

GARDEN SILK MILLS LIMITED

Date: 28th August, 2018

Department of Corporate Services,
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400001
Scrip Code: 500155

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra Kurla Complex,
Bandra (East),
Mumbai 400051
Stock Code: GARDENSILK(EQ)

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Submission of Notice of 39th Annual General Meeting

Dear Sirs,

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), we submit herewith a copy of the Notice of the 39th Annual General Meeting of the Company schedule on **Tuesday, 18th September, 2018.**

Further, pursuant to Regulation 47 of the Listing Regulations, please find enclosed herewith copy of the Notice of 39th Annual General Meeting of the Company published on 27th August, 2018 in the newspapers.

The above are also available on the Company's website viz. www.gardenvareli.com.

This is for your information and records.

Thanking you,

Yours faithfully,

For Garden Silk Mills Limited



Kamlesh B. Vyas

Company Secretary & Compliance Officer



*Garden**

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

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

CIN : L17111GJ1979PLC003463 | Website : www.gardenvareli.com

GARDEN SILK MILLS LIMITED

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

CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com

Tel.No. (0261) 2311197, 2311615 Fax : (0261) 2311029

**NOTICE OF 39TH ANNUAL GENERAL MEETING AND REMOTE
E-VOTING INFORMATION**

NOTICE is hereby given that the 39th Annual General Meeting ("AGM") of the members of Garden Silk Mills Limited will be held on Tuesday, 18th September, 2018 at 11:00 a.m. at the Registered Office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 to transact the business as set out in the Notice dated 30th May, 2018 convening AGM. The Notice along with Proxy Form and Attendance Slip has been dispatched / e-mailed to all the members of the Company. The Notice of AGM and Annual Report are available at the Company's website - www.gardenvareli.com as well as the website of Karvy Computershare Private Limited ("Karvy") - <https://evoting.karvy.com>.

E-voting Facility

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing its members a facility to exercise their rights to vote by electronic mode. Members of the Company may exercise their right to vote by electronic mode in respect of all the businesses set out in the Notice of the AGM. The Company has provided the facility for e-voting through Karvy. Members are requested to follow the instructions specified in the AGM Notice which can also be downloaded from the Company's website www.gardenvareli.com.

Further, it is also notified to the Members that:

- a) The remote e-voting period commences at 10.00 a.m. on Friday 14th September 2018 and ends at 5.00 p.m. on Monday 17th September 2018. During this period, members of the Company holding shares either in physical or electronic form as on the cut-off date i.e. 12th September 2018, may cast their vote through remote e-voting. Remote e-voting shall not be allowed beyond the said date and time.
- b) Members holding shares as on the cut-off date on Wednesday 12th September 2018 are entitled to avail the facility of remote e-voting as well as voting through ballot paper at the AGM.
- c) Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their votes again.
- d) Any person who acquires shares of the Company and becomes a Member of the Company after despatch of Notice of AGM and holding shares as on cut-off date i.e. 12th September 2018 may obtain User id and Password for remote e-voting by sending a request at evoting@karvy.com or may contact on toll free number provided by Karvy: 1800-3454-001.
- e) The facility of voting through Poll / Ballot Paper shall also be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting, shall be eligible to vote at the AGM through Poll / Ballot Paper
- f) In case of members cast their vote both by remote e-voting and Poll / Ballot Paper, then voting done through remote e-voting shall prevail and voting done by Poll / Ballot Paper shall be treated as invalid.
- g) A member's voting rights shall be in proportion to his/her share of the paid-up equity share capital of the Company as on 12th September 2018 ('cut-off date')
- h) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. The Instrument appointing a Proxy must be deposited with the Company at its Registered Office duly completed and signed, not less than 48 hours before the commencement of the AGM.

For any query or grievances in relation to e-voting, Members may refer to the 'Frequently Asked Questions' (FAQs) for Members and 'e-voting user manual' for Members available in the downloads section of the e-voting website of Karvy, <https://evoting.karvy.com> or contact Ms. Shobha Anand, Manager, Karvy Computershare Pvt. Ltd., Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032 at the designated e-mail ID: evoting@karvy.com or at telephone No.: 040-67162222 or at the Toll Free No.: 1-800-3454-001.

Book Closure:

Notice is further given that pursuant to Section 91 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 12th September 2018 to Tuesday 18th September 2018 (both days inclusive) for the purpose of AGM.

By order of the Board of Directors
For Garden Silk Mills Limited
Sd/-

Kamlesh B. Vyas
Company Secretary &
Compliance Officer

Place: Surat
Date: 27th August, 2018



GARDEN SILK MILLS LIMITED

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

CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com
Tel.No. (0261) 2311197, 2311615 Fax : (0261) 2311029

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- Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their votes again.
- Any person who acquires shares of the Company and becomes a Member of the Company after despatch of Notice of AGM and holding shares as on cut-off date i.e. 12th September 2018 may obtain User id and Password for remote e-voting by sending a request at e-voting@karvy.com or may contact on toll free number provided by Karvy: 1800-3454-001.
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- In case of members cast their vote both by remote e-voting and Poll / Ballot Paper, then voting done through remote e-voting shall prevail and voting done by Poll / Ballot Paper shall be treated as invalid.
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- A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. The Instrument appointing a Proxy must be deposited with the Company at its Registered Office duly completed and signed, not less than 48 hours before the commencement of the AGM.

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Book Closure:

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By order of the Board of Directors
For Garden Silk Mills Limited
Sd/-

Kamlesh B. Vyas
Company Secretary &
Compliance Officer

Place: Surat
Date: 27th August, 2018

ગુજરાત સિલ્ક મિલ્સ લિમિટેડ, સુરત

સોમવાર, ડી. ૨૭ ઓગસ્ટ, ૨૦૧૮

NOTICE

NOTICE is hereby given that the **39TH ANNUAL GENERAL MEETING** of the members of Garden Silk Mills Limited will be held on **Tuesday, 18th September, 2018 at 11:00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt
 - (a) the audited financial statements of the Company for the financial year ended 31st March, 2018 together with the reports of Board of Directors and the Auditors' thereon; and
 - (b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2018 together with the report of Auditors' thereon.
- 2 To appoint a Director in place of Shri Alok P. Shah (DIN: 00218180), who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To ratify the appointment of the statutory auditors of the Company, to fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014 (the Rules), (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval of Members at the 38th Annual General Meeting, the appointment of M/s. Sharp & Tannan Associates, Chartered Accountants, (Firm Registration No.109983W), as the Statutory Auditors of the Company, be and is hereby ratified to hold office as such from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the 40th AGM of the Company to be held in the year 2019, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee(s) of the Board), and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

- 4 To re-appoint Shri Yatish C. Parekh as an Independent Director and in this regard, pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Yatish C. Parekh (DIN: 00168488), who was appointed as an Independent Director and who holds office as an Independent Director up to 31st March, 2019 and being eligible, 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 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 of 5 (five) consecutive years, i.e. up to 31st March, 2024."

- 5 To re-appoint Shri Suhail P. Shah as wholetime director and in this regard, pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"), and subject to the requisite approval of the Central Government and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded to appointment and payment of remuneration of Shri Suhail P. Shah (DIN: 00719002) as a Whole-time Director designated as Executive Director (ED) of the Company, for a period of 3 (three) years with effect from 1st December, 2018, upon the terms and conditions as set out in the

Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Suhail P. Shah, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Suhail P. Shah.

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

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

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

- 6 To ratify the remuneration of Cost Auditor for the financial year ending 31st March, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditor M/s. Smit Manubhai & Associates, Cost Accountants, (Firm Registration Number 002158), appointed by the Board of Directors of the Company on the recommendation of Audit Committee, to conduct the audit of the cost records of the Company, for the Financial Year ending 31st March, 2019, be paid a remuneration, amounting to Rs.1,75,000 (Rupees One Lac Seventy-five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, and the same is hereby ratified and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee(s) of the Board), and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

Notes:

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. Notes given in the Notice to the extent applicable also forms part of explanatory statement
2. **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.**

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. 11.00 a.m. on Tuesday, 18th September, 2018. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 12th September, 2018 to Tuesday, 18th September, 2018 (both days inclusive).
5. The Register of Directors' and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
6. A brief resume of Directors proposed to be appointed/re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanship of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the SEBI listing regulations and other requisite information as per Secretarial Standards – 2 on General Meetings, are annexed and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
7. In terms of the provisions of Section 152 of the Act, Shri Alok P. Shah retire by rotation at the AGM. Nomination and Remuneration Committee and the Board of Directors of the Company commend his re-appointment.

Shri Alok P. Shah is interested in the Ordinary Resolution set out at Item No.2 of the Notice with regard to his re-appointment. Shri Praful A. Shah Chairman and Managing Director and Shri Suhail P. Shah Executive Director, being related to Shri Alok P. Shah may be deemed to be interested in the resolution set out at Item No.2 of the Notice. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item No. 2 of the Notice.

8. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorising them to attend and vote on their behalf at the AGM.
9. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
10. In terms of Section 205A of the Companies Act, 1956, all unclaimed dividends declared upto the financial year ended 30th June, 1994 have been transferred to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 (the Rules). Members who have not so far claimed or collected their dividends declared up to the aforesaid financial year are requested to claim such dividends from the Registrar of Companies – Gujarat, ROC Bhavan, Opp. Rupal Park, Near Ankur Bus Stop, Naranpura, Ahmedabad 380013, by making an application in Form II of the Rules.
11. Pursuant to provisions of Sections 205A(5) and 205C of the Companies Act, 1956, all unclaimed and unpaid dividends for the financial year from 1994-95 to 2009-10 has been transferred to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 20th September, 2017 (date of the previous Annual General Meeting) on the website of the Company www.gardenvareli.com. The same details have also been uploaded on the website of the IEPF Authority and same can be accessed through the link: www.iepf.gov.in.

12. Due date for transfer of unclaimed / unpaid dividend for the financial year 2010-11 to IEPF is as under

Dividend for the year	Date of declaration	Due date
2010-11	20.09.2011	26.10.2018

13. As per Section 124 of the Act and the requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2017-18, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer to an IEPF Demat Account.

14. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Karvy, RTA alongwith the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.

Unclaimed and unpaid dividend for the financial year 2010-11 will be transferred to this fund on or before 26th October, 2018. Those members who have so far not encashed their dividend warrants for the financial year 2010-11 are requested to approach the Company or Karvy, the Registrar and Transfer Agent for payment thereof. Kindly note that once unclaimed and unpaid dividends are transferred to the Investor Education and Protection Fund, members will have to approach to IEPF for such dividend.

15. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours on all working days except Saturday upto the date of the AGM.
16. Members are requested to intimate changes, if any, pertaining to their names, postal address, email address, telephone / mobile numbers, Permanent Account No. (PAN) mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account numbers, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent, M/s Karvy Computershare Private Limited (KARVY) in case the shares are held by them in physical form.
17. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company/Registrar & Transfer Agent of the Company.
18. All correspondence including share transfer documents should be addressed to the Registrar & Transfer Agent of the Company viz. Karvy Computershare Private Limited, Karvy Selenium, Tower – B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500032 Toll Free No. (India): 1800 345 4001 Phone No. 040 67162222 Fax No. 040 – 23420814 Email: einward.ris@karvy.com

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

19. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Notice of the AGM as well as Annual Report of the Company for the financial year 2017-18 is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Members has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2017-18 is also be available on the Company's website viz. www.gardenvareli.com.
20. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Transfer Agent for assistance in this regard.
21. 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 and Transfer Agent, 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.
22. Members desirous of obtaining any information concerning account and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the AGM.
23. To support the "Green Initiative", Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Registrars and Transfer Agent in case the shares are held by them in physical form, for receiving all communications from the Company electronically.

24. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agents. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participants.

25. A route map showing directions to the venue of the 39th AGM is given at the end of this Notice as per the requirements of the Secretarial Standards-2 on "General Meetings".

26. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means through the remote e-voting platform provided by Karvy Computershare Private Limited (Karvy) on all resolutions set out in this Notice. Resolutions passed by the members through ballot papers or e-voting is / are deemed to have been passed as is they have been passed at the AGM.

27. A separate section containing the complete details of the instructions for e-voting forms part of this notice.

Registered Office:

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

By Order of the Board of Directors
For Garden Silk Mills Limited
Kamlesh B. Vyas
Company Secretary

Place: Mumbai

Date: 30th May, 2018

ANNEXURE TO THE NOTICE

Explanatory Statement

As required under Section 102(1) of the Companies Act, 2013 ("the Act"), the following explanatory statement set out all material facts relating to business mentioned under Item No.3, 4, 5 and 6 of the accompanying Notice:

Item No.3:

This explanatory statement is provided intentionally though not required as per Section 102 of the Act.

Pursuant to Section 139 of the Companies Act, 2013, M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) were appointed as the statutory auditors of the Company for a period of five years at the 38th Annual General Meeting ("AGM") of the Company held on 20th September, 2017, to hold office from the conclusion of the 38th AGM till the conclusion of the 43rd AGM, covering one term of five consecutive years, subject to ratification by the members at each intervening Annual General Meeting.

In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required. However, as required under section 142 of the Companies Act, 2013, resolution is proposed at item No.3 for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the year 2018-19 and thereafter.

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

None of the Directors / Key Managerial Personnel of the Company / their relatives, are, in any way, concerned or interested, financially or otherwise in the resolution set out at item No.3 of this Notice.

Item No.4:

Shri Yatish C. Parekh (DIN: 00168488) was appointed as an Independent Director of the Company and he holds office as an Independent Director of the Company up to 31st March, 2019 ("first term").

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Shri Yatish C. Parekh as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his experience and contribution made by him during his tenure, the continued association of Shri Yatish C. Parekh would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Accordingly, it is proposed to re-appoint Shri Yatish C. Parekh as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company.

Shri Yatish C. Parekh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Yatish C. Parekh for the office of Independent Director of the Company.

The Company has also received declaration from Shri Yatish C. Parekh that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Yatish C. Parekh fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri Yatish C. Parekh is independent of the management.

Details of Shri Yatish C. Parekh, are provided in the "Annexure" to the Notice pursuant to the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

Copy of draft letter of appointment of Shri Yatish C. Parekh setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Shri Yatish C. Parekh is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment. Relatives of Shri Yatish C. Parekh may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

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

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

Item No.5

At the 36th Annual General Meeting of the Company held on 9th September, 2015, the Members had approved the re-appointment of Shri Suhail P. Shah as Wholtime Director designated as Executive Director of the Company for a period of three years with effect from 1st December, 2015, upon the terms and conditions including remuneration as specified in the explanatory statement annexed to the Notice of the said meeting.

The Board of Directors of the Company ("Board"), at its meeting held on 30th May, 2018 has, subject to approval of members, re-appointed Shri Suhail P. Shah (DIN: 00719002) as Wholtime Director designated as Executive Director of the Company, for a period of 3 (three) years from the expiry of his present term i.e. with effect from 1st December, 2018, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

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

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

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company. Further, he has been actively involved as Executive Director of the Company in the business policy decisions of the Company.

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

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

i) **Salary: Upto Rs.8,00,000/- per month.**

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

ii) **Perquisites and Allowances:**

- (a) in addition to the salary as above, Shri Suhail P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.
- (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

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

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

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

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

v) **Reimbursement of Expenses:**

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

vi) **Minimum Remuneration:**

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

vii) Other Terms and Conditions:

- (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 Whole-time 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.

Shri Suhail P. Shah satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Suhail P. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Further, as required under Schedule V, the Company has already submitted an application to the leader of consortium and monitoring committee of secured lenders seeking their approval for payment of remuneration as proposed.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Suhail P. Shah under Section 190 of the Act. The copy of draft Letter of Appointment is kept open for inspection by any member of the Company under Section 190 of the Act.

Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, are given in Annexure A to this Explanatory Statement.

Shri Suhail P. Shah is interested in the resolution set out at Item No.5 of the Notice. Shri Praful A. Shah and Shri Alok P. Shah, being related to Shri Suhail P. Shah may be deemed to be interested in the said resolution.

The other relatives of Shri Suhail P. Shah may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Special Resolution set out at item No.5 of this Notice for approval by the members.

Annexure A to the Explanatory Statement

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

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

(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

(4) **Standalone Financial performance based on given indicators – for the year ended 31st March 2018**

(Rs. In Crore)

	2017-18
Total Income from Operations	3108.70
Earning Before Interest, Tax and Depreciation and impairment	180.76
Profit/(Loss) before Depreciation and Tax	(22.72)
Profit/(Loss) after Tax	(88.97)

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

(Rs. In Crore)

	2017-18
Sales-Exports	589.37
Net Foreign Exchange collaborations	Nil

(6) **Foreign Investments or collaborators**

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

II Information about Shri Suhail P. shah

(a) Background details

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

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

(b) Past Remuneration: Rs.215.63 Lacs for the year 2017-18

The said remuneration is excluding of Provident Fund and Superannuation. The remuneration has been paid in compliance with the Companies Act, 2013.

(c) Recognition or awards:

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

(d) Job Profile and his Suitability

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

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

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

In consideration of the performance of Shri Suhail P. Shah as Executive Director of the Company over the years, the Board of Directors of the Company in their meeting held on 30th May 2018 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government and other authorities as may be required, approved the terms of appointment and remuneration for a period of 3 years with effect from 1st December, 2018 as recommended by the Nomination and Remuneration Committee.

(e) Proposed Remuneration:

Details of the remuneration which is proposed to be paid to Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of 3 years with effect from 1st December 2018 has been fully set out in the Special Resolution at item No.5.

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

The remuneration as proposed of Shri Suhail P. Shah is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and nature of its business.

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

Besides the remuneration proposed, Shri Suhail P. Shah does not have any pecuniary relationship with the Company. Shri Suhail P. Shah is a son of Shri Praful A. Shah Chairman and Managing Director of the Company and brother of Shri Alok P. Shah Executive Director and CFO of the Company. Shri Suhail P. Shah belongs to the Promoter Group and holds 496685 equity shares in the share capital of the Company.

III Other Information

(a) Reasons of loss or inadequacy of profits:

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.

We expect business conditions to improve for your Company owing to higher utilisation levels and better margins in the coming years. The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity in the past and will be continued in future.

We remain a price leader for the majority of our products. Our product mix is possibly the best in the industry. Plant efficiency levels are excellent. Low coal and commodity prices have also helped us achieve record low operating costs in some of our key divisions.

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.

IV Disclosures:

1. Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.
2. Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2017-18: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report.

Item No.6:

The Board of Directors at its Meeting held on 30th May, 2018, upon the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding Rs.1,75,000/- (Rupees One Lac Seventy Five Thousand only), plus applicable taxes and reimbursement of out of pocket expenses, for the financial year ending 31st March, 2019 payable to the Cost Auditor M/s. Smit Manubhai & Associates, Cost Accountants to conduct the audit of the cost records of the Company for the aforesaid financial year.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors), Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.6 of this Notice.

The Board recommends the Ordinary Resolution set out at item No.6 of this Notice for approval by the members.

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

(Pursuant to Regulation 36 of SEBI Listing Regulations, 2015 and Clause 1-2-5 of Secretarial Standards-2 on General Meetings)

Name of the Director	Shri Alok P. Shah	Shri Suhail P. Shah	Shri Yatish C. Parekh
Age	48 years	44 years	67 years
Qualification	Graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA.	M.S. in Physical Chemistry Ph.D. in Theoretical Physical Chemistry	B.Com., F.C.A.
Date of first appointment on the Board	19/10/2001	30/10/2006	19/10/2001
Experience (including expertise in specific functional area)	He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance, restructuring & management etc. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures.	He has to his credit various research accomplishments, computational skills and publication at the international level.	Accounts, Finance, Audit and Direct Tax related matters.
Directorship held in other Public Companies (excluding foreign companies and Section 8 companies)	Vareli Trading Co. Ltd. Prabhat Silk Mills Ltd. Palomar Textiles Ltd. Rosekamal Textile Ltd. Globale Textile Market Holdings Ltd. Bijlee Textiles Ltd.	Vareli Trading Co. Ltd. Prabhat Silk Mills Ltd. Palomar Textiles Ltd. Rosekamal Textile Ltd. Globale Textile Market Holdings Ltd. Bijlee Textiles Ltd.	Swiss Glascoat Equipments Ltd.
Memberships/ Chairmanship of committee of other public companies (includes only audit committee and Stakeholders' Relationship Committee)	Nil	Nil	Audit Committee- Chairman
Number of shares held in the Company	754671	496685	Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel, in respect of above director, please refer to the corporate governance report which is a part of this Annual Report.

INSTRUCTIONS FOR REMOTE E-VOTING

The instructions for shareholders voting electronically are as under:

- I. The remote e-voting period commences on Friday, 14th September, 2018 (10.00 a.m. IST) and ends on Monday, 17th September, 2018 (5.00 p.m. IST). During this period, Members holding shares either in physical form or dematerialised form, as on Wednesday, 12th September, 2018 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast the vote again.
- II. **The process and manner for remote e-voting are as under:**
 - A. **For Members whose e-mail addresses are registered with the Company / Depositories:** Those members whose valid e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from Karvy.
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - (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 E-Voting Event Number for 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 in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder 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) Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) 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.
 - (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 confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
 - (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: k_dalal@rediffmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. For Members whose e-mail addresses are not registered with the Company / Depositories: receive the physical copy of the Notice of Annual General Meeting:

- (i) Such members (including those Members who have requested for a physical copy) will receive a physical copy of the Notice of AGM. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:
- (ii) Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
- (iii) In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

Other instructions

1. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, Wednesday, 12th September, 2018. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, 12th September, 2018 only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through poll paper.
2. The facility for voting through ballot paper shall also be made available at the AGM and the Members attending the AGM, who have not already cast their votes by remote e-voting, may exercise their rights to vote at the AGM.
3. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
4. Any person, who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Wednesday, 12th September, 2018, may obtain the User ID / login ID and password by sending a request at evoting@karvy.com or to **Ms. Shobha Anand, Contact No. 040-67162222**, at [Unit: Garden Silk Mills Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. However, if he/she is already registered with KARVY for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
5. The Board of Directors has appointed Shri Kunjal Dalal (Membership No.FCS 3530 CP No.3863), Proprietor of K. Dalal & Co., Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
6. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
7. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.gardenvareli.com and on the website of KARVY <https://evoting.karvy.com> within 48 hours of conclusion of the 39th AGM of the Company. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited where the shares of the Company are listed. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the 39th Annual General Meeting i.e. 18th September, 2018.

Registered Office:

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

By Order of the Board of Directors
For Garden Silk Mills Limited
Kamlesh B. Vyas
Company Secretary

Place: Mumbai

Date: 30th May, 2018

Garden Silk Mills Limited

Regd. Office: Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com
Phone: (0261) 2311197, 2311615 Fax: (0261) 2311029

39TH ANNUAL GENERAL MEETING Tuesday, 18th September, 2018

ATTENDANCE SLIP

(Please fill attendance slip and hand it over at the entrance of the meeting hall)

DP ID *	Folio No.
Client ID *	No. of Shares held
Name of the Member(s) & Registered address	

* Applicable for the Member(s) holding shares in Electronic Form

I hereby record my presence at the **39th Annual General Meeting** of the members of the Company held on **Tuesday, 18th September, 2018 at 11 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

Signature of Shareholder/Proxy

Garden Silk Mills Limited

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com
Phone: (0261) 2311197, 2311615 Fax: (0261) 2311029

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No./*Client ID	* DP ID
No. of shares held	

*Applicable for the Members holding shares in Electronic Form.

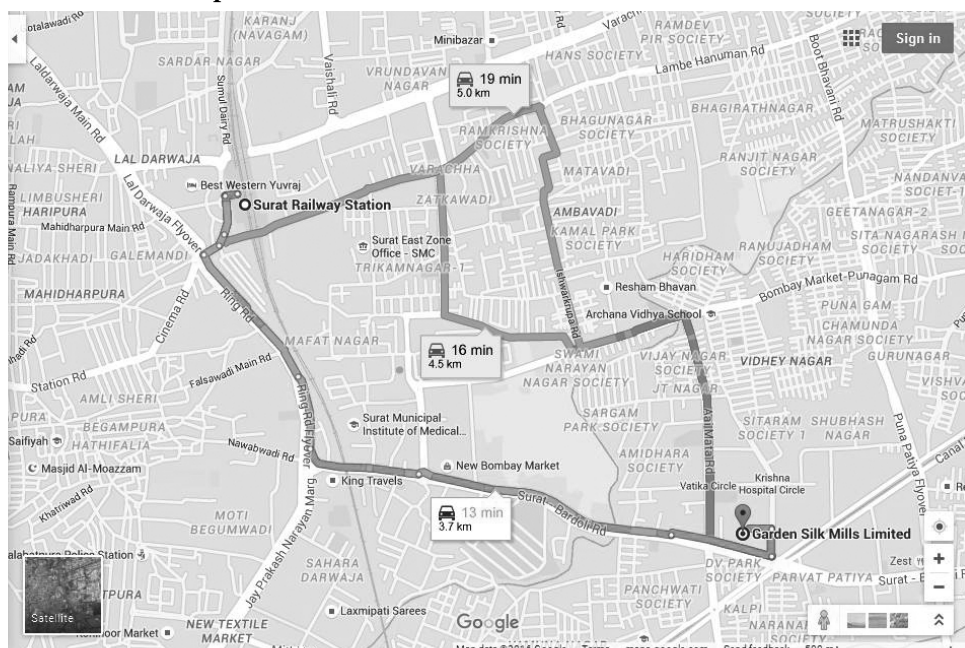
I/We, being the member(s) holding shares of Garden Silk Mills Limited, hereby appoint

1. of having e-mail ID-..... or failing him
2. of having e-mail ID-..... or failing him
3. of having e-mail ID-.....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **39th Annual General Meeting** of the members of the Company, to be held on **Tuesday, 18th September, 2018 at 11.00 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE

Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010



** I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions No.	Resolutions	For	Against
	Ordinary business		
1	Consider and adopt: a) Audited Financial Statement for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon. b) Audited Consolidated Financial Statement for the financial year ended 31st March, 2018 and the Report of Auditors thereon.		
2	Appointment of Shri Alok P. Shah, a Director retiring by rotation.		
3	Ratification of appointment of M/s Sharp & Tannan Associates, Chartered Accountants as Statutory Auditors of the Company.		
	Special business		
4	Re-appointment Shri Yatish C. Parekh as an Independent Director		
5	Re-appointment of Shri Suhail P. Shah as wholetime director		
6	Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2019.		

Signed this day of, 2018.

Signature of Proxy holder(s): _____

Signature of the Member: _____

Affix a
Revenue
Stamp

Notes:

- This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.
- A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting. If both member and proxy attend the meeting, the proxy shall stand automatically revoked.
- ** This is only optional. Please put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent member from attending the meeting in person if he / she so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

Garden Silk Mills Limited

ANNUAL REPORT 2017-2018



CORPORATE INFORMATION

BOARD OF DIRECTORS

Praful A. Shah (DIN: 00218143)
Chairman & Managing Director
Alok P. Shah (DIN: 00218180)
Executive Director, CFO & COO
Sanjay S. Shah (DIN: 00024004)
Executive Director
Suhail P. Shah (DIN: 00719002)
Executive Director
Yatish C. Parekh (DIN: 00168488)
Sunil S. Sheth (DIN: 00024033)
Anita Mandrekar (DIN: 00623327)
Deepak N. Shah (DIN: 07356807)
H. C. Mishra (Nominee of LIC) (DIN: 03111520)
Ketan A. Jariwala * (DIN: 02095540)
* w.e.f. 30/05/2017

KAMLESH B. VYAS

Company Secretary

REGISTERED OFFICE

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

CORPORATE OFFICE

Manek Mahal, 90, Veer Nariman Road,
Churchgate, Mumbai 400 020
Tel: (022) 2287 3117-19
Fax: (022) 2204 8112

STATUTORY AUDITORS

Sharp & Tannan Associates,
Chartered Accountants, Mumbai

COST AUDITORS

Manubhai & Associates
Cost Accountants, Surat

PLANTS

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

BANKERS

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

REGISTRARS AND TRANSFER AGENTS

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

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39th Annual General Meeting on Tuesday, 18th September, 2018 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010

DIRECTORS' REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Members,

Your Directors present the 39th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2018. The Management's Discussion and Analysis Report as required pursuant to Listing Regulations 2015 forms part of this Report.

Financial Results

The Company's financial performance during the year ended 31st March, 2018 as compared to the previous year, is summarised below:

	(₹ in Crore)	
	2017-18	2016-17 *
Sales / Revenue from Operations (Net of Excise Duty) **	3033.40	2468.21
Earnings Before Interest, Tax and Depreciation (EBITDA)	180.76	148.40
Less: Finance Costs	188.62	167.32
Profit / (Loss) before Depreciation and Tax	(7.96)	(18.92)
Less: Depreciation	66.25	64.47
Less: Impairment Losses	14.86	0.00
Profit / (Loss) before tax	(88.97)	(83.39)

* Previous year figures have been regrouped where necessary and have been re-stated as per Ind AS.

** Effective July 01, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence revenue from operations for the year 2017-18 are not comparable with the previous year corresponding figures.

Indian Accounting Standard (Ind AS)

Your Company has adopted Indian Accounting Standards ('Ind AS') for the accounting period beginning on 1st April, 2017 pursuant to Ministry of Corporate Affairs Notification dated 16th February, 2015, notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended on 31st March, 2018 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with the relevant rules issued thereunder and the other recognized accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2017-18 presented have been prepared in accordance with Ind AS.

Review of Operations

In FY 18 Garden Silk Mills Ltd. has delivered strong volume growth and maintained a leadership position in the major segments of its business activities i.e. Polyester Chips and POY / FDY (including processed yarn).

Improved domestic and export demand led to about 23% year-on-year growth in total revenue from operations at ₹ 3033.40 Crore as compared to ₹ 2468.21 Crore in the previous year. Income from exports for FY 18 was higher by about 46% at ₹ 589.37 Crore compared to ₹ 404.56 Crore in the previous year.

Despite a challenging and competitive business environment, your Company achieved Operating EBITDA (earnings before interest, tax and depreciation) of ₹ 180.76 Crore as compared to ₹ 148.40 Crore in the previous year. On a consolidated basis, EBITDA for FY 18 increased by 23% to ₹ 187.44 Crore from ₹ 150.71 Crore in the previous year.

Total sale of chips in volume was higher at 160,771 MT for the year 2017-18 as compared to 142,165 MT in the previous year. In value terms also your Company achieved higher sale of chips for FY18 at ₹ 1,112.04 Crore as compared to ₹ 918.68 Crore in the previous year. Higher exports were a key contributor to this performance.

We achieved higher production of chips (including melt), during 2017-18 at 319,979 MT as compared to 277,714 MT in the previous year. In yarn segment, your Company achieved higher production of spun polyester filament yarn (POY/FDY) at 176,630 MT for FY 18 as compared to 155,142 MT in FY 17. Equated (standardised) production for both POY and FDY reached record highs.

The volume of sales of polyester filament yarn (PFY) including processed yarn in FY 18 also increased at 182,429 MT as against 148,427 MT in the previous year FY 17. Sale of PFY (including processed yarn) in value terms also increased in FY 18 at ₹ 1,808.32 Crore as compared to ₹ 1,502.65 Crore in FY 17.

During the year, the demand for Fabrics remained subdued, mainly because of the impact of GST implementation on Textiles. The wholesale / retail trade took it's time to come to terms with the tax and procedures imposed on them for the first time.

The Company's improved EBITDA performance has been possible despite extremely tight working capital conditions in the face of 30% increase in raw material costs and rising fuel prices.

With the arrival of GST the company has achieved a level playing field with industry players having sales tax exemptions in Union Territories. This has materially helped our performance in the domestic market and polyester yarn margins generally improved for the company. Yet, the local markets still remain weak as the fragmented and unorganised downstream textile sector has not fully adjusted to the requirements mandated by GST. Our profitable exports to quality customers have demonstrated Garden's adaptability and global competitiveness, and have reduced pressure of low margin sales in the domestic market.

The Company's spinning plants achieved record utilisation levels and CP throughput was the highest in last five years. All continuous plants (except for CP3 which remains shut) are running at close to 100% and steps are being taken to further improve output with still better energy efficiencies. Overall spinning and CP efficiencies, first-grade production and efficiency were very high in the year under review. High energy costs are a matter of some concern and were a significant contributor to the increase in overall manufacturing expenses for FY 17-18.

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

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

Dividend

Considering the loss incurred by the Company, your Directors do not recommend any dividend on equity shares for the financial year 2017-18.

Transfer to Reserves

In absence of distributable profits / earnings, it is not proposed to transfer any amount to reserves for the financial year 2017-18.

Change in the Nature of Business, if any

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

Going Concern Status

The Company has term loans, working capital loans and other financing arrangements from various banks and other lenders. These lenders have declared their arrangements with the Company as non-performing asset since the Company has defaulted in repayment of principal, interest and other penal dues. The Company's net-worth as at the year-end is negative mainly due to accumulated losses. Although the Company has shown an improvement in its operating income for the year, the Company continues to face significant pressure on its financial resources. The Company is in discussions with its consortium of lenders for financial restructuring arrangement including identifying a suitable investor. The lenders have expressed optimism about the successful closure of above resolution in a time-bound manner and the company has thus accordingly prepared financial results on a going-concern basis.

Industry Scenario

The Indian textile sector is a major contributor to the Indian economy in terms of gross domestic products (GDP), industrial production, employment and the country's total export earnings. The polyester demand growth has picked up significantly in the last 2 years. The Indian textile industry is currently passing through a turbulent phase in the post-GST environment but the government is sensitive to the industry's needs and so we remain optimistic for strong growth in the years to come.

Increase in commodity prices such as those of coal, oil, chemicals and stores have impacted the economy as well as the polyester industry.

In polyester chips, the domestic supply has increased and outstrips demand significantly. This puts considerable pressure on sale and margins. The raw material prices are expected to go up and likely to put further pressure on margins. The Company hopes to counter this effect by improved product mix and by exports.

In POY/FDY demand has been catching up with supply and margins so industry utilisation levels are reasonably high. The domestic outlooks for this segment is expected improve over the next 2 years.

Raw material prices of PTA and MEG during FY18 reached lows at around USD 637 and USD 690 per metric ton respectively and reached highs of around USD 806 and USD 1023 per metric ton. Raw material remains volatile but the industry has lately been able to pass on the changes in RM prices to customers.

Overview of the economy

Gross domestic products rose a better than expected 7.7 per cent in the fourth quarter of FY18, retaining India's ranking as the world's fastest major economy, outstripping China by nearly a percentage point.

The full year FY18 growth estimates was revised upward to 6.7 per cent. This is in line with the 6.75 per cent growth forecast by the economic survey and down from 7.1 per cent in FY17 with the slowdown being attributed to the lingering effect of demonetization and the role out of the goods and service tax (GST) in July last year.

The constant increasing trend of quarterly GDP numbers in the four quarters of 2017-18 at 5.6%, 6.3%, 7% and 7.7% indicates that the structural measures of reforms undertaken by government is bringing rich dividends in the form of higher GDP growth rate.

The rupee touched its record level of 65.29 a dollar during the year. The immediate concern for the rupee is the sharp spike in crude oil prices. The US-China trade war is a risk to India to the extent that it impacts China's growth, disturbs supply chains that it depends on and diverts China's exports to other countries including India.

According to Care Ratings, the recent depreciation in the rupee maybe temporary, and is not alarming. The depreciation is essential to remain competitive with its trading partners most of whom also have depreciating currencies.

Opportunities, Challenges, Threats, Risks and Concerns

A global slowdown driven say by a prolonged trade-war or unexpectedly quick interest rate increases in the US, or simply a China led downturn may have adverse effect on global demand for polyester but is unlikely to have significant long-term effect on domestic demand. However such a slowdown could affect the price of the company's raw materials and lead to a mini-crash in polyester sentiment. Yet, we have seen falls in oil/raw material prices from much higher levels and are more cautious with inventory levels so we see only a short term impact of this.

The domestic demand for polyester is growing well and might even quicken given the low base and the trade adjusting to GST. A bigger worry is that if China slows significantly it might start exporting more aggressively to other countries (including India) which could impact export and possibly even domestic margins.

While demand-supply has been gradually easing in the spinning industry a few planned expansions as well as expected restart of certain large idle capacities may temporarily affect margins adversely. The Company is facing a challenge of higher power cost compared to competitors in Union Territories.

Working capital cost has gone up as the businesses have to wait for tax refunds to come through. Pending tax refunds have resulted into liquidity constraints in the industry. On the Customs front, Anti-Dumping Duty on POY originating in China, which expired in May 2017, was not extended by Ministry of Commerce after due investigation.

The implementation of Goods and Service Tax (GST) with effect from July, 2017 had a mixed impact on trade & commerce during the last fiscal. The impact of GST is particularly stark in the highly fragmented synthetic textile industry, which attracts different GST rates at different stages of production and sales.

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

Prices of raw material as well as energy costs, the two major input costs are significantly dependant on crude oil prices. Changes in oil prices could lead to impact on margins and profitability.

With the main input costs based on US\$, fluctuations in the Indian Rupee / US\$ exchange rate could impact the business and margin. Supply and price of cotton crop in India and globally could have an impact on the demand of polyester.

Business Outlook

The outlook for the polyester industry over the medium term is optimistic supported by favourable demand, both domestically and internationally. Global and domestic GDP growth is strong and is looking strongly supportive of polyester demand.

The introduction of GST has for the first time led to a level-playing field for the Company as it has ended CST exemptions (given to competitors in union territories) and Gujarat-specific VAT reversals. This has meant that finally the Company is able to achieve among the highest margins in its product segments once again, despite a tough year for the textile industry in which the largely unorganized downstream trade is yet to come to terms with GST – related compliances. The oversupply in the industry is also nearing its end with most healthy competitors running at full capacity once again.

Beyond the current year, the growth outlook will be influenced by several factors. GST implementation is stabilizing, which augurs well for economic activity. GDP and income growth is growing which would boost textile and polyester demand. The process of recapitalization of public sector banks has got underway which will boost credit to the textile sector. Export growth is expected to improve further on account of improving global demand.

The negatives for the industry are elevated commodity prices, especially of oil, which may act as a drag on aggregate demand and margins as well as the start-up of new and existing idle capacities which would temporarily increase oversupply.

Financial Performance

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

Resource and Liquidity

During FY 18, your Company repaid ₹ 86.09 Crore towards principal component of term loans from banks and financial institutions. No fresh term loans were availed from banks and financial institutions during the year under review.

The total outflow towards debt servicing including interest and other financial charges during the year 2017-18 amounted to ₹ 171.61 Crore.

The working capital requirements of the Company are being funded through working capital limits in consortium arrangement, headed by Bank of Baroda.

The Company continues to be engaged with the lenders to work out a long-term debt rework solution.

Information Technology

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

As a part of its Digital Transformation journey, your Company has implemented a production planning and execution system, which was otherwise a manual process.

The system for adopting GST in Oracle EBS12 has been successfully implemented by the Company. This project has been carried out entirely in-house.

Internal Control System and their Adequacy

The Company has an adequate internal control system commensurate with the size and scale of its business operations.

Internal audit plays a key role in providing an assurance to the Board of Directors with respect to the Company having adequate Internal Financial Control Systems. The Internal Financial Control Systems provide among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets.

Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

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

Health, safety and environment

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

Your Company recognizes protection and management of environment as one of its highest priority and every effort is made to conserve and protect the environment. During the year, your Company continued its focus in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surrounding.

Periodical health check-up are conducted for the employees at the work place. More emphasis is given to cleanliness, workplace hygiene and good house-keeping.

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

Industrial Relations / Human Resources

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

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

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

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2018 was 4759 Nos.

Consolidated Financial Statements

As stipulated by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015'), the Company has prepared Consolidated Financial Statements in accordance with the applicable accounting standards as prescribed under the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 ('the Act'). The Consolidated Financial Statements reflects the results of the Company and that of its subsidiary. As required under Regulation 34 of the Listing Regulations, 2015, the Audited Consolidated Financial Statements together with the Independent Auditors' Report thereon is annexed and forms part of this Report.

Share Capital

The Paid-up Equity Share Capital of the Company as on 31st March, 2018 was ₹ 42.08 Crore. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted stock options. As on 31st March, 2018, none of the directors of the Company hold instruments convertible into equity shares of the Company.

Subsidiary, Joint Venture and Associate Companies

The Company has one wholly owned overseas subsidiary namely GAIA International FZE, U.A.E.. GAIA International FZE is a free zone establishment and is registered with the Ajman Free Zone, Ajman, U.A.E. The Company is registered to carry out the business of trading in textile and ready-made garments including import and export.

GARDEN SILK MILLS LIMITED

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement in Form AOC-1, containing salient features of the financial statement of the Company's subsidiary is forming part of the Consolidated Financial Statements.

Directors and Key Managerial Personnel

The Board of Directors consists of 10 (ten) members, of which 5 (five) are Independent Directors. The Board also comprises of one woman Independent Director.

As per the provisions of Section 152(6) of the Companies Act, 2013 and the Company's Articles of Association, Shri Alok P. Shah (DIN: 00218180) shall retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as a Director of the Company. The Board recommends his re-appointment.

The term of office of Shri Yatish C. Parekh, as an Independent Director, will expire on 31st March, 2019. The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Shri Yatish C. Parekh, as an Independent Director of the Company for a second term of 5 (five) consecutive years on the expiry of his current term of office. The members are requested to approve his appointment in the ensuing annual general meeting.

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

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

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

There was no other change in the directors and KMP during the year under review. Detailed information on the directors is provided in the Corporate Governance Report.

Managerial Remuneration

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

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

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

Corporate Governance

Your Company reaffirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 'C' of Schedule V on Annual Report pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section of disclosure on Corporate Governance and a certificate from M/s Sharp and Tannan, Chartered Accountants, Statutory Auditors of the Company in this regard, are annexed hereto and forms part of the Report. The auditor's certificate for the year 2017-18 does not contain any qualification, reservation, adverse remark or disclaimer.

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2017-18. 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.

Audit Committee

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

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

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

Corporate Social Responsibility Committee

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

For the current financial year 2017-18, 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 ₹ 0.91 Lacs towards various education promotion and social welfare related programs during the year.

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

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

Auditors and Auditors' Report

Pursuant to the provisions of section 139 of the Companies Act, 2013, the members of the Company at the 38th Annual General Meeting held on 20th September, 2017 appointed M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) as statutory auditors of the Company from the conclusion of 38th Annual General Meeting till the conclusion of 43rd Annual General Meeting, covering one term of five consecutive years, subject to ratification by the members at each intervening Annual General Meeting.

In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required. However, as required under section 142 of the Companies Act, 2013, resolution at item No.3 of the Notice of AGM is proposed for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the year 2018-19. The members are requested to approve the same.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Statutory Auditors' Report for the year 2017-18 does not contain any qualification, reservation, adverse remark or disclaimer made by Statutory Auditor. There is no incident of fraud requiring reporting by the auditors under Section 143(12) of the Companies Act, 2013.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013, read with the Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s Smit Manubhai & Associates, Cost Accountants, (Firm Registration Number 2502), to audit the cost accounts of the Company for the financial year ending 31st March, 2019 on a remuneration of ₹ 1.75 Lacs plus out of pocket expenses and applicable taxes. The remuneration payable to the Cost Auditor is required to be ratified by the shareholders at the ensuing AGM.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed, Shri Kunjal Dalal of K. Dalal & Co., Practicing Company Secretaries, (CP No.3863), Surat to conduct the Secretarial Audit of the Company. Secretarial Audit Report for the year 2017-18 issued by him in the prescribed form MR-3 is annexed to this Report. The said secretarial audit report does not contain any qualification, reservations or adverse remark or disclaimer made by the Secretarial Auditor.

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company have appointed Shri Piyush Patel, Chartered Accountant (ICAI Membership NNo.116769) as Internal Auditor of the Company, for the financial year 2018-19.

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

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date;
- c) they 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) they have prepared the annual accounts on a going concern basis;
- e) they have 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) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 18.

Number of meetings of the Board

Five Board Meetings were duly convened and held during the year. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations. Detailed information is given in the Corporate Governance Report.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance and that of its statutory committees viz. Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and that of the individual Directors. The evaluation of each of the directors was done, inter-alia, on the basis of their advisory role and contribution in the decision making.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Performance Evaluation of the Board, its Committees and individual Directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held on 20th February, 2018, without the participation of the Executive Directors or Management personnel.

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

Declaration of Independent Directors

All the Independent Directors have given a declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there is no change in their status of independence. As required under Section 149(7) of the Companies Act, 2013, the said declaration was placed in the Board Meeting held on 30th May, 2018.

Familiarisation Programme

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

Contracts or Arrangement with Related Parties

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

Pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all Related Party Transactions were placed before the Audit Committee for its approval.

There were no materially significant transactions with related parties during the financial year under review, which were in conflict with the interest of the Company.

Pursuant to Section 134 of the Companies Act, 2013 and Rules made thereunder, particulars of transactions with related parties as required under section 188(1) of the Companies Act, 2013, read with Rule 8(2) of Companies (Accounts) Rules, 2014 is annexed with this Report in Form AOC-2 as **Annexure E**.

Your Directors draw attention of the members to Note No.31 to the financial statements which sets out related party disclosures.

As required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on Related Party Transactions which has been put up on the website of the Company. The Company's management ensures total adherence to the approved Policy on Related Party Transactions to establish Arm's Length Basis without any compromise.

Secretarial Standards

Pursuant to the approval given on 10th April, 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1st July, 2015. The said standards were further amended w.e.f. 1st October, 2017. The Company is in compliance with the same.

Significant or Material Orders

During the year under review, there were no significant and material orders passed by the regulators or court or tribunals, which may impact the going concern status and its operations in future.

Material changes and commitments

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

Prevention of Sexual Harassment of women at workplace

The Company has formulated a policy in respect of Sexual Harassment of women at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. There was no complaint received by the Company during the financial year 2017-18 under the aforesaid Act.

Risk Management

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

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

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

Insurance

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

Particulars of Employees and Related Disclosures

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

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

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

Nomination and Remuneration Policy

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

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

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

Particulars of the Company's Remuneration Policy and information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 as set out in **Annexure D**, forms part of this Report. A brief detail of the Policy is also given in the Corporate Governance Report.

Fixed Deposits

During the year under review, your Company has not accepted or renewed any Deposit, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance of Chapter V of the Act, is not applicable.

Annual Return

An extract of Annual Return pursuant to the provisions of Section 192 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in form MGT-9 in **Annexure G** of this Report.

Loans, Investments and Guarantees by the Company

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

Green Initiative

Electronic copy of the Annual Report 2017-18 and the Notice of the 39th Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

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

Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2018.

CAUTIONARY STATEMENTS

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

Appreciation

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

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

For and on behalf of the Board of Directors

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Mumbai, 30th May, 2018

Annexure – A

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018 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

(1) Power saving:-

- a) Installation of LED lights in plant
- b) Additional HTM booster pump (75 KW) stopped for Spg G and H feeding by creating direct feed arrangement from main booster pumping system resulted in to power saving.
- c) Addition of LP compressor in place of alt HP compressor running during maintenance.
- d) Of LP compressor in CP ½ air battery resulted in to periodic energy savings.
- e) Operation of LT room AHUs in closed conditioned air loop by putting RA ducts in place of all time fresh air operation resulted in to TR savings (70TR) thus equivalent energy saving is 50 KW.
- f) CP-4/5 Cutter System DM Water pump stoppage - Reduction of power consumption by 15 kW
- g) Use of canal water directly for the process resulted in to power savings in RO plant operation and bore well pumps operation.
- h) By optimization of ATY and ACY yarn parameters, we could save 1.68 Lac and 2.08 Lac power units in ACY and ATY production as compared to last year.

(2) Steam :-

Increase in steam generation from Waste Heat Recovery Boilers from both CP- 1/2 and CP-4/5 thermic fluid heaters by Average 20 MT per day.

(3) Others:-

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

(4) Impact of measures at (1), (2) & (3) for reduction of energy consumption and consequent impact on the cost of production of goods.

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

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

- a) The Company during the year continued exploring options available for utilizing alternate sources of energy in order to reduce the electricity cost with consequent reduction in the cost of production.

- b) The Company continued efforts for improving energy efficiency through innovative measures to reduce wastage and optimize consumption.

III. The Capital investment on energy conservation equipment.

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

B. TECHNOLOGY ABSORPTION

I. The efforts made by the Company towards technology absorption

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

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

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

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

IV. The expenditure incurred on Research and Development.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Lakhs)

	2017-18	2016-17
(i) Total Foreign exchange used:		
a) Raw materials, stores and spare parts, Capital goods and other products	63339.66	56647.81
b) Expenditure in foreign currency	629.39	1601.12
(ii) Total Foreign exchange earned:		
a) Sales – Export of goods	58937.10	40822.93
(iii) Activities relating to exports, Initiatives taken to increase exports, development of export market for product and services and export plans:		
a) 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.	Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.gardenvareli.com
2	Composition of CSR Committee	The CSR Committee comprises the following members: 1. Mr. Yatish Parekh, Independent Director: Chairman 2. Mr. Sunil S. Sheth, Independent Director: Member 3. Mr. Suhail P. Shah, Wholetime Director: Member
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	The Company has incurred average net loss during the last three financial years. However the Company has voluntarily incurred an expenditure of ₹ 0.91 Lakhs towards education promotion and social welfare etc.
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	The Company is not required to spend any amount in view of average net loss during the last three financial year.
5	Details of CSR spent during the financial year	₹ 0.91 Lakhs
	(a) Total amount to be spent for the financial year.	Not applicable.
	(b) Amount unspent, if any.	Not applicable.
	(c) Manner in which the amount spent during the financial year.	The Company has voluntarily spent an aggregate amount of ₹ 0.91 Lakhs towards various education promotion and social welfare related programs during the year.
6	In case of company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	Not applicable.

Responsibility statement:

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

For and on behalf of the CSR Committee

Mumbai, 30/05/2018

Yatish Parekh
Chairman
(DIN 00168488)

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: 3.41 Mr. Alok P. Shah, Joint Managing Director & CFO: 3.41 Mr. Suhail P. Shah, Wholetime Director: 3.07 Mr. Sanjay S. Shah, Wholetime Director: 0.84
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	Mr. Praful A. Shah, Chairman & Managing Director: Not applicable. Mr. Alok P. Shah, Joint Managing Director & CFO: Not applicable. Mr. Suhail P. Shah, Wholetime Director: Not applicable. Mr. Sanjay S. Shah, Wholetime Director: Not applicable. Mr. Kamlesh B. Vyas, Company Secretary: 27.48 Note: The remuneration to MD/WTD during FY 2018 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.	19.17%
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2018.	4759
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	The Company had inadequate profits during the financial year 2017-18 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 2017-18: ₹ 7.54 Crore * (ii) Total revenue (Standalone): ₹ 3108.70 Crore (iii) Remuneration of KMPs (as percentage of revenue): 0.25 (iv) Profit /(Loss) before tax: (₹ 88.97 Crore) (v) Remuneration of KMPs (as percentage of PBT: Not applicable. * Remuneration of KMPs includes Managing Director / Wholetime Director. The remuneration paid to Managing Director / Wholetime Director is in accordance with the approval of shareholders' at the 37th Annual General Meeting held on 14th September, 2016 in view of inadequacy of profits as well as the minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013, as amended.

ANNEXURE: C (Contd.)

Sr. No.	Requirement under Rule 5(1)	Details
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.
8.	Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.
9.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
10.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	None.
11.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.
12.	Variations in the market capitalization.	Market capitalization as on 31/03/2018: ₹ 136.56 Crore. Market capitalization as on 31/03/2017: ₹ 135.72 Crore.
13.	Price earnings ratio as at the closing of 31st March, 2018 and 31st March, 2017.	Not applicable.
14.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison has not been made.

For and on behalf of the Board of Director

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Mumbai, 30th May, 2018.

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, 2018

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2018 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;
- (v) Other laws applicable specifically to the Company as per representations made by the Company.

As per the explanations given to me and the representations made by the Management and relied upon by me, during the period under audit, provisions of the following regulations / guidelines were not applicable to the Company:

- (i) 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;
- (ii) The following Regulations and Guidelines prescribed under the The Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one Woman Director. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period, there was no other event / action having major bearing on the Company's affair except that the company has defaulted in payment to secured creditors.

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

Place: Surat
Date: 30th May, 2018

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

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

'Appendix A'

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

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

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

For K. Dalal & Co.
Company Secretaries

Kunjai Dalal
Proprietor
FCS No. 3530 CP No. 3863

Place: Surat
Date: 30th May, 2018

Annexure - F

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiary 31/03/2018

(₹ In Lakhs)

Sr. No.	Name of the subsidiary	GAIA International FZE
1	Reporting period for the subsidiaries concerned, if different from the holding company's reporting period	Not Applicable
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting currency: USD Exchange rate: USD 1 = ₹ 65.1750
3	Share capital	80.17
4	Reserves & surplus	30.11
5	Total assets	2259.41
6	Total Liabilities	2149.34
7	Investments	0.00
8	Turnover / Total Revenue	8563.00
9	Profit before taxation	513.90
10	Provision for taxation	0.00
11	Profit after taxation	513.90
12	Proposed Dividend	0.00
13	% of shareholding	100%

Notes:

There were no Associates and Joint Ventures of the Company.

For and on behalf of the Board of Director

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Mumbai, 30th May, 2018.

Annexure - G

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2018

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

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service *	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	94.10

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES/BODIES CORPORATE

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	GAIA International FZE, Ajman Free Zone Area, Dubai, (UAE)	N.A.	Subsidiary	100	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
i)	Category-wise Shareholding	No. of Shares held at the beginning of the year (As on 01/04/2017)				No. of Shares held at the end of the year (As on 31/03/2018)				% of change
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoter									
	(1) Indian									
	(a) Individuals / Hindu Undivided Family	6373683	0	6373683	15.15	6327274	0	6327274	15.04	-0.11
	(b) Central Government / State Government	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Bodies Corporate	11643766	0	11643766	27.67	11643766	0	11643766	27.67	0.00
	(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Any Other (Specify) Partnership Firm	6284781	0	6284781	14.93	6284781	0	6284781	14.93	0.00
	Sub-Total (A)(1)	24302230	0	24302230	57.75	24255821	0	24255821	57.64	-0.11
	(2) Foreign									
	(a) Individuals (Non-Resident individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(B)	(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	24302230	0	24302230	57.75	24255821	0	24255821	57.64	-0.11
	Public Shareholding									
	(1) Institutions									
	(a) Mutual Funds	0	4800	4800	0.01	0	3450	3450	0.01	0.00
	(b) Financial Institutions / Banks	1100	8250	9350	0.02	36449	7870	44319	0.11	0.08
	(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	(f) Foreign Institutional Investors/ Companies	0	16215	16215	0.04	0	8660	8660	0.02	-0.02
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(h) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01/04/2017)			No. of Shares held at the end of the year (As on 31/03/2018)			% of change
		Demat	Physical	Total	Demat	Physical	Total	
	(i) Any Other (Specify)							
	i) Foreign Financial Institutions/Foreign Nationals	100	350	450	100	0	100	0.00
	Sub-Total (B)(1)	1200	29615	30815	36549	19980	56529	0.14
(2)	Non-Institutions							0.06
	(a) Bodies Corporate	3504304	3084	3507388	3260919	1715	3262634	7.75
	(b) Individuals							-0.58
	i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh.	6701325	1372620	8073945	6761692	959743	7721435	18.35
	ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh.	2639178	0	2639178	2991586	0	2991586	7.11
	(c) Qualified Foreign Investors	0	0	0	0	0	0	0.00
	(d) Any Other (Specify)							
	i) NRI with and without repatriation	3160579	316039	3476618	3052620	213850	3266470	7.76
	ii) Trusts/NBFC	340	0	340	1140	0	1140	0.00
	iii) Clearing Member	52011	0	52011	23953	0	23953	0.06
	iv) Investor Education and Protection Fund (IEPF) Authority *	0	0	0	502957	0	502957	1.20
	Sub-Total (B)(2)	16057737	1691743	17749480	16594867	1175308	17770175	42.23
	Total Public Shareholding (B) = (B)(1)+(B)(2)	16058937	1721358	17780295	16631416	1195288	17826704	42.37
	TOTAL (A)+(B)	40361167	1721358	42082525	40887237	1195288	42082525	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Held by Promoter/promoters group	0	0	0	0	0	0	0.00
2	Held by Public	0	0	0	0	0	0	0.00
	TOTAL (C)	0	0	0	0	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	40361167	1721358	42082525	40887237	1195288	42082525	100.00

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

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01/04/2017)				Shareholding at the end of the year (As on 31/03/2018)				% of change
		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	Introscope Properties Pvt. Ltd.	7231996	17.19	0.00		7231996	17.19	100.00		0.00
2	Palomar Textiles Ltd.	3930872	9.34	0.00		3930872	9.34	100.00		0.00
3	Praful Amichand Shah Partner Isha Enterprise	3791965	9.01	0.00		3791965	9.01	48.58		0.00
4	Praful Amichand Shah Partner Rayban Investments	2492816	5.92	0.00		2492816	5.92	100.00		0.00
5	Shri Praful A. Shah (Ind)	2789190	6.63	0.00		2789190	6.63	100.00		0.00
6	Shri Praful A. Shah (HUF)	1002667	2.38	0.00		1002667	2.38	100.00		0.00
7	Shri Alok P. Shah	754671	1.79	0.00		754671	1.79	100.00		0.00
8	Surat Textile Mills Limited	480878	1.14	0.00		480878	1.14	76.27		0.00
9	Shri Sanjay S. Shah	689660	1.64	0.00		689660	1.64	0.00		0.00
10	Shri Suhail P. Shah	496685	1.18	0.00		496685	1.18	100.00		0.00
11	Smt. Shilpa P. Shah	554325	1.32	0.00		554325	1.32	100.00		0.00
12	Smt. Shyama S. Shah	68863	0.16	0.00		35878	0.09	0.00		(0.07)
13	Ms. Archita R. Shah	13424	0.03	0.00		0	0.00	0.00		(0.03)
14	Shri Rajen P. Shah	4198	0.01	0.00		4198	0.01	0.00		0.00
15	Vareli Trading Co. Ltd.	20	0.00	0.00		20	0.00	0.00		0.00
	Total	24302230	57.75	0.00		24255821	57.64	88.48		(11.00)

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

(iii) Change in Promoters' Shareholding

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on 01/04/2017)		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year 01/04/2017 to 31/03/2018		Shareholding at the end of the year (As on 31/03/2018)	
		No. of Shares	% of total shares of the Company	Date	Increase/ (Decrease)	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Instroscope Properties Pvt. Ltd.	7231996	17.19	--	0	--	0	0	7231996	17.19
2	Palomar Textiles Ltd.	3930872	9.34	--	0	--	0	0	3930872	9.34
3	Praful Amichand Shah Partner Isha Enterprise	3791965	9.01	--	0	--	0	0	3791965	9.01
4	Praful Amichand Shah Partner Rayban Investments	2492816	5.92	--	0	--	0	0	2492816	5.92
5	Shri Praful A. Shah (Ind)	2789190	6.63	--	0	--	0	0	2789190	6.63
6	Shri Praful A. Shah (HUF)	1002667	2.38	--	0	--	0	0	1002667	2.38
7	Shri Alok P. Shah	754671	1.79	--	0	--	0	0	754671	1.79
8	Surat Textile Mills Limited	480878	1.14	--	0	--	0	0	480878	1.14
9	Shri Sanjay S. Shah	689660	1.64	--	0	--	0	0	689660	1.64
10	Shri Suhail P. Shah	496685	1.18	--	0	--	0	0	496685	1.18
11	Smt. Shilpa P. Shah	554325	1.32	--	0	--	0	0	554325	1.32
12	Smt. Shyama S. Shah	68863	0.16	02/02/2018	(90)	Transfer	68773	0.16		
				09/02/2018	60	Transfer	68833	0.16		
				16/02/2018	(9045)	Transfer	59788	0.14		
				23/02/2018	(23910)	Transfer	35878	0.09	35878	0.09
13	Ms. Archita R. Shah	13424	0.03	10/11/2017	(13424)	Transfer	0	0.00	0	0.00
14	Shri Rajen P. Shah	4198	0.01						4198	0.01
15	Varell Trading Co. Ltd.	20	0.00						20	0.00
	Total	24302230	57.75						24255821	57.64

Note: Shareholding in different 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 the Shareholder	Shareholding at the beginning of the year (As on 01/04/2017)		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year 01/04/2017 to 31/03/2018		Shareholding at the end of the year (As on 31/03/2018)	
		No. of Shares	% of total shares of the Company	Date of Debit/ Credit	Increase/ (Decrease) in Shareholding	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IL and FS Trust Co Ltd.	2462297	5.85	4/14/2017	(33893)	Transfer	2428404	5.77		
				5/5/2017	(27440)	Transfer	2400964	5.71		
				5/19/2017	(20939)	Transfer	2380025	5.66		
				5/26/2017	(44866)	Transfer	2335159	5.55		
				6/2/2017	(81495)	Transfer	2253664	5.36		
				6/9/2017	(21448)	Transfer	2232216	5.30		
				6/16/2017	(43558)	Transfer	2188658	5.20		
				6/23/2017	(5835)	Transfer	2182823	5.19		
				7/7/2017	(31791)	Transfer	2151032	5.11		
				7/14/2017	(15000)	Transfer	2136032	5.08		
				7/21/2017	(109046)	Transfer	2026986	4.82		
				7/28/2017	(3112)	Transfer	2023874	4.81		
				8/4/2017	(184583)	Transfer	1839291	4.37		
				8/11/2017	181682	Transfer	2020973	4.80		
				8/18/2017	118013	Transfer	2138986	5.08		
				8/25/2017	28109	Transfer	2167095	5.15		
				9/1/2017	(39213)	Transfer	2127882	5.06		
				9/8/2017	(122970)	Transfer	2004912	4.76		
				9/15/2017	107761	Transfer	2112673	5.02		
				9/22/2017	2090	Transfer	2114763	5.03		
				9/29/2017	21467	Transfer	2136230	5.08		
				10/6/2017	47525	Transfer	2183755	5.19		
				10/13/2017	(29096)	Transfer	2154659	5.12		
				10/20/2017	75605	Transfer	2230264	5.30		
				10/27/2017	17004	Transfer	2247268	5.34		
				11/3/2017	3889	Transfer	2251157	5.35		
				11/10/2017	(24135)	Transfer	2227022	5.29		
				11/17/2017	36982	Transfer	2264004	5.38		
				12/1/2017	(12942)	Transfer	2251062	5.35		
				12/8/2017	(67662)	Transfer	2183400	5.19		
				12/15/2017	117373	Transfer	2300773	5.47		
				12/22/2017	(228524)	Transfer	2072249	4.92		
				12/29/2017	39651	Transfer	2111900	5.02		
				1/12/2018	(83542)	Transfer	2028358	4.82		
				1/19/2018	44557	Transfer	2072915	4.93		
				1/26/2018	8472	Transfer	2081387	4.95		
				2/2/2018	20175	Transfer	2101562	4.99		
				2/9/2018	(10350)	Transfer	2091212	4.97	2091212	4.97

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

[illegible]

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (As on 01/04/2017)		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year 01/04/2017 to 31/03/2018		Shareholding at the end of the year (As on 31/03/2018)	
		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	Shri Praful A. Shah (Ind)	2059035	4.89	--	0	--	2059035	4.89	2059035	4.89
		730155	1.74	--	0	--	730155	1.74	730155	1.74
2	Shri Alok P. Shah	754671	1.79	--	0	--	754671	1.79	754671	1.79
3	Shri Sanjay S. Shah	689660	1.64	--	0	--	689660	1.64	689660	1.64
4	Shri Suhail P. Shah	496685	1.18	--	0	--	496685	1.18	496685	1.18
5	Shri Yatish C. Parekh	0	0.00	--	0	--	0	0.00	0	0.00
6	Shri Sunil S. Sheth	0	0.00	--	0	--	0	0.00	0	0.00
7	Smt. Anita Mandrekar	0	0.00	--	0	--	0	0.00	0	0.00
8	Shri Deepak N. Shah	0	0.00	--	0	--	0	0.00	0	0.00
9	Shri Ketan A. Jariwala	0	0.00	--	0	--	0	0.00	0	0.00
10	Shri H. C. Mishra	0	0.00	--	0	--	0	0.00	0	0.00
11	Shri Kamlesh B. Vyas	0	0.00	--	0	--	0	0.00	0	0.00

V. INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	153372.91	733.46	728.20	154834.57
ii) Interest due but not paid	7017.01	0.00	0.00	7017.01
iii) Interest accrued but not due	59.56	5.06	0.00	64.62
Total (i+ii+iii)	160449.48	738.52	728.20	161916.20
Change in Indebtedness during the financial year				
Addition	20845.57	0.00	0.00	20845.57
Reduction	13518.26	241.72	62.01	13821.99
Net Change	7327.31	241.72	62.01	7023.58
Indebtedness at the end of the financial year				
i) Principal Amount	149703.21	493.37	666.19	150862.77
ii) Interest due but not paid	18014.01	0.00	0.00	18014.01
iii) Interest accrued but not due	59.56	3.43	0.00	62.99
Total (i+ii+iii)	167776.78	496.80	666.19	168939.77

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri Praful A. Shah	Shri Alok P. Shah	Shri Sanjay S. Shah	Shri Suhail P. Shah	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	238.80	238.80	59.08	214.80	751.48
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.83	0.83	0.00	0.83	2.49
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	239.63	239.63	59.08	215.63	753.97

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 Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri Yatish C. Parekh	Shri Sunil S. Sheth	Smt. Anita Mandrekar	Shri Deepak N. Shah	Shri Ketan A. Jariwala	Shri H. C. Mishra	
1	Independent Directors							
	Fee for attending Board / Committee meetings	1.00	1.00	0.40	0.80	0.50	0.00	3.70
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	1.00	1.00	0.40	0.80	0.50	0.00	3.70
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.50	0.50
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	0.50	0.50
	Total Remuneration paid (1+2)	1.00	1.00	0.40	0.80	0.50	0.50	4.20
	Overall Ceiling as per the Act	Sitting fees has been paid within the limits as prescribed under the Companies Act, 2013						

C. Remuneration to key managerial personnel other than Managing Director/Manager/Wholetime Director

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		CEO	Company Secretary Shri Kamlesh B. Vyas
1	Gross salary	Not applicable	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		31.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.39
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		0.00
2	Stock Option		0.00
3	Sweat Equity		0.00
4	Commission		
	- as % of profit		0.00
	- others, specify...		0.00
5	Others, please specify		0.00
	Total		31.80

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Director

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Mumbai, 30th May, 2018.

Annexure - H

CORPORATE GOVERNANCE REPORT

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 2017-18.

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.

1. Company's philosophy on Corporate Governance

The philosophy of Corporate Governance is a principle based approach as codified in Regulation 34(3) of SEBI Listing Regulations, 2015, encompassing the fundamentals of rights and roles of various shareholders of the Company, disclosure, transparency and board responsibility.

The Company's philosophy on corporate governance oversees business strategies and ensures ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

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:

As on 31st March, 2018, the Board of the Company consisted of 10 Directors, of whom 4 were executives and 6 were non-executive (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

The Board of Directors comprises of professionals drawn from diverse backgrounds with considerable professional proficiency, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enable them to contribute effectively to the Company in their capacity as member of the Board.

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.

Transactions with related parties are disclosed in Note No.31 of 'Notes to the Financial Statements' for the year ended 31st March, 2018. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2017-18.

(b) Number of Meetings and Attendance record.

The Board meets at least once in a quarter to consider amongst other business, the performance of the Company and financial results. During the financial year 2017-18, the Board of Directors met 5 times viz. 30/05/2017, 13/09/2017, 21/11/2017, 19/12/2017 and 02/02/2018. 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 details of the composition of the Board, number of Board meetings held, attendance thereat and at the last annual general meeting and the number of other Directorship, Memberships and/or Chairmanship held by each Director of the Board as on 31st March, 2018, are set out below:

Name	Category	No. of Board Meetings Attended #	Attendance at the last AGM held on 20/09/2017	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies **
Shri Praful A. Shah Chairman & Managing Director	Promoter-Executive	5	Yes	6	--
Shri Alok P. Shah Executive Director, CFO & COO	Promoter-Executive	4	Yes	6	--
Shri Sanjay S. Shah Executive Director	Promoter-Executive	2	Yes	1	--
Shri Suhail P. Shah Executive Director	Promoter-Executive	5	Yes	6	--
Shri Yatish C. Parekh	Independent - Non Executive	5	Yes	1	1
Shri Sunil S. Sheth	Independent - Non Executive	5	Yes	1	--
Smt. Anita Mandrekar	Independent - Non Executive	3	No	1	--
Shri Deepak N. Shah	Independent - Non Executive	4	No	--	--
Shri Ketan A. Jariwala *	Independent - Non Executive	4	Yes	1	--
Shri H. C. Mishra (Nominee of LIC)	Non Executive – Non Independent	5	Yes	--	--

* Appointed as Additional Director w.e.f. 30/05/2017.

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

excluding Independent Directors meeting.

(c) Board Meeting Procedures

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

The information supplied by the Management to the Board of the Company is in compliance with regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations, 2015. The independent directors of the Company at their meeting held on 20th February, 2018 expressed satisfaction on 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.

In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

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

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

Further Shri Yatish C. Parekh, who was appointed as an independent director and who holds office as an independent director up to 31st March, 2019 and being eligible is being reappointed to hold office for a second term of five consecutive years i.e. up to 31st March, 2024.

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

As per stipulations in Section VII of the Code for Independent Director in Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulation, 2015, a separate meeting of the Company's Independent Directors was held on 20th February, 2018 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. The independent directors present elected Shri Yatish C. Parekh as Chairman of the Meeting. Mr. Yatish Parekh presented the views of the Independent Directors on matter relating to Board processes and overall affairs of the Company to the full Board. All the Independent Directors attended the meeting.

(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. The details of the familiarization programme has been displayed on the Company's website.

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

Presently the Audit Committee comprises of Shri Yatish C. Parekh, Independent Director as Chairman, Shri Sunil S. Sheth and Shri Deepak N. Shah, 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 Regulation 18 of SEBI Listing Regulations, 2015 with the Stock Exchanges as well as Section 177 of the Companies Act, 2013.

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

The 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 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 was present at the 38th Annual General Meeting of the Company held on 20th September, 2017. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

Meetings and attendance

During the financial year 2017-18, the Audit Committee of the Company met four times on 30/05/2017, 13/09/2017, 21/11/2017 and 02/02/2018.. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 30/05/2018 reviewed the Annual Accounts for the year ended 31st March, 2018.

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

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

The Company Secretary acted as the secretary of the Audit Committee.

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

Sr. No.	Name of Director	Status	No. of meetings attended
1	Shri Yatish C. Parekh	Chairman	4
3	Shri Sunil S. Sheth	Member	4
4	Shri Deepak N. Shah	Member	3

(b) Stakeholders' Relationship Committee

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

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

The said Committee also approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding Transmission / Consolidation / Split of Share Certificates etc. The powers for the aforesaid has been delegated to the Registrar & Transfer Agents who approves the documents fortnightly.

The transfer registers duly signed by the authorised person is placed before the meeting of Stakeholders' Relationship Committee meetings on quarterly basis.

The terms of reference of the Stakeholders' Relationship Committee covers the matters specified under Regulation 20 of SEBI Listing Regulations, 2015 with the Stock Exchanges. 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.

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

(c) Nomination and Remuneration Committee

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

The Committee consists of three Independent Directors namely Shri Yatish C. Parekh as Chairman, Shri Sunil S. Sheth and Smt. Anita Mandrekar, as member. During the year 2017-18 one meeting of the members of Nomination and Remuneration Committee was held on 30th May, 2017 wherein all the members were present.

Nomination and Remuneration Policy

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

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

Remuneration to Directors

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

Remuneration paid to Executive Directors

(Amount in ₹)

Name of Director	Salary & Allowances	Taxable Value of perquisites	Sitting fees
Shri Praful A. Shah	2,38,80,000	83,106	N.A.
Shri Alok P. Shah	2,38,80,000	83,106	N.A.
Shri Suhail P. Shah	2,14,80,000	83,106	N.A.
Shri Sanjay S. Shah	59,08,320	N.A.	N.A.
Shri Yatish Parekh	N.A.	N.A.	1,00,000
Shri Sunil S. Sheth	N.A.	N.A.	1,00,000
Shri Anita Mandrekar	N.A.	N.A.	40,000
Shri Deepak N. Shah	N.A.	N.A.	80,000
Shri Ketan A. Jariwala	N.A.	N.A.	50,000
Shri H. C. Mishra	N.A.	N.A.	50,000
Total	7,51,48,320	2,49,318	4,20,000

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 2017-18 was ₹ 4,20,000/-.

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

(d) Other Committees of Directors

Management Committee of the Board

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

(e) Corporate Social Responsibility Committee

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

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

During the year 2017-18 the Committee met once on 29th March, 2018 to discuss the matters coming within the Committee's purview.

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

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

4. MD/CEO/CFO Certification

As required under Regulation 17(8) of SEBI Listing Regulations, 2015, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting for the financial year ended was placed before Board of Directors at its Meeting held on 30th May, 2018.

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:

Financial Year	Location	Date	Time
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	20/09/2017	11.00 a.m.
2015-16	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	14/09/2016	11.00 a.m.
2014-15	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	09/09/2015	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:

Two Special Resolutions were proposed and passed at the 36th Annual General Meeting of the Company held on 9th September, 2015, for re-appointment of Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of 3 years w.e.f. 1st December, 2015 and for revision in terms of appointment and remuneration of Shri Alok P. Shah as Joint Managing Director and CFO.

Three Special Resolutions were proposed and passed at the 37th Annual General Meeting of the Company held on 14th September, 2016, for re-appointment of Shri Praful A. Shah as Chairman and Managing Director designated of the Company for a period of 3 years w.e.f. 1st September, 2016, appointment of Shri Alok P. Shah as Executive Director, CFO and COO of the Company for a period 3 years w.e.f. 1st June, 2016 and for revision in terms of appointment and remuneration of Shri Suhail P. Shah, Wholetime Director designated as Executive Director of the Company with effect from 1st June 2016 up to the remaining period of his tenure ending on 30th November 2018.

A Special Resolution was proposed and passed at 38th Annual General Meeting of the Company held on 20/09/2017 for re-appointment of Shri Sanjay S. Shah, Wholetime Director designated as Executive Director for a period 3 years w.e.f. 01/07/2017.

(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 2017-18.

(d) Transfer of Unclaimed Dividend to IEPF:

Pursuant to the provisions of Section 124 and 125 of the Act (corresponding to Sections 205A to 205C of the Companies Act, 1956), all unclaimed/unpaid monies by way of dividend transferred to the "Unpaid Dividend Account" of the Company that remains unclaimed/ un-encashed for a period of 7 (seven) years from the respective date of such transfer, has to be transferred by the Company to "The Investor Education and Protection Fund" ("IEPF").

The details of Dividends paid by the Company and the corresponding due dates for transfer of such unclaimed/unencashed dividend to the aforementioned Fund constituted by the Central Government are furnished hereunder:

Dividend for the year	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2010-11	20.09.2011	19.09.2018

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

7. DISCLOSURES

(a) Related Party Transactions

As required under Regulation 23 of the SEBI Listing Regulations, 2015, the Company has formulated a policy on Related Party Transactions which has been put up on the website of the Company.

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of section 188 of the Companies Act, 2013. There were no materially significant transactions with related party during the financial year which were in conflict with the interests of the Company at large.

Particulars of transactions between the Company and related party 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.31 of the annual accounts for the financial year 2017-18.

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

(b) Disclosure of Accounting Treatments

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

(c) Policy on Material Subsidiary

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

(d) Risk Management

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

(e) Statutory Compliance, Penalties and Strictures

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years, except a fine of ₹ 50,000/- plus service tax imposed by NSE Limited during the year 2015-16, for delay in compliance with respect to appointment of Woman Director on the Board of the 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 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 Time of India (English) and Dhabkar (Vernacular), both Surat editions.
- (b) Management Discussion and Analysis report forms part of the Directors Report.

9. GENERAL SHAREHOLDER INFORMATION:

(a) 39th Annual General Meeting:

Date : Tuesday, 18th September, 2018
 Time : 11:00 a.m.
 Venue : Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

(b) Financial Calendar (2018-19):

Results for the quarter ending June 30, 2018 : July/August, 2018
 Results for the quarter ending September 30, 2018 : October/November, 2018
 Results for the quarter ending December 31, 2018 : January/February, 2019
 Results for the year ending March 31, 2019 : April/May, 2019
Book Closure Date : Wednesday, 12th September, 2018 to
 : Tuesday, 18th September, 2018
 : (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).

The Company has paid the Annual Listing fee for the year 2018-19.

As on 31st March 2018, there were 54099 shareholders of the Company.

(d) 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

(e) Market Price Data

The High/Low market price of the shares during the year 2017-18 at the BSE Limited are as under.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 2017	38.00	31.90	38.00	31.70
May 2017	37.40	29.05	37.55	28.70
June 2017	32.80	27.00	32.85	28.10
July 2017	36.00	29.05	35.80	29.20
August 2017	40.90	29.00	40.80	28.65
September 2017	38.25	32.50	38.30	32.25
October 2017	36.80	33.00	36.95	32.95
November 2017	38.00	32.60	37.95	32.60
December 2017	49.65	34.35	49.60	34.30
January 2018	53.60	39.05	53.30	39.65
February 2018	45.35	33.00	46.10	33.50
March 2018	38.90	31.25	39.10	31.30

(f) Registrar and Share Transfer Agents:

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

(g) 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.

(h) Distribution of shareholding as on 31st March, 2018:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters.	24255821	57.64
2.	Indian Public.	10713021	25.46
3.	Banks, Financial Institutions & Insurance Companies, Mutual Fund	56529	0.13
4.	NRI's / Overseas Body Corporate	3266470	7.76
5.	Bodies Corporate	3262634	7.75
6.	Trusts	540	0.00
7.	Clearing Members (NSDL+CDSL)	23953	0.06
8.	Any other	503557	1.20
	TOTAL	42082525	100.00

(i) Categorywise Summary of Holders / Holdings as on 31st March, 2018:

Range of Equity Shares Holding	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	51590	95.36	3594194	8.54
5001 - 10000	1286	2.38	1075728	2.55
10001 - 20000	579	1.07	905438	2.16
20001 - 30000	198	0.37	509521	1.22
30001 - 40000	86	0.16	306368	0.73
40001 - 50000	86	0.16	414795	0.98
50001 - 100000	141	0.26	1069697	2.54
100001 & above	133	0.24	34206784	81.28
TOTAL	54099	100.00	42082525	100.00

(j) 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.

(k) Dematerialisation of Shares:

40887237 Equity Shares aggregating to 97.16% of the total Equity Capital is held in dematerialized form as on 31/03/2018 of which 82.02% (34513855 Equity Shares) of total equity capital is held with NSDL and 15.14% (6373382 Equity Shares) of total equity capital is held with CDSL as on 31/03/2018. Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India (SEBI).

(l) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on 31st March, 2018, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

(m) 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.

(n) Address for Correspondence:

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

(i)	For Shares held in Physical Form	Karvy Computershare Private Limited, (Unit: Garden Silk Mills Limited), Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032. Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 23420814 Email: einward.ris@karvy.com
(ii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders
(iii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010

(o) Eliminate Duplicate Mailing

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

(p) Green Initiative:

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

We therefore appeal to the members to be a part of the said "Green Initiative" and request the members to register their name in getting the said documents in electronic mode by sending an email giving their Registered

Folio Number and/or DP Id/Client ID to the dedicated email address of shareddepartment@gardenvareli.com or login at the R&TA's website www.gardenvareli.com and register their request.

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

(q) 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.

(r) 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.

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

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

9. The Company has complied with the requirements of Corporate Governance report as disclosed in paras 1 to 8 above.

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.

- (a) The Board: The Chairperson does not maintain his separate office at the Company's expense.
- (b) Shareholder Rights: The Company publishes the financial results in newspapers and places on its website. Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company.
- (c) Modified opinion(s) in audit report: The Audit opinion received by the Company has not been modified.
- (d) 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.
- (e) 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.

Place: Mumbai
Date: 30th May, 2018

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

CEO/CFO CERTIFICATION

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

To,
The Board of Directors
Garden Silk Mills Limited

- (a) We have reviewed financial statement and the cash flow statement of Garden Silk Mills Limited for the year ended 31st March, 2018 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) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (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.
- (d) We have indicated to the Auditors and the Audit Committee that:
- (i) there are no significant changes in internal control over financial reporting during the year;
 - (ii) there are no significant changes in accounting policies during the year; and
 - (iii) there are no instances of significant fraud of which we have become aware.

For Garden Silk Mills Limited

	Praful A. Shah	Alok P. Shah
Mumbai, 30th May, 2018	Chairman & Managing Director (DIN 00218143)	Executive Director, CFO & COO (DIN 00218180)

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

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

This is to confirm and certify that the Company has adopted a Code of Conduct for Board member and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board member and Senior Management have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2018.

Mumbai, 30th May, 2018

For Garden Silk Mills Limited
Praful A. Shah
Chairman & Managing Director
DIN: 00218143

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Garden Silk Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Garden Silk Mills Limited ("the Company"), for the year ended on 31st March, 2018, 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 and Tannan
Chartered Accountants
Firm's Registration No. 109983W

Tirtharaj Khot
Partner
Membership No. (F) 037457
Mumbai, 30th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Garden Silk Mills Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Garden Silk Mills Limited ("the Company")**, which comprise the balance sheet as at 31st March, 2018, 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to note no.12.2 to standalone Ind AS financial statements. Since the conditions mentioned in the said note indicate existence of a material uncertainty, the ability of the Company to function as a going-concern for a foreseeable future depends upon successful closure of mitigating measures/conditions mentioned in said note.

Our opinion is not modified in respect of the above matter.

Other matters

The financial statements of the Company for the year ended 31st March 2017, were audited by another auditor whose report dated 30th May 2017 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this 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 Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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**.
 - (g) 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 pending litigations and the impact on its financial position - refer note 27 to the standalone Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, if any, required to be transferred to the Investor Education and Protection Fund by the Company.

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

Tirtharaj Khot
Partner
Membership No.: 037457
Mumbai: 30th May 2018

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 have been physically verified by the management at regular intervals based on the phased programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.
- (c) According to the information and explanation provided to us and records examined by us, all title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on para 3(iii) is not applicable.
- (iv) According to information and explanation provided to us, for the transaction covered under the sections 185 and section 186 of the Companies Act, 2013, the Company has complied with the provisions of the said sections, 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 Companies 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) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (I) of Section 148 of the Companies Act, 2013 and we 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 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 2018, for a period of more than six months from the date they became payable.

- (b) Details of dues of income tax, sales tax including value added tax, service tax, duty of customs, duty of excise to the extent which have not been deposited as on 31st March 2018 on account of dispute are as follows:

Name of Statute	Nature of dues	Forum where Dispute is Pending	Period to which amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
Central Excise Act, 1944	Excise Duty / Service Tax	Mumbai high Court	1994-95	35.00	25.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008-09	114.72	114.72
		Gujarat High Court (Ahmedabad)	2008-09	2610.00	1960.00
		Commissioner Surat	2006-11	523.07	458.07
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	96.61	96.61
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-12	40.55	40.55
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	1993-98	168.94	162.61
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2009-10	3.00	3.00
		Gujarat High Court (Ahmedabad)	2000-01	336.17	Nil
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	505.80	486.83
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008-13	77.75	74.84
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2010-14	37.40	36.00
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2014-15	3.49	3.24
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-16	27.12	25.76
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	160.51	154.49
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-16	398.14	383.21
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-16	286.16	275.43
		Gujarat High Court (Ahmedabad)	1994-95	4238.00	4238.00
Customs Act, 1962	Customs Duty	Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	126.93	Nil
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	36.43	33.26
		Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	33.84	29.34
		Total		9904.63	8645.96

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

Category of the Lender	Name of the Lender	Amount of Default in ₹ in Lakhs **		Amount of Default ₹ in Lakhs		Period of default
		Up to 31-03-2018		Up to 31-03-2017		
Banks		Principal	Interest	Principal	Interest	
	Allahabad Bank	-	184.91	233.39	430.25	2016-17 & 2017-18
	Bank of Baroda	4,965.11	5652.71	1035.49	1088.19	2016-17 & 2017-18
	Bank of India	1009.64	1946.71	778.10	813.82	2016-17 & 2017-18
	Corporation Bank	1508.51	2661.75	1009.20	1026.22	2016-17 & 2017-18
	Exim Bank	503.24	787.89	427.35	382.30	2016-17 & 2017-18
	ICICI Bank	91.99	224.25	135.93	126.85	2016-17 & 2017-18
	IDBI Bank	117.26	894.64	767.76	388.87	2016-17 & 2017-18
	Indian Bank	145.48	117.67	97.95	83.38	2016-17 & 2017-18
	Indian Overseas Bank	429.52	395.12	281.40	275.89	2016-17 & 2017-18
	State Bank of India*	1686.70	3091.35	1230.14	1231.13	2016-17 & 2017-18
	Union Bank of India	1611.28	1777.15	1040.92	1018.96	2016-17 & 2017-18
Financial Institution						
	LIC of India	163.32	279.86	174.64	151.15	2016-17 & 2017-18

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

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

- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purpose for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies 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 Companies Act, 2013 wherever applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (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.
- (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 him.
- (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.

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

Tirtharaj Khot
Partner
Membership No.: 037457
Mumbai: 30th May 2018

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")]

We have audited the internal financial controls over financial reporting of Garden Silk Mills Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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.

Opinion

In our opinion, 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 2018, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Tirtharaj Khot
Partner
Membership No.: 037457
Mumbai: 30th May 2018

Balance Sheet as at 31st March, 2018

	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(₹ in Lakhs)				
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	103029.09	109352.41	114742.01
Capital Work-In-Progress	1	1514.39	3084.04	3116.76
Intangible Assets	1	7.82	17.51	32.21
Financial Assets				
(i) Investments	2	1064.71	1093.64	868.88
(ii) Loans and Advances	3	5.14	1333.68	1233.30
(iii) Others Financial Assets	--	0.00	0.00	0.00
Deferred Tax Assets (Net)	4	0.00	0.00	0.00
Other Non-Current Assets	5	3951.79	3288.93	4743.89
Total Non-Current Assets		109572.94	118170.21	124737.05
Current Assets				
Inventories	6	42288.06	38821.26	28360.88
Financial Assets				
(i) Investments	2	0.00	0.00	0.00
(ii) Trade Receivables	7	21061.92	15125.75	14366.33
(iii) Cash and Cash Equivalents	8	4109.74	2084.99	952.02
(iv) Bank Balances Other than (iii) above	8	5919.63	3039.43	1674.70
(v) Loans and Advances	3	1001.15	1035.35	1112.93
(vi) Others Financial Assets	9	0.00	5.07	46.17
Other Current Assets	5	13409.92	6809.22	8666.30
Total Current Assets		87790.42	66921.07	55179.33
TOTAL ASSETS		197363.36	185091.28	179916.38
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	4208.25	4208.25	4208.25
Other Equity	11	(25294.74)	(16443.65)	(8119.00)
Total Equity		(21086.49)	(12235.40)	(3910.75)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	93375.38	119339.84	90618.11
(ii) Other Financial Liabilities	--	0.00	0.00	0.00
Long-Term Provisions	13	588.10	660.98	621.09
Deferred Tax Liabilities (Net)	4	0.00	0.00	0.00
Other Non-Current Liabilities	14	0.00	0.00	43004.00
Total Non-Current Liabilities		93963.48	120000.82	134243.20
Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	15751.51	11051.99	5686.98
(ii) Trade Payables	15	36206.07	26290.97	22174.10
(iii) Other Financial Liabilities	15	21378.45	11457.16	3636.00
Other Current Liabilities	12 & 14	49553.90	25727.92	17132.58
Short-Term Provisions	13	1596.44	2797.82	954.27
Total Current Liabilities		124486.37	77325.86	49583.93
TOTAL EQUITY AND LIABILITIES		197363.36	185091.28	179916.38
Significant Accounting Policies				
The accompanying Notes form an integral part of Financial Statements	B to E 1 to 37			

As per our report of even date
For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W
Tirtharaj Khot
Partner
Membership No.(F) 037457
Mumbai, 30th May, 2018

For and on behalf of the Board of Directors
PRAFUL A. SHAH Chairman & Managing Director
ALOK P. SHAH Executive Director, CFO & COO
SUNIL SHETH Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

	Note No.	2017-18	2016-17
INCOME			
Revenue from Operations	16	310333.45	264331.90
Other Income	17	536.07	996.28
TOTAL INCOME		310869.52	265328.18
EXPENSES			
Cost of Material Consumed	18	221749.82	178624.08
Purchases of Stock-in-Trade	19	6448.83	1799.29
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	20	(4925.11)	(8444.34)
Excise Duty	21	6993.22	20855.81
Employee Benefits Expense	22	13040.50	12194.98
Finance Costs	23	18861.91	16732.17
Depreciation and Amortisation Expense	1	6624.98	6447.42
Impairment Losses	1	1486.02	0.00
Other Expenses	24	49485.98	45457.91
TOTAL EXPENSES		319766.15	273667.32
Profit / (Loss) Before Tax		(8896.63)	(8339.14)
Tax Expense			
Current Tax	4	0.00	0.00
Deferred Tax	4	0.00	0.00
Profit / (Loss) for the Year		(8896.63)	(8339.14)
Other Comprehensive Income			
(i) Items that will not be reclassified to Profit or Loss	25 & 22.2	45.54	14.49
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		0.00	0.00
(iii) Items that will be reclassified to Profit or Loss		0.00	0.00
(iv) Income tax relating to items that will be reclassified to Profit or Loss		0.00	0.00
Total Other Comprehensive Income for the year (Net of Tax)		45.54	14.49
Total Comprehensive Income / (Loss) for the year		(8851.09)	(8324.65)
Earnings per Equity Share of face value of ₹ 10 each	26	(21.14)	(19.82)
Basic and Diluted (in ₹)			
Significant Accounting Policies			
	B to E		
The accompanying Notes form an integral part of Financial Statements	1 to 37		

As per our report of even date
For Sharp & Tannan Associates.
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Tirtharaj Khot
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KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Statement of Changes in Equity for the Year Ended 31st March, 2018

A Equity Share Capital

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	₹ In Lakhs	No. of Shares	₹ In Lakhs	No. of Shares	₹ In Lakhs
Balance at the beginning of the year	42082525	4208.25	42082525	4208.25	42082525	4208.25
Shares issued	0	0.00	0	0.00	0	0.00
Outstanding at the end of the year	42082525	4208.25	42082525	4208.25	42082525	4208.25

B Other Equity

(₹ in Lakh)

AS ON 31 MARCH 2017	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings		
Particulars					
Balance at the beginning of the reporting period i.e. 1st April, 2016	25,219.06	2,046.18	-35,384.24	0.00	-8,119.00
Total Comprehensive Income for the year	0.00	0.00	-8,339.14	14.49	-8,324.65
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, 2017	25,219.06	2,046.18	-43,723.38	14.49	-16,443.65

(₹ in Lakh)

AS ON 31 MARCH 2018	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings		
Particulars					
Balance at the beginning of the reporting period i.e. 1st April, 2017	25,219.06	2,046.18	-43,723.38	14.49	-16,443.65
Total Comprehensive Income for the year	0.00	0.00	-8,896.63	45.54	-8,851.09
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, 2018	25,219.06	2,046.18	-52,620.01	60.03	-25,294.74

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Mumbai, 30th May, 2018

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SUNIL SHETH Director
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Mumbai, 30th May, 2018

Cash Flow Statement for the year ended 31st March, 2018

	(₹ In Lakhs)	
	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Cash flow from Operating Activities		
Net Profit / (Loss) before tax	(8896.63)	(8339.14)
Adjustments for:		
Depreciation	6624.98	6447.42
Finance Costs	18861.91	16732.17
Interest Income	(222.89)	(144.45)
Profit on Sale of Assets	(88.52)	(23.79)
Profit \ Loss on Sale of Investments	0.00	(217.59)
Impairment losses	1486.02	0.00
Credit Balance no longer required	(109.67)	(525.45)
Bed Debts written off	15.85	805.80
Capital Advances written off	0.00	984.22
Dividend Income	(1.06)	(0.58)
	26566.62	24057.75
Operating Profit before Working Capital Changes	17669.99	15718.61
(Increase) / Decrease in Provisions	(1409.50)	1664.48
(Increase) / Decrease in Trade and other Receivables	(12438.59)	(89.23)
(Increase) / Decrease in Inventories	(3466.80)	(10460.38)
(Decrease) / Increase in Trade and Other Payable	15475.73	(36241.93)
	(1839.16)	(45127.06)
Cash Generated from Operations	15830.83	(29408.45)
Direct Taxes (Paid) / Refund.	(29.90)	(34.87)
Net Cash Flow from Operating Activities (A)	15800.93	(29443.32)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(426.27)	(977.81)
Sale of Fixed Assets	300.78	148.01
Purchase of Investments	0.00	(10000.00)
Sale of Investment	0.00	10217.59
Investment recovered form Subsidiary	16.61	0.00
Dividend Income	1.06	0.58
Loans to Other Company/Firm	744.64	232.99
Net Cash Inflow from Investing Activities (B)	636.82	(378.64)
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	4699.52	5365.00
Proceeds from Long Term Borrowings	5149.05	46687.70
Repayment of Long Term Borrowings	(13758.36)	(10258.65)
Interest Paid	(7623.01)	(9474.39)
Net Cash Outflow from Financing Activities (C)	(11532.80)	32319.66
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	4904.95	2497.70
Cash and Cash Equivalents at the beginning of the year	5124.42	2626.72
Cash and Cash Equivalents at the end of the year	10029.37	5124.42

Notes :

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

As per our report of even date
For Sharp & Tannan Associates.
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Mumbai, 30th May, 2018

Notes to the Standalone Financial Statements

Note 1 : PROPERTY, PLANTS & EQUIPMENTS

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION / DEPLETION				NET BLOCK				
	As at 01/04/2016	Adjustments / Additions / (deductions)	As at 01/04/2017	Adjustments / Additions (Deductions)	As at 31/03/2018	As at 01-04-2016	Adjustments / Additions (deductions)	As at 01/04/2017	For the Year	Adjustments (Deductions)	As at 31/03/2018	As at 31/03/2017	As at 01/04/2016
PROPERTY, PLANTS & EQUIPMENT													
(A) Tangible Assets :													
Freehold Land	6,000.51	-	6,000.51	-	6,000.51	-	-	-	-	-	-	6,000.51	6,000.51
Building	20,820.69	13.62	20,834.31	216.93	21,051.24	-	1,168.38	1,168.38	1,214.88	-	2,383.26	19,665.93	20,820.69
Plant and Machinery	85,859.51	924.12	86,783.63	173.56	86,727.37	229.82	4,782.46	4,782.46	4,949.76	24.03	9,708.19	82,001.17	85,859.51
Furniture & Fixtures	353.88	14.65	368.53	1.09	369.62	-	63.77	63.77	62.06	-	125.83	304.76	353.88
Motor Vehicles	421.85	42.17	464.02	88.63	541.51	11.14	96.22	96.22	91.05	5.67	181.60	367.80	421.85
Office Equipments	95.19	14.29	109.48	11.59	121.03	0.04	28.51	28.51	28.73	-	57.24	80.97	95.19
Computer & Data Processing Units	74.81	18.15	92.96	11.45	104.34	0.07	20.86	20.86	17.60	-	38.46	72.10	74.81
Laboratory Equipments	15.44	11.96	27.40	-	27.40	-	4.77	4.77	2.06	-	6.83	22.63	15.44
Electrical Installation & Equipments	1,100.13	0.31	1,100.44	0.01	1,099.15	1.30	263.90	263.90	248.18	0.41	511.67	836.54	1,100.13
Total (A)	114,742.01	1,039.27	115,781.28	503.26	116,042.17	242.37	6,428.87	6,428.87	6,614.32	30.11	13,013.08	109,352.41	114,742.01
(B) Intangible Assets :													
Software	32.21	1.33	33.54	0.97	34.51	-	16.02	16.02	10.66	-	26.68	17.51	32.21
Total (B)	32.21	1.33	33.54	0.97	34.51	-	16.02	16.02	10.66	-	26.68	17.51	32.21
Total (A+B)	114,774.22	1,040.60	115,814.82	504.23	116,076.68	-	6,444.89	6,444.89	6,624.98	30.11	13,039.76	109,369.92	114,774.22
(C) Capital Work in Progress												3,084.04	3,116.76
GRAND TOTAL	114,774.22	1,040.60	115,814.82	504.23	116,076.68	-	6,444.89	6,444.89	6,624.98	30.11	13,039.76	104,551.30	117,890.98

Note: During the year 2017-18, the Company has provided for impairment losses of ₹ 1486.02 Lakhs (Previous year: Nil) for uninstalled plant and machinery, based on internal technical review.

Notes to the Standalone Financial Statements

(₹ in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 2 : Financial Assets (Investments)			
Non-Current Investment			
Quoted			
In Equity Shares of Group Company			
Surat Textile Mills Limited., FV ₹ 1 each fully paid up			
14500000 (31 March 2017 : 14500000, 01 April 2016 : 14500000)	572.75	581.45	348.00
Unquoted			
a. Other Investments in Equity Shares			
Icent Ltd., FV ₹ 10 each			
206667 (31 March 2017 : 206667, 01 April 2016 : 206667)	0.00	0.00	0.00
Amitabh Bachchan Corporation Ltd. FV of ₹ 10 each			
50000 (31 March 2017 : 50000, 01 April 2016 : 50000)	13.13	13.22	13.22
Salora Shinsung Textile Co Ltd. FV of ₹ 10 each			
4943832 (31 March 2017 : 4943832, 01 April 2016 : 4943832)	0.00	0.00	0.00
New Piece Goods Bazaar Co. Ltd. FV of ₹ 100 each			
108 (31 March 2017 : 108, 01 April 2016 : 108)	1.58	1.58	1.58
Electrex India Ltd. FV of ₹ 10 each			
100 (31 March 2017 : 100, 01 April 2016 : 100)	0.02	0.02	0.02
Majestic Land Developers Pvt. Ltd. FV of ₹ 100 each			
500 (31 March 2017 : 500, 01 April 2016 : 500)	12.34	15.87	15.87
b. Investment in Government Securities			
6 Years National Savings Certificate	0.15	0.15	0.15
(Deposited with Sales Tax Authorities)			
c. Investment in Wholly Owned Subsidiary Company			
GAIA International FZE, Dubai of 477000 AED			
1 (31 March 2017 : 1, 01 April 2016 : 1) equity share	80.17	80.17	80.17
Investment in GAIA International FZE	384.57	401.18	409.87
Garden Exim Pte Ltd, Singapore of 1 USD			
NIL (31 March 2017 : NIL, 01 April 2016 : 10000) equity share	0.00	0.00	0.00
Garden Exim Pte Ltd, Singapore of 1 SGD			
NIL (31 March 2017 : NIL, 01 April 2016 : 1) equity share	0.00	0.00	0.00
Total Financial Assets (Investments)	1064.71	1093.64	868.88

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 3 : Current Assets - Financial Assets			
Loans and Advances			
Non-Current			
Loans and Advances Others	0.00	1.04	3.46
Advances to Subsidiary Company, GAIA International	0.00	1322.63	1211.92
Loans to employees	5.14	10.01	17.92
Advance Recoverable - Income Receivable	0.00	0.00	0.00
	<u>5.14</u>	<u>1333.68</u>	<u>1233.30</u>
Current			
Loans to employees	6.28	10.81	13.62
Advance Recoverable - Income Receivable	490.88	727.49	559.35
MGO Deposits - Gujarat Gas Co.Ltd	503.99	297.05	539.96
	<u>1001.15</u>	<u>1035.35</u>	<u>1112.93</u>
Total	<u>1006.29</u>	<u>2369.03</u>	<u>2346.23</u>

(₹ in Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Note 4 : Taxes on Income		
The major components of Income Tax Expense for the year ended March 2018 and March 2017 are:		
(i) Statement of Profit or Loss		
Current Tax	NIL	NIL
Short/(Excess) provision of tax for earlier years	NIL	NIL
Deferred Tax	<u>NIL</u>	<u>NIL</u>
Total Income Tax Expense	<u>NIL</u>	<u>NIL</u>
(ii) Other Comprehensive Income		
Deferred Tax relating to Net Gain/(Loss) on re-measurement of defined benefit plans	NIL	NIL
(iii) Reconciliation of Effective Tax Rate		
(A) Income before tax	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 PY but allowed in CY		
(G) Income taxable in future years		
(H) Effect of carried forward loss		
(I) OCI		
(J) Effect of Different tax rate		
(K) Net tax expense to be recognized in Profit or Loss		

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(iv) Movement of Deferred Tax			
Deferred Tax Liability on Account of :			
Difference between book value and tax written Down Value of Fixed Assets	18782.85	18813.68	18106.68
Revaluation of Investment (OCI)	24.37	0.00	0.00
Total	18807.22	18813.68	18106.68
Deferred Tax Asset on Account of :			
Disallowances under the Income Tax Act, 1961	7255.98	2661.57	140.45
Revaluation of Investment (OCI)	0.00	0.00	0.00
Carried forward tax losses	27416.67	30895.15	29325.49
Provision for Diminution in Value of Investments	0.00	0.00	9.16
Provision for Doubtful Debts	30.22	27.72	0.00
Remeasurement of Grauity and Leave encashment	53.27	0.00	0.00
Total	34756.14	33584.44	29475.10
Deferred Tax Liability / (Asset) (Net)	(15948.92)	(14770.76)	(11368.42)
Current year (Credit)/ Charge to the extent of liability	0.00	0.00	0.00
Current year (Credit)/ Recognised at balance amount	0.00	0.00	0.00

Note: 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"

(₹ in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 5 : Non Financial Assets			
Non-Current			
Advance Payments to Capital Expense suppliers	38.60	32.93	1173.96
Deposits - Receivable Long term	71.36	77.18	391.81
Balances with Statutory Authorities	1237.19	1177.24	1331.01
Advance Income Tax	204.05	174.15	139.28
Paintings and Artifacts	1277.03	1277.03	1277.03
Margin Money fixed deposit	225.40	225.40	225.40
Income Receivable-CNFA	898.16	325.00	205.40
Total	3951.79	3288.93	4743.89
Current			
Fixed Deposits in Banks	0.00	0.00	0.10
Advance to Suppliers	3131.57	2221.96	4922.84
Prepaid Expenses	411.77	258.03	1163.91
Deposits - Receivable Short term	0.00	21.89	29.13
Balance with Customs, Central Excise Authorities etc.	9561.33	4307.34	2550.32
Deposit in Gratuity Fund	305.25	0.00	0.00
Total	13409.92	6809.22	8666.30
Total Non Financial Assets	17361.71	10098.15	13410.19

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 6 : Current Assets (Inventories)			
Raw Materials	9774.29	10326.95	7575.28
Raw Materials In Transit	2467.47	2211.67	4133.43
Stock In Process	250.12	387.37	327.44
Finished Goods	16922.22	18775.33	10186.29
Finished Goods in Transit	6518.91	1222.57	572.02
Stores, Spares, Chemicals and Consumables	6004.68	5897.37	5566.42
Stores, Spares, Chemicals and Consumables in Transit	350.37	0.00	0.00
Total	42288.06	38821.26	28360.88
Note 7 : Current Assets - Financial Assets			
Trade Receivables:			
Unsecured, Considered good	20440.91	10631.29	11426.67
from subsidiary	597.51	4494.46	2939.66
Considered doubtful	114.92	83.84	800.34
	21153.34	15209.59	15166.67
Less: Provision for doubtful debts	91.42	83.84	800.34
Total	21061.92	15125.75	14366.33
Note 8 : Current Assets - Financial Assets			
Cash and Cash Equivalents:			
Cash on hand	79.11	48.05	91.92
Balances with banks in current accounts	2211.23	1534.73	639.78
Fixed Deposit (maturity in less than 3 months)	1811.58	496.77	219.51
Fixed Deposit (maturity in more than 3 months & in less than 12 months)	7.82	5.44	0.81
	4109.74	2084.99	952.02
Other Bank Balances:			
Earmarked balances with Banks in Unpaid Dividend Account	13.59	27.02	37.77
Margin Money Account	5888.68	2995.05	1616.44
Fixed Deposit (maturity in more than 12 months)	17.36	17.36	20.49
	5919.63	3039.43	1674.70
Total	10029.37	5124.42	2626.72

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 9 : Current Assets - Other Financial Assets			
Current			
Forward Contract Receivable	0.00	5.07	46.17
Total	0.00	5.07	46.17

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 10 : Equity Share Capital			
Authorised Share Capital			
Equity Shares of ₹ 10/- each			
6,00,00,000 (31 March 2017 : 60000000, 01 April 2016 : 50000000)	6000.00	6000.00	5000.00
Preference Shares of ₹ 10/- each			
NIL (31 March 2017 : NIL, 01 April 2016 : 10000000)	0.00	0.00	1000.00
Total	6000.00	6000.00	6000.00
Issued, Subscribed and Paid up			
Equity Shares of ₹ 10/- each fully paid up			
4,20,82,525 (31 March 2017 : 42082525, 01 April 2016 : 42082525)	4208.25	4208.25	4208.25
Total	4208.25	4208.25	4208.25

10.1 Shareholders holding more than 5% of Paid-up Equity Share Capital	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19	7231996	17.19	7231996	17.19
Shri Praful A. Shah (Indl.)	2789190	6.63	2789190	6.63	2789190	6.63
Shri Praful A. Shah (Partner of Isha Enterprises)	3791965	9.01	3791965	9.01	3791965	9.01
IL & FS Trust Co. Ltd.	2091212	4.97	2462297	5.85	3263676	7.76
Rayben Investments	2492816	5.92	2492816	5.92	2492816	5.92
Palomar Textiles Ltd.	3930872	9.34	3930872	9.34	3930872	9.34

10.2 Rights, Preferences and Restrictions attached to Shares

Equity Shares:

The Company has one class of shares referred to as equity shares having a par value of ₹ 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.

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 11 : Other Equity			
Securities Premium Reserve	25219.06	25219.06	25219.06
General Reserve			
Balance at the beginning of the year	2046.18	2046.18	3359.71
Add: General Reserve (IND-AS)	0.00	0.00	(1313.53)
Balance at the end of the year	2046.18	2046.18	2046.18
Other Comprehensive Income			
Balance at the beginning of the year	14.49	0.00	0.00
Add: OCI for the year	45.54	14.49	0.00
Balance at the end of the year	60.03	14.49	0.00
Surplus in Statement of Profit and Loss			
Balance at the beginning of the year	(43723.38)	(35384.24)	(21323.56)
Add/Less: Profit/(Loss) for the year	(8896.63)	(8339.14)	(14060.68)
Balance at the end of the year	(52620.01)	(43723.38)	(35384.24)
Total	(25294.74)	(16443.65)	(8119.00)
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 12 : Financial Liabilities (Borrowings)			
Long-Term Borrowings			
Non-Current Portion			
Secured			
Term loan from Banks	91739.52	117255.27	88112.67
Term loan from Financial Institutions	1304.91	1513.53	1746.38
Unsecured			
Term loan from foreign banks	330.95	571.04	759.06
	93375.38	119339.84	90618.11
Current Maturities			
Secured			
Term loan from Banks	40291.17	23144.64	13231.29
Foreign Currency Loan	0.00	0.00	2380.66
Term loan from Financial Institutions	616.10	407.48	232.85
Unsecured			
Term loan from foreign banks	162.42	162.42	162.42
	41069.69	23714.54	16007.22
Total Long-Term Borrowings	134445.07	143054.38	106625.33

Notes to the Standalone Financial Statements (Contd.)

12.1 Note on Secured Long-Term Borrowings:

- a) Term Loans from Banks and Financial Institutions are secured by first mortgage on pari passu basis on all immovable properties (except those specifically excluded by lenders, of Rupee Term Loans as per Note (b) below), both present and future and first charge by way of hypothecation of all movables (except book debts) both present and future subject to prior charges created/to be created in favor of Bankers for working capital borrowings.
- b) **Of the Rupee Term Loans from Banks:**
- i) Loans from Bank of India to the extent of ₹ 200.00 Lakhs (31 March 2017 : 206.25, 01 April 2016 : 212.29 Lakhs) are secured by hypothecation of specific machinery of Fully Drawn Yarn (FDY) Project at Jolwa.
 - ii) Loans from Bank of India to the extent of ₹ 953.11 Lakhs (31 March 2017 : 982.86, 01 April 2016 : 1012.61 Lakhs) are secured by hypothecation of specific Building and machinery of Texturising plant and Draw Twisting plant at Jolwa.
 - iii) Term loans from ICICI Bank, Kotak Mahindra Prime Limited and Axis Bank Ltd aggregating to ₹ 18.01 Lakhs (31 March 2017 : 65.27, 01 April 2016 : 111.95 Lakhs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements.
 - iv) Housing Loan of ₹ 245.53 Lakhs (31 March 2017 : 366.51, 01 April 2016 : 472.97 Lakhs) from ICICI Bank is secured by hypothecation of residential flat at Mumbai.
 - v) Loans from Corporation Bank to the extent of ₹ 3003.00 Lakhs (31 March 2017 : 3003.00, 01 April 2016 : 3094.00 Lakhs) are secured by hypothecation of movable fixed assets of Specific Continuous Polymerisation Project at Jolwa.
 - vi) Loan from Union Bank of India to the extent of ₹ 4330.15 Lakhs (31 March 2017 : 4330.15, 01 April 2016 : 4461.40 Lakhs) is secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.

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

		(₹ in Lakhs)			
		Maturity Profile as at 31/03/2018			
	Rate of Interest ranged between during 31/03/2018	1-2 years	2-3 years	3-4 years	Beyond 4 years
Secured Term Loans					
Rupee Loans	8% to 12.85%	23153.68	25167.50	29413.64	33479.08
Rupee Term Loans from financial institutions	8.25% to 11.00%	443.84	491.20	607.62	791.25
		23597.52	25658.70	30021.26	34270.33
Unsecured Term Loans					
Term Loans- from foreign banks	5.69%	162.42	168.53	0.00	0.00
		162.42	168.53	0.00	0.00
		23759.94	25827.23	30021.26	34270.33

Notes to the Standalone Financial Statements (Contd.)

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

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
12. Short-Term Borrowings			
Secured			
Cash Credit Facilities	15751.51	11051.99	4401.01
Buyers Credit	0.00	0.00	1285.97
Total Short-Term Borrowings	15751.51	11051.99	5686.98
Total Borrowings	150196.58	154106.37	112312.31

Note: Cash Credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured with hypothecation by way of first pari passu charge on all company's current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facilities ranged between 9.85% to 11.10%

(₹ In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 13 : Provisions			
Long-Term			
Provisions for Employee Benefits	588.10	660.98	621.09
Short-Term			
Provisions for Employee Benefits	60.39	149.23	198.21
Others			
Provision for Excise duty	1536.05	2648.59	756.06
Total	2184.54	3458.80	1575.36

Notes to the Standalone Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 14 : Non Financial Liabilities			
Non-Current			
Advances Received from Subsidiary co. GAIA	0.00	0.00	43004.00
	0.00	0.00	43004.00
Current			
Advances from Customers	7763.22	1382.49	334.94
Advances Received	0.40	0.38	0.66
Payable - Expenses	405.19	206.63	217.83
Tax Others	182.45	324.82	441.27
TDS	132.95	99.06	130.66
	8484.21	2013.38	1125.36
Total	8484.21	2013.38	44129.36

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 15 : Current Liabilities - Financial Liabilities			
(a) Trade Payables			
a) Acceptances	30995.76	21967.77	18483.29
b) Payable to Others			
i) Payable to Micro and Small enterprises *	37.45	61.59	64.41
ii) Others including creditors for expenses	5172.86	4261.61	3626.40
	36206.07	26290.97	22174.10
* There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2017 and no amount were over due during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.			
(b) Other Financial Liabilities			
Payable - Expenses	2487.45	2647.72	2194.07
Deposits - Payable	666.19	728.20	686.74
Creditors for Capital Expenses	42.60	122.03	133.28
Payable to related parties towards purchase of fixed assets	30.00	30.00	30.00
Advances Received	0.08	0.08	0.04
Unpaid Dividend	13.59	27.02	37.77
Overdrawn Bank Balance	0.00	820.48	0.00
Interest Accrued and Due	18014.01	7017.01	340.93
Interest Accrued But Not Due	62.99	64.62	213.17
Forward Contract Payable	61.54	0.00	0.00
	21378.45	11457.16	3636.00
Total	57584.52	37748.13	25810.10

Notes to the Standalone Financial Statements (Contd.)

(₹ In Lakhs)

Particulars	2017-18	2016-17
Note 16 : Revenue from Operations		
Sale of Products	310295.10	264311.39
Job Charges Income	38.35	20.51
Total	310333.45	264331.90
Particulars of Sale of Products		
Chips	111203.77	91868.47
Yarn (Includes POY & Processed yarn)	180831.75	150264.63
Fabrics	15172.06	17640.11
P.T.A.	0.00	15.07
M.E.G.	879.97	2647.31
Spin Finish Oil	0.00	55.89
Others	2245.90	1840.43
Total	310333.45	264331.90

16.1 Effective July 01, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence revenue (gross) from operations for the year ended March 31, 2018 are not comparable with the previous year corresponding figures.

Particulars	2017-18	2016-17
Sale of products (including excise duty)	310295.10	264311.39
Less: excise duty recovered	6993.22	17511.26
	303301.88	246800.13

Particulars	2017-18	2016-17
Note 17 : Other Income		
Interest Income		
Bank deposits	205.95	141.38
Loans and advances	0.97	3.07
Others	15.97	0.00
Dividend Income		
on Long Term Investments	1.06	0.58
Other Non-Operating Income		
Miscellaneous Income	95.06	66.27
Rent Income	18.87	10.15
Net surplus on disposal of fixed assets	88.52	23.79
Bad Debt Recovery	0.00	8.00
Credit balances Write Back	109.67	525.45
Net gain on sale of current investment	0.00	217.59
Gain on revaluation of Forward Contracts	0.00	0.00
Total	536.07	996.28

Notes to the Standalone Financial Statements (Contd.)

	(₹ In Lakhs)	
Particulars	2017-18	2016-17
Note 18 : Cost of Materials Consumed		
Raw Materials		
Indigenous/Imported	221749.82	178624.08
Total	221749.82	178624.08
18.1 Value of Imports on CIF basis in respect of		
Raw Materials	51687.43	46681.79
Stores, Spares, Chemicals and Consumables	11513.34	9966.02
Capital goods	138.89	0.00
	63339.66	56647.81
Particulars	2017-18	2016-17
Note 19 : Purchases of Stock-in-Trade		
Yarn	4456.37	108.59
Fabrics	1221.23	1220.32
Readymade	32.68	16.68
MEG	738.55	453.70
Total	6448.83	1799.29
Particulars	2017-18	2016-17
Note 20 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	19997.90	10758.30
Work-in-Progress	387.37	327.44
	20385.27	11085.74
Closing Stock		
Finished Goods and Stock-in-trade	23449.01	19997.90
Work-in-Progress	250.12	387.37
	23699.13	20385.27
Add: Variation in excise duty on opening and closing stock of finished goods	(1611.25)	855.19
Total	(4925.11)	(8444.34)
Particulars	2017-18	2016-17
Note 21 : Excise Duty		
Excise Duty Expense	6993.22	20855.81
Total	6993.22	20855.81

Notes to the Standalone Financial Statements (Contd.)

	(₹ In Lakhs)	
Particulars	2017-18	2016-17
Note 22 : Employee Benefits Expense		
Salaries, Wages and Bonus	11683.50	11019.49
Contribution to Provident and Other Funds	896.60	767.22
Gratuity	262.85	228.62
Staff Welfare Expenses	197.55	179.65
Total	13040.50	12194.98

(a) Defined Contribution Plan

The Company has recognized ₹ 322.70 lakh for provident fund contribution in the Statement of Profit and Loss for the year ended March 31, 2018 (March 31, 2017 - ₹ 279.66 lakh).

(b) Defined Benefit Plan

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

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

Annexure 1 : Funded status of the plan

	(₹ In Lakhs)			
Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Present value of unfunded obligations	0	0	648.49	706.89
Present value of funded obligations	3162.27	3253.59	0	0
Fair value of plan assets	-3467.51	-3150.27	0	0
Net Liability (Asset)	-305.24	103.32	648.49	706.89

Annexure 2 : Profit and Loss account for the current period

	(₹ In Lakhs)			
Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Service cost:				
Current service cost	264.95	224.22	427.73	219.06
Past service cost and loss/(gain) on curtailments and settlement	0	0	0	0
Net interest cost	-2.10	4.40	49.25	48.94
Net value of remeasurements on the obligation and plan assets			135.24	244.26
Total included in 'Employee Benefit Expense'	262.85	228.62	612.22	512.26
Total Charge to Profit and Loss	262.85	228.62	612.22	512.26

Past Service cost is on account of increase in Gratuity Ceiling from ₹ 10,00,000 to ₹ 20,00,000

Notes to the Standalone Financial Statements (Contd.)

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Other Comprehensive Income for the current period				
Due to Change in financial assumptions	-102.86	-137.41	-29.33	-41.33
Due to change in demographic assumption	0.00	0.00	0.00	0.00
Due to experience adjustments	-115.91	217.50	164.57	285.59
Return on plan assets excluding amounts included in interest income	25.67	-105.39	0.00	0.00
Amounts recognized in Other Comprehensive Income	-193.10	-25.30	135.24	244.26

Annexure 3: Reconciliation of defined benefit obligation

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Opening Defined Benefit Obligation	3253.59	2920.82	706.89	649.99
Transfer in/(out) obligation	0	0	0	0
Current service cost	264.95	224.21	427.73	219.06
Interest cost	217.48	213.48	49.24	48.94
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	-102.86	-137.41	-29.32	-41.35
Due to change in demographic assumption	0	0	0	0
Due to experience adjustments	-115.91	217.50	164.57	285.60
Past service cost	0	0	0	0
Loss (gain) on curtailments	0	0	0	0
Liabilities extinguished on settlements	0	0	0	0
Liabilities assumed in an amalgamation in the nature of purchase	0	0	0	0
Exchange differences on foreign plans	0	0	0	0
Benefits paid	-354.99	-185.01	-670.62	-455.35
Closing Defined Benefit Obligation	3162.26	3253.59	648.49	706.89

Notes to the Standalone Financial Statements (Contd.)

Annexure 4: Reconciliation of Plan assets

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(12 months)	(12 months)	(12 months)	(12 months)
Opening value of plan assets	3150.27	2751.50	0	0
Transfer in/(out) plan assets	0	0	0	0
Interest Income	219.58	209.08	0	0
Return on plan assets excluding amounts included in interest income	-25.67	105.38	0	0
Assets distributed on settlements	0	0	0	0
Contributions by employer	478.32	269.32	0	0
Assets acquired in an amalgamation in the nature of purchase	0	0	0	0
Exchange differences on foreign plans	0	0	0	0
Benefits paid	-354.99	-185.01	0	0
Closing value of plan assets	3467.51	3150.27	0.00	0.00

Annexure 5: Reconciliation of net defined benefit liability

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(12 months)	(12 months)	(12 months)	(12 months)
Net opening provision in books of accounts	103.32	169.32	706.89	649.99
Transfer in/(out) obligation	0	0	0	0
Transfer (in)/out plan assets	0	0	0	0
Employee Benefit Expense as per Annexure 2	262.85	228.62	612.22	512.25
Amounts recognized in Other Comprehensive Income	-193.10	-25.30	0	0
Total	173.07	372.64	1319.11	1162.24
Benefits paid by the Company	0	0	-670.62	-455.35
Contributions to plan assets	-478.32	-269.32	0	0
Closing provision in books of accounts	-305.25	103.32	648.49	706.89

Annexure 6: Principle actuarial assumptions

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(12 months)	(12 months)	(12 months)	(12 months)
Discount Rate	7.60%	7.20%	7.60%	7.20%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
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
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Notes to the Standalone Financial Statements (Contd.)

Annexure 7: Expected cashflows based on past service liability

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	Cashflows	%	Cashflows	%
Year 1	521.84	7.60%	60.39	3.10%
Year 2	255.53	3.70%	35.85	1.90%
Year 3	196.38	2.90%	33.46	1.70%
Year 4	226.48	3.30%	59.22	3.10%
Year 5	402.09	5.90%	68.84	3.60%
Year 6 to Year 10	1321.18	19.30%	239.32	12.40%

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

The Expected contribution for the next year is ₹ 2,48,74,781

The Average Outstanding Term of the Obligations (Years) as at valuation date is 8.65 years.

Annexure 8: Sensitivity to key assumptions

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	(12 months)	(12 months)	(12 months)	(12 months)
Discount rate Sensitivity				
Increase by 0.5%	3041.90	3125.38	614.76	669.01
(% change)	-3.81%	-3.94%	-5.20%	-5.36%
Decrease by 0.5%	3291.82	3391.80	685.50	748.55
(% change)	4.10%	4.25%	5.71%	5.89%
Salary growth rate Sensitivity				
Increase by 0.5%	3291.94	3391.40	685.54	748.39
(% change)	4.10%	4.24%	5.71%	5.87%
Decrease by 0.5%	3040.70	3124.57	614.43	668.81
(% change)	-3.84%	-3.97%	-5.25%	-5.39%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	3163.82	3253.73	649.30	707.19
(% change)	0.05%	0.00%	0.13%	0.04%
W.R. x 90%	3154.49	3253.44	647.65	706.58
(% change)	-0.25%	0.00%	-0.13%	-0.04%

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 is fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes to the Standalone Financial Statements (Contd.)

	(₹ in Lakhs)	
Particulars	2017-18	2016-17
Note 23 : Finance Costs		
Interest Expenses #	18634.54	14728.40
Other Financial Charges	710.40	1075.12
Other Interest Expenses	202.29	1395.22
Total	19547.23	17198.74
Less : Other Interest/Financial Income	685.32	466.57
Total	18861.91	16732.17

Penal Interest has not been included in lieu of ongoing discussions with bankers towards debt restructuring.

Particulars	2017-18	2016-17
Note 24 : Other Expenses		
Manufacturing Expenses		
Consumption of Stores, Spares and Chemicals	8614.95	9108.32
Power and Fuel	21260.29	17756.77
Packing Charges	6259.56	5301.70
Factory Expense	659.89	538.57
Repairs and Maintenance - Plant and Machinery	1711.04	1632.84
Repairs and Maintenance - Buildings	127.34	173.69
Repairs and Maintenance - Others	98.49	124.67
Conversion and Processing Charges	156.23	450.28
Selling and Distribution Expenses		
Commission and Discount	2394.10	1868.99
Freight, Octroi, Carting, Loading, Unloading, etc.	4170.90	2111.47
Advertisement	373.80	393.95
Other Selling and Distribution Expenses	388.54	372.48
Establishment Expenses		
General Charges	1659.52	1683.49
Rent Expense	277.47	298.83
Insurance	188.77	187.89
Rates and Taxes	62.22	58.40
Auditor's Remuneration	106.17	81.01
Corporate Social Responsibility	0.91	11.63
Bad Debts and Advances Written Off	15.85	805.80
Capital Advances Written off	0.00	984.22
Loss due to Fire	0.00	3.96
Loss on Investments in Subsidiary	0.00	0.00
Legal and Professional Charges	820.28	830.73
Loss on revaluation of Forward Contracts	66.61	41.09
Forex - (Gain)/Loss	73.05	637.13
Total	49485.98	45457.91

Notes to the Standalone Financial Statements (Contd.)

	(₹ In Lakhs)	
Particulars	2017-18	2016-17
24.1 Payment to Auditors		
Paid to Statutory Auditors :		
Statutory Audit Fees	17.60	20.10
Certification Fees/Limited review	15.30	0.08
Paid to Other Auditors :		
Special Audit Fees	25.74	0.00
Other Audit Fees	22.64	43.33
Monitoring Audit Fees	12.00	12.06
Tax Audit Fees	4.60	3.32
GST Audit Fees	3.50	0.00
Expenses towards Audit	3.21	0.54
Cost Audit Fees	1.58	1.58
	106.17	81.01

24.2 Corporate Social Responsibility

- (a) As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- (b) The Company is not required to spend any amount in view of average net loss during the last three financial year.
- (c) The Company has voluntarily spent and aggregate amount of ₹ 0.91 Lakhs (previous year ₹ 11.63 Lakhs)

	(₹ In Lakhs)	
Particulars	2017-18	2016-17
Note 25 : Other Comprehensive Income		
A Items that will not be Reclassified to Profit or (Loss)		
Actuarial Gain/(Loss) on Gratuity Benefit	193.10	25.30
Actuarial Gain/(Loss) on Leave Benefit	(135.24)	(244.26)
Gain/(Loss) on revaluation of Investments	(12.32)	233.45
	45.54	14.49
B Items that will be Reclassified to Profit or (Loss)	0.00	0.00
Total	45.54	14.49

	(₹ In Lakhs)	
Particulars	2017-18	2016-17
Note 26 : Earning Per Share (EPS) (IND AS 33):		
Face Value per Equity Share (Rs.)	10.00	10.00
(i) Net Profit after Tax attributable to Equity Shareholders (In ₹ lakhs)	(8896.63)	(8339.14)
(ii) Weighted Average number of Equity Shares outstanding (Nos.)	42,082,525	42,082,525
Basic / Diluted Earnings per Share (in Rs.)	(21.14)	(19.82)

Notes to the Standalone Financial Statements

A. Corporate Information

Garden Silk Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at 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.

B. Summary of Significant Accounting Policies

B.1. Compliance with Ind AS:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, as amended from time to time.

Up to the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles in India ("Indian GAAP"), which includes standards notified under the Companies (Accounting Standards) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016 (transition date). Refer note "E" for the details of first time adoption exemptions availed by the Company.

The financial statements are approved for issue by the Company's Board of Directors on 30th May 2018.

B.2. Basis for Preparation of Financial Statements:

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.

The financial statements are presented in INR (₹) and all the values are rounded off to the nearest lakh except when otherwise indicated.

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 the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

B.4. Property, Plant and Equipment and Other Intangible Assets:

Property, Plant and Equipment

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 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)
1	Factory Buildings	30
	Other Buildings	60
2	Plant and Machinery	
(i)	Continuous Process Plants	25
(ii)	Power Plants	40
(iii)	Other	10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office Equipment	5
6	Electrical installations and Equipment	10
7	Computer Equipment	3
8	Software	6
9	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.

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.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as at April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

As per Ind AS 101, First Time Adoption of Ind AS, the Company continues to adopt the provisions of para 46 / 46A of Accounting Standard-11, "The Effects of Changes in Foreign Exchange Rates". Accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings as of April 01, 2016 (Date of Transition to Ind AS) relating to acquisition of depreciable assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Intangible Assets:

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

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

B.5. Impairment of Tangible & Intangible Assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible and Intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

B.6. 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 labor 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.7. 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.

Sale of Goods

Sales are recorded net of trade discounts, quantity discounts, rebates, indirect taxes. Sales include Excise duty but exclude Sales tax, value added tax and goods and service tax. Sales also include, sales of scrap, waste, rejection etc.

Interest Income

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.

B.8. 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.9. Employee Benefits:

Short-Term Employee Benefits:

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

Other Long-Term Employee Benefits

The liability for earned leave is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the

reporting period using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Post-Employment Benefits

(a) Defined Contribution Plans

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

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

(b) Defined Benefit Plans

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

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

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.10. 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.11. Taxation:

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

Current Tax

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

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

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

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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 IndAS 12 Income taxes.

B.12. Provisions:

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

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

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

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

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets, if any, are disclosed in the notes to accounts.

B.13. 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.

Financial Assets

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.

Subsequent Measurement

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.

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.

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.

Investment in Subsidiaries, Associates and Joint Ventures

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

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'.

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.

Financial Liabilities

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.

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.

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.

Foreign Exchange Gains and Losses

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

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

B.14. 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.15. 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.16. 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 and
- iii. items of income or expense associated with investing or financing cash flows

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.17. 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.18. Earnings Per Share:

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

C. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note "B", 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.

C.1. 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 the directors 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.

C.2. Useful Lives 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, the directors have determined that no changes are required to the useful lives of assets.

C.3. 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.

C.4. 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.

D. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Ind AS 115 will supersede the current revenue recognition standard

Ind AS 18 - Revenue,

Ind AS 11 - Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is currently evaluating the requirements of Ind AS 115 and its impact on the financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

E. First Time Adoption of Ind AS – Mandatory Exceptions and Optional Exemptions:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the company as detailed below:

E.1. De-recognition of Financial Assets and Financial Liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

E.2. Classification of Debt Instruments

The Company has determined that classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through profit or loss criteria based on facts and circumstances that existed as of the transition date.

E.3. Deemed Cost for Property, Plant and Equipment and Intangible Assets

The Company has elected to continue with the carrying value of all its plant and equipment assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

E.4. Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there has been significant increase in credit risk since the initial recognition, as permitted by Ind AS 101.

Additional Information to Financial Statements and Disclosures under Accounting Standards:

27. Contingent Liabilities:

- (i) **Disputed liabilities for Excise Duty not acknowledged as debts ₹ 8646.06 Lakhs.**
(31 March 2017 : ₹ 7217.84, 01 April 2016 : ₹ 3470.23 Lakhs)
- (ii) **Disputed liabilities for Income - Tax not acknowledged as debts ₹ NIL**
(31 March 2017 : ₹ NIL, 01 April 2016 : ₹ 133.13 Lakhs)
- (iii) **Disputed liabilities for Gujarat Sales Tax not acknowledged as debts ₹ NIL**
(31 March 2017 : ₹ 58.18, 01 April 2016 : ₹ 70.51 Lakhs)
- (iv) **Unpaid dividend on 0.001% Optionally Convertible Cumulative Preference shares(now converted into equity shares) not acknowledged as debts ₹ 0.01 Lakhs.**
(31 March 2017 : ₹ 0.01, 01 April 2016 : ₹ 0.01 Lakhs)
- (v) **Counter-guarantees to Banks against guarantees issued to third parties ₹ 0.50 Lakhs.**
(31 March 2017 : ₹ 0.50, 01 April 2016 : ₹ 0.50 Lakhs)
- (vi) **Custom Duty on Raw materials Imported under advance license against which export obligation is to be fulfilled is ₹ NIL** (31 March 2017 : ₹ 3.72, 01 April 2016 : ₹ 143.69 Lakhs)

28. Capital Management:

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

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

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

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

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

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Total Debt (₹ in Lakhs)	150196.58	154106.37	112312.31
Total Equity (₹ in Lakhs)	(21086.49)	(12235.41)	(3910.75)
Debt to Equity Ratio	(7.12)	(12.60)	(28.72)

29. Financial Instruments:

29.1 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:

GARDEN SILK MILLS LIMITED

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.

A. Fair Value Hierarchy of Assets and Liabilities Measured at Fair Value as of March 31, 2018, March 31, 2017 and April 01 2016:

(₹ in Lakhs)

Particulars	As at 31st March,2018				As at 31st March,2017				As at 01st April,2016			
	Carrying Amount/ Fair value	Level of Input used in			Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Finacial Assets												
At Amortised Cost												
(i) Invetstments*	1.75				1.75				1.75			
(ii) Trade receivables	21061.92				15125.75				14366.33			
(iii) Cash & cash equivalents	4109.74				2084.99				952.02			
(iv) Bank balances other than (iii) above	5919.63				3039.43				1674.7			
(v) Loans and Advances	1006.29				2369.03				2346.23			
(vi) Others financial assets	0											
At FVTPL												
(i) Invetstments	0											
(ii) Others financial assets	0				5.07		5.07		46.17		46.17	
At FVTOCI												
(i) Invetstments	598.22	572.75		25.47	610.54	581.45		29.09	377.09	348.00		29.09
(ii) Others financial assets	0											
Finacial Liability												
At Amortised Cost												
(i) Borrowings	109126.89				130391.83				96,305.09			
(ii) Trade Payables	36206.07				26290.97				22,174.10			
(iii) Other financial laibilities	21316.91				11457.16				3,636.00			
At FVTPL												
(i) Other financial laibilities	61.54		61.54						0			
At FVTOCI												
(i) Borrowings	0											
(ii) Trade Payables	0											
(iii) Other financial laibilities	0											

*Exclude Group Company investments ₹ 464.74 Lakhs (Previous Year ₹ 481.35Lakhs) measured at cost.

Valuation Technique –

Fair value of forward contract is computed –

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

B. Income, Expense, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the statement of Profit and Loss are as follows:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Financial assets measured at amortised cost		
Interest income	2910.24	2625.74
Advances Write Off	(8.23)	(1218.75)
Bad and Doubtful Debts	(7.58)	(571.27)
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments		
Fair value gain/(loss) recognised in other comprehensive income	(12.32)	233.45
Reclassified from other comprehensive income to Statement of Profit and Loss	0.00	0.00
Financial assets measured at fair value through profit and loss		
Fair value gain/(loss) on investment indebtinstruments	0.00	0.00
Dividend income on non current investment	0.00	0.00
Dividend income on current investment	0.00	0.00
Financial liabilities measured at amortised cost		
Interest expense on borrowings	18836.83	16121.34
Other Interest	34.48	1240.25
Credit balances no longer required	109.67	533.45
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	(66.61)	(41.09)

29.2 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.

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.

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:

(₹ in Lakhs)

Particulars			2017-18		2016-17	
		Foreign Currency Denomination	Foreign Currency Amount	Indian Rupees Amount	Foreign Currency Amount	Indian Rupees Amount
a.	Hedged					
	Trade Receivables (net)	USD	86.19	6517.85	71.79	4655.32
	Trade Payables	USD	117.79	7676.85	83.03	5384.78
		JPY	411.22	252.92	584.56	339.06
	Loan Taken	USD	7.57	493.37	10.60	733.46

Particulars	Foreign Currency Denomination	2017-18		2016-17	
		Foreign Currency Amount	Indian Rupees Amount	Foreign Currency Amount	Indian Rupees Amount
Interest payable	USD	0.05	3.43	0.07	5.06
b. Unhedged					
Trade Receivables	USD	0.00	0.00	22.42	1453.88
Trade Payables	JPY	179.86	110.62	314.82	182.60
	USD	66.89	4359.32	109.68	7112.81
	EUR	0.01	1.14	0.01	0.98
Advance to Suppliers	JPY	5.38	3.31	11.73	6.81
	USD	0.26	16.71	27.86	1806.79
	EUR	0.42	34.04	0.20	14.14
Export Commission payable	USD	2.16	140.71	0.37	24.22
Foreign Bank Balances	USD	10.57	689.07	0.03	1.65
Amount Receivable from Subsidiary					
Investment in share capital of subsidiary Company	USD	1.30	80.17	1.30	80.17
Unsecure loan given to subsidiary Company	USD	0.00	0.00	22.73	1474.27
Other Investments	USD	6.19	384.57	6.19	384.57

Foreign Currency Sensitivity:

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

(₹ in Lakhs)

	Currency	Depriciation in INR	Effect on Profit before tax	Apriciation in INR	Effect on Profit before tax
March 31, 2018	USD	+5%	(166.48)	-5%	166.48
	JPY		(5.37)		5.37
	EUR		1.64		(1.64)
March 31, 2017	USD	+5%	(116.01)	-5%	116.01
	JPY		(8.78)		8.78
	EUR		0.65		(0.65)

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's variable rate short-term debt obligations and external commercial borrowings.

Interest Rate Sensitivity:

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

(₹ in Lakhs)

Particulars	Increase effect		Decrease effect	
	March, 2018	March, 2017	March, 2018	March, 2017
Effect of Increase/decrease in floating interest rate by 100 basis points (1%) for term loans	1456.04	1433.80	(1456.04)	(1433.80)

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 analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Outstanding customer receivables are regularly monitored. The Company maintains its cash and cash equivalents and deposits with banks having good reputation and high quality credit ratings.

Liquidity Risk:

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

30. Segment Reporting:

The Company has only one reportable segment viz. 'Textiles' as per Ind As 108 operating segments. Further, Sale of Product can be bifurcated between Domestic and Export segment as below:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Domestic Sales	2,51,396.35	2,23,875.42
Export Sales	58,937.10	40,456.48
Total	3,10,333.45	2,64,331.90

31. Disclosures as required by the Ind AS24 “Related Party Disclosures” are given below:

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

Sr. No.	Nature of Relationships	Names of Related Parties
1	Subsidiary Company	GAIA International FZE
2	Group Company	Surat Textile Mills Limited
3	Key Management Personnel	Shri.Praful A. Shah
		Shri. Sanjay S. Shah Shri.Alok P. Shah Shri.Suhail P. Shah Smt. Anita Mandrekar Shri. Arunchandra N. Jariwala Shri. Ketan A. Jariwala Shri. Deepak N. Shah Shri. Harishchandra Mishra Shri. Sunil S. Sheth Shri. Yatish Parekh
4	Relatives of Key management personnel and their enterprises where transactions have taken place.	Smt. Shilpa P. Shah Smt. Sujata V. Parsai Shri. V. K. Parsai Armorax Business Centre Pvt. Ltd. Como Textile Pvt. Ltd. Sorrento Textile Pvt. Ltd. Amalfi Textile Pvt. Ltd.

(II) Transactions during the year with Related Parties:

(₹ in Lakhs)

Nature of Transactions	Subsidiary	Group Company	Key Management Personnel	Others	Total
Raw Material and Stores Sales		3775.56			3775.56
		(520.89)			(520.89)
Other Miscellaneous Transactions		134.55			134.55
		(215.85)			(215.85)
Electric Power and Fuel Charges		942.61			942.61
		(479.12)			(479.12)
Purchases		8250.01			8250.01
		(6358.80)			(6358.80)
Remuneration			751.48	25.08	776.56
			(589.10)	(25.08)	(614.18)

(II) Transactions during the year with Related Parties: (Contd.)

(₹ in Lakhs)

Nature of Transactions	Subsidiary	Group Company	Key Management Personnel	Others	Total
Director Sitting Fees			4.20		4.20
			(4.03)		(4.03)
Professional Consultancy Fee				1.35	1.35
				(1.55)	(1.55)
Security Deposit Returned	0.00				0.00
	(304.77)				(304.77)
Unsecured Loan given*	5.57				5.57
	0.00				0.00
Payment received against Unsecured Loan	1479.84				1479.84
	(31.94)				(31.94)
Advance received against sales	0.00				0.00
	(2657.82)				(2657.82)
Advance received against sales Returned	0.00				0.00
	(45661.82)				(45661.82)
Interest Expenses	0.00				0.00
	(1205.45)				(1205.45)
Interest Income	148.26				148.26
	(0.00)				(0.00)
Sales of Finished Goods	7819.57				7819.57
	(10647.88)				(10647.88)
Payment received against sales	11621.90				11621.90
	(9159.10)				(9159.10)
Investment Recovered	16.61				16.61
	(0.00)				(0.00)
Commission expenses	0.00				0.00
	(11.76)				(11.76)
Commission payables no longer required	0.00				0.00
	(494.22)				(494.22)
Leave and Licence Fees				106.21	106.21
				(116.31)	(116.31)
Reimbursement of Telephone, Electricity and Other Taxes				13.97	13.97
				(15.39)	(15.39)

(II) Transactions during the year with Related Parties: (Contd.)

(₹ in Lakhs)

Nature of Transactions	Subsidiary	Group Company	Key Management Personnel	Others	Total
Balance at the beginning of the year					
Payables	0.00		36.33	1.47	37.80
Investments	401.18				401.18
Unsecured Loan given	1474.27				1474.27
Debtors for goods	4485.98				4485.98
Balance at the end of the year					
Payables			37.86	1.38	39.24
Investments	384.57				384.57
Unsecured Loan given	0.00				0.00
Debtors for goods	683.65				683.65

Note : Figures in brackets represent figures for previous year.

*Maximum amount outstanding as on March 31, 2018 is ₹ 1479.84 Lakhs(March 2017 ₹ 1474.27 Lakhs, March 2016 ₹ 1506.21 Lakhs)

32. Income in Foreign Currency

(₹ in Lakhs)

Particulars	2017-18	2016-17
Sales - Export	58937.10	40822.93

33. Expenditure in Foreign Currency

(₹ in Lakhs)

Particulars	2017-18	2016-17
Commission and Brokerage on Exports	540.72	330.78
Interest Expenses	58.88	1227.45
Travelling Expenses	15.47	31.71
Other Matters	14.32	11.18

34. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) as at March 31, 2018.
35. Contribution to political parties during the year 2017-18 is ₹ Nil (previous year ₹ Nil).
36. Figures for the previous year have been regrouped/reclassified wherever necessary.

37. First time Ind AS Adoption Reconciliations:

37.1 Effect of Ind AS Adoption on Balance Sheet as at March 31, 2017 and April 1, 2016:

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2017 (End of the last period Presented under previous GAAP)			As at April 1, 2016 (date of transition)		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
A ASSETS							
1. Non-current assets							
(a) Property, Plant and Equipment		109352.41	0.00	109352.41	114742.01	0.00	114742.01
(b) Capital work-in-progress		3084.04	0.00	3084.04	3116.76	0.00	3116.76
(c) Investment in Properties		0.00	0.00	0.00	0.00	0.00	0.00
(d) Other Intangible assets		17.51	0.00	17.51	32.21	0.00	32.21
(d) Financial Assets							
- Investments	6	1420.70	-327.06	1093.64	1420.70	-551.82	868.88
- Loans	2	1485.32	-151.64	1333.68	1527.59	-294.29	1233.30
- Others financial assets		0.00	0.00	0.00	0.00	0.00	0.00
(e) Deferred tax assets (net)		0.00	0.00	0.00	0.00	0.00	0.00
(f) Other non-current assets		3288.93	0.00	3288.93	4743.89	0.00	4743.89
Total Non - Current Assets		118648.91	-478.70	118170.21	125583.16	-846.11	124737.05
2. Current assets							
(a) Inventories	3	37952.82	868.44	38821.26	28069.13	291.75	28360.88
(b) Financial Assets			0.00			0.00	
(i) Trade receivables	3-5	15865.71	-739.96	15125.75	15275.37	-909.04	14366.33
(ii) Cash and cash equivalents		2084.99	0.00	2084.99	952.02	0.00	952.02
(iii) Bank balances other than (ii) Above		3039.43	0.00	3039.43	1674.70	0.00	1674.70
(iv) Loans and Advances		1035.35	0.00	1035.35	1112.93	0.00	1112.93
(v) Others financial assets	1	0.00	5.07	5.07	0.00	46.17	46.17
(c) Current Investments		0.00	0.00	0.00		0.00	
(d) Other current assets		6809.22	0.00	6809.22	8666.30	0.00	8666.30
Total Current Assets		66787.52	133.55	66921.07	55750.45	-571.12	55179.33
Total Assets (1+2)		185436.43	-345.15	185091.28	181333.61	-1417.23	179916.38

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(₹ in Lakhs)

Particulars	Notes	As at March 31, 2017 (End of the last period Presented under previous GAAP)			As at April 1, 2016 (date of transition)		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
B EQUITY AND LIABILITIES							
1. Equity							
(a) Equity Share capital		4208.25	0.00	4208.25	4208.25	0.00	4208.25
(b) Other Equity	37.4	-16291.21	-152.44	-16443.65	-6805.47	-1313.53	-8119.00
		-12082.96	-152.44	-12235.40	-2597.22	-1313.53	-3910.75
LIABILITIES							
2. Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		119339.84	0.00	119339.84	90618.11	0.00	90618.11
(b) Provisions		660.98	0.00	660.98	621.09	0.00	621.09
(c) Other Liabilities		0.00	0.00	0.00	43004.00	0.00	43004.00
Total Non - Current Liabilities		120000.82	0.00	120000.82	134243.20	0.00	134243.20
3. Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		11051.99	0.00	11051.99	5686.98	0.00	5686.98
(ii) Trade payables	1	26483.68	-192.71	26290.97	22277.80	-103.70	22174.10
(iii) Other financial liabilities		11457.16	0.00	11457.16	3636.00	0.00	3636.00
(b) Provisions		2797.82	0.00	2797.82	954.27	0.00	954.27
(c) Current Tax Liabilities (Net)		0.00	0.00	0.00	0.00	0.00	0.00
(d) Other current liabilities		25727.92	0.00	25727.92	17132.58	0.00	17132.58
Total Current Liabilities		77518.57	-192.71	77325.86	49687.63	-103.70	49583.93
Total Equity and Liabilities (1+2+3)		185436.43	-345.15	185091.28	181333.61	-1417.23	179916.38

37.2 Effect of Ind AS Adoption on Statement of Profit and Loss for the year ended March 31, 2017:

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
I Revenue from operations	3	264574.06	-242.16	264331.90
II Other Income		996.28	0.00	996.28
III Total Revenue (I + II)		265570.34	-242.16	265328.18
IV EXPENSES				
(a) Cost of materials consumed	1	178692.59	-68.51	178624.08
(b) Purchases of Stock-in-trade		1799.30	0.00	1799.30
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	3	-7867.64	-576.70	-8444.34
(d) Excise duty on sale of goods		20855.81	0.00	20855.81
(e) Employee benefit expense	4	12413.94	-218.96	12194.98
(f) Finance costs	2	16862.93	-130.76	16732.17
(g) Depreciation and amortisation expense		6447.42	0.00	6447.42
(i) Other expenses	1-3	45851.73	-393.83	45457.90
Total Expenses		275056.08	-1388.76	273667.32
V Profit/(loss) before tax (III - IV)		-9485.74	1146.60	-8339.14
Extra Ordinary Items - Advances Written off		0.00	0.00	0.00
VI Tax Expense				
(a) Current tax		0.00	0.00	0.00
(b) Deferred tax		0.00	0.00	0.00
Total tax expense		0.00	0.00	0.00
VII Profit/(loss) after tax (V - VI)		-9485.74	1146.60	-8339.14
VIII Other comprehensive income				
(i) Items that will not be reclassified to profit or loss	6	0.00	14.49	14.49
(a) Re-measurements of the defined benefit liabilities/(asset)		0.00	0.00	0.00
(b) Income tax relating to items that will not be reclassified to profit or loss		0.00	0.00	0.00
Total comprehensive income for the period (VII + VIII)		-9485.74	1161.09	-8324.65

37.3 Effect of Ind AS Adoption on the total Comprehensive Income for year ended March 31, 2017.

The Reconciliation of Net Profit / (Loss) reported under previous General Accepted Accounting Principles (IGAAP) to Total Comprehensive Income in accordance with Ind AS is given below:

(₹ in Lakhs)

Particulars	Notes	Year Ended 31st March 2017
Net Profit / (Loss) as per IGAAP as on 31-03-2017		(9,485.74)
Mark to market of forward contracts instead of amortisation of premium	1	340.89
Unwinding of Interest for Interest free loan to Subsidiary	2	133.96
Defferel of revenue as per IND AS 18	3	41.56
Effect in Employee benefit expense due to Acturial Valuation	4	218.96
Expected credit loss in debtors	5	411.22
Net Profit / (Loss) as per Ind As		(8,339.14)
FV of Equity investments classified in OCI	6	233.45
Acturial Gain Due to acturial valuation for Gratuity	4	25.30
Acturial Gain Due to acturial valuation for Leave benefits	4	(244.26)
Total Comprehensive income as on 31-03-2017 (Ind As)		(8,324.65)

37.4 Effect of Ind AS Adoprtion on Equity for the year ended March 31, 2017 and April 01, 2016

(₹ in Lakhs)

Particulars	Notes	As at 31st March 2017	As at 1st April 2016
Total Equity as per IGAAP		(12,082.96)	(2,597.22)
Add:			
Mark to market of forward contracts instead of amortisation of premium	1	197.78	149.87
Unwinding of Interest for Interest free loan to Subsidiary	2	249.54	115.57
Defferel of revenue as per IND AS 18	3	128.49	(206.05)
Effect in Employee benefit expense due to Acturial Valuation	4	218.96	-
Expected credit loss in debtors	5	-	(411.22)
Acturial Gain Due to acturial valuation for Gratuity	4	25.30	-
		(11,262.89)	(2,949.05)
Less:			
FV of Equity investments classified in OCI	6	728.25	961.70
Acturial Gain Due to acturial valuation for Leave	4	244.26	-
Total Equity as per Ind AS		(12,235.40)	(3,910.75)

37.5 Effect of Ind AS Adoption on the Statement of Cash Flows for the year ended March 31, 2017

There was no significant items between cash flow prepared under IGAAP and those prepared under Ind AS.

Notes:

1. **Mark to Market of Forward Contracts instead of Amortisation of Premium:** As per I-GAAP the premium or discount arising at the inception of the contract was amortised as expense or income over the life of the contract, however as per Ind-AS forward contract is marked to market through statement of profit and loss.
2. **Unwinding of Interest for Interest free loan to Subsidiary:** As per I-GAAP transaction was recorded at its transaction price, however as per Ind AS interest free loan given to subsidiary is required to be fair valued. Difference between fair value and transaction price is treated as additional investment in a subsidiary.
3. **Deferral of Revenue as per Ind AS 18:** In line with requirements of Ind AS 18 certain revenue was deferred.
4. **Re-measurements of Defined Benefit Obligations:** Under previous GAAP, actuarial gains and losses were recognized in statement of profit and loss, however under Ind AS, actuarial gains and losses forming part of remeasurement of the net defined benefit plan asset/obligation are recognized in the Other Comprehensive Income. Being reclassification from statement of profit and loss to other comprehensive income it will not have any impact on total comprehensive income or equity as such.
5. **Expected Credit Loss in Trade Receivables:** As per I-GAAP provision against trade receivable was made on case-to-case assessment of parties. As per Ind AS 109 provision is made against trade receivables as per expected credit loss model.
6. **FV of Equity Investments Classified in OCI:** Under I-GAAP current investments were carried at cost less diminution, if any, and long-term investments at cost less permanent diminution, if any. As per Ind AS all investments except investment in group company have been fair valued in accordance with Ind AS 109.
7. Previous year I-GAAP figures have been re-grouped/re-classified to make them comparable with presentation as per Ind AS.

For and on behalf of the Board of Directors

PRAFUL A. SHAH

Chairman & Managing Director

ALOK P. SHAH

Executive Director, CFO & COO

SUNIL SHETH

Director

KAMLESH B. VYAS

Company Secretary

Mumbai, 30th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Garden Silk Mills Limited

Report on the consolidated Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying consolidated Ind AS financial statements of **Garden Silk Mills Limited ('the holding company')** and its subsidiary company (together are referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2018, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'consolidated Ind AS financial statements').

Management's responsibility for the consolidated Ind AS financial statements

The holding company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the holding company, as aforesaid.

The respective board of directors of the companies included in the Group are responsible for overseeing the financial reporting process of respective companies.

Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the holding company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 1 and 2 of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on standalone financial statements of the subsidiary company referred to in sub-paragraph 1 of the other matters paragraph below, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Company as at 31st March 2018, and its consolidated financial performance (including consolidated other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to note no. 12.2 to consolidated Ind AS financial statements. Since the conditions mentioned in the said note indicate existence of a material uncertainty, the ability of the Company to function as a going-concern for a foreseeable future depends upon successful closure of mitigating measures/conditions mentioned in said note.

Our opinion is not modified in respect of the above matter.

Other matters

1. We did not audit the financial statements of one subsidiary included in the consolidated Ind AS financial results, whose financial statements reflect total assets of ₹ 2,260 lakhs and net assets of ₹ 110 lakhs as at 31 March 2018; as well as total revenue of ₹ 8,563 lakhs and net cash flow of ₹ (3,080) lakhs for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Holding Company's management, and our opinion on the accompanying consolidated Ind AS financial statements, to the extent they have been derived from such financial statements is based solely on the report of the other auditor.
2. This subsidiary is located outside India whose financial statements and other financial information has been in accordance with accounting principles generally accepted in their respective countries and which has been audited by local auditor under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of this subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Company's management have been audited by us. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such audited financial statements.

3. The Consolidated Ind AS financial statements of the Group for the year ended 31 March 2017, were audited by predecessor auditor whose report dated 30 May 2017 expressed an unmodified opinion on those statements.

Our opinion is not qualified in respect of these other matters.

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
- e) On the basis of the written representations received from the directors of the holding company as on 31 March 2018 taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of its subsidiary companies and joint venture, all incorporated in India, none of the directors of the subsidiary companies and joint venture, all incorporated in India are disqualified 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 A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; refer note 27 to the consolidated Ind AS financial statements.
 - ii. The Group has made provision, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, if any, required to be transferred to the Investor Education and Protection Fund by the Company.

For Sharp and Tannan
Chartered Accountants
Firm's Registration No. 109983W

Tirtharaj Khot
Partner
Membership No. (F) 037457
Mumbai, 30th May, 2018

Annexure A to the Independent Auditor's Report

Referred to in paragraph (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')]

We have audited the internal financial controls over financial reporting of Garden Silk Mills Limited ('the holding company') as of 31 March 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended on that date.

Management's responsibility for internal financial controls

The Holding Company is having only one subsidiary which is incorporated in U.A.E. The board of directors of the holding company is 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 on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 respective 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 internal financial controls over financial reporting of the holding company, its subsidiary company, if any, incorporated in India, 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, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 controls 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 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 internal financial controls system over financial reporting of the holding company.

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the holding 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 31 March 2018, based on the internal control over financial reporting criteria established by the holding company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For Sharp and Tannan

Chartered Accountants

Firm's Registration No. 109983W

Tirtharaj Khot

Partner

Membership No. (F) 037457

Mumbai, 30th May, 2018

Consolidated Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	103029.30	109352.86	114742.70
Capital Work-In-Progress	1	1514.39	3084.04	3116.76
Intangible Assets	1	7.82	17.51	32.21
Financial Assets				
(i) Investments	2	599.97	612.29	378.84
(ii) Loans and Advances	3	5.14	11.05	21.38
(iii) Others Financial Assets	--	0.00	0.00	0.00
Deferred Tax Assets (Net)	4	0.00	0.00	0.00
Other Non-Current Assets	5	3951.79	3288.93	4439.12
Total Non-Current Assets		109108.41	116366.68	122731.01
Current Assets				
Inventories	6	42288.06	38821.26	28360.88
Financial Assets				
(i) Investments	2	0.00	0.00	0.00
(ii) Trade Receivables	7	20857.56	12726.45	15097.00
(iii) Cash and Cash Equivalents	8	4421.08	5458.92	3138.88
(iv) Bank Balances Other than (iii) above	8	5919.63	3039.43	1674.70
(v) Loans and Advances	3	1001.15	1035.35	1115.22
(vi) Others Financial Assets	9	0.00	5.07	46.17
Other Current Assets	5	13425.05	6809.37	9236.63
Total Current Assets		87912.53	67895.85	58669.48
TOTAL ASSETS		197020.94	184262.53	181400.49
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	4208.25	4208.25	4208.25
Other Equity	11	(25649.19)	(17312.01)	(8131.15)
Total Equity		(21440.94)	(13103.76)	(3922.90)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	93375.38	119339.84	135081.84
(ii) Other Financial Liabilities	--	0.00	0.00	0.00
Long-Term Provisions	13	588.10	660.98	621.09
Deferred Tax Liabilities (Net)	--	0.00	0.00	0.00
Other Non-Current Liabilities	14	0.00	0.00	0.00
Total Non-Current Liabilities		93963.48	120000.82	135702.93
Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	15751.51	11051.99	5686.98
(ii) Trade Payables	15	36206.07	26290.97	22174.10
(iii) Other Financial Liabilities	15	21378.45	11457.16	3614.44
Other Current Liabilities	12 & 14	49565.93	25767.53	17190.67
Short-Term Provisions	13	1596.44	2797.82	954.27
Total Current Liabilities		124498.40	77365.47	49620.46
TOTAL EQUITY AND LIABILITIES		197020.94	184262.53	181400.49
Significant Accounting Policies				
The accompanying Notes form an integral part of Financial Statements	B to F 1 to 37			

As per our report of even date
For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W
Tirtharaj Khot
Partner
Membership No.(F) 037457
Mumbai, 30th May, 2018

For and on behalf of the Board of Directors
PRAFUL A. SHAH Chairman & Managing Director
ALOK P. SHAH Executive Director, CFO & COO
SUNIL SHETH Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

	Note No.	2017-18	2016-17
INCOME			
Revenue from Operations	16	311144.34	265400.53
Other Income	17	536.10	503.79
TOTAL INCOME		311680.44	265904.32
EXPENSES			
Cost of Material Consumed	18	221749.82	178624.08
Purchases of Stock-in-Trade	19	6448.83	1799.29
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	20	(4925.11)	(8444.34)
Excise Duty	21	6993.22	20855.81
Employee Benefits Expense	22	13060.25	12214.88
Finance Costs	23	19015.78	17934.37
Depreciation and Amortisation Expense	1	6625.22	6447.66
Impairment Losses	1	1486.02	0.00
Other Expenses	24	49609.13	45783.50
TOTAL EXPENSES		320063.16	275215.25
Profit / (Loss) Before Tax		(8382.72)	(9310.93)
Tax Expense			
Current Tax	4	0.00	0.00
Deferred Tax	4	0.00	0.00
Profit / (Loss) for the Year		(8382.72)	(9310.93)
Other Comprehensive Income			
(i) Items that will not be reclassified to Profit or Loss	25 & 22.2	45.54	14.49
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		0.00	0.00
(iii) Items that will be reclassified to Profit or Loss		0.00	0.00
(iv) Income tax relating to items that will be reclassified to Profit or Loss		0.00	0.00
Total Other Comprehensive Income for the year (Net of Tax)		45.54	14.49
Total Comprehensive Income / (Loss) for the year		(8337.18)	(9296.44)
Earnings per Equity Share of face value of Rs.10 each			
Basic and Diluted (in Rs.)	26	(19.92)	(22.13)
Significant Accounting Policies			
The accompanying Notes form an integral part of Financial Statements	B to F 1 to 37		

As per our report of even date
For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W
Tirtharaj Khot
Partner
Membership No.(F) 037457
Mumbai, 30th May, 2018

For and on behalf of the Board of Directors
PRAFUL A. SHAH Chairman & Managing Director
ALOK P. SHAH Executive Director, CFO & COO
SUNIL SHETH Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Statement of Changes in Equity for the Year Ended 31st March, 2018

A Equity Share Capital

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Rs. In Lakhs	No. of Shares	₹ In Lakhs	No. of Shares	₹ In Lakhs
Balance at the beginning of the year	42082525	4208.25	42082525	4208.25	42082525	4208.25
Shares issued	0	0.00	0	0.00	0	0.00
Outstanding at the end of the year	42082525	4208.25	42082525	4208.25	42082525	4208.25

B Other Equity

(₹ in Lakh)						
AS ON 31 MARCH 2017	Reserves and Surplus				Other Comprehensive Income	Total
Particulars	Securities Premium Reserve	General Reserve	Statutory Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2016	25,219.06	2,046.18	10.77	-35,291.58	0.00	-8,015.57
Total Comprehensive Income for the year	0.00	0.00	0.00	-9,310.93	14.49	-9,296.44
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2017	25,219.06	2,046.18	10.77	-44,602.51	14.49	-17,312.01

(₹ in Lakh)						
AS ON 31 MARCH 2018	Reserves and Surplus				Other Comprehensive Income	Total
Particulars	Securities Premium Reserve	General Reserve	Statutory Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2017	25,219.06	2,046.18	10.77	-44,602.51	14.49	-17,312.01
Total Comprehensive Income for the year	0.00	0.00	0.00	-8,382.72	45.54	-8,337.18
Transfer to / (from) retained earnings	0.00	0.00	30.18	-30.18	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2018	25,219.06	2,046.18	40.95	-53,015.41	60.03	-25,649.19

As per our report of even date
For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W
Tirtharaj Khot
Partner
Membership No.(F) 037457
Mumbai, 30th May, 2018

For and on behalf of the Board of Directors
PRAFUL A. SHAH Chairman & Managing Director
ALOK P. SHAH Executive Director, CFO & COO
SUNIL SHETH Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Cash Flow Statement for the year ended 31st March, 2018

(₹ In Lakhs)

	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Cash flow from Operating Activities		
Net Profit / (Loss) before tax	(8382.72)	(9310.93)
Adjustments for:		
Depreciation	6625.22	6447.66
Finance Costs	19015.78	18049.95
Interest Income	(222.89)	(147.45)
Profit on Sale of Assets	(88.52)	(23.79)
Profit \ Loss on Sale of Investments	0.00	(217.59)
Impairment losses	1486.02	0.00
Credit Balance no longer required	(109.67)	(29.62)
Bad Debts written off	15.85	805.80
Capital Advances written off	0.00	984.22
Dividend Income	(1.06)	(0.58)
	26720.73	25868.60
Operating Profit before Working Capital Changes	18338.01	16557.67
(Increase) / Decrease in Provisions	(1409.50)	1664.48
(Increase) / Decrease in Trade and other Receivables	(15156.40)	3370.31
(Increase) / Decrease in Inventories	(3466.80)	(10460.38)
(Decrease) / Increase in Trade and Other Payable	15448.16	6281.45
	(4584.54)	855.86
Cash Generated from Operations	13753.47	17413.53
Direct Taxes (Paid) / Refund.	(29.90)	(34.87)
Net Cash Flow from Operating Activities (A)	13723.57	17378.66
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(426.27)	(977.81)
Sale of Fixed Assets	300.78	148.01
Purchase of Investments	0.00	(10000.00)
Sale of Investment	0.00	10217.59
Dividend Income	1.06	0.58
Loans to Other Company/Firm	(55.54)	273.15
Net Cash Inflow from Investing Activities (B)	(179.97)	(338.48)
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	4699.53	5365.00
Proceeds from Long Term Borrowings	5149.05	46687.70
Repayment of Long Term Borrowings	(13758.36)	(54722.38)
Interest Paid	(7791.46)	(10685.73)
Net Cash Outflow from Financing Activities (C)	(11701.24)	(13355.41)
D. Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1842.36	3684.77
Cash and Cash Equivalents at the beginning of the year	8498.35	4813.58
Cash and Cash Equivalents at the end of the year	10340.71	8498.35

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
Tirtharaj Khot
Partner
Membership No.(F) 037457
Mumbai, 30th May, 2018

For and on behalf of the Board of Directors
PRAFUL A. SHAH Chairman & Managing Director
ALOK P. SHAH Executive Director, CFO & COO
SUNIL SHETH Director
KAMLESH B. VYAS Company Secretary

Mumbai, 30th May, 2018

Notes to the Consolidated Financial Statements

Note 1 : PROPERTY, PLANTS & EQUIPMENTS

Description	GROSS BLOCK		Adjustments / Additions	Adjustments (Deductions)	As at 31/03/2018	DEPRECIATION / AMORTISATION / DEPLETION			NET BLOCK		
	As at 01/04/2016	Adjustments / Additions (deductions)	As at 01/04/2017	As at 01/04/2016	As at 01/04/2016	As at 01/04/2017	For the Year	Adjustments (Deductions)	As at 31/03/2018	As at 31/03/2017	As at 01/04/2016
PROPERTY, PLANTS & EQUIPMENT											
(A) Tangible Assets :											
Freehold Land	6,000.51	-	6,000.51	-	6,000.51	-	-	-	-	6,000.51	6,000.51
Building	20,820.69	13.62	20,834.31	216.93	21,051.24	1,168.38	1,214.88	-	2,383.26	19,665.93	20,820.69
Plant and Machinery	85,859.51	924.12	86,783.63	173.56	86,727.37	4,782.46	4,949.76	24.03	9,708.19	77,019.18	85,859.51
Furniture & Fixtures	353.88	14.65	368.53	1.09	369.62	63.77	62.06	-	125.83	243.79	353.88
Motor Vehicles	421.85	42.17	464.02	88.63	541.51	96.22	91.05	5.67	181.60	359.91	421.85
Office Equipments	95.19	14.29	109.48	11.59	121.03	28.51	28.73	-	57.24	63.79	95.19
Computer & Data Processing Units	75.50	18.15	93.65	11.45	105.03	21.11	17.83	-	38.94	66.09	75.50
Laboratory Equipments	15.44	11.96	27.40	-	27.40	4.77	2.06	-	6.83	20.57	15.44
Electrical Installation & Equipments	1,100.13	0.31	1,100.44	0.01	1,099.15	263.90	248.18	0.41	511.67	587.48	1,100.13
Total (A)	114,742.70	1,039.27	115,781.97	503.26	116,042.86	6,429.12	6,614.35	30.11	13,013.56	103,029.30	114,742.70
(B) Intangible Assets :											
Software	32.21	1.33	33.54	0.97	34.51	16.02	10.67	-	26.69	7.82	32.21
Total (B)	32.21	1.33	33.54	0.97	34.51	16.02	10.67	-	26.69	7.82	32.21
Total (A+B)	114,774.91	1,040.60	115,815.51	504.23	116,077.37	6,445.14	6,625.22	30.11	13,040.25	103,037.12	114,774.91
(C) Capital Work in Progress										1,514.39	3,116.76
GRAND TOTAL	114,774.91	1,040.60	115,815.51	504.23	116,077.37	6,445.14	6,625.22	30.11	13,040.25	104,551.51	117,891.67

Note: During the year 2017-18, the Company has provided for impairment losses of ₹ 1486.02 Lakhs (Previous year ₹ Nil) for uninstalled plant and machinery, based on internal technical review.

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 2 : Financial Assets (Investments)			
Non-Current Investment			
Quoted			
In Equity Shares of Group Company Surat Textile Mills Limited., FV ₹1 each fully paid up 14500000 (31 March 2017 : 14500000, 01 April 2016 : 14500000)	572.75	581.45	348.00
Unquoted			
a. Other Investments in Equity Shares			
Icent Ltd., FV ₹10 each 206667 (31 March 2017 : 206667, 01 April 2016 : 206667)	0.00	0.00	0.00
Amitabh Bachchan Corporation Ltd. FV of ₹10 each 50000 (31 March 2017 : 50000, 01 April 2016 : 50000)	13.13	13.22	13.22
Salora Shinsung Textile Co Ltd. FV of ₹10 each 4943832 (31 March 2017 : 4943832, 01 April 2016 : 4943832)	0.00	0.00	0.00
New Piece Goods Bazaar Co. Ltd. FV of ₹100 each 108 (31 March 2017 : 108, 01 April 2016 : 108)	1.58	1.58	1.58
Electrex India Ltd. FV of ₹10 each 100 (31 March 2017 : 100, 01 April 2016 : 100)	0.02	0.02	0.02
Majestic Land Developers Pvt. Ltd. FV of ₹100 each 500 (31 March 2017 : 500, 01 April 2016 : 500)	12.34	15.87	15.87
b. Investment in Government Securities			
6 Years National Savings Certificate (Deposited with Sales Tax Authorities)	0.15	0.15	0.15
Total Financial Assets (Investments)	599.97	612.29	378.84
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 3 : Current Assets - Financial Assets			
Loans and Advances			
Non-Current			
Loans and Advances Others	0.00	1.04	3.46
Loans to Employees	5.14	10.01	17.92
Advance Recoverable - Income Receivable	0.00	0.00	0.00
	<u>5.14</u>	<u>11.05</u>	<u>21.38</u>
Current			
Loans to Employees	6.28	10.81	13.62
Advance Recoverable - Income Receivable	490.88	727.49	561.64
MGO Deposits - Gujarat Gas Co.Ltd	503.99	297.05	539.96
	<u>1001.15</u>	<u>1035.35</u>	<u>1115.22</u>
Total	1006.29	1046.40	1136.60

Notes to the Consolidated Financial Statements (Contd.)

The major components of Income Tax Expense for the year ended March 2018 and March 2017 are:

		(₹ in Lakhs)	
Particulars	As at 31st March, 2018	As at 31st March, 2017	
Note 4 : Taxes on Income			
(i) Statement of Profit or Loss			
Current Tax	NIL	NIL	
Short/(Excess) provision of tax for earlier years	NIL	NIL	
Deferred Tax	NIL	NIL	
Total Income Tax Expense	NIL	NIL	
(ii) Other Comprehensive Income			
Deferred Tax relating to Net Gain/(Loss) on re-measurement of defined benefit plans	NIL	NIL	
(iii) Reconciliation of Effective Tax Rate	As at 31st March, 2018	As at 31st March, 2017	
(A) Income before tax			
(B) Enacted Tax Rate in India			
(C) Expected Tax Expense			
(D) Effect of expenses that are not deductible in determining taxable profit			
(E) Effect of Income which is Exempt			
(F) Expenses disallowed Previous Year but allowed in Current Year	Not Applicable	Not Applicable	
(G) Income taxable in future years			
(H) Effect of carried forward loss			
(I) OCI			
(J) Effect of Different tax rate			
(K) Net tax expense to be recognized in Profit or Loss			
(iv) Movement of Deferred Tax	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred Tax Liability on account of :			
Difference between book value and tax written Down Value of Fixed Assets	18782.85	18813.68	18106.68
Revaluation of Investment (OCI)	24.37	0.00	0.00
Total	18807.22	18813.68	18106.68
Deferred Tax Asset on account of :			
Disallowances under the Income Tax Act, 1961	7255.98	2661.57	140.45
Revaluation of Investment (OCI)	0.00	0.00	0.00
Carried forward tax losses	27416.67	30895.15	29325.49
Provision for Diminution in Value of Investments	0.00	0.00	9.16
Provision for Doubtful Debts	30.22	27.72	0.00
Remeasurement of Grautity and Leave encashment	53.27	0.00	0.00
Total	34756.14	33584.44	29475.10
Deferred Tax Liability / (Asset) (Net)	(15948.92)	(14770.76)	(11368.42)
Current year (Credit)/ Charge to the extent of liability	0.00	0.00	0.00
Current year (Credit)/ Recognised at balance amount	0.00	0.00	0.00

Notes to the Consolidated Financial Statements (Contd.)

Note: 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"

(₹ in Lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 5 : Non Financial Assets			
Non-Current			
Prepaid Capital Expenses	38.60	32.93	1173.96
Deposits - Receivable Long term	71.36	77.18	87.04
Balances with Statutory Authorities	1237.19	1177.24	1331.01
Advance Income Tax	204.05	174.15	139.28
Paintings and Artifacts	1277.03	1277.03	1277.03
Margin Money fixed deposit	225.40	225.40	225.40
Income Receivable-CNFA	898.16	325.00	205.40
Total	3951.79	3288.93	4439.12
Current			
Fixed Deposits in Banks	0.00	0.00	0.10
Advance to Suppliers	3131.57	2221.96	4922.84
Prepaid Expenses	426.90	258.18	1734.24
Deposits - Receivable Short term	0.00	21.89	29.13
Balance with Customs, Central Excise Authorities etc.	9561.33	4307.34	2550.32
Deposit in Gratuity Fund	305.25	0.00	0.00
Total	13425.05	6809.37	9236.63
Total Non Financial Assets	17376.84	10098.30	13675.75

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 6 : Current Assets (Inventories)			
Raw Materials	9774.29	10326.95	7575.28
Raw Materials In Transit	2467.47	2211.67	4133.43
Stock In Process	250.12	387.37	327.44
Finished Goods	16922.22	18775.33	10186.29
Finished Goods in Transit	6518.91	1222.57	572.02
Stores, Spares, Chemicals and Consumables	6004.68	5897.37	5566.42
Stores, Spares, Chemicals and Consumables in Transit	350.37	0.00	0.00
Total	42288.06	38821.26	28360.88

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 7 : Current Assets - Financial Assets			
Trade Receivables:			
Unsecured, Considered good	20834.06	12726.45	15097.00
Considered doubtful	114.92	83.84	800.34
	20948.98	12810.29	15897.34
Less: Provision for Doubtful Debts	91.42	83.84	800.34
Total	20857.56	12726.45	15097.00

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 8 : Current Assets - Financial Assets			
Cash and Cash Equivalents:			
Cash on hand	79.11	48.58	92.01
Balances with banks in current accounts	2522.57	4908.13	2412.46
Fixed Deposit (maturity in less than 3 months)	1811.58	496.77	633.60
Fixed Deposit (maturity in more than 3 months & in less than 12 months)	7.82	5.44	0.81
	4421.08	5458.92	3138.88
Other Bank Balances:			
Earmarked balances with Banks in Unpaid Dividend Account	13.59	27.02	37.77
Margin Money Account	5888.68	2995.05	1616.44
Fixed Deposit (maturity in more than 12 months)	17.36	17.36	20.49
	5919.63	3039.43	1674.70
Total	10340.71	8498.35	4813.58

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 9 : Current Assets - Other Financial Assets			
Current			
Forward Contract Receivable	0.00	5.07	46.17
Total	0.00	5.07	46.17

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 10 : Equity Share Capital			
Authorised Share Capital			
Equity Shares of ₹ 10/- each			
6,00,00,000 (31 March 2017 : 60000000, 01 April 2016 : 50000000)	6000.00	6000.00	5000.00
Preference Shares of ₹ 10/- each			
NIL (31 March 2017 : NIL, 01 April 2016 : 10000000)	0.00	0.00	1000.00
Total	6000.00	6000.00	6000.00
Issued, Subscribed and Paid up			
Equity Shares of ₹ 10/- each fully paid up			
4,20,82,525 (31 March 2017 : 42082525, 01 April 2016 : 42082525)	4208.25	4208.25	4208.25
Total	4208.25	4208.25	4208.25

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
10.1 Shareholders holding more than 5% of Paid-up Equity Share Capital	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Introscope Properties Pvt. Ltd.	7231996	17.19	7231996	17.19	7231996	17.19
Shri Praful A. Shah (Indl.)	2789190	6.63	2789190	6.63	2789190	6.63
Shri Praful A. Shah (Partner of Isha Enterprises)	3791965	9.01	3791965	9.01	3791965	9.01
IL & FS Trust Co. Ltd.	2091212	4.97	2462297	5.85	3263676	7.76
Rayben Investments	2492816	5.92	2492816	5.92	2492816	5.92
Palomar Textiles Ltd.	3930872	9.34	3930872	9.34	3930872	9.34

10.2 Rights, Preferences and Restrictions attached to Shares

Equity Shares:

The Company has one class of shares referred to as equity shares having a par value of ₹ 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.

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 11 : Other Equity			
Statutory Reserve			
Balance at the beginning of the year	10.77	10.77	0.00
Add/Less: transfer from Profit/(Loss) for the year	30.18	0.00	10.77
Balance at the end of the year	40.95	10.77	10.77
Securities Premium Reserve	25219.06	25219.06	25219.06
General Reserve			
Balance at the beginning of the year	2046.18	2046.18	3359.71
Add: General Reserve (IND-AS)	0.00	0.00	(1313.53)
Balance at the end of the year	2046.18	2046.18	2046.18
Other Comprehensive Income			
Balance at the beginning of the year	14.49	0.00	0.00
Add: OCI for the year	45.54	14.49	0.00
Balance at the end of the year	60.03	14.49	0.00
Surplus in Statement of Profit and Loss			
Balance at the beginning of the year	(44602.51)	(35291.58)	(21343.65)
Add: Profit/(Loss) for the year	(8382.72)	(9310.93)	(14052.74)
Less: transfer to Statutory Reserve	(30.18)	0.00	(10.77)
Balance at the end of the year	(53015.41)	(44602.51)	(35407.16)
Total	(25649.19)	(17312.01)	(8131.15)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 12 : Financial Liabilities (Borrowings)			
Long-Term Borrowings			
Non-Current portion			
Secured			
Term loan from Banks	91739.52	117255.27	132576.40
Term loan from Financial Institutions	1304.91	1513.53	1746.38
Unsecured			
Term loan from foreign banks	330.95	571.04	759.06
	93375.38	119339.84	135081.84
Current Maturities			
Secured			
Term loan from Banks	40291.17	23144.64	13231.29
Foreign Currency Loan	0.00	0.00	2380.66
Term loan from Financial Institutions	616.10	407.48	232.85
Unsecured			
Term loan from foreign banks	162.42	162.42	162.42
	41069.69	23714.54	16007.22
Total Long-Term Borrowings	134445.07	143054.38	151089.06

12.1 Note on Secured Long-Term Borrowings:

Notes to the Consolidated Financial Statements (Contd.)

a) Term Loans from Banks and Financial Institutions are secured by first mortgage on pari passu basis on all immovable properties (except those specifically excluded by lenders, of Rupee Term Loans as per Note (b) below), both present and future and first charge by way of hypothecation of all movables (except book debts) both present and future subject to prior charges created/to be created in favor of Bankers for working capital borrowings.

b) Of the Rupee Term Loans from banks:

i) Loans from Bank of India to the extent of ₹ 200.00 Lakhs (31 March 2017 : 206.25, 01 April 2016 : 212.29 Lakhs) are secured by hypothecation of specific machinery of Fully Drawn Yarn (FDY) Project at Jolwa.

ii) Loans from Bank of India to the extent of ₹ 953.11 Lakhs (31 March 2017 : 982.86, 01 April 2016 : 1012.61 Lakhs) are secured by hypothecation of specific Building and machinery of Texturising plant and Draw Twisting plant at Jolwa.

iii) Term loans from ICICI Bank, Kotak Mahindra Prime Limited and Axis Bank Ltd aggregating to ₹ 18.01 Lakhs (31 March 2017 : 65.27, 01 April 2016 : 111.95 Lakhs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements.

iv) Housing Loan of ₹ 245.53 Lakhs (31 March 2017 : 366.51, 01 April 2016 : 472.97 Lakhs) from ICICI Bank is secured by hypothecation of residential flat at Mumbai.

v) Loans from Corporation Bank to the extent of ₹ 3003.00 Lakhs (31 March 2017 : 3003.00, 01 April 2016 : 3094.00 Lakhs) are secured by hypothecation of movable fixed assets of Specific Continuous Polymerisation Project at Jolwa.

vi) Loan from Union Bank of India to the extent of ₹ 4330.15 Lakhs (31 March 2017 : 4330.15, 01 April 2016 : 4461.40 Lakhs) is secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.

c) Maturity profile of Secured and Unsecured Term Loan is set out as below :

		(₹ in Lakhs)			
		Maturity Profile as at 31/03/2018			
		1-2 years	2-3 years	3-4 years	Beyond 4 years
Rate of Interest ranged between during 31/03/2018					
Secured Term Loans					
Rupee Loans	8% to 12.85%	23153.68	25167.50	29413.64	33479.08
Rupee Term Loans from financial institutions	8.25% to 11.00%	443.84	491.20	607.62	791.25
		<u>23597.52</u>	<u>25658.70</u>	<u>30021.26</u>	<u>34270.33</u>
Unsecured Term Loans					
Term Loans- from foreign banks	5.69%	162.42	168.53	0.00	0.00
		<u>162.42</u>	<u>168.53</u>	<u>0.00</u>	<u>0.00</u>
		<u>23759.94</u>	<u>25827.23</u>	<u>30021.26</u>	<u>34270.33</u>

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

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Short-Term Borrowings			
Secured			
Cash Credit Facilities	15751.51	11051.99	4401.01
Buyers Credit	0.00	0.00	1285.97
Total Short-Term Borrowings	15751.51	11051.99	5686.98
Total Borrowings	150196.58	154106.37	156776.04

Note: Cash Credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured with hypothecation by way of first pari passu charge on all company's current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facilities ranged between 10.90% to 11.40%

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 13 : Provisions			
Long-Term			
Provisions for Employee Benefits	588.10	660.98	621.09
Short-Term			
Provisions for Employee Benefits	60.39	149.23	198.21
Others			
Provision for Excise duty	1536.05	2648.59	756.06
Total	2184.54	3458.80	1575.36

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Note 14 : Non Financial Liabilities			
Current			
Advances from Customers	7763.22	1388.82	334.94
Advances Received	0.40	0.38	0.66
Payable - Expenses	417.22	239.91	275.92
Tax Others	182.45	324.82	441.27
TDS	132.95	99.06	130.66
	8496.24	2052.99	1183.45
Total	8496.24	2052.99	1183.45

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Note 15 : Current Liabilities - Financial Liabilities			
(a) Trade Payables			
a) Acceptances	30995.76	21967.77	18483.29
b) Payable to Others			
i) Payable to Micro and Small enterprises*	37.45	61.59	64.41
ii) Others including creditors for expenses	5172.86	4261.61	3626.40
	36206.07	26290.97	22174.10
* There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2017 and no amount were over due during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.			
(b) Other Financial Liabilities			
Payable - Expenses	2487.45	2647.72	2172.51
Deposits - Payable	666.19	728.20	686.74
Creditors for Capital Expenses	42.60	122.03	133.28
Payable to related parties towards purchase of fixed assets	30.00	30.00	30.00
Advances Received	0.08	0.08	0.04
Unpaid Dividend	13.59	27.02	37.77
Overdrawn Bank Balance	0.00	820.48	0.00
Interest Accrued and Due	18014.01	7017.01	340.93
Interest Accrued But Not Due	62.99	64.62	213.17
Forward Contract Payable	61.54	0.00	0.00
	21378.45	11457.16	3614.44
Total	57584.52	37748.13	25788.54

Particulars	2017-18	2016-17
Note 16 : Revenue from Operations	311105.99	265380.02
Sale of Products		
Job Charges Income	38.35	20.51
Total	311144.34	265400.53
Particulars of Sale of Products		
Chips	111861.09	92684.75
Yarn (Includes POY & Processed yarn)	180985.32	150516.97
Fabrics	15172.06	17640.11
P.T.A.	0.00	15.07
M.E.G.	879.97	2647.31
Spin Finish Oil	0.00	55.89
Others	2245.90	1840.43
Total	311144.34	265400.53

Notes to the Consolidated Financial Statements (Contd.)

16.1 Effective July 01, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence revenue (gross) from operations for the year ended March 31, 2018 are not comparable with the previous year corresponding figures.

(₹ in Lakhs)

Particulars	2017-18	2016-17
Sale of products (including excise duty)	311105.99	265380.02
Less: excise duty recovered	6993.22	17511.26
	304112.77	247868.76

Particulars	2017-18	2016-17
Note 17 : Other Income		
Interest Income		
Bank deposits	205.95	144.38
Loans and advances	0.97	3.07
Others	15.97	0.00
Dividend Income		
on Long Term Investments	1.06	0.58
Other Non-Operating income		
Miscellaneous Income	95.06	66.27
Rent Income	18.87	10.15
Net surplus on disposal of fixed assets	88.52	23.79
Bad Debt Recovery	0.00	8.00
Credit balances Write Back	109.67	29.62
Net gain on sale of current investment	0.00	217.59
Gain on revaluation of Forward Contracts	0.00	0.00
Gain on Foreign Currency Revaluation	0.03	0.34
Total	536.10	503.79

Particulars	2017-18	2016-17
Note 18 : Cost of Materials Consumed		
Raw Materials		
Indigenous/Imported	221749.82	178624.08
Total	221749.82	178624.08
18.1 Value of Imports on CIF Basis in respect of		
Raw Materials	51687.43	46681.79
Stores, Spares, Chemicals and Consumables	11513.34	9966.02
Capital goods	138.89	0.00
	63339.66	56647.81

Notes to the Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	2017-18	2016-17
Note 19 : Purchases of Stock-In-Trade		
Yarn	4456.37	108.59
Fabrics	1221.23	1220.32
Readymade	32.68	16.68
MEG	738.55	453.70
	0.00	0.00
Total	6448.83	1799.29

Particulars	2017-18	2016-17
Note 20 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	19997.90	10758.30
Work-in-Progress	387.37	327.44
	20385.27	11085.74
Closing Stock		
Finished Goods and Stock-in-trade	23449.01	19997.90
Work-in-Progress	250.12	387.37
	23699.13	20385.27
Add: Variation in excise duty on opening and closing stock of finished goods	(1611.25)	855.19
Total	(4925.11)	(8444.34)

Particulars	2017-18	2016-17
Note 21 : Excise Duty		
Excise Duty Expense	6993.22	20855.81
Total	6993.22	20855.81

Particulars	2017-18	2016-17
Note 22 : Employee Benefits Expense		
Salaries, Wages and Bonus	11700.47	11039.39
Contribution to Provident and Other Funds	896.60	767.22
Gratuity	265.63	228.62
Staff Welfare Expenses	197.55	179.65
Total	13060.25	12214.88

Notes to the Consolidated Financial Statements (Contd.)

(a) Defined Contribution Plan

The Company has recognized ₹ 322.70 lakh for provident fund contribution in the Statement of Profit and Loss for the year ended March 31, 2018 (March 31, 2017 - ₹ 279.66 lakh).

(b) Defined Benefit Plan

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

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

Annexure 1 : Funded status of the plan

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Present value of unfunded obligations	0	0	648.49	706.89
Present value of funded obligations	3162.27	3253.59	0	0
Fair value of plan assets	-3467.51	-3150.27	0	0
Net Liability (Asset)	-305.24	103.32	648.49	706.89

Annexure 2 : Profit and Loss account for the current period

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Service cost:				
Current service cost	264.95	224.22	427.73	219.06
Past service cost and loss/(gain) on curtailments and settlement	0	0	0	0
Net interest cost	-2.10	4.40	49.25	48.94
Net value of remeasurements on the obligation and plan assets			135.24	244.26
Total included in 'Employee Benefit Expense'	262.85	228.62	612.22	512.26
Total Charge to Profit and Loss	262.85	228.62	612.22	512.26

Past Service cost is on account of increase in Gratuity Ceiling from ₹ 10,00,000 to ₹ 20,00,000

Other Comprehensive Income for the current period

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Due to Change in financial assumptions	-102.86	-137.41	-29.33	-41.33
Due to change in demographic assumption	0	0	0	0
Due to experience adjustments	-115.91	217.50	164.57	285.59
Return on plan assets excluding amounts included in interest income	25.67	-105.39	0	0
Amounts recognized in Other Comprehensive Income	-193.10	-25.30	135.24	244.26

Notes to the Consolidated Financial Statements (Contd.)

Annexure 3: Reconciliation of defined benefit obligation

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Opening Defined Benefit Obligation	3253.59	2920.82	706.89	649.99
Transfer in/(out) obligation	0	0	0	0
Current service cost	264.95	224.21	427.73	219.06
Interest cost	217.48	213.48	49.24	48.94
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	-102.86	-137.41	-29.32	-41.35
Due to change in demographic assumption	0	0	0	0
Due to experience adjustments	-115.91	217.50	164.57	285.60
Past service cost	0	0	0	0
Loss (gain) on curtailments	0	0	0	0
Liabilities extinguished on settlements	0	0	0	0
Liabilities assumed in an amalgamation in the nature of purchase	0	0	0	0
Exchange differences on foreign plans	0	0	0	0
Benefits paid	-354.99	-185.01	-670.62	-455.35
Closing Defined Benefit Obligation	3162.26	3253.59	648.49	706.89

Annexure 4: Reconciliation of Plan assets

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Opening value of plan assets	3150.27	2751.50	0	0
Transfer in/(out) plan assets	0	0	0	0
Interest Income	219.58	209.08	0	0
Return on plan assets excluding amounts included in interest income	-25.67	105.38	0	0
Assets distributed on settlements	0	0	0	0
Contributions by employer	478.32	269.32	0	0
Assets acquired in an amalgamation in the nature of purchase	0	0	0	0
Exchange differences on foreign plans	0	0	0	0
Benefits paid	-354.99	-185.01	0	0
Closing value of plan assets	3467.51	3150.27	0.00	0.00

Notes to the Consolidated Financial Statements (Contd.)

Annexure 5: Reconciliation of net defined benefit liability

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Net opening provision in books of accounts	103.32	169.32	706.89	649.99
Transfer in/(out) obligation	0	0	0	0
Transfer (in)/out plan assets	0	0	0	0
Employee Benefit Expense as per Annexure 2	262.85	228.62	612.22	512.25
Amounts recognized in Other Comprehensive Income	-193.10	-25.30	0	0
Total	173.07	372.64	1319.11	1162.24
Benefits paid by the Company	0	0	-670.62	-455.35
Contributions to plan assets	-478.32	-269.32	0	0
Closing provision in books of accounts	-305.25	103.32	648.49	706.89

Annexure 6: Principle actuarial assumptions

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Discount Rate	7.60%	7.20%	7.60%	7.20%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
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
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Annexure 7: Expected cashflows based on past service liability

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	Cashflows	%	Cashflows	%
Year 1	521.84	7.60%	60.39	3.10%
Year 2	255.53	3.70%	35.85	1.90%
Year 3	196.38	2.90%	33.46	1.70%
Year 4	226.48	3.30%	59.22	3.10%
Year 5	402.09	5.90%	68.84	3.60%
Year 6 to Year 10	1321.18	19.30%	239.32	12.40%

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

The Expected contribution for the next year is ₹ 2,48,74,781

The Average Outstanding Term of the Obligations (Years) as at valuation date is 8.65 years.

Notes to the Consolidated Financial Statements (Contd.)

Annexure 8: Sensitivity to key assumptions

(₹ In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Discount rate Sensitivity				
Increase by 0.5%	3041.90	3125.38	614.76	669.01
(% change)	-3.81%	-3.94%	-5.20%	-5.36%
Decrease by 0.5%	3291.82	3391.80	685.50	748.55
(% change)	4.10%	4.25%	5.71%	5.89%
Salary growth rate Sensitivity				
Increase by 0.5%	3291.94	3391.40	685.54	748.39
(% change)	4.10%	4.24%	5.71%	5.87%
Decrease by 0.5%	3040.70	3124.57	614.43	668.81
(% change)	-3.84%	-3.97%	-5.25%	-5.39%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	3163.82	3253.73	649.30	707.19
(% change)	0.05%	0.00%	0.13%	0.04%
W.R. x 90%	3154.49	3253.44	647.65	706.58
(% change)	-0.25%	0.00%	-0.13%	-0.04%

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.

Particulars	2017-18	2016-17
Note 23 : Finance Costs		
Interest Expenses#	18637.74	15197.82
Other Financial Charges	730.18	1577.79
Other Interest Expenses	204.57	1404.23
Total	19572.49	18179.84
Less : Other Interest/Financial Income	556.71	245.47
Total	19015.78	17934.37

Penal Interest has not been included in lieu of ongoing discussions with bankers towards debt restructuring.

Notes to the Consolidated Financial Statements (Contd.)

(₹ In Lakhs)

Particulars	2017-18	2016-17
Note 24 : Other Expenses		
Manufacturing expenses		
Consumption of Stores, Spares and Chemicals	8614.95	9108.32
Power and Fuel	21260.48	17757.09
Packing Charges	6259.56	5301.70
Factory Expense	659.89	538.57
Repairs and Maintenance - Plant and Machinery	1711.04	1632.84
Repairs and Maintenance - Buildings	127.34	173.69
Repairs and Maintenance - Others	98.49	124.67
Conversion & Processing Charges	156.23	450.28
Selling and Distribution Expenses		
Commission and Discount	2498.00	2037.82
Freight, Octroi, Carting, Loading, Unloading, etc.	4170.90	2111.47
Advertisement	373.80	393.95
Other Selling and Distribution Expenses	392.20	379.88
Establishment Expenses		
General Charges	1663.54	1686.97
Rent Expense	280.09	301.52
Insurance	192.80	193.41
Rates and Taxes	62.22	58.40
Auditor's Remuneration	108.93	83.83
Corporate Social Responsibility	0.91	11.63
Bad Debts and Advances Written Off	15.85	805.80
Capital Advances write off	0.00	984.22
Loss due to Fire	0.00	3.96
Legal and Professional Charges	822.25	965.26
Loss on revaluation of Forward Contracts	66.61	41.09
Forex - (Gain)/Loss	73.05	637.13
Total	49609.13	45783.50

Notes to the Consolidated Financial Statements (Contd.)

(₹ In Lakhs)		
Particulars	2017-18	2016-17
24.1 Payment to Auditors		
Paid to Statutory Auditors :		
Statutory Audit Fees	20.36	22.92
Certification Fees/Limited review	15.30	0.08
Paid to Other Auditors :		
Special Audit Fees	25.74	0.00
Other Audit Fees	22.64	43.33
Monitoring Audit Fees	12.00	12.06
Tax Audit Fees	4.60	3.32
GST Audit Fees	3.50	0.00
Expenses towards Audit	3.21	0.54
Cost Audit Fees	1.58	1.58
Total	108.93	83.83

24.2 Corporate Social Responsibility

- (a) As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- (b) The Company is not required to spend any amount in view of avarege net loss during the last three financial year.
- (c) The Company has voluntarily sepnt and aggregate amount of ₹ 0.91 Lakhs (previous year ₹ 11.63 Lakhs)

Particulars	2017-18	2016-17
Note 25 : Other Comprehensive Income		
A Items that will not be Reclassified to Profit or (Loss)		
Acturial Gain/(Loss) on Gratuity Benefit	193.10	25.30
Acturial Gain/(Loss) on Leave Benefit	(135.24)	(244.26)
Gain/(Loss) on revaluation of Investments	(12.32)	233.45
	<u>45.54</u>	<u>14.49</u>
B Items that will be Reclassified to Profit or (Loss)	0.00	0.00
Total	45.54	14.49

Particulars	2017-18	2016-17
Note 26 : Earning per Share		
(a) Net Profit attributable to shareholders (In ₹ lakh)	(8382.72)	(9310.93)
(b) Weighted average number of Equity Shares outstanding (nos.)	42,082,525	42,082,525
(c) Basic and Diluted Earnings per share (₹)	(19.92)	(22.13)
(d) Face Value per equity share (₹)	10.00	10.00

A. Corporate Information

Garden Silk Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat-395010. Garden Silk Mills Ltd. is one of India's leading man-made fiber-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.

GAIA International FZE is a free zone establishment and is registered with the Ajman Free Zone, Ajman, U.A.E. The Company is registered to carry out the business of trading in textile and ready-made garments including import and export.

B. Summary of Significant Accounting Policies

B.1. Compliance with Ind AS:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules as amended time to time.

Up to the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles in India ("Indian GAAP"), which includes standards notified under the Companies (Accounting Standards) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016 (transition date). Refer note "F" of standalone financial statements for the details of first time adoption exemptions availed by the Company.

The financial statements are approved for issue by the Company's Board of Directors on 30th May 2018.

B.2. Basis for Preparation of Financial Statements:

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.

The financial statements are presented in INR (₹) and all the values are rounded off to the nearest lakh except when otherwise indicated.

The Consolidated financial statements comprise the financial statements of Garden Silk Mills Limited ("the Company" or "the parent Company") and its 100% owned Subsidiary GAIA International fze, Dubai ("the Subsidiary") as on 31st March, 2018

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 the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

B.4. Basis of Consolidation:

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

- a) The financial statements of the Company and its subsidiary company are combined on a line-by basis by adding together the book value of like terms of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Ind AS 27 - "Consolidated Financial Statements".
- b) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's Separate Financial Statements.
- c) Investments made by the parent company in subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
- d) Intra group balances of intra group transactions have been accounted for depending upon whether the transaction is an upstream or a downstream transaction.
- e) Transactions in Foreign currencies of subsidiary Company are converted into U.S.Dollars at the rate of exchange ruling on the date of the transaction.

B.4.1 Foreign Subsidiaries being Considered Integral Foreign Operation

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

C. Other Significant Accounting Policies

C.1. Property, Plant and Equipment and Other Intangible Assets:

Property, Plant and Equipment

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 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.	Particulars	Useful Life* (in years)
1	Factory Buildings	30
	Other Buildings	60

Sr.No.	Particulars	Useful Life* (in years)
2	Plant and Machinery	
(i)	Continuous Process Plants	25
(ii)	Power Plants	40
(iii)	Other	10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office Equipment	5
6	Electrical Installations and Equipment	10
7	Computer Equipment	3
8	Software	6
9	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.*

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.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as at April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

As per Ind AS 101, First Time Adoption of Ind AS, the Company continues to adopt the provisions of para 46 / 46A of Accounting Standard-11, "The Effects of Changes in Foreign Exchange Rates". Accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings as of April 01, 2016 (Date of Transition to Ind AS) relating to acquisition of depreciable assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Intangible Assets:

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

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

C.2. Impairment of Tangible & Intangible Assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

C.3. 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 labor 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.

C.4. 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.

Sale of Goods

Sales are recorded net of trade discounts, quantity discounts, rebates, indirect taxes. Sales include Excise duty but exclude Sales tax, value added tax and goods and service tax. Sales also include, sales of scrap, waste, rejection etc.

Interest Income

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.

C.5. 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.

C.6. Employee Benefits:

Short-term Employee Benefits:

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

Other Long-term Employee Benefits

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

Post-Employment Benefits

(a) Defined Contribution Plans

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

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

(b) Defined Benefit Plans

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

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

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.

C.7. 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.

C.8. Taxation:

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

Current Tax

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

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

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

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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 virtual certainty of sufficient future taxable income, net deferred tax assets have not been recognised considering prudence in accordance with Ind AS 12 Income taxes.

C.9. Provisions:

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

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

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

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

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets, if any, are disclosed in the notes to accounts.

C.10. 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.

Financial Assets

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.

Subsequent Measurement

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.

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.

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.

Investment in Subsidiaries, Associates and Joint Ventures

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

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'.

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.

Financial Liabilities

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.

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.

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.

Foreign Exchange Gains and Losses

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

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

C.11. 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.

C.12. 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

C.13. 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 and
- iii. items of income or expense associated with investing or financing cash flows

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.

C.14. 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

C.15. 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).

D. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note "B", 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.

D.1. 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 the directors 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.

D.2. Useful Lives 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 currently year, the directors have determined that no changes are required to the useful lives of assets.

D.3. 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.

D.4. 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.

E. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 the Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Ind AS 115 will supersede the current revenue recognition standard

Ind AS 18 - Revenue,

Ind AS 11 - Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Group does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance Consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

F. First time Adoption of Ind AS – Mandatory Exceptions and Optional Exemptions:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the company as detailed below:

F.1. De-recognition of Financial Assets and Financial Liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

F.2. Classification of Debt Instruments

The Company has determined that classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through profit or loss criteria based on facts and circumstances that existed as of the transition date.

F.3. Deemed Cost for Property, Plant and Equipment and Intangible Assets

The Company has elected to continue with the carrying value of all its plant and equipment assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

F.4. Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there has been significant increase in credit risk since the initial recognition, as permitted by Ind AS 101.

Additional Information to Financial Statements and Disclosures under Accounting Standards:

27. Contingent Liabilities:

- (i) **Disputed liabilities for Excise Duty not acknowledged as debts ₹ 8646.06 Lakhs.**
(31 March 2017 : ₹ 7217.84, 01 April 2016 : ₹ 3470.23 Lakhs)
- (ii) **Disputed liabilities for Income - Tax not acknowledged as debts ₹ NIL**
(31 March 2017 : ₹ NIL, 01 April 2016 : ₹ 133.13 Lakhs)
- (iii) **Disputed liabilities for Gujarat Sales Tax not acknowledged as debts ₹ NIL**
(31 March 2017 : ₹ 58.18, 01 April 2016 : ₹ 70.51 Lakhs)
- (iv) **Unpaid dividend on 0.001% Optionally Convertible Cumulative Preference shares(now converted into equity shares) not acknowledged as debts ₹ 0.01 Lakhs.**
(31 March 2017 : ₹ 0.01, 01 April 2016 : ₹ 0.01 Lakhs)
- (v) **Counter-guarantees to Banks against guarantees issued to third parties ₹ 0.50 Lakhs.**
(31 March 2017 : ₹ 0.50, 01 April 2016 : ₹ 0.50 Lakhs)
- (vi) **Custom Duty on Raw materials Imported under advance license against which export obligation is to be fulfilled is ₹ NIL** (31 March 2017 : ₹ 3.72, 01 April 2016 : ₹ 143.69 Lakhs)

28. Capital Management:

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

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

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

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

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

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Total Debt (₹ in Lakhs)	1,50,196.58	1,54,106.37	1,56,776.04
Total Equity (₹ in Lakhs)	(21,440.94)	(13,103.76)	(3,922.90)
Debt to Equity Ratio	(7.01)	(11.76)	(39.96)

29. Financial Instruments:

29.1. Categories of Financial Instruments 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.

A. Fair Value Hierarchy of Assets and Liabilities Measured at Fair Value as of March 31, 2018, March 31, 2017 and April 01, 2016.

(₹ in Lakhs)

Particulars	As at 31st March, 2018				As at 31st March, 2017				As at 01st April, 2016			
	Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets												
At Amortised Cost												
(i) Investments*	1.75				1.75				1.75			
(ii) Trade receivables	20857.56				12726.45				15097.00			
(iii) Cash & cash equivalents	4421.08				5458.92				3138.88			
(iv) Bank balances other than (iii) above	5919.63				3039.43				1674.70			
(v) Loans and Advances	1006.29				1046.40				1136.60			
(vi) Others financial assets	0.00				0.00				0.00			
At FVTPL												
(i) Investments	0.00				0.00				0.00			
(ii) Others financial assets	0.00				5.07		5.07		46.17		46.17	
At FVTOCI												
(i) Investments	598.22	572.75		25.47	610.54	581.45		29.09	377.09	348.00		29.09
(ii) Others financial assets	0.00				0.00				0.00			
Financial Liability												
At Amortised Cost												
(i) Borrowings	109126.89				130391.83				140768.82			
(ii) Trade Payables	36206.07				26290.97				22174.10			
(iii) Other financial liabilities	21378.45				11457.16				3614.44			
At FVTPL												
(i) Other financial liabilities	61.54		61.54		0.00				0.00			
At FVTOCI												
(i) Borrowings	0.00				0.00				0.00			
(ii) Trade Payables	0.00				0.00				0.00			
(iii) Other financial liabilities	0.00				0.00				0.00			

Valuation Technique –

Fair value of forward contract is computed –

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

B. Income, Expense, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the statement of Profit and Loss are as follows:

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Financial assets measured at amortised cost		
Interest income	2761.80	2488.52
Advances Write Off	(8.23)	(1218.75)
Bad and Doubtful Debts	(7.58)	(571.27)
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments		
Fair value gain/(loss) recognised in other comprehensive income	(12.32)	233.45
Reclassified from other comprehensive income to Statement of Profit and Loss	0.00	0.00
Financial assets measured at fair value through profit and loss		
Fair value gain/(loss) on investment in debt instruments	0.00	0.00
Dividend income on non current investment	0.00	0.00
Dividend income on current investment	0.00	0.00
Financial liabilities measured at amortised cost		
Interest expense on borrowings	18840.03	16590.76
Other Interest	36.76	43.81
Credit balances no longer required	109.67	50.99
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	(66.61)	(41.09)

29.2. 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

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro 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

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:

(₹ in Lakhs)

	Particulars	Foreign Currency Denomination	2017-18		2016-17	
			Foreign Currency (Amount in Lakhs)	Indian Rupees (Equivalent in Lakhs)	Foreign Currency (Amount in Lakhs)	Indian Rupees (Equivalent in Lakhs)
a.	Hedged					
	Trade Receivables (net)	USD	75.72	4935.19	3.18	206.48
	Trade Payables	USD	117.79	7676.85	83.03	5384.78
		JPY	411.22	252.92	584.56	358.35
	Loan Taken	USD	7.57	493.37	10.60	733.46
	Interest payable	USD	0.05	3.43	0.07	5.06
b.	Unhedged					
	Trade Receivables	USD	7.34	478.27	53.94	3497.98

Foreign Currency Exposure (Contd.)

	Particulars	Foreign Currency Denomination	2017-18		2016-17	
			Foreign Currency (Amount in Lakhs)	Indian Rupees (Equivalent in Lakhs)	Foreign Currency (Amount in Lakhs)	Indian Rupees (Equivalent in Lakhs)
	Prepaid Expense	USD	0.23	15.13	0.00	0.00
	Trade Payables	JPY	179.86	110.62	314.82	182.61
		USD	66.89	4359.32	109.68	7112.81
		EUR	0.01	1.14	0.01	0.98
	Advance to Suppliers	JPY	5.38	3.31	11.73	6.81
		USD	0.26	16.71	27.86	1806.79
		EUR	0.42	34.04	0.20	14.14
	Expenses Payable	USD	2.34	152.75	0.89	57.49
	Foreign Bank Balances	USD	15.29	997.11	52.02	3373.28
		AED	0.19	3.29	0.13	2.30

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.

(₹ in Lakhs)

	Currency	Change in rate	Effect on profit before tax	Change in rate	Effect on profit before tax
March 31, 2018	USD	+5%	(150.24)	-5%	150.24
	JPY		(5.37)		5.37
	EUR		1.64		(1.64)
March 31, 2017	USD	+5%	75.50	-5%	(75.50)
	JPY		(8.79)		8.79
	EUR		0.65		(0.65)

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's variable rate short-term debt obligations and external commercial borrowings.

Interest Rate Sensitivity:

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

(₹ in Lakhs)

Particulars	Increase effect		Decrease effect	
	March, 2018	March, 2017	March, 2018	March, 2017
Effect of Increase /decrease in floating interest rate by 100 basis points (1%) for term loans	1456.04	1433.80	(1456.04)	(1433.80)

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 analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Outstanding customer receivables are regularly monitored. The Company maintains its cash and cash equivalents and deposits with banks having good reputation and high quality credit ratings.

Liquidity Risk:

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

30. Segment Reporting

The Company has only one reportable segment viz. 'Textiles' as per Ind As 108 operating segments. Further, Sale of Product can be bifurcated between Domestic and Export segment as below:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Domestic Sales	251396.34	223875.43
Export Sales	59748.00	41525.10
Total	311144.34	265400.53

31. Disclosures as Required by the Ind AS24 "Related Party Disclosures" are Given Below:

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

Sr. No.	Nature of Relationships	Names of Related Parties
1	Group Company	Surat Textile Mills Limited
2	Key Management Personnel	Shri. Praful A. Shah Shri. Sanjay S. Shah Shri. Alok P. Shah Shri. Suhail P. Shah Smt. Anita Mandrekar Shri. Arunchandra N. Jariwala Shri. Ketan A. Jariwala Shri. Deepak N. Shah Shri. Harishchandra Mishra Shri. Sunil S. Sheth Shri. Yatish Parekh
3	Relatives of Key management personnel and their enterprises where transactions have taken place.	Smt. Shilpa P. Shah Smt. Sujata V. Parsai Shri. V. K. Parsai Armorax Business Centre Pvt. Ltd. Como Textile Pvt. Ltd. Sorrento Textile Pvt. Ltd. Amalfi Textile Pvt. Ltd.

(II) Transactions during the year with Related Parties:

(₹ in Lakhs)

Nature of Transactions	Group Company	Key Management Personnel	Others	Total
Raw Material and Stores Sales	3775.56 (520.89)			3775.56 (520.89)
Other Miscellaneous Transaction	134.55 (215.85)			134.55 (215.85)
Electric Power and Fuel Charges	942.61 (479.12)			942.61 (479.12)
Purchases	8250.01 (6358.80)			8250.01 (6358.80)
Remuneration		751.48 (589.10)	25.08 (25.08)	776.56 (614.18)
Director Sitting Fees		4.20 (4.03)		4.20 (4.03)
Professional Consultancy Fee			1.35 (1.55)	1.35 (1.55)
Leave and Licence Fees			106.21 (116.31)	106.21 (116.31)
Reimbursement of Telephone, Electricity and Other Taxes			13.97 (15.39)	13.97 (15.39)
Balance at the beginning of the year				
Payables		36.33	1.47	37.80
Balance at the end of the year				
Payables		37.86	1.38	39.24

Note : Figures in brackets represent figures for previous year.

32. Income in Foreign Currency

(₹ in Lakhs)

Particulars	2017-18	2016-17
Sales	59747.99	41891.56

33. Expenditure in Foreign Currency

(₹ in Lakhs)

Particulars	2017-18	2016-17
Commission and Brokerage on Exports	644.62	499.61
Interest Expenses	212.75	2429.65
Travelling Expenses	15.47	31.71
Other Matters	53.32	187.84

34. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) as at March 31, 2018.
35. Contribution to political parties during the year 2017-18 is ₹ Nil (previous year ₹ Nil).
36. Figures for the previous year have been regrouped/reclassified wherever necessary.

37. First time Ind AS adoption reconciliations:

37.1. Effect of Ind AS Adoption on Balance Sheet as at March 31, 2017 and April 1, 2016:

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2017 (End of the last period Presented under previous GAAP)			As at April 1, 2016 (date of transition)		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
A ASSETS							
1. Non-current assets							
(a) Property, Plant and Equipment		109352.86		109352.86	114742.70		114742.70
(b) Capital work-in-progress		3084.04		3084.04	3116.77		3116.77
(c) Investment in Properties		17.51		17.51	0.00		0.00
(d) Other Intangible assets		0.00			32.20		32.20
(d) Financial Assets		0.00			0.00		
- Investments	6	1340.53	-728.24	612.29	1340.52	-961.68	378.84
- Loans	2	11.05		11.05	21.38		21.38
- Others financial assets		0.00			0.00		
(e) Deferred tax assets (net)		0.00			0.00		
(f) Other non-current assets		3288.93	0.00	3288.93	4439.12		4439.12
Total Non - Current Assets		117094.92	-728.24	116366.68	123692.69	-961.68	122731.01
2. Current assets							
(a) Inventories	3	37952.82	868.44	38821.26	28069.13	291.75	28360.88
(b) Financial Assets		0.00			0.00		
(i) Trade receivables	3-5	13466.47	-740.02	12726.45	16006.12	-909.12	15097.00
(ii) Cash and cash equivalents		5458.92		5458.92	3138.88		3138.88
(iii) Bank balances other than (ii) Above		3039.43		3039.43	1674.70		1674.70
(iv) Loans and Advances		1035.35		1035.35	1115.22	0.00	1115.22
(v) Others financial assets	1	0.00	5.07	5.07	0.00	46.17	46.17
(c) Current Investments		0.00			0.00		
(d) Other current assets		6809.37		6809.37	9236.63		9236.63
Total Current Assets		67762.36	133.49	67895.85	59240.68	-571.20	58669.48
Total Assets (1+2)		184857.28	-594.75	184262.53	182933.37	-1532.88	181400.49

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2017 (End of the last period Presented under previous GAAP)			As at April 1, 2016 (date of transition)		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
B EQUITY AND LIABILITIES							
1. Equity							
(a) Equity Share capital		4208.25		4208.25	4208.25		4208.25
(b) Other Equity	37.4	-16909.97	-402.04	-17312.01	-6701.97	-1429.18	-8131.15
		-12701.72	-402.04	-13103.76	-2493.72	-1429.18	-3922.90
LIABILITIES							
2. Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		119339.84		119339.84	92077.84		92077.84
(ii) Other Liabilities		0.00			43004.00		43004.00
(b) Provisions		660.98		660.98	621.09		621.09
Total Non - Current Liabilities		120000.82	0.00	120000.82	135702.93	0.00	135702.93
3. Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		11051.99		11051.99	5686.98		5686.98
(ii) Trade payables	1	26483.68	-192.71	26290.97	22174.10		22174.10
(iii) Other financial liabilities		11457.16		11457.16	3718.14	-103.70	3614.44
(b) Provisions		2797.82		2797.82	954.27		954.27
(c) Current Tax Liabilities (Net)		0.00			0.00		
(d) Other current liabilities		25767.53		25767.53	17190.67		17190.67
Total Current Liabilities		77558.18	-192.71	77365.47	49724.16	-103.70	49620.46
Total Equity and Liabilities (1+2+3)		184857.28	-594.75	184262.53	182933.37	-1532.88	181400.49

37.2. Effect of Ind AS Adoption of Statement of Profit and Loss for the year ended March 31, 2017:

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
I Revenue from operations	3	265642.69	-242.16	265400.53
II Other Income		503.79	0.00	503.79
III Total Revenue (I + II)		266146.48	-242.16	265904.32
IV EXPENSES				
(a) Cost of materials consumed	1	178692.59	-68.51	178624.08
(b) Purchases of Stock-in-trade		1799.29	0.00	1799.29
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	3	-7867.63	-576.71	-8444.34
(d) Excise duty on sale of goods		20855.81	0.00	20855.81
(e) Employee benefit expense	4	12433.84	-218.96	12214.88
(f) Finance costs	2	17818.80	115.57	17934.37
(g) Depreciation and amortisation expense		6447.66	0.00	6447.66
(i) Other expenses	1-3	46174.12	-390.62	45783.50
Total Expenses		276354.48	-1139.23	275215.25
V Profit/(loss) before tax (III - IV)		-10208.00	897.07	-9310.93
VI Tax Expense				
(a) Current tax		0.00	0.00	0.00
(b) Deferred tax		0.00	0.00	0.00
Total tax expense		0.00	0.00	0.00
VII Profit/(loss) after tax (V - VI)		-10208.00	897.07	-9310.93
VIII Other comprehensive income				
(a) Items that will not be reclassified to profit or (loss)	6	0.00	14.49	14.49
(b) Income tax relating to items that will not be reclassified to profit or loss		0.00	0.00	0.00
(c) Items that will be reclassified to profit or loss		0.00	0.00	0.00
(d) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00	0.00
Total comprehensive income for the period (VII + VIII)		-10208.00	911.56	-9296.44

37.3. Effect of Ind AS Adoption on the Total Comprehensive Income for year ended March 31, 2017.

The Reconciliation of Net Profit / (Loss) reported under previous General Accepted Accounting Principles (IGAAP) to Total Comprehensive Income in accordance with Ind AS is given below:

(₹ in Lakhs)

Particulars	Notes	Year Ended 31st March 2017
Net Profit / (Loss) as per IGAAP as on 31-03-2017		(10,208.00)
Mark to market of forward contracts instead of amortisation of premium	1	340.89
Unwinding of Interest for Interest free loan to Subsidiary	2	(115.57)
Deferral of revenue as per IND AS 18	3	41.56
Effect in Employee benefit expense due to Actuarial Valuation	4	218.96
Expected credit loss in debtors	5	411.22
Net Profit / (Loss) as per Ind		(9,310.93)
FV of Equity investments classified in OCI	6	233.45
Actuarial Gain Due to actuarial valuation for Gratuity	4	25.30
Actuarial Gain Due to actuarial valuation for Leave benefits	4	(244.26)
Total Comprehensive income as on 31-03-2017 (Ind As)		(9,296.44)

37.4. Effect of Ind AS Adoption on Equity for the year ended March 31, 2017 and April 01, 2016

(₹ in Lakhs)

Particulars	Notes	As at 31st March 2017	As at 1st April 2016
Total Equity as per IGAAP		(12,701.72)	(2,493.72)
Add:			
Mark to market of forward contracts instead of amortisation of premium	1	197.78	149.87
Deferral of revenue as per IND AS 18	3	128.43	(206.13)
Effect in Employee benefit expense due to Actuarial Valuation	4	218.96	-
Expected credit loss in debtors	5	-	(411.22)
Actuarial Gain Due to actuarial valuation for Gratuity	4	25.30	-
		(12,131.25)	(2,961.20)
Less:			
FV of Equity investments classified in OCI	6	728.25	961.70
Actuarial Gain Due to actuarial valuation for Leave	4	244.26	-
Total Equity as per Ind AS		(13,103.76)	(3,922.90)

37.5. Effect of Ind AS Adoption on the Statement of Cash Flows for the year ended March 31, 2017

There was no significant items between cash flow prepared under IGAAP and those prepared under Ind AS.

Notes:

1. **Mark to Market of Forward Contracts instead of Amortisation of Premium:** As per I-GAAP the premium or discount arising at the inception of the contract was amortised as expense or income over the life of the contract, however as per Ind-AS forward contract is marked to market through statement of profit and loss.
2. **Unwinding of Interest for Interest free loan to Subsidiary:** As per I-GAAP transaction was recorded at its transaction price, however as per Ind AS interest free loan given to subsidiary is required to be fair valued. Difference between fair value and transaction price is treated as additional investment in a subsidiary.
3. **Deferral of Revenue as per Ind AS 18:** In line with requirements of Ind AS 18 certain revenue was deferred.
4. **Re-measurements of Defined Benefit Obligations:** Under previous GAAP, actuarial gains and losses were recognized in statement of profit and loss, however under Ind AS, actuarial gains and losses forming part of remeasurement of the net defined benefit plan asset/obligation are recognized in the Other Comprehensive Income. Being reclassification from statement of profit and loss to other comprehensive income it will not have any impact on total comprehensive income or equity as such.
5. **Expected Credit Loss in Trade Receivables:** As per I-GAAP provision against trade receivable was made on case-to-case assessment of parties. As per Ind AS 109 provision is made against trade receivables as per expected credit loss model.
6. **FV of Equity Investments Classified in OCI:** Under I-GAAP current investments were carried at cost less diminution, if any, and long-term investments at cost less permanent diminution, if any. As per Ind AS all investments except investment in group company have been fair valued in accordance with Ind AS 109.
7. Previous year I-GAAP figures have been re-grouped/re-classified to make them comparable with presentation as per Ind AS.

For and on behalf of the Board of Directors	
PRAFUL A. SHAH	Chairman & Managing Director
ALOK P. SHAH	Executive Director, CFO & COO
SUNIL SHETH	Director
KAMLESH B. VYAS	Company Secretary

Mumbai, 30th May, 2018

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