# Notes annexed to and forming part of the Financial Statements

## A. Corporate Information

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

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

## B. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

(i) The useful lives and Residual value of Property, Plant and Equipment

(ii) Income Tax Assets / Liabilities

(iii) Allowance for Expected Credit Loss of Financial Assets

(iv) Future Obligations in Respect of Retirement Benefit Plans

(v) Differences, if any, between the actual results and estimates are recognised in the period in which the results are known

(vi) Fair value of Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

**(vi) Income Taxes:**

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

**(vii) Leases:**

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

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

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

An asset is treated as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

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

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

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

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

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

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

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

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

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

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

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

Freehold land is not depreciated.

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

**Leases:**

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

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

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

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

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

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

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

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

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

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

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

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

**B.7. Inventories:**

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

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

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

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

**B.8. Revenue Recognition:**

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

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

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

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

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

**B.9. Foreign Currencies:**

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

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

**B.10. Employee Benefits:**

**Short-term Employee Benefits**

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

**Other Long-term Employee Benefits**



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

**Post-Employment Benefits**

**(a) Defined Contribution Plans:**

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

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

**(b) Defined Benefit Plans:**

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

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

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

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

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

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

**(c) Termination Benefits:**

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



**B.11. Borrowing Costs:**

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

**B.12. Taxation:**

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

**Current tax**

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

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

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

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

**Deferred tax**

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

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

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

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

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

**Current tax and Deferred tax for the year**

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

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

**B.13. Provisions and Contingent Liabilities:**

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

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

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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 it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

**B.14. Financial Instruments:**

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

**(A) Financial Assets**



**a) Initial Recognition and Measurement**

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

**b) Subsequent Measurement**

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

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

**(iv) Investment in Subsidiaries, Associates and Joint Ventures**

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

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**c) Other Equity Investments**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments is recognised in Statement of Profit and Loss when the Company's right to receive payment is established.

**d) Impairment of Financial Assets**

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

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

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

* Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

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



**(b) Financial Liabilities**

**a) Initial Recognition and Measurement**

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

**b) Subsequent Measurement**

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**c) De-Recognition**

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

**d) Foreign Exchange Gains and Losses**

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

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

**B.15. Derivative Financial Instruments:**

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

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

**B.16. Cash and Cash Equivalents:**

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

**B.17. Statement of Cash Flow:**

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

(i) Transactions of a non-cash nature.

(ii) Any deferrals or accruals of past or future operating cash receipts or payments.

(iii) Items of income or expense associated with investing or financing cash flows.

(iv) Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

**B.18. Events after Reporting Date:**

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

**B.19. Earnings per Share:**

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

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

## Note 1 : PROPERTY, PLANTS & EQUIPMENTS

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

(₹ in Crore)

| Description | Tangible Assets: | | | | | | | | | | Right to Use Asset: | Intangible Asset: | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Building | Plant and Machinery | Furniture & Fixtures | Motor Vehicles | Office Equipments | Computer & Data Processing Units | Laboratory Equipments | Electrical Installation & Equipments | Total Tangible Assets | Building | Software | |
| **GROSS BLOCK** | | | | | | | | | | | | | |
| **Balance as at 31st March 2018** | **60.01** | **210.51** | **867.27** | **3.70** | **5.42** | **1.21** | **1.04** | **0.27** | **10.99** | **1160.42** | **0.00** | **0.35** | **1160.77** |
| Additions | 0.00 | 0.23 | 2.55 | 0.17 | 0.30 | 0.12 | 0.15 | 0.00 | (0.04) | 3.48 | 0.00 | 0.00 | 3.48 |
| Adjustments | 0.00 | 0.00 | 1.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.65 | 0.00 | 0.00 | 1.65 |
| Retirements/(Deductions) | 0.00 | 0.00 | 0.16 | 0.02 | 0.25 | 0.02 | 0.00 | 0.00 | 0.00 | 0.45 | 0.00 | 0.00 | 0.45 |
| **Balance as at 31st March 2019** | **60.01** | **210.74** | **871.31** | **3.85** | **5.47** | **1.31** | **1.19** | **0.27** | **10.95** | **1165.10** | **0.00** | **0.35** | **1165.45** |
| Additions | 0.00 | 0.14 | 2.43 | (0.01) | 0.02 | 0.08 | 1.57 | 0.00 | 0.00 | 4.23 | 5.04 | 0.00 | 9.27 |
| Retirements/(Deductions) | 0.00 | 0.03 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.00 | 0.00 | 0.11 |
| **Balance as at 31st March 2020** | **60.01** | **210.85** | **873.66** | **3.84** | **5.49** | **1.39** | **2.76** | **0.27** | **10.95** | **1169.22** | **5.04** | **0.35** | **1174.61** |
| **ACCUMULATED DEPRECIATION** | | | | | | | | | | | | | |
| **Balance as at 31st March 2018** | **0.00** | **23.83** | **97.08** | **1.26** | **1.82** | **0.57** | **0.38** | **0.06** | **5.12** | **130.12** | **0.00** | **0.27** | **130.39** |
| Additions | 0.00 | 11.74 | 49.70 | 0.57 | 0.68 | 0.21 | 0.43 | 0.02 | 2.74 | 66.09 | 0.00 | 0.06 | 66.15 |
| Adjustments | 0.00 | 0.00 | 1.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.54 | 0.00 | 0.00 | 1.54 |
| Retirements/(Deductions) | 0.00 | 0.00 | 0.06 | 0.00 | 0.12 | 0.01 | 0.00 | 0.00 | 0.00 | 0.19 | 0.00 | 0.00 | 0.19 |
| **Balance as at 31st March 2019** | **0.00** | **35.57** | **148.26** | **1.83** | **2.38** | **0.77** | **0.81** | **0.08** | **7.86** | **197.56** | **0.00** | **0.33** | **197.89** |
| Additions | 0.00 | 12.09 | 51.24 | 0.56 | 0.62 | 0.18 | 0.28 | 0.01 | 1.02 | 66.00 | 1.31 | 0.01 | 67.32 |
| Retirements/(Deductions) | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.01 |
| **Balance as at 31st March 2020** | **0.00** | **47.66** | **199.49** | **2.39** | **3.00** | **0.95** | **1.09** | **0.09** | **8.88** | **263.55** | **1.31** | **0.34** | **265.20** |
| **NET BLOCK** | | | | | | | | | | | | | |
| **Balance as at 31st March 2019** | **60.01** | **175.17** | **723.05** | **2.02** | **3.09** | **0.54** | **0.38** | **0.19** | **3.09** | **967.54** | **0.00** | **0.02** | **967.56** |
| **Balance as at 31st March 2020** | **60.01** | **163.19** | **674.17** | **1.45** | **2.49** | **0.44** | **1.67** | **0.18** | **2.07** | **905.67** | **3.73** | **0.01** | **909.41** |

Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 13.

**(B) Capital work-in-progress:**

Capital work in progress as at 31st March, 2020 is ₹7.28 Crore (31st March, 2019: ₹6.46 Crore). There are no Contractual Commitments with respect to Property, Plant and Equipment.

During the year, the company has provided for Impairment losses of ₹Nil (Previous Year ₹6.69 Crore) for uninstalled Plant and Machinery, based on Independent Valuer's Report.

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

**Note 1.1: Transition to Ind AS 116, 'Leases'**

"Effective 1 April 2019, the company has adopted Ind AS 116 "Leases". Company has adopted modified retrospective approach and has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019. On transition company has recognised lease liability and right -to-use asset at ₹5.04 Crore., accordingly there is no impact on retained earnings on transition to Ind AS 116."

(₹ in Crore)

| Right-to-use asset | Amount |
|---|---|
| Opening right-to-use asset | 0.00 |
| Net addition during the year | 5.04 |
| Depreciation charged during the year | (1.31) |
| Closing right-to-use asset | 3.73 |

The net impact of change in accounting policy on account on adoption of Ind AS 116 over FY.2019-20 is as follows:

(₹ in Crore)

| Particulars | Amount |
|---|---|
| Increase in right-to-use asset | 3.73 |
| Increase in non-current lease liability | 2.80 |
| Increase in current lease liability | 1.19 |
| Increase in depreciation | 1.31 |
| Increase in finance cost | 0.49 |
| Decrease in rent expenses | 1.54 |

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is ₹1.82 Crore. (Incl GST)
3. Income from sub-lease during the year is ₹0.01 Crore (Previous Year 0.01 Crore).

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 2 : Investments** | | |
| **Non-Current** | | |
| **Quoted** | | |
| **Fair Value through Other Comprehensive Income** | | |
| **In Equity Shares of Group Company** | | |
| Surat Textile Mills Limited. | | |
| 14500000 (31 March 2019 : 14500000) equity shares FV of ₹1 each | 1.45 | 4.21 |
| | **1.45** | **4.21** |
| **Unquoted** | | |
| **a. Other Investments** | | |
| **Fair Value through Other Comprehensive Income** | | |
| Amitabh Bachchan Corporation Ltd. | | |
| 50000 (31 March 2019 : 50000) equity shares FV of ₹10 each | 0.12 | 0.12 |
| New Piece Goods Bazaar Co. Ltd. | | |
| 108 (31 March 2019 : 108) shares FV of ₹100 each | 0.02 | 0.02 |
| Majestic Land Developers Pvt. Ltd. | | |
| Nil (31 March 2019 : 500) equity shares FV of ₹100 each | 0.00 | 0.12 |
| Electrex India Ltd. | | |
| 100 (31 March 2019 : 100) equity shares FV of ₹10 each | 0.00 | 0.00 |
| (Carring at ₹1755 in books) | | |
| Icent Ltd., | | |
| 206667 (31 March 2019 : 206667) equity shares FV of ₹10 each | 0.00 | 0.00 |
| (Carring at ₹1 in books) | | |
| Salora Shinsung Textile Co Ltd. | | |
| 4943832 (31 March 2019 : 4943832) equity shares FV of ₹10 each | 0.00 | 0.00 |
| (Carring at ₹1 in books) | | |
| **b. Investment in Government Securities** | | |
| **Amortised Cost** | | |
| National Savings Certificate (Carring at ₹10000 in books) | 0.00 | 0.00 |
| (Deposited with Sales Tax Authorities) | | |
| | **0.14** | **0.26** |
| **Total** | **1.59** | **4.47** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 3 : Loans and Advances** | | |
| **Non-Current** | | |
| **Unsecured, Considered Good** | | |
| Loans to Employees | 0.16 | 0.07 |
| | **0.16** | **0.07** |
| **Current** | | |
| **Unsecured, Considered Good** | | |
| Loans to Employees | 0.04 | 0.06 |
| | 0.04 | 0.06 |
| **Total** | **0.20** | **0.13** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 4 : Other Financial Assets** | | |
| **Non-Current** | | |
| Margin Money Account | 4.60 | 2.25 |
| **Total** | **4.60** | **2.25** |
| **Current** | | |
| Income Receivable - Utility Sale | 0.38 | 0.47 |
| Export Incentive - MEIS Licences | 0.68 | 0.00 |
| Income Receivables - Miscellaneous Income/Refund | 0.00 | 0.05 |
| **Total** | **1.06** | **0.52** |

(₹ in Crore)

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **Note 5 : Taxes on Income** | | | |
| The major components of Income Tax Expense for the year ended March 2020 and March 2019 are: | | | |
| **(i)** | **Statement of Profit or Loss** | | |
| | Current Tax | NIL | NIL |
| | Short/(Excess) provision of tax for earlier years | NIL | NIL |
| | Deferred Tax | NIL | NIL |
| | **Total Income Tax Expense** | **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** | | |
| (A) | Income before tax | Not Applicable | Not Applicable |
| (B) | Enacted Tax Rate in India | | |
| (C) | Expected Tax Expense | | |
| (D) | Effect of expenses that are not deductible in determining taxable profit | | |
| (E) | Effect of Income which is Exempt | | |
| (F) | Expenses disallowed Previous Year but allowed in Current Year | | |
| (G) | Income taxable in future years | | |
| (H) | Effect of carried forward loss | | |
| (I) | Other Comprehensive Income (OCI) | | |
| (J) | Effect of Different tax rate | | |
| (K) | Net tax expense to be recognized in Profit or Loss | | |
| **(iv)** | **Movement of Deferred Tax** | | |
| **Deferred Tax Liability on Account of :** | | | |
| | Difference between book value and tax written Down Value of Fixed Assets | 178.41 | 182.72 |
| | Revaluation of Investment (OCI) | 0.00 | 0.08 |
| | **Total** | **178.41** | **182.80** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Deferred Tax Asset on Account of :** | | |
| Disallowances under the Income Tax Act, 1961 | 94.81 | 88.14 |
| Carried forward tax losses | 353.89 | 272.96 |
| Provision for Doubtful Debts | 0.23 | 0.16 |
| Effect of Lease assets | 0.09 | 0.00 |
| Revaluation of Investment (OCI) | 0.22 | 0.00 |
| Remeasurements of Gratuity and Leave encashment | 0.00 | 0.81 |
| **Total** | **449.24** | **362.07** |
| **Deferred Tax Liability / (Asset) (Net)** | (270.83) | (179.27) |
| Current year (Credit)/ Charge to the extent of liability | 0.00 | 0.00 |
| Current year (Credit)/ Recognised at balance amount | 0.00 | 0.00 |

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



(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 6 : Inventories* (at lower of cost and net realisable value)** | | |
| Raw Materials | 52.95 | 106.42 |
| Raw Materials In Transit | 2.85 | 19.84 |
| | **55.80** | **126.26** |
| Finished Goods (Including Stock in trade) | 146.69 | 164.53 |
| Finished Goods in Transit | 27.76 | 62.02 |
| Work in Progress | 2.10 | 2.10 |
| | **176.55** | **228.65** |
| Stores,Spares,Chemicals & Consumables | 48.76 | 60.42 |
| **Total** | **281.11** | **415.33** |

*Inventories hypothecated as security for borrowings as disclosed under Note 13

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 7 : Trade Receivables** | | |
| Unsecured, Considered Good* | 72.59 | 101.78 |
| Considered Doubtful | 1.68 | 2.31 |
| | **74.27** | **104.09** |
| Less: Allowance for Credit Losses | 0.69 | 0.47 |
| **Total** | **73.58** | **103.62** |

*Refer Note 33.2 for Amount due from Related Parties.

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 8(a) : Cash and Cash Equivalents** | | |
| Cash on hand | 0.26 | 0.26 |
| Balances with banks | | |
| In Current Accounts | 71.54 | 10.29 |
| In EEFC Accounts | 11.63 | 22.48 |
| Fixed Deposit (maturity in less than 3 months) | 0.70 | 3.29 |
| | **84.13** | **36.32** |
| **Note 8(b) : Other Bank Balances** | | |
| Margin Money Account | 115.26 | 27.12 |
| Fixed Deposit (maturity between 3 to 12 months) | 1.22 | 0.24 |
| Fixed Deposit (maturity in more than 12 months) | 0.23 | 0.02 |
| | **116.71** | **27.38** |
| **Total** | **200.84** | **63.70** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 9 : Non-Current Tax Assets** | | |
| Advance Income Tax (Net of Provisions) | 3.39 | 2.82 |
| **Total** | **3.39** | **2.82** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 10 : Other Assets** | | |
| **Non-Current** | | |
| **Unsecured, Considered Good** | | |
| Deposits - Receivable Long Term | 0.74 | 0.62 |
| Balance with Customs, Excise & Service Tax Authorities | 13.64 | 14.27 |
| Prepaid Expenses | 0.35 | 0.25 |
| Paintings & Artefacts | 12.77 | 12.77 |
| **Total** | **27.50** | **27.91** |
| **Current** | | |
| **Unsecured, Considered Good** | | |
| Balance with Customs, GST and State Authorities | 64.70 | 101.50 |
| Advance to Trade Suppliers | 52.14 | 5.69 |
| Advance to Capital Expense Suppliers | 0.37 | 0.49 |
| Income Receivable | 4.87 | 7.75 |
| Prepaid Expenses | 3.28 | 1.95 |
| Deposits - Receivable | 5.07 | 6.52 |
| Advance Paid to Employees' Gratuity Fund | 0.00 | 1.23 |
| **Total** | **130.43** | **125.13** |
| **Total Other Assets** | **157.93** | **153.04** |



(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 11 : Equity Share Capital** | | |
| Authorised Share Capital | | |
| Equity Shares of ₹10/- each | | |
| 60000000 (31 March 2019 : 60000000) | 60.00 | 60.00 |
| **Total** | **60.00** | **60.00** |
| Issued, Subscribed and Paid up * | | |
| Equity Shares of ₹ 10/- each fully paid up | | |
| 42082525 (31 March 2019 : 42082525) | 42.08 | 42.08 |
| **Total** | **42.08** | **42.08** |

*No Changes during the year and immediately Preceding Financial Year.

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

| Particulars | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---|---|---|---|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Introscope Properties Pvt. Ltd. | 7231996 | 17.19% | 7231996 | 17.19% |
| Palomar Textiles Ltd. | 3930872 | 9.34% | 3930872 | 9.34% |
| Mr. Praful A. Shah (Partner of Isha Enterprises) | 3791985 | 9.01% | 3791985 | 9.01% |
| Mr. Praful A. Shah | 2789190 | 6.63% | 2789190 | 6.63% |
| Mr. Praful A. Shah (Partner of Rayben Investments) | 2492816 | 5.92% | 2492816 | 5.92% |

All the above shares held by the said promoters and promoter group entities (except 1949880 shares held by Shri Praful A. Shah - Partner of Isha Enterprises) are pledged with the lenders in terms of Share Pledge Agreement executed on 28/12/2017 between the Promoters as pledgers, IDBI Trusteeship Services Limited as the Security Trustee on behalf of the Lenders and Garden Silk Mills Limited, the Company / Borrower.

**11.2 Rights, Preferences and Restrictions attached to Shares**

**Equity Shares:**

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

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

i) Allotted as fully paid up pursuant to contracts without payment being received in cash

ii) Allotted as fully paid shares by way of bonus shares

iii) Bought back.

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 12 : Other Equity** | | |
| **Securities Premium** | | |
| Balance at the beginning of the year | 252.19 | 252.19 |
| Add : During the year | 0.00 | 0.00 |
| Balance at the end of the year | **252.19** | **252.19** |
| **General Reserve** | | |
| Balance at the beginning of the year | 20.46 | 20.46 |
| Add : During the year | 0.00 | 0.00 |
| Balance at the end of the year | **20.46** | **20.46** |
| **Retained Earnings** | | |
| Balance at the beginning of the year | (615.97) | (526.20) |
| Add : Profit/(Loss) for the year | (207.60) | (89.77) |
| Balance at the end of the year | **(823.57)** | **(615.97)** |
| **Other Comprehensive Income** | | |
| Balance at the beginning of the year | (1.78) | 0.60 |
| Add : OCI for the year | (5.74) | (2.38) |
| Balance at the end of the year | **(7.52)** | **(1.78)** |
| **Total** | **(558.44)** | **(345.10)** |

**Nature and Purpose of Reserves:**

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

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

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

**Items of Other Comprehensive Income**

i) Remeasurements of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

ii) Equity Instruments through Other Comprehensive Income: The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through Other Comprehensive Income. Upon de-recognition, the cumulative fair value changes on the said instruments will not be reclassified to the Statement of Profit and Loss.

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 13(a) : Long-term Borrowings** | | |
| **Secured** | | |
| **Amortised Cost** | | |
| Term Debt from Asset Reconstruction Company (ARC) | 1926.73 | 0.00 |
| Term loan from Banks | 0.00 | 1312.47 |
| Term loan from Financial Institutions | 0.00 | 26.12 |
| Term loan from foreign banks | 0.00 | 3.14 |
| **Total Borrowings** | **1926.73** | **1341.73** |
| Less: Current Maturities (Refer Note 16) | | |
| **Secured** | | |
| **Amortised Cost** | | |
| Term Debt from ARC | 0.00 | 0.00 |
| Term loan from Banks | 0.00 | 639.23 |
| Term loan from Financial Institutions | 0.00 | 10.60 |
| Term loan from foreign banks | 0.00 | 1.62 |
| **Total** | **0.00** | **651.45** |
| **Total Long-term Borrowings** | **1926.73** | **690.28** |

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

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 13(b) : Short-term Borrowings** | | |
| **Secured** | | |
| Cash Credit Facilities | 0.00 | 87.27 |
| **Total Short-term Borrowings** | **0.00** | **87.27** |

**(A) Note on Secured Borrowings for the year ended 31st March, 2020**

a) As per Deed of Assignment of Debt dated 04.02.2020 all fund based Consortium Debt has been assigned by erstwhile Lenders to Invent Assets Securitisation and Reconstruction Private Limited together with all its rights, title and interest in financing documents and any underlying security interests.

In view of above, Term Debt from ARC is secured by first charge on pari passu basis on entire fixed assets of the Company both present and future by way of mortgage/hypothecation of all immovable/moveable properties and are further secured by first charge on entire current assets of the Company both present and future by way of hypothecation of all current assets.

b) Maturity profile as at 31st March, 2020 is not given since the ARC has not conveyed the repayment terms/ schedule to the Company.

**(B) Note on Secured Borrowings for the year ended 31st March, 2019**

a) Term Loans from Banks and Financial Institutions were secured by first charge on pari passu basis on entire fixed assets of the Company both present and future by way of mortgage/hypothecation of all immovable/ moveable properties (except assets under specific charge with the lenders as per Note (b) below), and were further secured by second charge on entire current assets of the Company both present and future by way of hypothecation of all current assets subject to prior charges created/to be created in favour of Bankers for working capital borrowings.

b) Of the Rupee Term Loans from Banks:

i) Loans from Bank of India to the extent of ₹ Nil (Previous Year: ₹1.81 Crore) were secured by hypothecation of specific machinery of Fully Drawn Yarn (FDY) Project at Jolwa.

ii) Loans from Bank of India to the extent of ₹ Nil (Previous Year: ₹9.31 Crore) were secured by hypothecation of specific Building and Machinery of Texturising plant and Draw Twisting plant at Jolwa.

iii) Loan from Daimler Financial Services Pvt Ltd aggregating to ₹Nil (Previous Year: ₹0.06 Crore) under vehicle finance scheme was secured by an exclusive charge by way of hypothecation of specific vehicle purchased under the arrangement.

iv) Loans from ICICI Home Finance Co. Ltd to the extent of ₹Nil (Previous Year: ₹1.09 Crore) was secured by hypothecation of residential flat at Mumbai.

v) Loans from Corporation Bank to the extent of ₹ Nil (Previous Year: ₹30.03 Crore) were secured by hypothecation of movable fixed assets of Specific Continuous Polymerisation Project at Jolwa.

vi) Loan from Union Bank of India to the extent of ₹ Nil (Previous Year: ₹43.30 Crore) was secured by hypothecation of specific machinery of Coal Based Thermal Power Project at Jolwa.

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

d) Closing balance of term loan from foreign bank is secured by a guarantee from Bank of India and is backed by an equivalent margin money deposit including interest thereon.

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 14 : Provisions** | | |
| **Long-term Provision** | | |
| Payable to Gratuity Fund | 0.00 | 0.00 |
| Leave Benefits | 5.29 | 4.98 |
| **Total** | **5.29** | **4.98** |
| **Short-term Provision** | | |
| Payable to Gratuity Fund | 1.40 | 0.00 |
| Leave Benefits | 0.22 | 0.21 |
| **Total** | **1.62** | **0.21** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 15 : Trade Payables** | | |
| a) Acceptances | 115.44 | 196.18 |
| b) Payable to Others | | |
| i) Payable to Micro and Small Enterprises* | 2.23 | 2.84 |
| ii) Others including Creditors for Expenses# | 29.22 | 42.73 |
| **Total** | **146.89** | **241.75** |

# Refer Note 33.2 for Amount payable to Related Parties.

*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2020 as disclosure requirement under MSMED act, 2006 are applicable.

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

(₹ in Crore)

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| (a) | Principal Amount Due | 2.23 | 2.84 |
| (b) | Interest on Principal Amount Due | **Nil** | **Nil** |
| (c) | Interest and Principal Amount paid beyond appointment day | Nil | Nil |
| (d) | The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act. | Nil | Nil |
| (e) | The Amount of Interest accrued and remaining unpaid at the end of the year | Nil | Nil |
| (f) | The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act. | Nil | Nil |

**Note:**

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

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 16 : Other Financial Liabilities** | | |
| **Non-Current** | | |
| Lease Liabilities | 2.80 | 0.00 |
| **Total** | **2.80** | **0.00** |
| **Current** | | |
| Interest Accrued and Due on Term Debt of ARC | 23.43 | 0.00 |
| Interest Accrued But Not Due | 0.25 | 0.02 |
| Payable - Employees Benefit Expenses | 9.42 | 13.27 |
| Payable - Expenses Others | 6.35 | 7.98 |
| Payable - Deposits | 6.64 | 7.34 |
| Lease Liabilities | 1.19 | 0.00 |
| Creditors for Capital Expenses | 0.23 | 0.29 |
| Payable to Related Parties towards Purchase of Fixed Assets | 0.30 | 0.30 |
| Forward Contract Payable / (Receivable) | 1.82 | (0.44) |
| Current Maturities of Long-term Debt [Refer Note 13(a)] | 0.00 | 651.45 |
| Interest Accrued and Due | 0.00 | 287.89 |
| **Total** | **49.63** | **968.10** |

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 17 : Other Liabilities** | | |
| **Non-Current** | | |
| Payable - Expenses | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |
| **Current** | | |
| Advances from Customers | 21.80 | 26.69 |
| Payable - Expenses | 1.18 | 1.40 |
| Payable - Taxes | 0.17 | 0.42 |
| Payable - TDS | 1.24 | 1.82 |
| **Total** | **24.39** | **30.33** |

(₹ in Crore)

| | | 2019-20 | 2018-19 |
|---|---|---|---|
| **Note 18 : Revenue from Operations** | | | |
| | Sale of Product / Services | 2875.74 | 3,488.04 |
| | Job Charges Income | 1.35 | 0.46 |
| | **Total** | **2877.09** | **3488.50** |
| **18.1** | **Sale of Products** | | |
| | Chips | 1129.62 | 1423.33 |
| | POY/FDY | 1160.98 | 1429.19 |
| | Processed yarn | 463.47 | 468.72 |
| | Fabrics | 90.25 | 133.28 |
| | Sale of Utilities | 9.12 | 7.77 |
| | Other | 22.30 | 25.75 |
| | | **2875.74** | **3488.04** |
| **18.2** | **Other Operations** | | |
| | Job Charges Income | 1.35 | 0.46 |
| | **Total Revenue** | **2877.09** | **3488.50** |

(₹ in Crore)

| | | 2019-20 | 2018-19 |
|---|---|---|---|
| **18.3** | **Reconciliation of Revenue from Sale of Product with Contracted Price** | | |
| | Contracted Price | 2867.32 | 3476.86 |
| | Add: Export Benefits | 8.78 | 19.50 |
| | Less: Rate Difference and Exchange Fluctuations. | 0.36 | 8.32 |
| | **Total** | **2875.74** | **3488.04** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 19 : Other Income** | | |
| **Interest Income** | | |
| Bank Deposits | 1.76 | 2.57 |
| Employee Loans | 0.01 | 0.01 |
| Tax Refund | 0.06 | 0.07 |
| **Dividend Income** | | |
| on Long Term Investments | 0.01 | 0.01 |
| **Other Non Operating Income** | | |
| Credit balances Written Back | 0.19 | 15.81 |
| Penalty Recovered | 0.68 | 0.33 |
| Business Support Services | 0.26 | 0.05 |
| Rent Income | 0.12 | 0.12 |
| Net Surplus on Disposal of Fixed Assets | 0.02 | 0.08 |
| Miscellaneous Receipts | 0.44 | 0.33 |
| **Total** | **3.55** | **19.38** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 20 : Cost of Materials Consumed** | | |
| Opening Stock of Raw Material | 126.26 | 122.42 |
| Add: Purchases during the year | 2068.79 | 2602.58 |
| | **2195.05** | **2725.00** |
| Less: Closing Stock of Raw Material | 55.80 | 126.26 |
| **Cost of Material Consumed** | **2139.25** | **2598.74** |

(₹ in Crore)

| | | 2019-20 | 2018-19 |
|---|---|---|---|
| **20.1** | **Value of Imports on CIF Basis in Respect of** | | |
| | Raw Materials | 230.74 | 485.12 |
| | Stores,Spares,Chemicals & Consumables | 79.56 | 62.26 |
| | Capital Goods | 1.07 | 0.19 |
| | | **311.37** | **547.57** |

(₹ in Crore)

## Note 21 : Purchases of Stock-in-Trade

| | 2019-20 | 2018-19 |
|---|---|---|
| Yarn | 9.68 | 29.19 |
| Fabrics | 6.21 | 7.49 |
| Readymade | 0.68 | 0.54 |
| P.T.A. | 1.65 | 1.57 |
| M.E.G. | 0.00 | 1.17 |
| **Total** | **18.22** | **39.96** |

(₹ in Crore)

## Note 22 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

| | 2019-20 | 2018-19 |
|---|---|---|
| **Opening Stock** | | |
| Finished Goods and Stock-in-trade | 226.55 | 234.49 |
| Work-in-Progress | 2.10 | 2.50 |
| | **228.65** | **236.99** |
| **Less: Closing Stock** | | |
| Finished Goods and Stock-in-trade | 174.45 | 226.55 |
| Work-in-Progress | 2.10 | 2.10 |
| **Total** | **52.10** | **8.34** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 23 : Employee Benefit Expenses** | | |
| Salaries, Wages and Bonus | 106.57 | 105.73 |
| Directors Remuneration | 5.02 | 7.57 |
| Contribution to Provident and Other Funds | 7.93 | 8.66 |
| Contribution to Gratuity | 2.15 | 2.16 |
| Staff Welfare Expenses | 1.87 | 2.16 |
| **Total** | **123.54** | **126.28** |

**(a) Defined Contribution Plan**

The Company has Recognized ₹2.97 Crore for Provident Fund Contribution in the Statement of Profit and Loss for the year ended 31st March, 2020 (Previous Year: ₹3.02 Crore).

**(b) Defined Benefit Plan**

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

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

**Annexure 1 : Funded status of the plan**

| **Particulars** | GRATUITY | | **Leave Benefits** | |
|---|---|---|---|---|
| | **31st March, 2020 (12 months)** | 31st March, 2019 (12 months) | **31st March, 2020 (12 months)** | **31st March, 2019 (12 months)** |
| Present value of unfunded obligations | 0.00 | 0.00 | 5.51 | 5.19 |
| Present value of funded obligations | 29.96 | 28.45 | 0.00 | 0.00 |
| Fair value of plan assets | (28.57) | (29.68) | 0.00 | 0.00 |
| **Net Liability (Asset)** | **1.39** | **(1.23)** | **5.51** | **5.19** |

**Annexure 2 : Profit and Loss account for the current period**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Service cost: | | | | |
| Current service cost | 2.33 | 2.49 | 4.58 | 4.60 |
| Past service cost and loss/(gain) on curtailments and settlement | 0.00 | 0.00 | 0.00 | (0.08) |
| Net interest cost | (0.18) | (0.33) | 0.39 | 0.49 |
| Net value of remeasurements on the obligation and plan assets | 0.00 | 0.00 | 1.53 | 0.90 |
| **Total Charge to Profit & Loss** | **2.15** | **2.16** | **6.50** | **5.91** |

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| **Components of actuarial gain/losses on obligation** | | | | |
| Due to Change in financial assumptions | 2.14 | 0.00 | 0.51 | 0.00 |
| Due to change in demographic assumption | (0.01) | 0.00 | (0.001) | 0.00 |
| Due to experience adjustments | (1.52) | (0.43) | 1.02 | 0.90 |
| Return on plan assets excluding amounts included in interest income | 0.87 | 0.37 | 0.00 | 0.00 |
| **Net actuarial Loss/(Gain)** | **1.48** | **(0.06)** | **1.53** | **0.90** |

**Annexure 3: Reconciliation of defined benefit obligation**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Opening Defined Benefit Obligation | 28.45 | 31.62 | 5.19 | 6.48 |
| Transfer in/(out) obligation | (0.01) | 0.21 | 0.00 | 0.00 |
| Current service cost | 2.33 | 2.49 | 4.58 | 4.60 |
| Interest cost | 2.01 | 2.21 | 0.39 | 0.49 |
| Components of actuarial gain/losses on obligations: | | | | |
| Due to Change in financial assumptions | 2.14 | 0.00 | 0.51 | 0.00 |
| Due to change in demographic assumption | (0.01) | 0.00 | (0.001) | 0.00 |
| Due to experience adjustments | (1.52) | (0.43) | 1.02 | 0.90 |
| Past service cost | 0.00 | 0.00 | 0.00 | (0.08) |
| Loss (gain) on curtailments | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities extinguished on settlements | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities assumed in an amalgamation in the nature of purchase | 0.00 | 0.00 | 0.00 | 0.00 |
| Exchange differences on foreign plans | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits paid | (3.44) | 7.65 | (6.19) | (7.21) |
| **Closing Defined Benefit Obligation** | **29.95** | **43.75** | **5.50** | **5.18** |

**Annexure 4: Reconciliation of Plan assets**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Opening value of plan assets | 29.68 | 34.68 | 0.00 | 0.00 |
| Transfer in/(out) plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Income | 2.19 | 2.53 | 0.00 | 0.00 |
| Return on plan assets excluding amounts included in interest income | (0.87) | (0.37) | 0.00 | 0.00 |
| Assets distributed on settlements | 0.00 | 0.00 | 0.00 | 0.00 |
| Contributions by employer | 1.00 | 0.50 | 0.00 | 0.00 |
| Assets acquired in an amalgamation in the nature of purchase | 0.00 | 0.00 | 0.00 | 0.00 |
| Exchange differences on foreign plans | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits paid | (3.44) | (7.65) | 0.00 | 0.00 |
| **Closing value of plan assets** | **28.56** | **29.69** | **0.00** | **0.00** |

**Annexure 5: Reconciliation of net defined benefit liability**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Net opening provision in books of accounts | (1.23) | (3.05) | 5.19 | 6.48 |
| Transfer in/(out) obligation | (0.01) | 0.21 | 0.00 | 0.00 |
| Transfer (in)/out plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee Benefit Expense as per Annexure 2 | 2.15 | 2.16 | 6.50 | 5.91 |
| Amounts recognized in Other Comprehensive Income | 1.49 | (0.05) | 0.00 | 0.00 |
| **Total** | **2.40** | **(0.73)** | **11.69** | **12.39** |
| Benefits paid by the Company | 0.00 | 0.00 | (6.19) | (7.21) |
| Contributions to plan assets | (1.00) | (0.50) | 0.00 | 0.00 |
| **Closing provision in books of accounts** | **1.40** | **(1.23)** | **5.50** | **5.18** |

**Annexure 6: Bifurcation of liability**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Current Liability* | 1.40 | (1.23) | 0.22 | 0.21 |
| Non-Current Liability | 0.00 | 0.00 | 5.29 | 4.98 |
| **Net Liability** | **1.40** | **(1.23)** | **5.51** | **5.19** |

*The current liability is calculated as expected benefits for the next 12 months.

**Annexure 7: Principle actuarial assumptions**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| Discount Rate | 6.80% p.a. | 7.60% p.a. | 6.80% p.a. | 7.60% p.a. |
| Salary Growth Rate | 7.00% p.a. | 7.00% p.a. | 7.00% p.a. | 7.00% p.a. |
| Withdrawal Rates | 3% at younger ages reducing to 1% at older ages | 3% at younger ages reducing to 1% at older ages | 3% at younger ages reducing to 1% at older ages | 3% at younger ages reducing to 1% at older ages |
| Rate of Return on Plan Assets | 6.80% p.a. | 7.60% p.a. | | |
| Leave Availment Rate | | | 0% p.a. | 0% p.a. |
| Leave Encashment Rate | | | 0% p.a. | 0% p.a. |

**Annexure 8: Expected cash flows based on past service liability**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | Cash flows | % | Cash flows | % |
| Year 1 | 1.94 | 2.90% | 0.22 | 1.30% |
| Year 2 | 2.04 | 3.10% | 0.39 | 2.40% |
| Year 3 | 2.57 | 3.90% | 0.38 | 2.30% |
| Year 4 | 3.39 | 5.10% | 0.28 | 1.80% |
| Year 5 | 1.94 | 2.90% | 0.40 | 2.40% |
| Year 6 to Year 10 | 13.58 | 20.50% | 2.00 | 12.30% |

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

**The Expected contribution for the next year is ₹ 1,39,89,145**

**The Weighted Average Duration (Years) as at valuation date is 10.27 years.**

**Annexure 9: Sensitivity to key assumptions**

| Particulars | GRATUITY | | Leave Benefits | |
|---|---|---|---|---|
| | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) | 31st March, 2020 (12 months) | 31st March, 2019 (12 months) |
| **Discount rate Sensitivity** | | | | |
| Increase by 0.5% | 28.60 | 27.28 | 5.18 | 4.89 |
| (% change) | -4.57% | -4.13% | -6.00% | -5.69% |
| Decrease by 0.5% | 31.45 | 29.72 | 5.87 | 5.51 |
| (% change) | 4.95% | 4.47% | 6.63% | 6.26% |
| **Salary growth rate Sensitivity** | | | | |
| Increase by 0.5% | 31.43 | 29.72 | 5.87 | 5.51 |
| (% change) | 4.89% | 4.45% | 6.58% | 6.26% |
| Decrease by 0.5% | 28.60 | 27.27 | 5.17 | 4.89 |
| (% change) | -4.55% | -4.15% | -6.01% | -5.74% |
| **Withdrawal rate (W.R.) Sensitivity** | | | | |
| W.R. x 110% | 29.96 | 28.48 | 5.50 | 5.20 |
| (% change) | -0.01% | 0.08% | -0.03% | 0.15% |
| W.R. x 90% | 29.97 | 28.43 | 5.51 | 5.18 |
| (% change) | 0.00% | -0.09% | 0.03% | -0.16% |

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

*Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.*

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 24 : Finance Costs** | | |
| Interest Expenses | 197.96 | 196.72 |
| Interest on Lease Liabilities | 0.49 | 0.00 |
| Other Interest Expenses | 0.35 | 0.46 |
| Other Financial Charges | 6.56 | 11.63 |
| **Total** | **205.36** | **208.81** |
| Less : Other Interest/Financial Income | 3.22 | 4.71 |
| **Total** | **202.14** | **204.10** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 25 : Depreciation, Amortisation and Impairment Expenses** | | |
| Depreciation on Tangible Assets | 66.00 | 66.09 |
| Depreciation - Right to Use Assets | 1.31 | 0.00 |
| Amortisation of Intangible Assets | 0.01 | 0.06 |
| Impairment Losses | 0.00 | 6.69 |
| **Total** | **67.32** | **72.84** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 26 : Other Expenses** | | |
| **Manufacturing Expenses** | | |
| Power and Fuel Expense | 219.91 | 227.41 |
| Consumption of Stores, Spares and Chemicals | 78.57 | 82.54 |
| Packing Charges | 58.60 | 61.99 |
| Factory Expense | 17.26 | 17.13 |
| R&M - Plant and Machinery | 16.76 | 19.19 |
| R&M - Buildings | 1.31 | 2.01 |
| R&M - Others | 0.79 | 0.97 |
| Conversion and Processing Charges | 0.49 | 0.73 |
| | **393.69** | **411.97** |
| **Selling and Distribution Expenses** | | |
| Freight, Octroi, Carting, Loading, Unloading, etc. | 31.32 | 59.23 |
| Commission and Discount | 21.95 | 28.66 |
| Advertisement | 2.79 | 2.61 |
| Other Selling and Distribution Expenses | 3.15 | 3.17 |
| | **59.21** | **93.67** |
| **Establishment Expenses** | | |
| General Charges | 5.24 | 14.26 |
| Legal and Professional Charges | 12.75 | 12.72 |
| Rent Expense | 0.48 | 2.01 |
| Insurance | 4.05 | 1.90 |
| Rates and Taxes | 6.59 | 1.07 |
| Auditor's Remuneration | 0.90 | 0.80 |
| Corporate Social Responsibility | 0.01 | 0.01 |
| Bad-Debts & Miscellaneous Balances Written Off | 0.28 | 0.47 |
| Bad and Doubtful Debts (ECL) | 0.22 | (0.44) |
| GST ITC Lapsed | 0.00 | 6.54 |
| (Gain)/Loss on Revaluation of Forward Contracts | 2.25 | (1.05) |
| | **32.77** | **38.29** |
| **Total** | **485.67** | **543.93** |

(₹ in Crore)

| | | 2019-20 | 2018-19 |
|---|---|---|---|
| **26.1** | **Payment to Auditors** | | |
| | **Paid to Statutory Auditors :** | | |
| | Statutory Audit Fees | 0.22 | 0.22 |
| | Certification Fees | 0.00 | 0.0014 |
| | Limited review | 0.15 | 0.15 |
| | Other Consultancy Fees | 0.00 | 0.06 |
| | **Paid to Other Auditors :** | | |
| | Tax Audit Fees | 0.04 | 0.05 |
| | GST Audit Fees | 0.04 | 0.04 |
| | Expenses towards Audit | 0.02 | 0.02 |
| | Cost Audit Fees | 0.02 | 0.02 |
| | Monitoring Audit Fees | 0.20 | 0.00 |
| | Other Audit Fees | 0.21 | 0.24 |
| | | **0.90** | **0.80** |

**26.2 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 ₹0.01 Crore (Previous Year ₹0.01 Crore).

**26.3 Exceptional Items:**

The business activities of GAIA International - FZE, a wholly owned subsidiary at Ajman Free Zone has been voluntarily closed down. Further, in response to the Company's application, the Licensing Authorities i.e. Director General Ajman Free Zone has issued the cancellation certificate with effect from 9th August, 2018. Exceptional items amounting to ₹3.46 Crore for the year ended 31st March, 2019 represent fair value Loss on closing down of Subsidiary Company namely GAIA International FZE.

(₹ in Crore)

| | | 2019-20 | 2018-19 |
|---|---|---|---|
| **Note 27 : Other Comprehensive Income** | | | |
| **(A)** | **Items that will not be Reclassified to Profit or (Loss)** | | |
| | Actuarial Gain/(Loss) on Gratuity Benefit | (1.49) | 0.05 |
| | Actuarial Gain/(Loss) on Leave Benefit | (1.53) | (0.90) |
| | Gain/(Loss) on Revaluation of Investments | (2.72) | (1.53) |
| | | **(5.74)** | **(2.38)** |
| **(B)** | **Items that will be Reclassified to Profit or (Loss)** | **0.00** | **0.00** |
| | **Total (A+B)** | **(5.74)** | **(2.38)** |

(₹ in Crore)

| | 2019-20 | 2018-19 |
|---|---|---|
| **Note 28 : Earning Per Share** | | |
| **Face Value per Equity Share (₹)** | 10.00 | 10.00 |
| Net Profit after Tax attributable to Equity Shareholders (₹in Crore) | (207.60) | (89.77) |
| Weighted Average number of Equity Shares Outstanding (nos.) | 42,082,525 | 42,082,525 |
| **Basic and Diluted Earnings per share (₹)** | (49.33) | (21.33) |

(₹ in Crore)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Note 29 : Contingent Liabilities:** | | |
| **Claims against the Company not acknowledged as debts** | | |
| **Disputed Liabilities in Appeal** | | |
| Income Tax# | 6.21 | 1.90 |
| Excise Duty / Service Tax* | 81.96 | 79.51 |
| **Guarantees** | | |
| Bank Guarantees | 9.82 | 9.82 |
| (Counter-Guarantees to Banks against guarantees issued to third parties) | | |
| **Dividend Accrued on OCCP Shares, ₹1000** | | |
| 0.001% Optionally Convertible Cumulative Preference Shares | 0.00 | 0.00 |
| (now converted into equity shares) | | |
| **Others** | | |
| Foreign Bills Discounted with Banks | 0.00 | 37.42 |
| Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled | 0.00 | 1.62 |

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

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

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

**29.1 Claims under CIRP**

The company is party to several cases pending before various forums /courts/ arbitration proceedings etc. Due to the initiation of CIRP against the company subsequent to the reporting date, the moratorium has been declared inter-alia against any recovery proceedings against the Company.

## 30 Capital Management:

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

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



Total debt includes long debts as disclosed in Notes 13 to the financial statements.

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

(₹ in Crore)

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Total Debt (₹ in Crore) | 1926.73 | 690.28 |
| Total Equity (₹ in Crore) | (516.36) | (303.02) |
| Debt to Equity Ratio | (3.73) | (2.28) |

## 31 Financial Instruments:

### 31.1 Categories of Financial Instruments and Fair Value Measurement:

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

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

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

**The following table presents fair value Hierarchy of Assets and Liabilities measured at fair value on a recurring basis as of 31st March, 2020 and 31st March, 2019:**

(₹ in Crore)

| Particulars | | As at 31st March, 2020 | | | | As at 31st March, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Caring Amt /Fair Value | Level of Input used in | | | Caring Amt /Fair Value | Level of Input used in | | |
| | | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | | | | | |
| **At Amortised Cost** | | | | | | | | | |
| (i) | Investments | 0.00 | | | | 0.00 | | | |
| (ii) | Trade receivables | 73.58 | | | | 103.62 | | | |
| (iii) | Cash & cash equivalents | 84.13 | | | | 36.32 | | | |
| (iv) | Bank balances other than (iii) above | 116.71 | | | | 27.38 | | | |
| (v) | Loans and Advances | 0.20 | | | | 0.13 | | | |
| (vi) | Others financial assets | 5.66 | | | | 2.77 | | | |
| | **At FVTPL** | | | | | | | | |
| (i) | Investments | 0.00 | | | | 0.00 | | | |
| (ii) | Others financial assets | 0.00 | | | | 0.00 | | | |
| | **At FVTOCI** | | | | | | | | |
| (i) | Investments | 1.59 | 1.45 | | 0.14 | 4.47 | 4.21 | | 0.27 |
| (ii) | Others financial assets | 0.00 | | | | 0.00 | | | |

(₹ in Crore)

| Particulars | | As at 31st March, 2020 | | | | As at 31st March, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Caring Amt /Fair Value | Level of Input used in | | | Caring Amt /Fair Value | Level of Input used in | | |
| | | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| **Financial Liability** | | | | | | | | | |
| **At Amortised Cost** | | | | | | | | | |
| (i) | Borrowings | 1926.73 | | | | 777.55 | | | |
| (ii) | Trade Payables | 146.89 | | | | 241.75 | | | |
| (iii) | Other financial liabilities | 52.43 | | | | 968.10 | | | |
| | **At FVTPL** | | | | | | | | |
| (i) | Other financial liabilities | 0.00 | | | | 0.00 | | | |
| | **At FVTOCI** | | | | | | | | |
| (i) | Borrowings | 0.00 | | | | 0.00 | | | |
| (ii) | Trade Payables | 0.00 | | | | 0.00 | | | |
| (iii) | Other financial liabilities | 0.00 | | | | 0.00 | | | |

**Valuation Technique –**

i. The fair value of investment in quoted Equity Shares, Bonds, Government Securities, Treasury Bills, Certificate of Deposits and Mutual Funds is measured at quoted price or NAV.

ii. All foreign currency denominated monitory assets and liabilities are translated using exchange rate at reporting date.

iii. The fair value of level 3 instruments is valued using inputs based on information about market participants assumptions and other data that are available.

iv. The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables and trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

**Fair value of forward contract is computed –**

i. Spot Reference of original forward deal is compared with Spot Rate by FEDAI as at the reporting date.

ii. Residual Forward Points of original forward deal is compared with prevailing market forward points for the residual tenor as at the reporting date.

iii. Gain/Loss (at an undiscounted amount) is computed as at reporting date.

**31.2 Financial Risk Management Framework:**

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

**Market Risk:**

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

**Foreign Currency Risk Management:**

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

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

**Foreign Currency Exposure:**

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



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

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

| Particulars | | Foreign Currency Denomination | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|---|---|
| | | | Foreign Currency Amount in Crore | Functional Currency Amount (₹ in Crore) | Foreign Currency Amount in Crore | Functional Currency Amount (₹ in Crore) |
| **a.** | **Hedged** | | | | | |
| | Trade Receivables (net) | USD | 0.29 | 22.10 | 0.17 | 12.09 |
| | Trade Payables | JPY | 4.46 | 3.10 | 5.77 | 3.60 |
| | | USD | 0.08 | 6.33 | 0.43 | 29.53 |
| | ECB Loan | USD | 0.00 | 0.00 | 0.05 | 3.14 |
| | Interest Payable | USD | 0.00 | 0.00 | 0.00029 | 0.02 |
| **b.** | **Unhedged** | | | | | |
| | Other Receivable | USD | 0.00330 | 0.25 | 0.03 | 2.19 |
| | Trade Payables | JPY | 0.00295 | 0.00206 | 0.44 | 0.27 |
| | | USD | 0.05 | 4.03 | 0.17 | 11.53 |
| | | EUR | 0.00014 | 0.01 | 0.00014 | 0.01 |
| | Export Commission Payable | USD | 0.00499 | 0.38 | 0.02 | 1.06 |
| | Balance in EEFC Accounts | USD | 0.15 | 11.63 | 0.33 | 22.48 |



**Foreign Currency Sensitivity:**

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

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to other foreign currencies is not material.

(₹ in Crore)

| Particulars | Foreign Currency Denomination | Depreciation in INR | Effect on Profit Before Tax | Appreciation in INR | Effect on Profit Before Tax |
|---|---|---|---|---|---|
| | USD | | 1.16 | | (1.16) |
| 31st March, 2020 | JPY | +5% | (0.16) | -5% | 0.16 |
| | EUR | | 0.00 | | 0.00 |
| | USD | | (1.64) | | 1.64 |
| 31st March, 2019 | JPY | +5% | (0.01) | -5% | 0.01 |
| | EUR | | (0.001) | | 0.001 |

**Interest Rate Risk:**

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

**Interest Rate Sensitivity:**

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

| Particulars | Increase Effect | | Decrease Effect | |
|---|---|---|---|---|
| | March, 2020 | March, 2019 | March, 2020 | March, 2019 |
| Effect of Increase /decrease in floating interest rate by 100 basis points (1%) for term loans | 19.27 | 15.50 | (19.27) | (15.50) |

**Credit Risk:**

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

In addition, the Company is exposed to credit risk in relation to deposits related to lease premises. These deposits are not past due or impaired.



**Liquidity Risk:**

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

## 32 Segment Reporting:

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

(₹ in Crore)

| Segment Revenue - Geographic Segment by Location of Customer | 2019-2020 | 2018-2019 |
|---|---|---|
| Within India | 2456.94 | 2393.70 |
| Outside India | 420.15 | 1094.80 |
| **Total** | **2877.09** | **3488.50** |

## 33 As per Regulation Ind AS 24, the disclosures of transactions with the related party are given below:

**33.1 List of related parties where Controls exists and Relationships:**

| Sr. No. | Name of Related Party | Nature of Relationship |
|---|---|---|
| 1 | GAIA International FZE | Subsidiary Company* |
| 2 | Surat Textile Mills Limited | Group Company |
| 3 | Mr. Praful A. Shah - Managing Director<br>Mr. Sanjay S. Shah - Executive Director<br>Mr. Alok P. Shah - Executive Director, CFO & COO<br>Mr. Suhail P. Shah - Executive Director<br>Mr. Ketan A. Jariwala - Non Executive Director<br>Mr. Deepak N. Shah - Non Executive Director<br>Mr. Sunil S. Sheth - Non Executive Director<br>Ms. Kruti Kothari - Non Executive Director #<br>Mr. Kamlesh B. Vyas - Company Secretary<br># w.e.f. 23rd March, 2020 | Key Managerial Personnel (KMP) |
| 4 | Mrs. Shilpa P. Shah<br>Mrs. Sujata V. Parsai<br>Sirius Management Services Private Limited<br>The Garden Silk Factory<br>Majestic Land Developers LLP<br>Jigar Vyas & Associates | Relatives of Key Managerial Personnel (KMP) and their enterprises where transactions have taken place. |
| 5 | GSML-Employees Gratuity Fund | Post Employment Benefit Plan |

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

ii) Related party Relationship is as identified by the Company and relied upon by the Auditors.

**33.2 Transactions During the year with Related Parties:**

(₹ in Crore) except otherwise stated

| Sr. No. | Name and Nature of Transactions of Related Parties | Relationship | 2019-20 | 2018-19 |
|---|---|---|---|---|
| 1 | Revenue from Operations | | | |
| | Surat Textile Mills Limited | Group Company | 10.22 | 10.06 |
| | GAIA International FZE | Subsidiary Company | 0.00 | 1.45 |
| 2 | Other Income | | | |
| | Sirius Management Services Pvt. Ltd. | KMP | 0.01 | 0.01 |
| 3 | Purchases | | | |
| | Surat Textile Mills Limited | Group Company | 74.53 | 100.70 |
| 4 | Leave & Licence Fees and Reimbursement of Expenses | | | |
| | Surat Textile Mills Limited | Group Company | 0.25 | 0.00 |
| | Amalfi Textiles Pvt. Ltd. | Enterprises Related to KMP | 0.00 | 0.01 |
| | Armorax Business Centre Pvt. Ltd. | | 0.00 | 0.07 |
| | Sorrento Textiles Pvt. Ltd . | | 0.00 | 0.24 |
| 5 | Payment to Key Managerial Personnel and their Relatives* | | | |
| | Mr. Praful A. Shah | KMP | 1.34 | 2.39 |
| | Mr. Sanjay S. Shah | KMP | 0.59 | 0.59 |
| | Mr. Alok P. Shah | KMP | 0.89 | 2.39 |
| | Mr. Suhail P. Shah | KMP | 2.15 | 2.15 |
| | Mr. Ketan A. Jariwala | KMP | 0.02 | 0.01 |
| | Mr. Deepak N. Shah | KMP | 0.02 | 0.01 |
| | Mr. Sunil S. Sheth | KMP | 0.02 | 0.01 |
| | Mr. Yatish Parekh | KMP | ₹ 2500 | 0.01 |
| | Mr. Kamlesh B. Vyas | KMP | 0.31 | 0.34 |
| | Mrs. Shilpa P. Shah | Relative of KMP | 0.27 | 0.27 |
| | Mrs. Sujata V. Parsai | Relative of KMP | 0.00 | ₹ 25000 |
| | Jigar Vyas & Associates | Relative of KMP | 0.01 | 0.01 |
| 6 | Closure of Subsidiary Co. | | | |
| | GAIA International FZE | Subsidiary Company | 0.00 | 4.65 |
| 7 | Contribution to Gratuity Fund | | | |
| | GSML-Employees Gratuity Fund | Post Employment Benefit Plan | 1.00 | 0.50 |
| 8 | Other Transaction | | | |
| | Surat Textile Mills Limited | Group Company | 0.38 | 0.99 |
| | The Garden Silk Factory | Enterprise Related to KMP | 0.05 | 0.16 |
| **Balance as at 31st March, 2020** | | | | |
| | Surat Textile Mills Limited | Group Company | | |
| | - Trade Receivables & Others | | 0.60 | 0.45 |
| | - Trade Payables | | 0.02 | 0.00 |

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

## 34 Income in Foreign Currency:

(₹ in Crore)

| Particulars | 2019-2020 | 2018-2019 |
|---|---|---|
| Sales - Export | 420.15 | 1094.80 |
| Rate Difference on Imported Materials | 1.06 | 2.83 |

## 35 Expenditure in Foreign Currency:

(₹ in Crore)

| Particulars | 2019-2020 | 2018-2019 |
|---|---|---|
| Export Commission / Brokerage | 3.60 | 8.79 |
| Import Commission | 0.00 | 0.50 |
| FCL Interest | 0.16 | 0.26 |
| Foreign Subscription | 0.19 | 0.17 |
| Foreign Traveling | 0.01 | 0.21 |
| Others | 0.02 | 0.08 |

36 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund (IEPF) as at 31st March, 2020.

37 Contribution to Political parties during the year 2019-20 is ₹ Nil (Previous Year ₹ 0.01 Crore).

38 The outbreak of Coronavirus (COVID-19) pandemic disrupted the Operations of the Company since end March, 2020. The Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. The Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with maintaining social distancing, sanitization of work spaces etc. The extent and duration of COVID-19 is currently unknown and depends on future developments that are uncertain. Any resultant outcome and impact on business, due to this is unpredictable. In assessing the recoverability of Company's assets such as Investment, Loans and other receivables, the management has used internal and external source of information up to the date of approval of these financial results. Given the uncertainties, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor the developments.

39 A Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Company vide an order of the National Company Law Tribunal Ahmedabad Bench ('NCLT') in the matter CP(IB) 453 of 2018 on 24th June, 2020 under the provisions of the Insolvency and Bankruptcy Code, 2015 ('Code'). Pursuant to the order, the powers of the Board of Directors stand suspended and are exercisable by Mr. Kuresh Khambati, who was appointed as Interim Resolution Professional (IRP) by the NCLT and was consequently confirmed as Resolution Professional (RP) by the Committee of Creditors (COC). These audited financial results have been prepared by the management of the Company and certified by Managing Director / Wholetime Director and CFO of the Company. The RP has relied upon the assistance provided by the members of the Audit Committee in review of the financial results and certifications, representations and statements made by Managing Director / Wholetime Director and CFO of the Company in relation to these financial results. The RP has approved these financial results only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code.

**40** Figures for the previous year have been regrouped/reclassified wherever necessary, all values are rounded to the nearest Crore with two decimal, except when otherwise indicated.

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

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

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

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