductions)	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01			
Balance as at 31st March 2020	0.00	47.66	199.49	2.39	3.00	0.95	1.09	0.09	8.88	263.55	1.31	0.34	265.20			
<b>NET BLOCK</b>																
Balance as at 31st March 2019	60.01	175.17	723.05	2.02	3.09	0.54	0.38	0.19	3.09	967.54	0.00	0.02	967.56			
Balance as at 31st March 2020	60.01	163.19	674.17	1.45	2.49	0.44	1.67	0.18	2.07	905.67	3.73	0.01	909.41			

Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 13.

#### (B) Capital work-in-progress:

Capital work in progress as at 31st March, 2020 is ₹7.28 Crore (31st March, 2019: ₹6.46 Crore). There are no Contractual Commitments with respect to Property, Plant and Equipment.

During the year, the company has provided for Impairment losses of ₹Nil (Previous Year ₹6.69 Crore) for uninstalled Plant and Machinery, based on Independent Valuer's Report.

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

### Note 1.1: Transition to Ind AS 116, 'Leases'

"Effective 1 April 2019, the company has adopted Ind AS 116 "Leases". Company has adopted modified retrospective approach and has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019. On transition company has recognised lease liability and right -to-use asset at ₹5.04 Crore., accordingly there is no impact on retained earnings on transition to Ind AS 116."

(₹ in Crore)

Right-to-use asset	Amount
Opening right-to-use asset	0.00
Net addition during the year	5.04
Depreciation charged during the year	(1.31)
Closing right-to-use asset	3.73

The net impact of change in accounting policy on account on adoption of Ind AS 116 over FY.2019-20 is as follows:

(₹ in Crore)

Particulars	Amount
Increase in right-to-use asset	3.73
Increase in non-current lease liability	2.80
Increase in current lease liability	1.19
Increase in depreciation	1.31
Increase in finance cost	0.49
Decrease in rent expenses	1.54

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is ₹1.82 Crore. (Incl GST)
3. Income from sub-lease during the year is ₹0.01 Crore (Previous Year 0.01 Crore).

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 2 : Investments</b>		
<b>Non-Current</b>		
<b>Quoted</b>		
<b>Fair Value through Other Comprehensive Income</b>		
<b>In Equity Shares of Group Company</b>		
Surat Textile Mills Limited.		
14500000 (31 March 2019 : 14500000) equity shares FV of ₹1 each	1.45	4.21
	<b>1.45</b>	<b>4.21</b>
<b>Unquoted</b>		
<b>a. Other Investments</b>		
<b>Fair Value through Other Comprehensive Income</b>		
Amitabh Bachchan Corporation Ltd.		
50000 (31 March 2019 : 50000) equity shares FV of ₹10 each	0.12	0.12
New Piece Goods Bazaar Co. Ltd.		
108 (31 March 2019 : 108) shares FV of ₹100 each	0.02	0.02
Majestic Land Developers Pvt. Ltd.		
Nil (31 March 2019 : 500) equity shares FV of ₹100 each	0.00	0.12
Electrex India Ltd.		
100 (31 March 2019 : 100) equity shares FV of ₹10 each (Carring at ₹1755 in books)	0.00	0.00
Icent Ltd.,		
206667 (31 March 2019 : 206667) equity shares FV of ₹10 each (Carring at ₹1 in books)	0.00	0.00
Salora Shinsung Textile Co Ltd.		
4943832 (31 March 2019 : 4943832) equity shares FV of ₹10 each (Carring at ₹1 in books)	0.00	0.00
<b>b. Investment in Government Securities</b>		
<b>Amortised Cost</b>		
National Savings Certificate (Carring at ₹10000 in books) (Deposited with Sales Tax Authorities)	0.00	0.00
	<b>0.14</b>	<b>0.26</b>
<b>Total</b>	<b>1.59</b>	<b>4.47</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 3 : Loans and Advances</b>		
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Loans to Employees	0.16	0.07
	<b>0.16</b>	<b>0.07</b>
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Loans to Employees	0.04	0.06
	0.04	0.06
<b>Total</b>	<b>0.20</b>	<b>0.13</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 4 : Other Financial Assets</b>		
<b>Non-Current</b>		
Margin Money Account	4.60	2.25
<b>Total</b>	<b>4.60</b>	<b>2.25</b>
<b>Current</b>		
Income Receivable - Utility Sale	0.38	0.47
Export Incentive - MEIS Licences	0.68	0.00
Income Receivables - Miscellaneous Income/Refund	0.00	0.05
<b>Total</b>	<b>1.06</b>	<b>0.52</b>



(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 5 : Taxes on Income</b>		
The major components of Income Tax Expense for the year ended March 2020 and March 2019 are:		
<b>(i) Statement of Profit or Loss</b>		
Current Tax	NIL	NIL
Short/(Excess) provision of tax for earlier years	NIL	NIL
Deferred Tax	NIL	NIL
<b>Total Income Tax Expense</b>	<b>NIL</b>	<b>NIL</b>
<b>(ii) Other Comprehensive Income</b>		
Deferred Tax relating to Net Gain/(Loss) on re-measurement of defined benefit plans	NIL	NIL
<b>(iii) Reconciliation of Effective Tax Rate</b>		
(A) Income before tax	Not Applicable	Not Applicable
(B) Enacted Tax Rate in India		
(C) Expected Tax Expense		
(D) Effect of expenses that are not deductible in determining taxable profit		
(E) Effect of Income which is Exempt		
(F) Expenses disallowed Previous Year but allowed in Current Year		
(G) Income taxable in future years		
(H) Effect of carried forward loss		
(I) Other Comprehensive Income (OCI)		
(J) Effect of Different tax rate		
(K) Net tax expense to be recognized in Profit or Loss		
<b>(iv) Movement of Deferred Tax</b>		
<b>Deferred Tax Liability on Account of :</b>		
Difference between book value and tax written Down Value of Fixed Assets	178.41	182.72
Revaluation of Investment (OCI)	0.00	0.08
<b>Total</b>	<b>178.41</b>	<b>182.80</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred Tax Asset on Account of :</b>		
Disallowances under the Income Tax Act, 1961	94.81	88.14
Carried forward tax losses	353.89	272.96
Provision for Doubtful Debts	0.23	0.16
Effect of Lease assets	0.09	0.00
Revaluation of Investment (OCI)	0.22	0.00
Remeasurements of Gratuity and Leave encashment	0.00	0.81
<b>Total</b>	<b>449.24</b>	<b>362.07</b>
<b>Deferred Tax Liability / (Asset) (Net)</b>	<b>(270.83)</b>	<b>(179.27)</b>
Current year (Credit)/ Charge to the extent of liability	0.00	0.00
Current year (Credit)/ Recognised at balance amount	0.00	0.00

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

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 6 : Inventories* (at lower of cost and net realisable value)</b>		
Raw Materials	52.95	106.42
Raw Materials In Transit	2.85	19.84
	<b>55.80</b>	<b>126.26</b>
Finished Goods (Including Stock in trade)	146.69	164.53
Finished Goods in Transit	27.76	62.02
Work in Progress	2.10	2.10
	<b>176.55</b>	<b>228.65</b>
Stores, Spares, Chemicals & Consumables	48.76	60.42
<b>Total</b>	<b>281.11</b>	<b>415.33</b>

\*Inventories hypothecated as security for borrowings as disclosed under Note 13

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 7 : Trade Receivables</b>		
Unsecured, Considered Good*	72.59	101.78
Considered Doubtful	1.68	2.31
	<b>74.27</b>	<b>104.09</b>
Less: Allowance for Credit Losses	0.69	0.47
<b>Total</b>	<b>73.58</b>	<b>103.62</b>

\*Refer Note 33.2 for Amount due from Related Parties.

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 8(a) : Cash and Cash Equivalents</b>		
Cash on hand	0.26	0.26
Balances with banks		
In Current Accounts	71.54	10.29
In EEFC Accounts	11.63	22.48
Fixed Deposit (maturity in less than 3 months)	0.70	3.29
	<b>84.13</b>	<b>36.32</b>
<b>Note 8(b) : Other Bank Balances</b>		
Margin Money Account	115.26	27.12
Fixed Deposit (maturity between 3 to 12 months)	1.22	0.24
Fixed Deposit (maturity in more than 12 months)	0.23	0.02
	<b>116.71</b>	<b>27.38</b>
<b>Total</b>	<b>200.84</b>	<b>63.70</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 9 : Non-Current Tax Assets</b>		
Advance Income Tax (Net of Provisions)	3.39	2.82
<b>Total</b>	<b>3.39</b>	<b>2.82</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 10 : Other Assets</b>		
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Deposits - Receivable Long Term	0.74	0.62
Balance with Customs, Excise & Service Tax Authorities	13.64	14.27
Prepaid Expenses	0.35	0.25
Paintings & Artefacts	12.77	12.77
<b>Total</b>	<b>27.50</b>	<b>27.91</b>
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Balance with Customs, GST and State Authorities	64.70	101.50
Advance to Trade Suppliers	52.14	5.69
Advance to Capital Expense Suppliers	0.37	0.49
Income Receivable	4.87	7.75
Prepaid Expenses	3.28	1.95
Deposits - Receivable	5.07	6.52
Advance Paid to Employees' Gratuity Fund	0.00	1.23
<b>Total</b>	<b>130.43</b>	<b>125.13</b>
<b>Total Other Assets</b>	<b>157.93</b>	<b>153.04</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 11 : Equity Share Capital</b>		
Authorised Share Capital		
Equity Shares of ₹10/- each		
60000000 (31 March 2019 : 60000000)	60.00	60.00
<b>Total</b>	<b>60.00</b>	<b>60.00</b>
Issued, Subscribed and Paid up *		
Equity Shares of ₹ 10/- each fully paid up		
42082525 (31 March 2019 : 42082525)	42.08	42.08
<b>Total</b>	<b>42.08</b>	<b>42.08</b>

\*No Changes during the year and immediately Preceding Financial Year.

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19%	7231996	17.19%
Palomar Textiles Ltd.	3930872	9.34%	3930872	9.34%
Mr. Praful A. Shah (Partner of Isha Enterprises)	3791985	9.01%	3791985	9.01%
Mr. Praful A. Shah	2789190	6.63%	2789190	6.63%
Mr. Praful A. Shah (Partner of Rayben Investments)	2492816	5.92%	2492816	5.92%

All the above shares held by the said promoters and promoter group entities (except 1949880 shares held by Shri Praful A. Shah - Partner of Isha Enterprises) are pledged with the lenders in terms of Share Pledge Agreement executed on 28/12/2017 between the Promoters as pledgers, IDBI Trusteeship Services Limited as the Security Trustee on behalf of the Lenders and Garden Silk Mills Limited, the Company / Borrower.

## 11.2 Rights, Preferences and Restrictions attached to Shares

### Equity Shares:

The Company has one class of shares referred to as equity shares having a par value of ₹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.

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

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

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 12 : Other Equity</b>		
<b>Securities Premium</b>		
Balance at the beginning of the year	252.19	252.19
Add : During the year	0.00	0.00
Balance at the end of the year	<b>252.19</b>	<b>252.19</b>
<b>General Reserve</b>		
Balance at the beginning of the year	20.46	20.46
Add : During the year	0.00	0.00
Balance at the end of the year	<b>20.46</b>	<b>20.46</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	(615.97)	(526.20)
Add : Profit/(Loss) for the year	(207.60)	(89.77)
Balance at the end of the year	<b>(823.57)</b>	<b>(615.97)</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	(1.78)	0.60
Add : OCI for the year	(5.74)	(2.38)
Balance at the end of the year	<b>(7.52)</b>	<b>(1.78)</b>
<b>Total</b>	<b>(558.44)</b>	<b>(345.10)</b>

### Nature and Purpose of Reserves:

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

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

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

### Items of Other Comprehensive Income

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

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 13(a) : Long-term Borrowings</b>		
<b>Secured</b>		
<b>Amortised Cost</b>		
Term Debt from Asset Reconstruction Company (ARC)	1926.73	0.00
Term loan from Banks	0.00	1312.47
Term loan from Financial Institutions	0.00	26.12
Term loan from foreign banks	0.00	3.14
<b>Total Borrowings</b>	<b>1926.73</b>	<b>1341.73</b>
Less: Current Maturities (Refer Note 16)		
<b>Secured</b>		
<b>Amortised Cost</b>		
Term Debt from ARC	0.00	0.00
Term loan from Banks	0.00	639.23
Term loan from Financial Institutions	0.00	10.60
Term loan from foreign banks	0.00	1.62
<b>Total</b>	<b>0.00</b>	<b>651.45</b>
<b>Total Long-term Borrowings</b>	<b>1926.73</b>	<b>690.28</b>

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

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 13(b) : Short-term Borrowings</b>		
<b>Secured</b>		
Cash Credit Facilities	0.00	87.27
<b>Total Short-term Borrowings</b>	<b>0.00</b>	<b>87.27</b>

## (A) Note on Secured Borrowings for the year ended 31st March, 2020

- a) As per Deed of Assignment of Debt dated 04.02.2020 all fund based Consortium Debt has been assigned by erstwhile Lenders to Invent Assets Securitisation and Reconstruction Private Limited together with all its rights, title and interest in financing documents and any underlying security interests.

In view of above, Term Debt from ARC is secured by first charge on pari passu basis on entire fixed assets of the Company both present and future by way of mortgage/hypothecation of all immovable/moveable properties and are further secured by first charge on entire current assets of the Company both present and future by way of hypothecation of all current assets.

- b) Maturity profile as at 31st March, 2020 is not given since the ARC has not conveyed the repayment terms/schedule to the Company.

## (B) Note on Secured Borrowings for the year ended 31st March, 2019

- a) Term Loans from Banks and Financial Institutions were secured by first charge on pari passu basis on entire fixed assets of the Company both present and future by way of mortgage/hypothecation of all immovable/moveable properties (except assets under specific charge with the lenders as per Note (b) below), and were further secured by second charge on entire current assets of the Company both present and future by way of hypothecation of all current assets subject to prior charges created/to be created in favour of Bankers for working capital borrowings.

- b) Of the Rupee Term Loans from Banks:

- i) Loans from Bank of India to the extent of ₹ Nil (Previous Year: ₹1.81 Crore) were secured by hypothecation of specific machinery of Fully Drawn Yarn (FDY) Project at Jolwa.
- ii) Loans from Bank of India to the extent of ₹ Nil (Previous Year: ₹9.31 Crore) were secured by hypothecation of specific Building and Machinery of Texturising plant and Draw Twisting plant at Jolwa.
- iii) Loan from Daimler Financial Services Pvt Ltd aggregating to ₹Nil (Previous Year: ₹0.06 Crore) under vehicle finance scheme was secured by an exclusive charge by way of hypothecation of specific vehicle purchased under the arrangement.
- iv) Loans from ICICI Home Finance Co. Ltd to the extent of ₹Nil (Previous Year: ₹1.09 Crore) was secured by hypothecation of residential flat at Mumbai.
- v) Loans from Corporation Bank to the extent of ₹ Nil (Previous Year: ₹30.03 Crore) were 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 ₹ Nil (Previous Year: ₹43.30 Crore) was secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.

- c) Cash Credit facilities were part of Working Capital facilities availed from Consortium of Banks and were secured by first charge on pari passu basis on entire current assets of the Company both present and future by way of Hypothecation of all company's current assets and were further secured by second charge on pari passu basis on entire fixed assets of the Company both present and future by way of Mortgage/Hypothecation of immovable/movable properties (excluding those specifically charged) of the Company. Rate of Interest on Cash Credit facilities ranged between 10.40% to 11.20%
- d) Closing balance of term loan from foreign bank is secured by a guarantee from Bank of India and is backed by an equivalent margin money deposit including interest thereon.



(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 14 : Provisions</b>		
<b>Long-term Provision</b>		
Payable to Gratuity Fund	0.00	0.00
Leave Benefits	5.29	4.98
<b>Total</b>	<b>5.29</b>	<b>4.98</b>
<b>Short-term Provision</b>		
Payable to Gratuity Fund	1.40	0.00
Leave Benefits	0.22	0.21
<b>Total</b>	<b>1.62</b>	<b>0.21</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 15 : Trade Payables</b>		
a) Acceptances	115.44	196.18
b) Payable to Others		
i) Payable to Micro and Small Enterprises*	2.23	2.84
ii) Others including Creditors for Expenses#	29.22	42.73
<b>Total</b>	<b>146.89</b>	<b>241.75</b>

# Refer Note 33.2 for Amount payable to Related Parties.

\*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2020 as disclosure requirement under MSME act, 2006 are applicable.

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

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
(a) Principal Amount Due	2.23	2.84
(b) Interest on Principal Amount Due	Nil	Nil
(c) Interest and Principal Amount paid beyond appointment day	Nil	Nil
(d) The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act.	Nil	Nil
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	Nil	Nil
(f) The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	Nil	Nil

**Note:**

As part of the ongoing CIRP under IBC, the RP has to receive, collate and admit all the claims submitted by the creditors of the Company. Such claims can be submitted to the RP during the CIRP, till the approval of a resolution plan by the COC. The RP is still in the process of collating and verifying such claims, as and when they are received, and shall subsequently admit such verified claims against the Company as per the Code. Pending admission of the claims received, the impact of such claims, if any, that may arise has not been considered in the preparation of the audited financial statements.

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 16 : Other Financial Liabilities</b>		
<b>Non-Current</b>		
Lease Liabilities	2.80	0.00
<b>Total</b>	<b>2.80</b>	<b>0.00</b>
<b>Current</b>		
Interest Accrued and Due on Term Debt of ARC	23.43	0.00
Interest Accrued But Not Due	0.25	0.02
Payable - Employees Benefit Expenses	9.42	13.27
Payable - Expenses Others	6.35	7.98
Payable - Deposits	6.64	7.34
Lease Liabilities	1.19	0.00
Creditors for Capital Expenses	0.23	0.29
Payable to Related Parties towards Purchase of Fixed Assets	0.30	0.30
Forward Contract Payable / (Receivable)	1.82	(0.44)
Current Maturities of Long-term Debt [Refer Note 13(a)]	0.00	651.45
Interest Accrued and Due	0.00	287.89
<b>Total</b>	<b>49.63</b>	<b>968.10</b>

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Note 17 : Other Liabilities</b>		
<b>Non-Current</b>		
Payable - Expenses	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>Current</b>		
Advances from Customers	21.80	26.69
Payable - Expenses	1.18	1.40
Payable - Taxes	0.17	0.42
Payable - TDS	1.24	1.82
<b>Total</b>	<b>24.39</b>	<b>30.33</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 18 : Revenue from Operations</b>		
Sale of Product / Services	2875.74	3,488.04
Job Charges Income	1.35	0.46
<b>Total</b>	<b>2877.09</b>	<b>3488.50</b>
<b>18.1 Sale of Products</b>		
Chips	1129.62	1423.33
POY/FDY	1160.98	1429.19
Processed yarn	463.47	468.72
Fabrics	90.25	133.28
Sale of Utilities	9.12	7.77
Other	22.30	25.75
	<b>2875.74</b>	<b>3488.04</b>
<b>18.2 Other Operations</b>		
Job Charges Income	1.35	0.46
<b>Total Revenue</b>	<b>2877.09</b>	<b>3488.50</b>

(₹ in Crore)

	2019-20	2018-19
<b>18.3 Reconciliation of Revenue from Sale of Product with Contracted Price</b>		
Contracted Price	2867.32	3476.86
Add: Export Benefits	8.78	19.50
Less: Rate Difference and Exchange Fluctuations.	0.36	8.32
<b>Total</b>	<b>2875.74</b>	<b>3488.04</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 19 : Other Income</b>		
<b>Interest Income</b>		
Bank Deposits	1.76	2.57
Employee Loans	0.01	0.01
Tax Refund	0.06	0.07
<b>Dividend Income</b>		
on Long Term Investments	0.01	0.01
<b>Other Non Operating Income</b>		
Credit balances Written Back	0.19	15.81
Penalty Recovered	0.68	0.33
Business Support Services	0.26	0.05
Rent Income	0.12	0.12
Net Surplus on Disposal of Fixed Assets	0.02	0.08
Miscellaneous Receipts	0.44	0.33
<b>Total</b>	<b>3.55</b>	<b>19.38</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 20 : Cost of Materials Consumed</b>		
Opening Stock of Raw Material	126.26	122.42
Add: Purchases during the year	2068.79	2602.58
	<b>2195.05</b>	<b>2725.00</b>
Less: Closing Stock of Raw Material	55.80	126.26
<b>Cost of Material Consumed</b>	<b>2139.25</b>	<b>2598.74</b>

(₹ in Crore)

	2019-20	2018-19
<b>20.1 Value of Imports on CIF Basis in Respect of</b>		
Raw Materials	230.74	485.12
Stores, Spares, Chemicals & Consumables	79.56	62.26
Capital Goods	1.07	0.19
	<b>311.37</b>	<b>547.57</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 21 : Purchases of Stock-in-Trade</b>		
Yarn	9.68	29.19
Fabrics	6.21	7.49
Readymade	0.68	0.54
P.T.A.	1.65	1.57
M.E.G.	0.00	1.17
<b>Total</b>	<b>18.22</b>	<b>39.96</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 22 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock</b>		
Finished Goods and Stock-in-trade	226.55	234.49
Work-in-Progress	2.10	2.50
	<b>228.65</b>	<b>236.99</b>
<b>Less: Closing Stock</b>		
Finished Goods and Stock-in-trade	174.45	226.55
Work-in-Progress	2.10	2.10
<b>Total</b>	<b>52.10</b>	<b>8.34</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 23 : Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	106.57	105.73
Directors Remuneration	5.02	7.57
Contribution to Provident and Other Funds	7.93	8.66
Contribution to Gratuity	2.15	2.16
Staff Welfare Expenses	1.87	2.16
<b>Total</b>	<b>123.54</b>	<b>126.28</b>

## (a) Defined Contribution Plan

The Company has Recognized ₹2.97 Crore for Provident Fund Contribution in the Statement of Profit and Loss for the year ended 31st March, 2020 (Previous Year: ₹3.02 Crore).

## (b) Defined Benefit Plan

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

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

### Annexure 1 : Funded status of the plan

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Present value of unfunded obligations	0.00	0.00	5.51	5.19
Present value of funded obligations	29.96	28.45	0.00	0.00
Fair value of plan assets	(28.57)	(29.68)	0.00	0.00
<b>Net Liability (Asset)</b>	<b>1.39</b>	<b>(1.23)</b>	<b>5.51</b>	<b>5.19</b>

## Annexure 2 : Profit and Loss account for the current period

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Service cost:				
Current service cost	2.33	2.49	4.58	4.60
Past service cost and loss/(gain) on curtailments and settlement	0.00	0.00	0.00	(0.08)
Net interest cost	(0.18)	(0.33)	0.39	0.49
Net value of remeasurements on the obligation and plan assets	0.00	0.00	1.53	0.90
<b>Total Charge to Profit &amp; Loss</b>	<b>2.15</b>	<b>2.16</b>	<b>6.50</b>	<b>5.91</b>

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
<b>Components of actuarial gain/losses on obligation</b>				
Due to Change in financial assumptions	2.14	0.00	0.51	0.00
Due to change in demographic assumption	(0.01)	0.00	(0.001)	0.00
Due to experience adjustments	(1.52)	(0.43)	1.02	0.90
Return on plan assets excluding amounts included in interest income	0.87	0.37	0.00	0.00
<b>Net actuarial Loss/(Gain)</b>	<b>1.48</b>	<b>(0.06)</b>	<b>1.53</b>	<b>0.90</b>

## Annexure 3: Reconciliation of defined benefit obligation

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Opening Defined Benefit Obligation	28.45	31.62	5.19	6.48
Transfer in/(out) obligation	(0.01)	0.21	0.00	0.00
Current service cost	2.33	2.49	4.58	4.60
Interest cost	2.01	2.21	0.39	0.49
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	2.14	0.00	0.51	0.00
Due to change in demographic assumption	(0.01)	0.00	(0.001)	0.00
Due to experience adjustments	(1.52)	(0.43)	1.02	0.90
Past service cost	0.00	0.00	0.00	(0.08)
Loss (gain) on curtailments	0.00	0.00	0.00	0.00
Liabilities extinguished on settlements	0.00	0.00	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(3.44)	7.65	(6.19)	(7.21)
<b>Closing Defined Benefit Obligation</b>	<b>29.95</b>	<b>43.75</b>	<b>5.50</b>	<b>5.18</b>



## Annexure 4: Reconciliation of Plan assets

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Opening value of plan assets	29.68	34.68	0.00	0.00
Transfer in/(out) plan assets	0.00	0.00	0.00	0.00
Interest Income	2.19	2.53	0.00	0.00
Return on plan assets excluding amounts included in interest income	(0.87)	(0.37)	0.00	0.00
Assets distributed on settlements	0.00	0.00	0.00	0.00
Contributions by employer	1.00	0.50	0.00	0.00
Assets acquired in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(3.44)	(7.65)	0.00	0.00
<b>Closing value of plan assets</b>	<b>28.56</b>	<b>29.69</b>	<b>0.00</b>	<b>0.00</b>

## Annexure 5: Reconciliation of net defined benefit liability

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Net opening provision in books of accounts	(1.23)	(3.05)	5.19	6.48
Transfer in/(out) obligation	(0.01)	0.21	0.00	0.00
Transfer (in)/out plan assets	0.00	0.00	0.00	0.00
Employee Benefit Expense as per Annexure 2	2.15	2.16	6.50	5.91
Amounts recognized in Other Comprehensive Income	1.49	(0.05)	0.00	0.00
<b>Total</b>	<b>2.40</b>	<b>(0.73)</b>	<b>11.69</b>	<b>12.39</b>
Benefits paid by the Company	0.00	0.00	(6.19)	(7.21)
Contributions to plan assets	(1.00)	(0.50)	0.00	0.00
<b>Closing provision in books of accounts</b>	<b>1.40</b>	<b>(1.23)</b>	<b>5.50</b>	<b>5.18</b>

## Annexure 6: Bifurcation of liability

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Current Liability*	1.40	(1.23)	0.22	0.21
Non-Current Liability	0.00	0.00	5.29	4.98
<b>Net Liability</b>	<b>1.40</b>	<b>(1.23)</b>	<b>5.51</b>	<b>5.19</b>

\*The current liability is calculated as expected benefits for the next 12 months.

## Annexure 7: Principle actuarial assumptions

Particulars	GRATUITY		Leave Benefits	
	31st March, 2020 (12 months)	31st March, 2019 (12 months)	31st March, 2020 (12 months)	31st March, 2019 (12 months)
Discount Rate	6.80% p.a.	7.60% p.a.	6.80% p.a.	7.60% p.a.
Salary Growth Rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	7.00% p.a.
Withdrawal Rates	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages
Rate of Return on Plan Assets	6.80% p.a.	7.60% p.a.		
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

## Annexure 8: Expected cash flows based on past service liability

Particulars	GRATUITY		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	1.94	2.90%	0.22	1.30%
Year 2	2.04	3.10%	0.39	2.40%
Year 3	2.57	3.90%	0.38	2.30%
Year 4	3.39	5.10%	0.28	1.80%
Year 5	1.94	2.90%	0.40	2.40%
Year 6 to Year 10	13.58	20.50%	2.00	12.30%

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

The Expected contribution for the next year is ₹ 1,39,89,145

The Weighted Average Duration (Years) as at valuation date is 10.27 years.

## Annexure 9: Sensitivity to key assumptions

Particulars	GRATUITY		Leave Benefits	
	31st	31st	31st	31st
	March, 2020	March, 2019	March, 2020	March, 2019
	(12 months)	(12 months)	(12 months)	(12 months)
<b>Discount rate Sensitivity</b>				
Increase by 0.5%	28.60	27.28	5.18	4.89
(% change)	-4.57%	-4.13%	-6.00%	-5.69%
Decrease by 0.5%	31.45	29.72	5.87	5.51
(% change)	4.95%	4.47%	6.63%	6.26%
<b>Salary growth rate Sensitivity</b>				
Increase by 0.5%	31.43	29.72	5.87	5.51
(% change)	4.89%	4.45%	6.58%	6.26%
Decrease by 0.5%	28.60	27.27	5.17	4.89
(% change)	-4.55%	-4.15%	-6.01%	-5.74%
<b>Withdrawal rate (W.R.) Sensitivity</b>				
W.R. x 110%	29.96	28.48	5.50	5.20
(% change)	-0.01%	0.08%	-0.03%	0.15%
W.R. x 90%	29.97	28.43	5.51	5.18
(% change)	0.00%	-0.09%	0.03%	-0.16%

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

*Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.*

(₹ in Crore)

	2019-20	2018-19
<b>Note 24 : Finance Costs</b>		
Interest Expenses	197.96	196.72
Interest on Lease Liabilities	0.49	0.00
Other Interest Expenses	0.35	0.46
Other Financial Charges	6.56	11.63
<b>Total</b>	<b>205.36</b>	<b>208.81</b>
Less : Other Interest/Financial Income	3.22	4.71
<b>Total</b>	<b>202.14</b>	<b>204.10</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 25 : Depreciation, Amortisation and Impairment Expenses</b>		
Depreciation on Tangible Assets	66.00	66.09
Depreciation - Right to Use Assets	1.31	0.00
Amortisation of Intangible Assets	0.01	0.06
Impairment Losses	0.00	6.69
<b>Total</b>	<b>67.32</b>	<b>72.84</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 26 : Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel Expense	219.91	227.41
Consumption of Stores, Spares and Chemicals	78.57	82.54
Packing Charges	58.60	61.99
Factory Expense	17.26	17.13
R&M - Plant and Machinery	16.76	19.19
R&M - Buildings	1.31	2.01
R&M - Others	0.79	0.97
Conversion and Processing Charges	0.49	0.73
	<b>393.69</b>	<b>411.97</b>
<b>Selling and Distribution Expenses</b>		
Freight, Octroi, Carting, Loading, Unloading, etc.	31.32	59.23
Commission and Discount	21.95	28.66
Advertisement	2.79	2.61
Other Selling and Distribution Expenses	3.15	3.17
	<b>59.21</b>	<b>93.67</b>
<b>Establishment Expenses</b>		
General Charges	5.24	14.26
Legal and Professional Charges	12.75	12.72
Rent Expense	0.48	2.01
Insurance	4.05	1.90
Rates and Taxes	6.59	1.07
Auditor's Remuneration	0.90	0.80
Corporate Social Responsibility	0.01	0.01
Bad-Debts & Miscellaneous Balances Written Off	0.28	0.47
Bad and Doubtful Debts (ECL)	0.22	(0.44)
GST ITC Lapsed	0.00	6.54
(Gain)/Loss on Revaluation of Forward Contracts	2.25	(1.05)
	<b>32.77</b>	<b>38.29</b>
<b>Total</b>	<b>485.67</b>	<b>543.93</b>

(₹ in Crore)

	2019-20	2018-19
<b>26.1 Payment to Auditors</b>		
<b>Paid to Statutory Auditors :</b>		
Statutory Audit Fees	0.22	0.22
Certification Fees	0.00	0.0014
Limited review	0.15	0.15
Other Consultancy Fees	0.00	0.06
<b>Paid to Other Auditors :</b>		
Tax Audit Fees	0.04	0.05
GST Audit Fees	0.04	0.04
Expenses towards Audit	0.02	0.02
Cost Audit Fees	0.02	0.02
Monitoring Audit Fees	0.20	0.00
Other Audit Fees	0.21	0.24
	<b>0.90</b>	<b>0.80</b>

## 26.2 Corporate Social Responsibility

- As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- The Company is not required to spend any amount in view of average net loss during the last three financial year.
- The Company has voluntarily spent and aggregate amount of ₹0.01 Crore (Previous Year ₹0.01 Crore).

## 26.3 Exceptional Items:

The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018. Exceptional items amounting to ₹3.46 Crore for the year ended 31st March, 2019 represent fair value Loss on closing down of Subsidiary Company namely GAIA International FZE.

(₹ in Crore)

	2019-20	2018-19
<b>Note 27 : Other Comprehensive Income</b>		
<b>(A) Items that will not be Reclassified to Profit or (Loss)</b>		
Actuarial Gain/(Loss) on Gratuity Benefit	(1.49)	0.05
Actuarial Gain/(Loss) on Leave Benefit	(1.53)	(0.90)
Gain/(Loss) on Revaluation of Investments	(2.72)	(1.53)
	<b>(5.74)</b>	<b>(2.38)</b>
<b>(B) Items that will be Reclassified to Profit or (Loss)</b>		
	<b>0.00</b>	<b>0.00</b>
<b>Total (A+B)</b>	<b>(5.74)</b>	<b>(2.38)</b>

(₹ in Crore)

	2019-20	2018-19
<b>Note 28 : Earning Per Share</b>		
Face Value per Equity Share (₹)	10.00	10.00
Net Profit after Tax attributable to Equity Shareholders (₹ in Crore)	(207.60)	(89.77)
Weighted Average number of Equity Shares Outstanding (nos.)	42,082,525	42,082,525
<b>Basic and Diluted Earnings per share (₹)</b>	<b>(49.33)</b>	<b>(21.33)</b>

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Note 29 : Contingent Liabilities:</b>		
<b>Claims against the Company not acknowledged as debts</b>		
<b>Disputed Liabilities in Appeal</b>		
Income Tax#	6.21	1.90
Excise Duty / Service Tax*	81.96	79.51
<b>Guarantees</b>		
Bank Guarantees (Counter-Guarantees to Banks against guarantees issued to third parties)	9.82	9.82
<b>Dividend Accrued on OCCP Shares, ₹1000</b>		
0.001% Optionally Convertible Cumulative Preference Shares (now converted into equity shares)	0.00	0.00
<b>Others</b>		
Foreign Bills Discounted with Banks	0.00	37.42
Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled	0.00	1.62

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

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

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

## 29.1 Claims under CIRP

The company is party to several cases pending before various forums /courts/ arbitration proceedings etc. Due to the initiation of CIRP against the company subsequent to the reporting date, the moratorium has been declared inter-alia against any recovery proceedings against the Company.

## 30 Capital Management:

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

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

Total debt includes long debts as disclosed in Notes 13 to the financial statements.

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

Particulars	(₹ in Crore)	
	31st March, 2020	31st March, 2019
Total Debt (₹ in Crore)	1926.73	690.28
Total Equity (₹ in Crore)	(516.36)	(303.02)
Debt to Equity Ratio	(3.73)	(2.28)



## 31 Financial Instruments:

### 31.1 Categories of Financial Instruments and Fair Value Measurement:

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

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

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

**The following table presents fair value Hierarchy of Assets and Liabilities measured at fair value on a recurring basis as of 31st March, 2020 and 31st March, 2019:**

(₹ in Crore)

Particulars	As at 31st March, 2020			As at 31st March, 2019				
	Caring Amt /Fair Value	Level of Input used in			Caring Amt /Fair Value	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
(i) Investments	0.00			0.00				
(ii) Trade receivables	73.58			103.62				
(iii) Cash & cash equivalents	84.13			36.32				
(iv) Bank balances other than (iii) above	116.71			27.38				
(v) Loans and Advances	0.20			0.13				
(vi) Others financial assets	5.66			2.77				
<b>At FVTPL</b>								
(i) Investments	0.00			0.00				
(ii) Others financial assets	0.00			0.00				
<b>At FVTOCI</b>								
(i) Investments	1.59	1.45	0.14	4.47	4.21		0.27	
(ii) Others financial assets	0.00			0.00				

(₹ in Crore)

Particulars	As at 31st March, 2020			As at 31st March, 2019				
	Caring Amt /Fair Value	Level of Input used in			Caring Amt /Fair Value	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Liability</b>								
<b>At Amortised Cost</b>								
(i) Borrowings	1926.73			777.55				
(ii) Trade Payables	146.89			241.75				
(iii) Other financial liabilities	52.43			968.10				
<b>At FVTPL</b>								
(i) Other financial liabilities	0.00			0.00				
<b>At FVTOCI</b>								
(i) Borrowings	0.00			0.00				
(ii) Trade Payables	0.00			0.00				
(iii) Other financial liabilities	0.00			0.00				

#### Valuation Technique –

- i. The fair value of investment in quoted Equity Shares, Bonds, Government Securities, Treasury Bills, Certificate of Deposits and Mutual Funds is measured at quoted price or NAV.
- ii. All foreign currency denominated monetary assets and liabilities are translated using exchange rate at reporting date.
- iii. The fair value of level 3 instruments is valued using inputs based on information about market participants assumptions and other data that are available.
- iv. The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables and trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

#### Fair value of forward contract is computed –

- i. Spot Reference of original forward deal is compared with Spot Rate by FEDAI as at the reporting date.
- ii. Residual Forward Points of original forward deal is compared with prevailing market forward points for the residual tenor as at the reporting date.
- iii. Gain/Loss (at an undiscounted amount) is computed as at reporting date.

## 31.2 Financial Risk Management Framework:

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

### **Market Risk:**

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

### **Foreign Currency Risk Management:**

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

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

### **Foreign Currency Exposure:**

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

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

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

Particulars	Foreign Currency Denomination	2019-2020		2018-2019	
		Foreign Currency Amount in Crore	Functional Currency Amount (₹ in Crore)	Foreign Currency Amount in Crore	Functional Currency Amount (₹ in Crore)
<b>a. Hedged</b>					
Trade Receivables (net)	USD	0.29	22.10	0.17	12.09
Trade Payables	JPY	4.46	3.10	5.77	3.60
	USD	0.08	6.33	0.43	29.53
ECB Loan	USD	0.00	0.00	0.05	3.14
Interest Payable	USD	0.00	0.00	0.00029	0.02
<b>b. Unhedged</b>					
Other Receivable	USD	0.00330	0.25	0.03	2.19
Trade Payables	JPY	0.00295	0.00206	0.44	0.27
	USD	0.05	4.03	0.17	11.53
	EUR	0.00014	0.01	0.00014	0.01
Export Commission Payable	USD	0.00499	0.38	0.02	1.06
Balance in EEFC Accounts	USD	0.15	11.63	0.33	22.48

### Foreign Currency Sensitivity:

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

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to other foreign currencies is not material.

(₹ in Crore)

Particulars	Foreign Currency Denomination	Depreciation in INR	Effect on Profit Before Tax	Appreciation in INR	Effect on Profit Before Tax
31st March, 2020	USD		1.16		(1.16)
	JPY	+5%	(0.16)	-5%	0.16
	EUR		0.00		0.00
31st March, 2019	USD		(1.64)		1.64
	JPY	+5%	(0.01)	-5%	0.01
	EUR		(0.001)		0.001

## **Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's variable rate short-term debt obligations and external commercial borrowings.

## **Interest Rate Sensitivity:**

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

Particulars	Increase Effect		Decrease Effect	
	March, 2020	March, 2019	March, 2020	March, 2019
Effect of Increase /decrease in floating interest rate by 100 basis points (1%) for term loans	19.27	15.50	(19.27)	(15.50)

## **Credit Risk:**

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

In addition, the Company is exposed to credit risk in relation to deposits related to lease premises. These deposits are not past due or impaired.

## **Liquidity Risk:**

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

## 32 Segment Reporting:

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

(₹ in Crore)		
Segment Revenue - Geographic Segment by Location of Customer	2019-2020	2018-2019
Within India	2456.94	2393.70
Outside India	420.15	1094.80
<b>Total</b>	<b>2877.09</b>	<b>3488.50</b>

## 33 As per Regulation Ind AS 24, the disclosures of transactions with the related party are given below:

### 33.1 List of related parties where Controls exists and Relationships:

Sr. No.	Name of Related Party	Nature of Relationship
1	GAIA International FZE	Subsidiary Company*
2	Surat Textile Mills Limited	Group Company
3	Mr. Praful A. Shah - Managing Director Mr. Sanjay S. Shah - Executive Director Mr. Alok P. Shah - Executive Director, CFO & COO Mr. Suhail P. Shah - Executive Director Mr. Ketan A. Jariwala - Non Executive Director Mr. Deepak N. Shah - Non Executive Director Mr. Sunil S. Sheth - Non Executive Director Ms. Kruti Kothari - Non Executive Director # Mr. Kamlesh B. Vyas - Company Secretary # w.e.f. 23rd March, 2020	Key Managerial Personnel (KMP)
4	Mrs. Shilpa P. Shah Mrs. Sujata V. Parsai Sirius Management Services Private Limited The Garden Silk Factory Majestic Land Developers LLP Jigar Vyas & Associates	Relatives of Key Managerial Personnel (KMP) and their enterprises where transactions have taken place.
5	GSML-Employees Gratuity Fund	Post Employment Benefit Plan

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

ii) Related party Relationship is as identified by the Company and relied upon by the Auditors.

## 33.2 Transactions During the year with Related Parties:

(₹ in Crore) except otherwise stated

Sr. No.	Name and Nature of Transactions of Related Parties	Relationship	2019-20	2018-19
1	Revenue from Operations			
	Surat Textile Mills Limited	Group Company	10.22	10.06
	GAIA International FZE	Subsidiary Company	0.00	1.45
2	Other Income			
	Sirius Management Services Pvt. Ltd.	KMP	0.01	0.01
3	Purchases			
	Surat Textile Mills Limited	Group Company	74.53	100.70
4	Leave & Licence Fees and Reimbursement of Expenses			
	Surat Textile Mills Limited	Group Company	0.25	0.00
	Amalfi Textiles Pvt. Ltd.	Enterprises Related to KMP	0.00	0.01
	Armorax Business Centre Pvt. Ltd.		0.00	0.07
	Sorrento Textiles Pvt. Ltd .		0.00	0.24
5	Payment to Key Managerial Personnel and their Relatives*			
	Mr. Praful A. Shah	KMP	1.34	2.39
	Mr. Sanjay S. Shah	KMP	0.59	0.59
	Mr. Alok P. Shah	KMP	0.89	2.39
	Mr. Suhail P. Shah	KMP	2.15	2.15
	Mr. Ketan A. Jariwala	KMP	0.02	0.01
	Mr. Deepak N. Shah	KMP	0.02	0.01
	Mr. Sunil S. Sheth	KMP	0.02	0.01
	Mr. Yatish Parekh	KMP	₹ 2500	0.01
	Mr. Kamlesh B. Vyas	KMP	0.31	0.34
	Mrs. Shilpa P. Shah	Relative of KMP	0.27	0.27
	Mrs. Sujata V. Parsai	Relative of KMP	0.00	₹ 25000
	Jigar Vyas & Associates	Relative of KMP	0.01	0.01
6	Closure of Subsidiary Co.			
	GAIA International FZE	Subsidiary Company	0.00	4.65
7	Contribution to Gratuity Fund			
	GSML-Employees Gratuity Fund	Post Employment Benefit Plan	1.00	0.50
8	Other Transaction			
	Surat Textile Mills Limited	Group Company	0.38	0.99
	The Garden Silk Factory	Enterprise Related to KMP	0.05	0.16
	<b>Balance as at 31st March, 2020</b>			
	Surat Textile Mills Limited	Group Company		
	- Trade Receivables & Others		0.60	0.45
	- Trade Payables		0.02	0.00

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

## 34 Income in Foreign Currency:

(₹ in Crore)		
Particulars	2019-2020	2018-2019
Sales - Export	420.15	1094.80
Rate Difference on Imported Materials	1.06	2.83

## 35 Expenditure in Foreign Currency:

(₹ in Crore)		
Particulars	2019-2020	2018-2019
Export Commission / Brokerage	3.60	8.79
Import Commission	0.00	0.50
FCL Interest	0.16	0.26
Foreign Subscription	0.19	0.17
Foreign Traveling	0.01	0.21
Others	0.02	0.08

- 36** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund (IEPF) as at 31st March, 2020.
- 37** Contribution to Political parties during the year 2019-20 is ₹ Nil (Previous Year ₹ 0.01 Crore).
- 38** The outbreak of Coronavirus (COVID-19) pandemic disrupted the Operations of the Company since end March, 2020. The Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. The Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with maintaining social distancing, sanitization of work spaces etc. The extent and duration of COVID-19 is currently unknown and depends on future developments that are uncertain. Any resultant outcome and impact on business, due to this is unpredictable. In assessing the recoverability of Company's assets such as Investment, Loans and other receivables, the management has used internal and external source of information up to the date of approval of these financial results. Given the uncertainties, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor the developments.
- 39** A Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Company vide an order of the National Company Law Tribunal Ahmedabad Bench ('NCLT') in the matter CP(IB) 453 of 2018 on 24th June, 2020 under the provisions of the Insolvency and Bankruptcy Code, 2015 ('Code'). Pursuant to the order, the powers of the Board of Directors stand suspended and are exercisable by Mr. Kuresh Khambati, who was appointed as Interim Resolution Professional (IRP) by the NCLT and was consequently confirmed as Resolution Professional (RP) by the Committee of Creditors (COC). These audited financial results have been prepared by the management of the Company and certified by Managing Director / Wholetime Director and CFO of the Company. The RP has relied upon the assistance provided by the members of the Audit Committee in review of the financial results and certifications, representations and statements made by Managing Director / Wholetime Director and CFO of the Company in relation to these financial results. The RP has approved these financial results only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code.



**40** Figures for the previous year have been regrouped/reclassified wherever necessary, all values are rounded to the nearest Crore with two decimal, except when otherwise indicated.

**PRAFUL A. SHAH (DIN: 00218143)**  
Chairman & Managing Director

**ALOK P. SHAH (DIN: 00218180)**  
Executive Director, CFO & COO

**KAMLESH B. VYAS**  
Company Secretary  
Surat, 31st July, 2020

**KURESH KHAMBATI**  
Resolution Professional  
Mumbai, 31st July, 2020



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