

BOARD'S REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

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

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

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

Financial Highlights

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

(Rs. in Crore)

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

* Previous year figures have been recast / restated.

Review of Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

Dividend

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

Transfer to Reserves

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

Nature of Business

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

Corporate Insolvency Resolution Process (CIRP)

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

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

Going Concern Status

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

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

Resource and Liquidity

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

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

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

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

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

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

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

Overview of the economy

Indian economy

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

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

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

Industry Scenario

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

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

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

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

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

Opportunities, Challenges, Threats, Risks and Concerns

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

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

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

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

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

Business Outlook

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

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

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

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

Financial Performance

Operational and Financial Performance

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

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

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Material cost

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

Energy Cost

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

Finance costs

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

Employee benefits expense

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

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

Depreciation, amortisation and impairment expense

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

Other expenses

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

Segment Revenue

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

(Rs in Crore)

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

Subsidiary, Joint Venture and Associate Companies

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

Indian Accounting Standard (Ind AS)

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

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

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

Corporate Governance

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

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

Consolidated Financial Results

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

Directors and Key Managerial Personnel

Directors

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

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

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

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

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

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

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

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

Key Managerial Personnel (KMP)

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

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

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

Independent Directors

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

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

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

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

Separate Meeting of Independent Directors

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

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

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

Familiarisation Programme for Independent Directors/Non-Executive Directors

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

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

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

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

Declaration by Independent Director

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

Code of Conduct for Directors and Senior Management

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

Code for Prevention of Insider Trading

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

Nomination and Remuneration Policy

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

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

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

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

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

Disclosure Relating to Remuneration of Directors and Key Managerial Personnel

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

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

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

Attributes, Qualifications & Independence of Directors and their Appointment

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

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

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

Committees of Board

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

Internal audits and controls

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

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

Internal Financial Control System and their Adequacy

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

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

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

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

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

Directors' Responsibility Statement

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

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

Meeting of the Board of Directors

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

Performance evaluation of Board

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

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

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

Particulars of Employees and Related Disclosures

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

Statutory Auditors

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

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

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

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

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

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

Cost Auditors

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

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

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

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

Cost Records

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

Internal Auditor

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

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

Secretarial Auditor and Report

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

Management Response to Secretarial Auditor's observations

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

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

Annual Secretarial Compliance Report

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

Audit Committee

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

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

Vigil Mechanism

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

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

Contracts or Arrangements with Related Parties

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

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

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

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

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

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

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

Reporting of Frauds

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

Energy, technology and foreign exchange

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

Prevention of Sexual Harassment ('POSH')

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

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

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

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

Corporate Social Responsibility (CSR)

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

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

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

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

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

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

CEO and CFO certification.

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

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Nodal Officer

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

Health, safety and environment

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

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

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

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

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

Industrial Relations / Human Resources

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

In line with the 'Go Green' philosophy, your Company is continuously adopting new techniques to eliminate and minimise the overall environmental impact. The Company continuously works to nurture this environment to keep its employees highly motivated, result oriented and adaptable to changing business environment. Your Company's value proposition is based on providing value to our customer, through innovation and by consistently improving efficiency at all levels.

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2020 was 4351 Nos.

Certifications/Recertifications

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

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

Information Technology

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

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

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

Secretarial Standards

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

Significant / Material Orders passed by the Regulators

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

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

Material Changes and commitments

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

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

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

Risk Management

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

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

Insurance

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

Policies

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

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Deposits from Public

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

Particulars of Loans/Advances/Investments

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

Extract of Annual Return

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

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

Business Responsibility Report

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

Statutory compliance

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

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

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

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

General

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

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

Caution Statement

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

Appreciation

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

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

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

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

Taken on record

Kuresh Khambati
Resolution Professional
Mumbai, 31st July, 2020