GARNET
INTERNATIONAL

**04th September, 2018**

**To,**
**BSE Ltd.,**
Corporate Relation Department,
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 023.
Facsimile No. 22723121/22722037/2041
**Scrip Code 512493**

Dear Sir/Madam,

**Sub: Notice of Annual General Meeting of the Company for the Year Ended 31st March, 2019**

With regard to the captioned matter and in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of Notice of 37th Annual General Meeting of the Company scheduled to be held on Monday, 30th September, 2019, at 04.00 p.m. at 901, Raheja Chambers, Free Press Journal Marg, Mumbai 400021, Maharashtra, for the year ended 31st March, 2019.

You are requested to take the same on record.

Thanking You,

Garnet International Ltd.
[illegible]
Nariman Point, Mumbai - 400021, India
+91 22 22020714
+91 22 22020715
info@garnetint.com
www.garnetint.com
GSTIN: 27AABCG8583A1Z3
CIN: L74110MH1995PLC092448

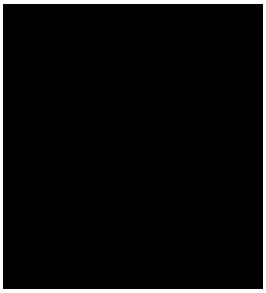
# ANNUAL REPORT

## 2018-2019

GARNET

INTERNATIONAL

## BOARD OF DIRECTORS OF THE COMPANY



**Mr. Suresh Gaggar,**
**Executive Chairman**

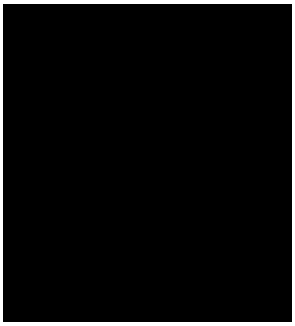
Mr. Suresh Gaggar has been associated with Garnet International Limited since the day of its inception, bringing with him more than 35 years of business acumen in capital markets and financial services.

Having experienced the peaks and troughs of the business, he has a deep understanding of the intricacies of the Indian financial markets. A post graduate in Commerce from the University of Rajasthan, he has the right mix of strong business roots and a history of courageous business decisions with decades of rich experience in the industry.

With a keen eye for the potentially successful businesses, he invests not only on the USP and the business case, but also people. He can connect with people across generations, making him one of the most dynamic people in the organization, fluidly co-existing with ideas of the past, truth of the present and the potential in the future. His strong analytical bent of mind combined with his rich industry involvement makes him known among his esteemed peers for rock-solid foresight in the equity market.

He believes in the idea of running the organisation like that of a lean start-up with enough fodder for the mind and soul and strives to create an office eco-system conducive to human growth and its potential.

While his heart is entrenched into business cases and bottom-line, he has his soul deep-rooted into the idea of giving back to the world what it gave to him. Engaging in broad realms of philanthropic activities with NGOs and NPOs, his theory in life is that life has no theory and that everyone has their destined purpose.

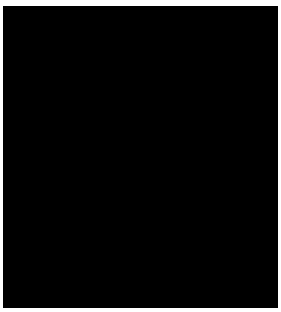


**Mr. Ramakant Gaggar,**
**Managing Director**

Mr. Ramakant Gaggar brings to the organization 23 years of rich experience in the capital markets and financial services.

With robust expertise in areas of compliance, his extensive knowledge and his vigor and zest for keeping the gears moving, he is known to run the everyday operations of the organization.

Possessing complete control over the organization's backend working, he is the coveted expert in arenas of Corporate Governance, Compliance, Company Law and the daily functioning of Garnet International Limited.



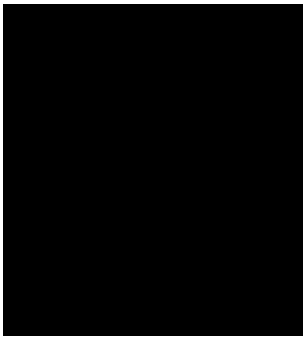
**Dr. Jaswantsingh Patil,**
**Non-Executive Independent Director**

Dr. Jaswantsingh Dilipsingh Patil is a MBBS, M.D (Chest), B.H.M.S, MD (Alternative Therapies). Dr. Pail is a Mentor & PG Guide at Hanhemann College of Homeopathy, UK Founder & Chief Visionary DEEP GANGA GROUP. Dr. Patil was also an EX-Lecturer in K.E.M Hospital, Mumbai. He has 29 years of experience in Allopathy, 16 years of experience in Homoeopathy and 12 years of experience in different alternative therapies 1999 onwards.

He is a renowned Cardiologist as well as a Celebrated Homeopath. He has successfully treated many patients of Pulmonary Tuberculosis, Multiple Sclerosis and Gynecological disorder.

He is the founder and chairman of Deep Ganga Foundation.

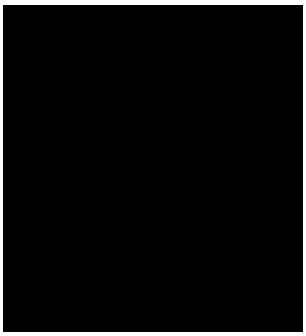
## BOARD OF DIRECTORS OF THE COMPANY



**Mrs. Sandhya Lotlikar,**

**Non Executive Independent Women Director**

Ms. Sandhya brings together 25 years of rich experience in Investment Compliance and organizational Management. Previously she has held Management positions at an Investment trust Company and leading education conglomerate. She holds a Bachelor of Arts degree from the University of Mumbai.



**Mr. Sharad Rathi**

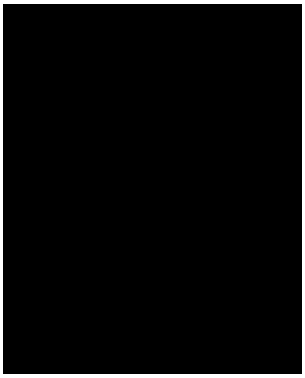
**Non-Executive Non Independent Director**

With 25 years of strong industry experience, Mr. Sharad Rathi brings a competitive edge to the company in matters relating to project finance, working capital, securitization and capital allocation. He is an independent Director of the company.

A graduate in commerce from Mumbai University and a Fellow Chartered Accountant, his expertise includes managing IPOs, private equity and debt assignments across industries such as healthcare, power, textiles, infrastructure, retail and entertainment.

With his career experience in Merchant Banking, Mr. Sharad Rathi had played a pivotal role for several large & reputed corporates across various sectors.

He also manages an advisory firm which provided independent consultancy for financial and equity related matters.



**Vishnu Kanth Bhangadia**

**Non Executive Independent Director**

Mr. Vishnu Kant Bhangadia aged about 36 years has done his graduation and has experience in various fields including industrial and pharmaceuticals areas and is also having the knowledge of administrative and compliance related aspects of the Company.

He is whole time director of Shalimar Agencies Limited.

## Board of Directors

| | |
|---|---|
| **Mr. Suresh Gaggar** | Chairman Executive Director |
| **Mr. Ramakant Gaggar** | Managing Director |
| **Mr. Sharad Rathi** | Non-Executive Non Independent Director |
| **Dr. Jaswantsingh Patil** | Non-Executive Independent Director |
| **Mrs. Sandhya Lotlikar** | Non-Executive Independent Director |
| **Mr. Vishnu Kanth Bhangadia** | Non-Executive Independent Director |

## Chief Financial Officer

Mr. Sanjay Ravindra Raut

## Company Secretary and Compliance officer

Mrs. Deepika Pandey

## Registered Office

901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021

## Statutory Auditor

M/s. M.V.K & Associates (FRN: 120222W), Chartered Accountants, Mumbai

## Banker

HDFC Bank Limited

## Registrar & Transfers Agents

Link Intime India Private Ltd, Address: C-101, 247 Park, LBS Marg, Vikhroli (W), Mumbai–400083

Phone: 022 49186270, Fax: 022 49186060, e-mail: **rnt.helpdesk@linkintime.co.in**

**Shares Listed on:** BSE Limited (code: 512493)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# NOTICE

**Notice** is hereby given that the 37th Annual General Meeting (AGM) of Members of **Garnet International Limited** will be held on Monday, 30th September, 2019, at 4.00 p.m., at 901, Raheja Chambers, Nariman Point, Free Press Journal Marg, Mumbai - 400021 Maharashtra, to transact the following business:

**ORDINARYBUSINESS:**

1. To consider and adopt:
   a. Audited Standalone Financial Statement for the year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon.
   b. Audited Consolidated Financial Statement for the year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon
2. To appoint a director in place of Mr. Ramakant Gaggar (DIN:01019838), who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS:**

**3. Appointment of Statutory Auditor to fill casual vacancy:**

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

"**RESOLVED THAT** pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. MVK Associates, Chartered Accountants, (ICAI Registration No. 120222W).

**RESOLVED FURTHER THAT** M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W) be and are hereby appointed as Statutory Auditors of the Company to hold the office from 16th August, 2019, until the conclusion of this Annual General Meeting (37th) of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company."

**4. Appointment of Statutory Auditor:**

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

"**RESOLVED THAT** pursuant to Section 139 of the Companies Act, 2013 (the "Act")read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of the 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting of the Company to be held in the year 2024, at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company."

**5. To Appoint Mrs. Sandhya Lotlikar, as an Independent Director of the Company.**

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

"**RESOLVED THAT** pursuant to the provisions of sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be in force from time to time, Mrs. Sandhya Lotlikar (DIN 08329535), who was appointed by the Board as an additional Non-Executive Independent director w.e.f 11th Janauray, 2019, pursuant

to provisions of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Independent Director and who has also submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of 5 consecutive years, that is, up to 29th September, 2025."

**6. To Appoint Mr. Vishnu Kanth Bhangadia, as an Independent Director of the Company**

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

"**RESOLVED THAT** pursuant to the provisions of sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be in force from time to time, Mr. Vishnu Kanth Bhangadia(DIN 02405217), who was appointed by the Board as an additional Non-Executive Independent director w.e.f. 29th May, 2019, pursuant to provisions of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Independent Director and who has also submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of 5 consecutive years, that is, up to 29th September, 2025."

**7. To Change the designation of Mr. Sharad Rathi, from Non-Executive-Independent Director to Non-Executive-Non-Independent Director of the Company**

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

"**RESOLVED THAT** approval of the members of the Company has been granted pursuant to the provisions of sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be in force from time to time, for change in designation of Mr. Sharad Rathi, from Non Executive Independent Director to Non Executive Non Independent Director of the Company eligible to retire by rotation."

**8. Approval to grant loan pursuant to Section 185 of the Companies Act, 2013**

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

"**RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 and all other rules, regulations, notifications and circulars issued (including any statutory modifications, clarifications, exemptions or re-enactments thereof, from time to time) and the relevant provisions of the Memorandum and Articles of Association of the Company and in furtherance to the existing loans given, the consent of the Members be and is hereby accorded for grant of loans or issue of Corporate Guarantee or providing Security for an amount not exceeding 100 Crores, in aggregate to Sukartik Clothing Private Limited, a Material Subsidiary of the Company on such terms and conditions as may be mutually agreed upon.

**RESOLVED FURTHER THAT** Board of Directors of the Company, Mr. Sanjay Raut, Chief Financial Officer and or Mrs. Deepika Pandey, Company Secretary of the Company, be and are hereby severally authorized to negotiate and decide from time to time, the terms and conditions, execute necessary documents, papers, agreements, etc for the aforesaid grant of loans or issue of Corporate Guarantee or providing Security to the subsidiaries of the Company and to do all such acts, deeds and things and to give such directions as may be necessary or expedient in its absolute discretion as it deems fit and such decisions shall be final and binding on the Company and to settle any question, difficulty that may arise in this regard and to delegate all or any of these powers to any Committee of Directors or any other Officer in this regard."

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of business to be transacted at the Annual General Meeting (AGM), as set out under Item No(s). 3, 4, 5, 6, 7 and 8 above and the relevant details of the Directors seeking re – appointment under Item No(s). 5 and 6 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India is annexed thereto.

2. A MEMBER ENTITLEDTO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURSBEFORE THE COMMENCEMENT OF THE AGM. The Proxy form, forms a part this Annual Report.

   The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before commencement of the AGM. A Proxy form is annexed to the Annual Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.

   Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.

   A Proxy-holder shall prove his identity at the time of attending the Meeting. Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signature(s) of those representative(s)authorized under the said resolution to attend and vote on their behalf at the AGM.

   In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

3. **Book Closure:** the Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (both days inclusive), for the purpose of the AGM of the Company.

4. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

   Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

   SEBI vide Press Release dated 27th March, 2019 has clarified that the share transfer deed(s) once lodged prior to the deadline of 31st March, 2019 and returned due to deficiency in documents submitted, may be re-lodged for transfer.

5. Transfer of Unclaimed Dividend Amounts to the Investor Education and Protection Fund (IEPF):

   A. Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules"), (including any statutory modification(s) and or re-enactment(s) thereof for the time being in force), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the said IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

B. During the financial year 2018 – 19, the Company has transferred to the IEPF, the following unclaimed dividends and corresponding shares thereto:

| Sr. No. | Particular | Amount of Dividend | No of shares |
|---|---|---|---|
| 1 | Final Dividend for the Financial Year 2009-10 transfer in financial year 2017-18 | 82,001.00 | 6425 |
| 2 | Final Dividend for the Financial Year 2010-11 | 64771.00 | 649 |

The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at https://garnetint.com/iepf/ and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the Link (www.iepf.gov.in).

6. Members are requested to hand over the Attendance Slip, duly signed in accordance with the specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

7. Documents open for inspection:

A. During the period beginning 24 (twenty-four) hours before the time fixed for the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than 3 (three) days of advance notice in writing is given to the Company;

B. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102 (1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the AGM; and

C. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested ,maintained under Section 189 of the Companies Act,2013, will be available for inspection by the members at the AGM

8. Green Initiative:

A. Electronic copy of the Notice convening the 37th AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company/Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.

B. Members, who have not registered their email ids so far, are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.

9. Procedure for voting:

A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), members are provided with the following alternatives by which they may cast their votes:

(i) by electronic means through the remote e-voting platform provided by the National Securities Depository Limited (NSDL). The remote e-Voting period will commence on Friday, 27th September, 2019 at 9.00 a.m. and will end on Sunday, 29th September, 2019 at 5.00 p.m. The remote e-voting module will be disabled by NSDL for voting thereafter. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, 23rd September, 2019, may cast their votes through remote e-Voting. Instructions and information relating to e-voting are as follows:

**Instructions**

**Step 1:** Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| **Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical** | **Your User ID is:** |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12********** then your user ID is 12********** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example, if EVEN is 101456 and folio number is 001*** then user ID is 101456001*** |

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the.pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form the.pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your registered address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2 :** Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail cssiddharthsharma@gmail.com to with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl. com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

A. Members who have cast their votes by remote e-Voting prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.

B. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on the cut-off date i.e. Monday, 23rd September, 2019.

C. The Company has appointed M/s Siddharth Sharma & Associates, Practice Company Secretary Firm, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

D. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.

E. The resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the scrutinizers report shall be placed on the Company's website www.garnetint.com and on NSDL website https://www.evoting.nsdl.com immediately after the result is declared by the Chairman.

10. All correspondence including share transfer documents should be addressed to the RTA of the Company viz. Link Intime India Private Limited, C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083, Tel:022- 49186000, e-mail: rnt@linkintime.co.in.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
12. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Link Intime. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
13. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the AGM.
14. A route map showing directions to reach the venue of the 37th AGM is given along with this Annual Report as per the requirement of the Secretarial Standards - 2 on General Meetings.
15. Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.

By Order of the Board of Directors,

**DEEPIKA PANDEY**
Company Secretary
ACS No: 41277

Mumbai, 16th August, 2019

**Registered Office:**
901, Raheja Chambers, Free Press Journal Marg,
Nariman Point Mumbai 400021
CIN: L74110MH1995PLC093448
Email ID: secretarial@garnetint.com
Website: www.garnetint.com

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned from Item Nos. 3 to 8 of the accompanying Notice dated 16th August, 2019.

**ITEM NO. 3:**

The Members of the Company at its 36th AGM held on Monday, 10th September, 2018 had appointed M/s. MVK Associates, Chartered Accountants, Mumbai, (ICAI Registration No. 120222W) as the Statutory Auditors of the Company for second term to hold office from the conclusion of this Meeting till the conclusion of the 40th Annual General Meeting of the Company.

M/s. MVK Associates, Chartered Accountants, Mumbai, (ICAI Registration No. 120222W) vide their letter dated 16th August, 2019 have resigned from the position of Statutory Auditors of the Company, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by section 139(8) of the Companies Act, 2013.

The Board of Directors at its meeting held on 16th August, 2019 as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(8) of the Companies Act, 2013, have appointed M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), to hold office as the Statutory Auditors of the Company till the conclusion of 37th AGM and to fill the casual vacancy caused by the resignation of M/s. MVK Associates, Chartered Accountants, Mumbai, (ICAI Registration No. 120222W) subject to the approval by the members at the 37th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company.

The Company has received consent letter and eligibility certificate from M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), to act as Statutory Auditors of the Company in place of M/s. MVK Associates, Chartered Accountants, Mumbai, (ICAI Registration No. 120222W) along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends an Ordinary Resolution set out in the Notice for approval by the Members

**ITEM NO. 4**

The Board of Directors at its meeting held on 16th August, 2019, as per the recommendation of the Audit Committee and pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, recommended the appointment of M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), as Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of the 37th AGM, till the conclusion of the 42nd AGM of the Company to be held in the year 2024, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company.

The Company has received consent letter and eligibility certificate from M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W) to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends an Ordinary Resolution set out in the Notice for approval by the Members.

**Item No.5:**

Pursuant to the provisions of section 149 of Companies Act 2013, and Rule 4 of the Companies (appointment and qualification of Directors) Rules, 2014 every listed Company shall have at least two directors as Independent Directors, on their Board who are not liable to retire by rotation.

The Board of Directors vide resolution dated 11th January, 2019 has appointed Mrs. Sandhya Lotlikar, as Additional Non Executive Independent Director of the Company, who is holding office till the conclusion of the this Annual General Meeting and who has also submitted a declaration that they meet the criteria of independence as prescribed under Section 149 of the Act and Listing Regulation. Hence on the recommendation of Nomination, Remuneration and compensation committee and Board of Directors Mrs. Sandhya Lotlikar is appointed as Independent director of the Company for a period of five consecutive years. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mrs. Sandhya Lotlikar, as Independent Directors is now being placed before the Members for their approval.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

The profile of Mrs. Sandhya Lotlikar is given below in Annexure-I

**Item No. 6:**

Pursuant to the provisions of section 149 of Companies Act 2013, and Rule 4 of the Companies (appointment and qualification of Directors) Rules, 2014 every listed Company shall have at least two directors as Independent Directors, on their Board who are not liable to retire by rotation.

The Board of Directors vide resolution dated 29th May, 2019 has appointed Mr. Vishnu Kanth Bhangadia, as Additional Non Executive Independent Director of the Company, who is holding office till the conclusion of the this Annual General Meeting and who has also submitted a declaration that they meet the criteria of independence as prescribed under Section 149 of the Act and Listing Regulation. Hence on the recommendation of Nomination, Remuneration and compensation committee and Board of Directors Mr. Vishnu Kanth Bhangadia is appointed as Independent director of the Company for a period of five consecutive years. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Vishnu Kanth Bhangadia, as Independent Directors is now being placed before the Members for their approval.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

The profile of Mr. Vishnu Kanth Bhangadia is given below in Annexure-I.

**Item No.7:**

Mr. Sharad Rathi, who was acting as Independent Director of the Company, has given declaration to the Company on 29th May, 2019 that he ceases the criteria of being Independent Director of the Company, as required pursuant to provisions of the Section 149 of the Companies Act, 2013. In view of such declaration and pursuant to recommendation of Nomination and Remuneration of the Committee of the Company it was decided to change the designation of Mr. Sharad Rathi, from Non executive Independent Director to Non -Executive Non Independent Director of the Company eligible to retire by rotation. Hence in accordance with the provision of the Companies Act, 2013 the matter for change in designation of Mr. Sharad Rathi is placed before the members of the Company for their approval.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.7.

**Item No.8:**

The Company is currently in the phase of growth by itself and through its subsidiary Company i.e. Sukartik Clothing Private Limited, for which there is an ongoing requirement for funds, loans by the subsidiaries. Also, various loans obtained by subsidiaries require the holding company to provide security or give guarantee for these said loans.

Accordingly, in order to meet these funding requirements and ensure necessary compliances of the provisions of The Act, the Board of Directors, hereby proposes to grant loans or provide guarantee/security to Subsidiary Sukartik Clothing Private Limited i.e. upto an aggregate amount of Rs.100 Crores.

In view of the recent amendments to Section 185 of the Act, vide the Companies (Amendment) Act, 2017, no Company shall grant any loan to any person or body corporate or give any guarantee or provide any security to any loan taken by any person or body corporate the Board of Directors whereof are accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company without the prior approval of the Shareholders by means of a Special Resolution

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in anyway, concerned or interested, financially or otherwise, in the aforesaid Special Resolution set out at Item No. 8 of this Notice

The Board recommends the Special Resolutions set out at Item No. 8 of the Notice for approval by the members.

By Order of the Board of Directors,

**DEEPIKA PANDEY**
Company Secretary and Compliance officer
ACS No: 41277

Mumbai, 16th August, 2019

**Registered Office:**
901, Raheja Chambers, Free Press Journal Marg,
Nariman Point Mumbai 400021
CIN: L74110MH1995PLC093448
Email ID: secretarial@garnetint.com
Website: www.garnetint.com
Tel No: 91-022-22820714

**ANNEXURE-I**

**DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)**

| **Particulars** | **Mrs. Sandhya Lotlikar** | **Mr. Vishnu Kanth Bhangadia** |
|---|---|---|
| Age | 59 years | 36 Years |
| Qualification | Commerce Graduate from Mumbai University | Commerce Graduate from Mumbai University |
| Experience | More than 35 years of business acumen in capital markets and financial services. Please refer company's website: **www.garnetint.com** for detailed profile. | More than 23 years of rich experience in the capital markets and financial services. Please refer company's website: **www.garnetint.com** for detailed profile. |
| Terms and Conditions of Appointment / Reappointment | As per the Item No.4 of the Notice dated 16th August, 2019 for convening the 37th AGM on 30th September, 2019 Mrs. Sandhya Lotlikar, proposed to be designated as Independent Director of the Company for consecutive period of 5 years. | As per the Item No.5 of the Notice dated 16th August, 2019 for convening the 37th AGM on 30th September, 2019 Mr. Vishnu Kanth Bhangadia, proposed to be designated as Independent Director of the Company for consecutive period of 5 years. |
| Remuneration last drawn (including sitting fees, if any) | Nil | Nil |
| Remuneration proposed to be paid | Nil | Nil |
| Date of first appointment on the Board | 11th January, 2019 | 29th May, 2019 |
| Shareholding in the Company as on March 31, 2019 | Nil | Nil |
| Relationship with other Directors/ Key Managerial Personnel | NA | NA |
| Number of meetings of the Board attended during the year | 3 | NA |
| Directorships of other Boards as on March 31, 2019 | NA | * Trimurthi Foods Limited |
| Membership / Chairmanship of Committees of other Boards as on March 31, 2019 | - | - |

## DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Seventh (37th) Directors' Report of your Company along with the financial statements for the financial year ended 31st March, 2019.

**OPERATING RESULTS**

**1.** Certain key aspects of your Company's performance during the financial year ended 31st March, 2019, as compared to the previous financial year are summarized below:

(Rs. in Lakhs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Year ended 31.03.2019 | Year ended 31.03.2018 | Year ended 31.03.2019 | Year ended 31.03.2018 |
| Income for the year | 6811.61 | 34436.21 | 8265.17 | 35557.16 |
| Expense for the year | 10719.23 | 33456.42 | 12152.43 | 34600.03 |
| Profit before Tax and Interest | (3834.33) | 979.79 | (3842.66) | 957.13 |
| Current Tax | - | 213.89 | - | 213.89 |
| Provisions for Taxation/ Deferred Tax | 0.5521 | (1.17) | 2.03 | 9.78 |
| Net Profit / (Loss) for the Current Year | (3858.29) | 1166.27 | (3868.09) | 1132.65 |
| Minority Interest & Profit from Associate Company | - | - | (3.39) | 9.98 |
| Net Profit After Tax | (3858.29) | 1166.27 | (3864.70) | 1142.63 |
| Transfer to General Reserves | - | - | - | - |
| Balance carried to Balance Sheet | (3858.29) | 1166.27 | (3864.70) | 1142.63 |

**2. DIVIDEND AND RESERVES:**

Your Directors has not recommend any dividend for the financial year ended 31st March, 2019, as the Company has suffered loss these financial year.

No amount was transferred to General Reserve during the year

**INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund ) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to amount of dividend transferred to the IEPF and corresponding shares on which dividends were unclaimed for seven (7) consecutive years, are provided on the website of the Company www.garnetint.com.

**3. SHARE CAPITAL**

During the year under review, there was no change in the Authorized or Paid up Capital of the Company.

Hence the Paid up Capital of the Company which was stood at Rs. 19,52,86,560 consisting of 1,95,28,656 fully paid equity shares of the Company on 31st March, 2019.

**4. OVERVIEW OF OPERATIONS:**

During the year under review, on Standalone basis your Company recorded a total income of Rs. 6811.61 lakhs as compared to last year's total Income of Rs. 34,436.21 lakhs and Net Loss of Rs. 3858.29 lakhs as compared to last year's net profit of Rs. Rs. 1166.27 Lakhs.

Management Discussion and Analysis (MDA) as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It provides details about the overall industry structure, global and domestic economic scenarios, developments in business operations/ performance of the Company's various businesses viz., decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2018-19.

**5. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 ("the Act") and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure I to the Annual Report.

**6. NUMBER OF MEETINGS OF THE BOARD**

The Board met 7 (Seven) times in Financial Year 2018-19 (FY 2018-19) viz., on 30th May, 2018, 28th June, 2018, 13th August, 2018, 14th November, 2018, 11th January, 2019, 12th February, 2019, 29th March, 2019.

The details of attendance of Director with respect to above meetings are as follows:

| Name of Director | No. of Meeting eligible to Attend | No. of Meeting Attended |
|---|---|---|
| Mr. Suresh Gaggar | 7 | 7 |
| Mr. Ramakant Gaggar | 7 | 7 |
| *Mrs. Manju Maheshwari | 3 | 3 |
| *Dr. Jaswantsingh Patil | 6 | 6 |
| Mrs. Sandhya Lotlikar | 3 | 3 |
| Mr. Sharad Rathi | 7 | 7 |

* Dr. Jaswantsingh Patil was appointed on 28th June, 2018 and Mrs. Sandhya Lotlikar was appointed on 11th January, 2019. Mrs. Manju Maheshwari resigned from the Board w.e.f 14th September, 2018

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

i. In the preparation of the annual accounts for financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2019 and of the loss of the Company for that period.

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts for financial year ended 31st March, 2019 on a 'going concern' basis.

v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.

vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

**8. DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Act, confirming that they meet the criteria of independence under Section 149(6) of the Act, and Regulation 16 (1)(b) of the Securities Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

**9. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes and any other matters as required to be provided for the Independence of a Director as per sub-section (3) of Section 178 of the Act and Regulation 19 of Listing Regulations is appended as **Annexure II** to this Annual Report.

**10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, read with Companies (Meeting of Board and Its Powers) Rules, 2014 as on 31st March, 2019 are given in the notes to the Financial Statements forming part of this Annual report.

**11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the financial year 2018-19, your Company has not entered into transactions with related parties as defined under section 2(76) of the Act, read with the Companies (Specification and Definitions Details), Rules, 2014 and Rules made thereunder and Regulation 23 of the Listing Regulations. All the transactions with the Related Parties are at arm's length basis and these transactions are not of material in nature as per Section188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014. The related party transactions are placed before the Audit Committee as also the Board for approval. The Form AOC- 2 of the Companies (Accounts) Rules, 2014 is set out as **Annexure III** to this Annual Report.

The details of party transactions as required under Accounting Standard-18 are set out in notes to accounts to the Financial Statements forming part of this Annual Report.

The Policy on Related Party Transaction may be accessed on the Company's website at the link: http://garnetint.com/mdocs-posts/related-party-transactions-policy/.

**12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**13. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV** to this Annual Report.

**14. BUSINESS RISK MANAGEMENT**

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The business risk framework defines the risk identification and its management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risks trend, exposure and potential impact analysis on a Company's business.

**15. CORPORATE SOCIAL RESPONSIBILITY**

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. Your Company's Annual Report on the CSR activities undertaken during the financial year ended 31st March, 2019, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as **Annexure V**.

**16. VIGIL MECHANISM**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy for Directors and Employees in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations, to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. The said policy is also available on the Company's website: http://garnetint.com/mdocs-posts/vigil-mechanisim-policy/

**17. POLICY ON PREVENTION OF SEXUAL HARASSMENT ATWORKPLACE**

The Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (hereinafter referred to as "Prevention of Sexual Harassment Act"). Internal Complaints Committees have also been set up to redress any such complaints received. The Company is committed to providing a safe and conducive work environment to all of its employees and associates. The Company periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

Complaints of sexual harassment received during the financial year 2018-19 by the Company were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them.

**18. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD**

Pursuant to the provisions of the Act, and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were evaluated after taking inputs from the Committee members on the basis of criteria such as degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors.

**19. SUBSIDIARY COMPANIES**

The Company is having one material Subsidiary i.e. Sukartik Clothing Private Limited. Further, Company has also formulated policy for determining material subsidiary and the same is available on Company's website and the same may be accessed at the link: http://garnetint.com/mdocs-posts/policy-for-determining-material-subsidiary/

Further during the year Garnet Valorem Capital Ventures Private Limited was ceased to be the wholly owned subsidiary of the Company on 21st January, 2019.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statement of the Subsidiary company in Form AOC-1 is attached to the a part of this Report as **Annexure- VI.**

**20. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT 2013**

The Company has neither accepted nor renewed any deposits during the Financial Year 2018-19 in terms of Chapter V of the Act.

**21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the year under review, the Company has received the Certificate of Registration from Reserve Bank of India on 05th December, 2018.

Apart from the above mentioned information, there are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

**22. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial control with reference to financial statements. The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act, to the extent applicable. These are in accordance with generally accepted accounting principles in India.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal control system, accounting procedures and policies adopted by the Company for efficient conduct of its business, adherence to Company's policies, safeguarding of Company's assets, prevention and detection of frauds and errors and timely preparation of reliable financial information etc. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**23. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Section 149, 152 and 160 of the Act, Mr. Ramakant Gaggar (DIN: 01019838), Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors, at its meeting held on 28th June, 2018 has appointed Dr. Jaswantsingh Patil, as an Additional Independent Director. Mrs. Manju Maheshwari, women director of the Company has resigned from the Company w.e.f 14th September, 2018 and Mrs. Sandhya Lotlikar, was appointed on 11th January, 2019 on the Board of the Company.

Board places on record its appreciation for the assistance and guidance provided by Mrs. Manju Maheshwari, during his tenure as Director of the Company.

The Board of Director at its meeting held on 29th May, 2019, subject to approval of the Board has appointed Mr. Vishnu Kanth Bhangadia as Additional Director of the Company, in the category of Independent Director. Further at the same meeting the designation of Mr. Sharad Rathi, has been changed from Independent Director of the Company to Non Independent Director, pursuant to declaration given by the Director.

**24. AUDITORS**

**1. Statutory Auditor**

M/s. MVK Associates, Chartered Accountants, Mumbai, (ICAI Registration No. 120222W) have appointed as an Auditor of the Company from 35th Annual General meeting of the Company till the Conclusion of the 40th Annual General Meeting of the Company pursuant to provisions of the section 139, 141 and other applicable provisions of the Act and rules issued thereunder (including all statutory modification and amendment made from time to time).

The Statutory Auditors of the Company MVK Associates, has resigned from the Company w.e.f 16th August, 2019. The Company propose to appoint M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), as Statutory Auditor of the Company to fill the Casual Vacancy caused by the resignation of the MVK associates.

The Board of Directors has also proposed the Appointment of M/s. B.M Gattani & Co., Chartered Accountants, (Firms Registration No. 113536W), to the shareholders of the Company as statutory Auditor for a period of 5 years i.e. till the conclusion of the 42nd Annual General Meeting of the Company.

Auditors report for the financial year ended 31st March, 2019 forms part of this Annual Report. Following mentioned remarks are given by the Auditors of the Company in their Audit Report for the year ended 31st March, 2019:

a. *Company has an amount of Rs. 23.13 lakhs remaining to be spent on CSR as required under section 135 of the Companies Act, 2013*

b. *Subsidiary of the Company, has not made provision for employee benefit as per Accounting Standard 15 which deals with "Employee Benefits".*

**Management Reply for the Remark given by Statutory Auditor:**

The Management has already started making CSR expenses from the year 01st April, 2019. Further the Company is in talk with management of its material subsidiary so that adequate provisions for the employee benefit shall be made.

Further, the Audit Committee and Board of Directors of the Company recommends to the members of the Company for ratification of appointment of statutory auditor of the Company from this ensuing Annual General Meeting till the conclusion of the 40th Annual General Meeting of the Company.

**2. Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s Siddharth Sharma & Associates, Practicing Company Secretaries to undertake the audit of the secretarial records for the financial year 2018 - 19.

The Secretarial Audit Report for the financial year ended 31st March, 2019 under Companies Act, 2013, read with Rules made thereunder and Regulation 24A of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in the as **Annexure VII (A)** to this Annual Report.

M/s Kamlesh Jain & Associates, were appointed as Secretarial Auditor of the Material Subsidiary of the Company. The secretarial Audit report of material subsidiary is also annexed as **Annexure VII (B)**.

There are no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor of the Company, in his secretarial audit report.

**25. CORPORATE GOVERNANCE**

Pursuant to Listing Regulations, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Practicing Chartered Accountant, on compliance with the conditions of Corporate Governance as lay down, forms a part of this Annual Report.

**26. AUDIT COMMITTEE OF THE COMPANY:**

The Company's Audit Committee comprises the following Directors:

1. Mr. Vishnu Kanth Bhangadia (Chairman);
2. Mr. Ramakant Gaggar;
3. Mrs. Sandhya Lotlikar
4. Dr. Jaswantsingh Patil

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Act, and Regulation 18 of the Listing Regulations.

All members of the Audit Committee are financially literate and have experience in financial management.

All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company.

**27. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits, top 10 employees in terms of remuneration drawn and other Disclosures pertaining to remuneration are provided in **Annexure VIII** to this Annual Report.

Having regard to the provisions of the proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the afore said information is being sent to the members of the Company, the said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

**28. OTHER DISCLOSURES**

a. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;

b. The Managing Director of the Company has not received any remuneration or commission from any of the subsidiary companies;

c. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);

d. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors; and

e. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

**29. ACKNOWLEDGEMENTS**

Your Directors express their sincere appreciation of the co-operation received from shareholders, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

**Suresh Gaggar**
**Chairman**
**DIN: 00599561**

Mumbai,16th August, 2019

**Registered Office:**
901, Raheja Chambers, Nariman Point, Mumbai – 400021
CIN :L74110MH1995PLC093448
EmailID:secretarial@garnetint.com
Website:www.garnetint.com
Tel No :91-022-22820714

ANNEXURE TO DIRECTORS' REPORT

# ANNEXURE-I

Form No. MGT-9

**Extract of Annual Return**

**as on the financial year ended on March 31, 2019**

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

## I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN | L74110MH1995PLC093448 |
| ii) | Registration Date | 09th October, 1995 |
| iii) | Name of the Company | Garnet International Limited |
| iv) | Category/ Sub-Category of the Company | Company Limited by Shares<br>Sub Category: Indian Non-Government Company |
| v) | Address of the Registered office and contact details | 901, Raheja Chambers, Nariman Point,<br>Mumbai – 400021<br>Email ID : secretarial@garnetint.com<br>Tel No : 91-022-22820714 |
| vi) | Whether listed company (Yes / No) | Yes |
| vii) | Name, address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt Ltd<br>C-101, 247 Park, LBS Marg,<br>Vikhroli (W), Mumbai–400083<br>Phone : 022 49186270, Fax: 022 49186060,<br>e-mail: rnt.helpdesk@linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

| Sr. No. | Name and Description of main products/services | NIC Code of the Product/Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Trading in Shares | 6599 | 100 |

## III PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr.No. | Name & Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Sukartik Clothing Private Limited,<br>28, Bombay Samachar Marg,<br>3rd Floor, Fort,<br>Mumbai – 400023 | U17122MH2004 PTC149334 | Subsidiary | 70.10 | 2(87) |

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

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual/HUF | 8224088 | 0 | 8224088 | 42.1129 | 9383684 | 0 | 9383684 | 48.0508 | 5.9379 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt (s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 2580845 | 0 | 2580845 | 13.2157 | 1652716 | 0 | 1652716 | 8.4630 | (4.7527) |
| e) Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f1) Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (A) (1):-** | **10804933** | **0** | **10804933** | **55.3286** | **11036400** | **0** | **11036400** | **56.5139** | **1.1853** |
| **2) Foreign** | | | | | | | | | |
| a) NRIs- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (A) (2):-** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0.00** |
| **Total Shareholding of Promoters (A) = (A)(1)+(A)(2)** | **10804933** | **0** | **10804933** | **55.3286** | **11036400** | **0** | **11036400** | **56.5139** | **1.1853** |
| **B. Public Shareholding** | | | | | | | | | |
| **1) Institutions** | | | | | | | | | |
| a) Mutual Funds / UTI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FPI/FIIs | 5134 | 0 | 5134 | 0.0263 | 0 | 0 | 0 | 0.00 | -0.0263 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-Total (B)(1):** | **5134** | **0** | **5134** | **0.0263** | **0** | **0** | **0** | **0.00** | **-0.0263** |
| **2) Non-Institutions** | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 2868863 | 600 | 2869463 | 14.6936 | 3189598 | 400 | 3189998 | 16.3350 | 1.6414 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto share capital upto Rs 1 lakh | 678946 | 21735 | 700681 | 3.5880 | 753411 | 13185 | 766596 | 3.9255 | 0.3375 |
| ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lakh | 2617564 | 0 | 2617564 | 13.4037 | 2511387 | 0 | 2511387 | 12.8600 | (0.5437) |
| iii) NBFC registered with RBI | 0 | 0 | 0 | 0.00 | 4479 | 0 | 4479 | 0.0229 | 0.0229 |
| **c) Others** | | | | | | | | | |
| (c1) HUF | 292327 | 0 | 292327 | 1.4969 | 310985 | 0 | 310985 | 1.5925 | 0.0956 |
| (c2) Clearing Member | 394390 | 0 | 394390 | 2.0195 | 99902 | 0 | 99902 | 0.5116 | (1.5079) |
| (c3) NRIs | 1844164 | 0 | 1844164 | 9.4434 | 1601835 | 0 | 1601835 | 8.2025 | (1.2409) |
| (c4) IEPF | 0 | 0 | 0 | 0.0000 | 7074 | 0 | 7074 | 0.0362 | 0.0362 |
| **Sub-Total (B)(2):** | **8696254** | **22335** | **8718589** | **44.6451** | **8478671** | **13585** | **8492256** | **43.4862** | **(1.1853)** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **8701388** | **22335** | **8723723** | **44.6714** | **8478671** | **13585** | **8492256** | **43.4862** | **(1.1853)** |
| **Grand Total (A+B+C)** | **19506321** | **22335** | **19528656** | **100.00** | **19515071** | **13585** | **19528656** | **100.00** | **0.0000** |

## ii) Share holding of Promoters

| Sr. No. | Name of the Shareholder's | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged/ encumbered to total shares | % change in share holding during the year |
| 1 | Ramakant Gaggar | 3752589 | 19.22 | 0.00 | 3757670 | 19.2418 | 0.00 | 0.0260 |
| 2 | Suresh Gaggar | 1806810 | 9.25 | 0.00 | 2916821 | 14.9361 | 0.00 | 5.6840 |
| 3 | Navratan Gaggar | 915075 | 4.69 | 0.00 | 915075 | 4.6858 | 0.00 | 0.0000 |
| 4 | Indra Gaggar | 888032 | 4.55 | 0.00 | 888032 | 4.5473 | 0.00 | '0.0000 |
| 5 | Kartik Gaggar | 458424 | 2.35 | 0.00 | 488952 | 2.5038 | 0.00 | 0.1564 |
| 6 | Suresh Gaggar HUF | 343200 | 1.76 | 0.00 | 343200 | 1.7574 | 0.00 | 0.0000 |
| 7 | Sarika Gaggar | 33492 | 0.17 | 0.00 | 47468 | 0.2431 | 0.00 | 0.0716 |
| 8 | Swati Kartik Gaggar | 26466 | 0.14 | 0.00 | 26466 | 0.1355 | 0.00 | 0.0000 |
| 9 | Mangal Savitri Bizcon Private Limited | 2580845 | 13. 2157 | 0.00 | 1652716 | 8.4630 | 0.00 | -4.7527 |
| | **TOTAL** | **10804933** | **55.3286** | **0.00** | **11036400** | **56.5139** | **0.00** | **1.1853** |

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

| Sr. No | Name | Shareholding | | Date | Increase / Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2018) / end of the year 31.03.2019) | % of total Share of the Company | | | | No. of shares | % of total shares of the ompany |
| 1 | Ramakant Gaggar | 3752589 | 19.2158 | 01.04.2018 | | | 3752589 | 19.2158 |
| | | | | 29.09.2018 | 3834 | Transfer | 3756423 | 19.2354 |
| | | | | 05.10.2018 | 743 | Transfer | 3757166 | 19.2392 |
| | | | | 25.01.2019 | 504 | Transfer | 3757670 | 19.2418 |
| | | 3757670 | 19.2418 | 31.03.2019 | | | 3757670 | 19.2418 |
| 2 | Suresh Gaggar | 1806810 | 9.2521 | 01.04.2018 | | | 1806810 | 9.2521 |
| | | | | 08.06.2018 | 92510 | Transfer | 1899320 | 9.7258 |
| | | | | 06.07.2018 | 17501 | Transfer | 1916821 | 9.8154 |
| | | | | 20.07.2018 | 1000000 | Transfer | 2916821 | 14.9361 |
| | | 2916821 | 14.9361 | 31.03.2019 | | | | |
| 3 | Navratan Gaggar | 915075 | 4.6858 | 01.04.2018 | | | 915075 | 4.6858 |
| | | 915075 | 4.6858 | 31.03.2019 | | | 915075 | 4.6858 |
| 4 | Indra Gaggar | 888032 | 4.5473 | 01.04.2018 | | | 888032 | 4.5473 |
| | | 888032 | 4.5473 | 31.03.2019 | | | 888032 | 4.5473 |
| 5 | Kartik Gaggar | 458424 | 2.35 | 01.04.2018 | | | 458424 | 2.3474 |
| | | | | 08.06.2018 | 29000 | Transfer | 487424 | 2.4959 |
| | | | | 05.10.2018 | 828 | Transfer | 488252 | 2.5002 |
| | | | | 23.11.2018 | 700 | Transfer | 488952 | 2.5038 |
| | | 488952 | 2.5038 | 31.03.2019 | | | 488952 | 2.5038 |
| 6 | Suresh Gaggar (HUF) | 343200 | 1.76 | 01.04.2018 | | | 343200 | 1.76 |
| | | 343200 | 1.76 | 31.03.2019 | | | 343200 | 1.76 |
| 7 | Sarika Gaggar | 33492 | 0.1715 | 01.04.2018 | | | 33492 | 0.1715 |
| | | | | 13.04.2018 | 8376 | Transfer | 41868 | 0.2144 |
| | | | | 23.11.2018 | 5600 | Transfer | 47468 | 0.2431 |
| | | 33492 | 0.17 | 31.03.2019 | | | 47468 | 0.2431 |
| 8 | Swati Kartik Gaggar | 26466 | 0.1355 | 01.04.2018 | | | 26466 | 0.1355 |
| | | 26466 | 0.1355 | 31.03.2019 | 26466 | 0.1355 | | |
| 9 | Mangal Savitri Bizcon Private Limited (earlier know as Evergreen Infotech & Datacom Pvt Ltd) | 2580845 | 13.2157 | 01.04.2018 | | | 2580845 | 13.2157 |
| | | | | 13.04.2018 | 9800 | Transfer | 2590645 | 13.2659 |
| | | | | 20.04.2018 | 47071 | Transfer | 2637716 | 13.5069 |
| | | | | 13.07.2018 | (1000000) | Transfer | 1637716 | 8.3862 |
| | | | | 31.12.2018 | 15000 | Transfer | 1652716 | 8.4630 |
| | | 1652716 | 8.4630 | 31.03.2019 | | | | |

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

| Sr. No | Name | Shareholding | | Date | Increase / Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2018) / end of the year 31.03.2019) | % of total Share of the Company | | | | No. of shares | % of total shares of the ompany |
| 1. | Balram Chainrai | 900000 | 4.6086 | 01.04.2018 | | | | |
| | | | | 13.04.2018 | (31000) | Transfer | 869000 | 4.4499 |
| | | | | 20.04.2018 | (386500) | Transfer | 482500 | 2.4707 |
| | | 482500 | 2.4707 | 31.03.2019 | | | | |
| 2. | Religare Finvest Ltd | 883260 | 4.5229 | 01.04.2018 | | | | |
| | | | | 06.04.2018 | (112456) | Transfer | 770804 | 3.9470 |
| | | | | 30.06.2018 | (8103) | Transfer | 762701 | 3.9055 |
| | | | | 06.07.2018 | (4187) | Transfer | 758514 | 3.8841 |
| | | | | 13.07.2018 | (2613) | Transfer | 755901 | 3.8707 |
| | | | | 27.07.2018 | (507) | Transfer | 755394 | 3.8681 |
| | | | | 03.08.2018 | (250) | Transfer | 755144 | 3.8669 |
| | | 755144 | 3.8669 | 31.03.2019 | | | | |
| 3. | Anita Chainrai Advani | 853656 | 4.3713 | 01.04.2018 | - | | | |
| | | 853656 | 4.3713 | 31.03.2019 | - | | 853656 | 4.3713 |
| 4. | Telelink Commerce | 409653 | 2.0977 | 01.04.2018 | - | | | |
| | PVT. LTD. | 409653 | 2.0977 | 31.03.2019 | - | | 409653 | 2.0977 |
| 5. | Parameshwari Devi Kakkar | 363325 | 1.8605 | 01.04.2018 | - | | | |
| | | 363325 | 1.8605 | 31.03.2019 | - | | 363325 | 1.8605 |
| 6. | Akalka Kakkar | 348012 | 1.7821 | 01.04.2018 | - | | | |
| | | 348012 | 1.7821 | 31.03.2019 | - | | 348012 | 1.7821 |
| 7 | Amar Packagings (PVT) LTD | 320250 | 1.6399 | 01.04.2018 | - | | | |
| | | 320250 | 1.6399 | 31.03.2019 | - | | 320250 | 1.6399 |
| 8. | Blue Square Corporate | 318099 | 1.6289 | 01.04.2018 | - | | | |
| | Services Private Limited | 318099 | 1.6289 | 31.03.2019 | | | 318099 | 1.6289 |
| 9 | Saraswati Kakkar | 301689 | 1.5449 | 01.04.2018 | | | | |
| | | 301689 | 1.5449 | 31.03.2019 | | | 301689 | 1.5449 |
| 10 | R B K Share Broking Limited | 236500 | 1.2110 | 01.04.2018 | | | 236500 | 1.2110 |
| | | | | 06.04.2018 | 1000 | Transfer | 237500 | 1.2162 |
| | | | | 27.04.2018 | 63000 | Transfer | 300500 | 1.5388 |
| | | | | 04.05.2018 | (100000) | Transfer | 200500 | 1.0267 |
| | | | | 15.06.2018 | 84 | Transfer | 200584 | 1.0271 |
| | | | | 30.06.2018 | (63000) | Transfer | 137584 | 0.7045 |
| | | | | 13.07.2018 | 1000000 | Transfer | 1137584 | 5.8252 |
| | | | | 20.07.2018 | (100000) | Transfer | 137584 | 0.7045 |
| | | | | 07.09.2018 | 92000 | Transfer | 229584 | 1.1756 |
| | | | | 14.09.2018 | (92000) | Transfer | 137584 | 0.7045 |
| | | | | 05.10.2018 | 10000 | Transfer | 147584 | 0.7557 |
| | | | | 12.10.2018 | 5000 | Transfer | 152584 | 0.7813 |
| | | | | 31.12.2018 | (15000) | Transfer | 137584 | 0.7045 |
| | | | | 29.03.2019 | (2584) | Transfer | 135000 | 0.6913 |
| | | 135000 | 0.6913 | 31.03.2019 | | | 135000 | 0.6913 |
| 11 | Priti Mehta | - | - | 01.04.2018 | | | - | - |
| | | | | 14.09.2018 | 179329 | Transfer | 179329 | 0.9183 |
| | | | | 21.09.2018 | 9 | Transfer | 179338 | 0.9183 |
| | | 179338 | 0.9183 | 31.03.2019 | | | 179338 | 0.9183 |

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

| Sr. No | Name | Shareholding | | Date | Increase / Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2018) / end of the year 31.03.2019) | % of total Share of the Company | | | | No. of shares | % of total shares of the ompany |
| 1 | Ramakant Gaggar | 3757670 | 19.2418 | 01.04.2018 | | | 3752589 | 19.2158 |
| | | | | 29.09.2018 | 3834 | Transfer | 3756423 | 19.2354 |
| | | | | 05.10.2018 | 743 | Transfer | 3757166 | 19.2392 |
| | | | | 25.01.2019 | 504 | Transfer | 3757670 | 19.2418 |
| | | 3757670 | 19.2418 | 31.03.2019 | | Transfer | 3757670 | 19.2418 |
| 2 | Suresh Gaggar | 1806810 | 9.2521 | 01.04.2018 | | | 1806810 | 9.2521 |
| | | | | 08.06.2018 | 92510 | Transfer | 1899320 | 9.7258 |
| | | | | 06.07.2018 | 17501 | Transfer | 1916821 | 9.8154 |
| | | | | 20.07.2018 | 1000000 | Transfer | 2916821 | 14.9361 |
| | | 2916821 | 14.9361 | 31.03.2019 | | | 2916821 | 14.9361 |
| 3 | Mrs. Manju Maheshwari | 0 | 0.00 | 01.04.2018 | 0 | - | 0 | 0.00 |
| | | 0 | 0.00 | 14.09.2018 | 0 | | 0 | 0.00 |
| 4 | Dr. Jaswantsingh Patil | 0 | 0.00 | 28.06.2018 | 0 | - | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | 0 | - | 0 | 0.00 |
| 5 | Sharad Rathi | 0 | 0.00 | 01.04.2018 | 0 | - | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | 0 | - | 0 | 0.00 |
| 6 | Sandhya Lotlikar | 0 | 0.00 | 11.01.2019 | 0 | - | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | 0 | - | 0 | 0.00 |

## V. INDEBTEDNESS

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

(Amount in Rs.)

| Particulars | Secured Loans excluding deposits (Rs.) | Unsecured Loans (Rs.) | Deposits (Rs.) | Total Indebtedness (Rs.) |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year 01/04/2018** | | | | |
| i) Principal Amount | - | 47,29,57,168 | - | 47,29,57,168 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **-** | **47,29,57,168** | **-** | **47,29,57,168** |
| **Change in Indebtedness during the financial year 2018-19** | | | | |
| Addition | - | - | - | - |
| Reduction | - | (44,90,76,264) | - | (44,90,76,264) |
| Net Change | - | 44,90,76,264 | - | 44,90,76,264 |
| **Indebtedness at the end of the financial year 31/03/2019** | | | | |
| i) Principal Amount | - | 2,38,80,904 | - | 2,38,80,904 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **-** | **2,38,80,904** | **-** | **2,38,80,904** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager : (Amt. in Rs.)

| SI.NO. | Particulars of remuneration | Name of MD/WTD/Manager | Total Amount |
|---|---|---|---|
| | | Ramakant Gaggar | |
| 1. | Gross salary | | |
| (a) | Salary as per provisions contained in section 17(1) of the income-tax act,1961 | 18,00,000 Per Annum | 18,00,000 Per Annum |
| (b) | Value of perquisites u/s 17(2) Income-Tax Act,1961 | | |
| (c) | Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | |
| 2. | Stock Option | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil |
| 4. | Commission<br>- As % profit<br>- Others specify | -<br><br>Nil | -<br><br>Nil |
| 5. | Others, please specify | Nil | Nil |
| | **Total (A)** | **18,00,000** | **18,00,000** |
| | Ceiling as per the Act | 5% of Net Profit as per Section 198 | 5% of Net Profit as per Section 198 |

### B. Remuneration to other Directors

| Sr. No. | Particulars of Remuneration | Total Amount | | | | |
|---|---|---|---|---|---|---|
| 1. | **Independent Directors** | **Dr. Jaswantsingh Patil** | **Mrs. Sandhya Lotlikar** | **Mrs. Manju Maheshwari** | **Mr. Sharad Rathi** | **Total Amount** |
| | Fee for attending board / committee meetings (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | Commission (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | Others, please specify (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | **Total (1) (Rs.)** | **0** | **0** | **0** | **0** | **0** |
| 2. | **Other Non-Executive Directors** | | | | | |
| | Fee for attending board / committee meetings (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | Commission (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | Others, please specify (Rs.) | 0 | 0 | 0 | 0 | 0 |
| | **Total (2) (Rs.)** | **0** | **0** | **0** | **0** | **0** |
| | **Total (B)=(1+2)** | **0** | **0** | **0** | **0** | **0** |
| | **Overall Ceiling as per the Act (%)** | Not Applicable as the Company is not paying any sitting fees to the Directors of the Company | | | | 0 |

* Mrs. Manju Maheshwari Resigned on 14.09.2018 and Mrs. Sandhya Lotlikar appointed as Independent Director on 11.01.2019

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD** **(Amt. in Rs.)**

| Sr.No. | Particulars of Remuneration | Key managerial personnel | | | |
|---|---|---|---|---|---|
| | | Chief Financial Officer (Mr. Sanjay Raut) | Company Secretary | | Total Amount |
| | | | *(Mrs. Deepika Pandey) (From 28.06.2018) | (Mr. Koshal Gupta) (Upto 24 may, 2018) | |
| 1. | Gross salary | | | | |
| (a) | Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961 | 4,55,392 | 4,63,144 | - | 9,18,536 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
| 2. | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify... | Nil | Nil | Nil | Nil |
| 5. | Others, please specify | Nil | Nil | Nil | Nil |
| | **Total** | **4,55,392** | **4,63,144** | **-** | **9,18,536** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE**

| | Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|---|
| **A.** | **COMPANY** | | | | | |
| | Penalty | None | None | None | None | None |
| | Punishment | None | None | None | None | None |
| | Compounding | None | None | None | None | None |
| **B.** | **DIRECTORS** | | | | | |
| | Penalty | None | None | None | None | None |
| | Punishment | None | None | None | None | None |
| | Compounding | None | None | None | None | None |
| **C.** | **OTHER OFFICERS IN DEFAULT** | | | | | |
| | Penalty | None | None | None | None | None |
| | Punishment | None | None | None | None | None |
| | Compounding | None | None | None | None | None |

**For and on behalf of the Board of Directors**

**sd/-** **sd/-**

**Suresh Gaggar** **Ramakant Gaggar**
**Chairman** **Managing Director**
**DIN: 00599561** **DIN: 01019838**

Mumbai, 16th August, 2019

## ANNEXURE II

# GARNET INTERNATIONAL LIMITED

## Nomination and Remuneration Policy

The Board of Directors of Garnet International Limited ("the Company") re-constituted the "Nomination, Remuneration and Compensation Committee" at its Meeting held on 28, June, 2018.

**1. OBJECTIVE**

The Nomination, Remuneration and Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. (as amended from time to time) The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity

1.7. To develop a succession plan for the Board and to regularly review the plan;

1.8.1 To formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto.

**2. DEFINITIONS**

2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel means

2.4.1. Managing Director;

2.4.2. Whole-time director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. such other officer as may be prescribed.

2.5. **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

**3. ROLE OF COMMITTEE**

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment Remuneration and removal of

Director, KMP and Senior Management Personnel.

3.1.4 formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto as provided in detail in the Board Meeting resolution dated 28th July, 2014, re-constituting the Committee as aforesaid.

**3.2. Policy for appointment and removal of Director, KMP and Senior Management**

**3.2.1. Appointment criteria and qualifications**

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**3.2.2. Term / Tenure**

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**3.2.3. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

**3.2.4. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**3.2.5. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**3.3. Policy relating to the Remuneration for the Managing Director or Whole-time Director, KMP and Senior Management Personnel**

**3.3.1. General:**

a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

a) Fixed pay:

The Managing Director or Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**3.3.3. Remuneration to Non- Executive / Independent Director:**

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and/or the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

**4. Membership**

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. Chairperson**

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. Frequency of Meetings**

The meeting of the Committee shall be held at such regular intervals as may be required.

**7. Committee Members' Interests**

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**8. Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

**9. Voting**

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**10. Nomination Duties**

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward or retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.9 Recommend any necessary changes to the Board; and

10.10 Considering any other matters, as may be requested by the Board.

**11. Remuneration Duties**

The duties of the Committee in relation to remuneration matters include:

11.1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 To consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

**12. Minutes of Committee Meeting**

Proceedings of all meetings must be minutinized and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## ANNEXURE III

## Form No. AOC-2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Account) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis.**

| | |
|---|---|
| Name(s ) of Related Party and nature of relationship | **NIL** |
| Nature of contracts/arrangements/transactions | |
| Duration of the contracts/arrangements/ transactions | |
| Salient terms of the contracts or arrangements or transactions including the value, if any. | |
| Justification for entering into such contracts or arrangements or transaction | |
| date(s) of approval by the Board. | |
| Amount paid as advances, if any. | |
| Date on which the special resolution was passed in the general meeting as required under first proviso to section 188. | |

**2. Details of the material contracts or arrangements or transactions at arm's length basis**

| | |
|---|---|
| Name(s ) of Related Party and nature of relationship | **NA** |
| Nature of contracts/arrangements/transactions | |
| Duration of the contracts/arrangements/ transactions | |
| Salient terms of the contracts or arrangements or transactions including the value, if any. | |
| date(s) of approval by the Board. | |
| Amount paid as advances, if any. | |

**For and on behalf of the Board of Directors**

**sd/-**

**Suresh Gaggar**
**Chairman**
**DIN: 00599561**

Mumbai, 16th August, 2019

## ANNEXURE IV

**PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, AS REQUIRED UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014**

### A. CONSERVATION OF ENERGY

As per the provisions of Section 134(1) (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 considering the Company's business activities, the Directors have nothing to state in connection with Conservation of Energy and Technology Absorption therefore the said provisions are not applicable to the Company

### B. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company did not have any Foreign Exchange Earnings or Outgo.

### C. BUSINESS RESPONSIBILITY REPORTING

The Business Responsibility Reporting, as required pursuant to Regulation 34 (2) f of SEBI (LODR) Regulation 2015, is not applicable to your Company for the financial year ended 31st March, 2019

**For and on behalf of the Board of Directors**

**sd/-**

**Suresh Gaggar**
**Chairman**
**DIN: 00599561**

Mumbai, 16th August, 2019

## ANNEXURE V

**Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014**

(Rs. in Lakhs)

| | | |
|---|---|---|
| 1 | A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs. | The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013.<br>The CSR policy is placed on the Company's website **www.garnetint.com** |
| 2 | The composition of the CSR Committee | Mr. Suresh Gaggar, Chairman (Non-Independent)<br>Mrs. Manju Maheshwari, Independent Director<br>Mr. Sharad Rathi, Independent Director<br>Mr. Ramakant Gaggar, Managing Director |
| 3 | Average Net profit of the Company for the last three financial years | Rs. 711.36 |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as mentioned in item 3 above) | Rs. 14.22 |
| 5 | Details of the CSR spent during the financial year: | Being the Initial year of implementation, the Company is in the process of exploring the opportunities for doing the CSR expenditure. The amount which remained unutilized due to unavoidable circumstances shall be added to the CSR budget for the Financial Year 2019-20 and it will be the Endeavour of the company to ensure full utilization of allocated CSR budget |

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**For and on behalf of the Board of Directors**

| | |
|---|---|
| **sd/-** | **sd/-** |
| **Suresh Gaggar** | **Ramakant Gaggar** |
| **Chairman** | **Managing Director** |
| **DIN: 00599561** | **DIN: 01019838** |

Mumbai, 16th August, 2019

## ANNEXURE-VI

## Form AOC-1

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

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

(I)

| Sr. No. | Particulars | Details |
|---|---|---|
| 1. | Name of the subsidiary | Sukartik Clothing Private Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 1st April, 2018 to 31st March, 2019 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | NA |
| 4. | Share capital | 30,10,000 |
| 5. | Reserves & surplus | 84,724,034 |
| 6. | Total assets | 19,00,70,255 |
| 7. | Total Liabilities | 19,00,70,255 |
| 8. | Investments | Nil |
| 9. | Turnover | 145,356,336 |
| 10. | Profit before taxation | (9,85,675) |
| 11. | Provision for taxation | 1,47,800 |
| 12. | Profit after taxation | (11,33,475) |
| 13. | Proposed Dividend | Nil |
| 14. | % of shareholding | 70.10% |

**Notes:**

1. Total Liabilities includes shareholder funds:
2. Names of subsidiaries which are yet to commence operations: NA
3. Names of subsidiaries which have been liquidated or sold during the year: Garnet Valorem Capital Ventures Private Limited

**For MVK Associates**
**Chartered Accountants**
**Firm registration No. 120222W**

**CA Mittal Vora**
**Partner**
**Membership No:14078**

Date: 29.05.2019
Place: Mumbai

**Sd/-**
**Suresh Gaggar**
**Chairman**
**DIN: 00599561**

**Sd/-**
**Ramakant Gaggar**
**Managing Director**
**DIN: 01019838**

## Annexure-VII (A)

## SECRETARIAL AUDIT REPORT

**(For the Financial Year Ended on March 31, 2019)**

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

**To,**
**The Members,**
**Garnet International Limited**
901, Raheja Chambers,
Nariman Point, Mumbai - 400 021.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Garnet International Limited** (hereinafter called 'the Company' CIN: L74110MH1995PLC093448). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

A) We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of (as amended):

   i. The Companies Act, 2013 (the Act) and the rules made there under;

   ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

   iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

   iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-

      a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

      c) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B) In our opinion and as identified and informed by the Management, the following laws are specifically applicable to the company as the Company is engaged in the activity of secondary market trading in securities and derivatives:

   1. Reserve Bank of India Act, 1934.

   2. Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

   3. Secretarial Standards issued by the Institute of Company Secretaries of India.

C) Apart from the Observations made in our Annual Secretarial Compliance Report issued on 28.05.2019 under Regulation 24A of SEBI (LODR) Regulations 2015, We hereby report that:

During the period under review and as per the explanations and clarifications given to us and the representation made by the management, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above, except the following:

i. The Company has amount of Rs. 23.13 Lacs remaining to be spent on CSR as required under Section 135 of Companies Act, 2013.

D) During the period under review, provisions of the following regulations/ guidelines/standards were not applicable to the Company:

a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2009;

e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended);

E) We further report that the Compliance by the company of applicable Financial Laws like Direct & Indirect Tax Laws, including GST, etc. have not been reviewed in this Audit since the same has been subject to review under/by the Statutory Financial Audit and other designated professionals.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

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

Majority decision is carried through while the dissenting members view, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period following events took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.,

1. During the year under review, Company has received Certificate of Registration dated December 05, 2018 as "Non-Deposit Taking NBFC" from Reserve Bank of India under Section 45-IA of RBI Act 1934.

**For SIDDHARTH SHARMA & ASSOCIATES**
Company Secretaries
UCN : S2016MH368200

**Sidharth Sharma**
M.No. FCS 7890
COP. 8872

Date: 01- 08- 2019
Place: Mumbai

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report

**'Annexure A'**

**To,**
**The Members,**
**Garnet International Limited**
901, Raheja Chambers
Nariman Point, Mumbai - 400 021.

The Secretarial Audit report of even date is to be read along with this letter.

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

**For SIDDHARTH SHARMA & ASSOCIATES**
Company Secretaries
UCN : S2016MH368200

**Sidharth Sharma**
M.No. FCS 7890
COP. 8872

Date: 01 -08-2019
Place: Mumbai

**Annexure-VII(B)**

**Form No. MR-3**

**Secretarial Audit Report-Sukartik Clothing Private Limited**

(For the Financial year ended 31st March, 2019)

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

To,
The Members,
Sukartik Clothing Private Limited
28 Bombay SamacharMarg
3rd Floor Fort Mumbai Mh 400023

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sukartik Clothing Private Limited**(hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sukartik Clothing Private Limited for the financial year ended on 31st March, 2019 according to the provisions of:

   i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

   ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;(Not applicable to the Company during the audit period)

   iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;(Not applicable to the Company during the audit period)

   iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;(Not applicable to the Company during the audit period)

   v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')were not applicable to the Company during the financial year under review:-

      a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;(Not applicable to the Company during the audit period)

      b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;(Not applicable to the Company during the audit period)

      c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;(Not applicable to the Company during the audit period)

      d. The Securities and Exchange Board of India ((Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

      e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

      f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,

1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period) ; and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

vi. We further report that:

a. We have examined compliance with the applicable regulations of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Not applicable to the Company during the audit period)

b. We have also examined compliance of Secretarial Standards issued by The Institute of Company Secretaries of India, with respect to board and general meetings.

a) During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, except the filing of E-form MGT-14 with Registrar of Companies pertaining to borrowing of money under section 179 of Companies Act, 2013.

**II. We further report that:**

The Board of Directors of the Company is duly constituted with balance of Directors. (The requirements of appointment of Independent director as per section 149(6) of Companies act, 2013 is not applicable to the company during the audit period.)

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

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

We further report that, we have relied upon statutory audit report as provided by management of the company for compliance under Income Tax and other Indirect Taxation act.

We further report that as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

**For Kamlesh Jain & Associates**
**Company Secretaries**

**Kamlesh Jain**
**Proprietor**
**ACS-14068**
**CP No.- 14577**

Place: Mumbai
Date:29.05.2019

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

**Annexure-A**

To,
The Members,
**Sukartik Clothing Private Limited**
28 Bombay SamacharMarg
3rd Floor Fort Mumbai Mh 400023

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

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

**For Kamlesh Jain & Associates**
**Company Secretaries**

**Kamlesh Jain**
**Proprietor**
**ACS-14068**
**CP No.- 14577**

**Place: Mumbai**
**Date:29.05.2019**

## ANNEXURE-VIII

**Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:**

**( i ) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19 :-**

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director / KMP for Financial Year 2018-19 (Rs. In '000) | Ratio of remuneration of each Director / KMP to median remuneration of employees |
|---|---|---|---|
| | **Non-Executive Directors** | | |
| 1 | Mrs. Sandhya Lotlikar | 0.00 | 0.00 |
| 2 | Mr. Sharad Rathi | 0.00 | 0.00 |
| 3 | Dr. Jaswantsingh Patil | 0.00 | 0.00 |
| 4 | Mrs. Manju Maheshwari | 0.00 | 0.00 |
| | **Executive Directors** | | |
| 5 | Mr. Suresh Gaggar | 0.00 | 0.00 |
| 6 | Mr. Ramakant Gaggar | 13.50 | 0.00 |

*Mrs. Manju Maheshwari resigned w.e.f 14th September, 2018

Mrs. Sandhya Lotlikar appointed w.e.f 11th January, 2019 and Dr. Jaswantsingh Patil appointed w.e.f 28th June, 2018

**( ii ) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, for the financial year 2018-19:-**

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director / KMP for Financial Year 2018-19 (Rs. In '000) | % of increase in Remuneration in the Financial Year 2018-19 |
|---|---|---|---|
| 1 | Mr. Suresh Gaggar (Managing Director) | 0.00 | Nil |
| 2 | Mr. Ramakant Gaggar | 13.50 | 100% |
| 3 | *Dr. Jaswantsingh Patil | 0.00 | Nil |
| 4 | *Mrs. Sandhya Lotlikar | | |
| 5 | Mr. Sharad Rathi | 0.00 | Nil |
| 6 | Mrs. Manju Maheshwari | 0.00 | Nil |
| 7 | Mr. Sanjay Raut (Chief Financial Officer) | 4.55 | 10.85% |
| 8 | *Mrs. Deepika Pandey (Company Secretary) | 4.63 | Nil |

*Note: Mrs. Manju Maheshwari resigned w.e.f 14th September, 2018; Mrs. Sandhya Lotlikar appointed w.e.f 11th January, 2019 and Dr. Jaswantsingh Patil appointed w.e.f 28th June, 2018. Mrs. Deepika Pandey, appointed as Company Secretary w.e.f 28.06.2018.

(iii) The percentage increase in median remuneration of employees for the financial year 2018-19:- 10.85%

(iv) The number of permanent employees on the rolls of the Company as on 31st March, 2019:- 9

(v) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase made in the salaries of total employees (staff) other than the Key Managerial Personnel for FY 2018-19 is around 10% to 12%, while the average increase in the remuneration of the Key Managerial Personnel is 10%. This increment is in line with the factors outlined in point (5) above

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**Particulars in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 –**

There are no employees in the Company drawing remuneration in excess of Rs. 1,02,00,000/- in terms of provisions of Section 197 (12) read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014.

For and on behalf of the Board of Directors

**Suresh Gaggar**
**Chairman**
**DIN: 00599561**

Mumbai, 16th August, 2019

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

## India Economy: FY18 Review and FY19 Outlook

The year 2018-19 was an interesting period for the Indian economy with a varied economic performance highlighting the progress made and the challenges the economy faced over the last twelve months. The Indian economy grew at its fastest pace in the last seven quarters in Jan-Mar'19 (Q4FY19), overcoming a sluggish first half of 2018-19 that saw the impact of demonetisation settling down and then the introduction of Goods and Services Tax (GST) which brought some temporary uncertainties. The 7.7% YoY growth in Q4FY19 took India's annual real GDP growth for FY2019 to 6.7% YoY, that was lower than the 7.1% YoY in FY2018. The slowdown in growth was a conscious decision to improve other macro-economic factors such as inflation and fiscal deficit.

Inflation as measured by the Consumer Price Index (CPI) was 3.6% for the year 2018-19, cooling off from 4.5% registered in the previous fiscal as the government and the RBI worked in tandem to keep rising prices within control despite rising crude prices.

These changes would be partially absorbed by increased supply from the U.S. The higher crude prices will have an impact on the trade and current account deficit (CAD) apart from increasing inflationary pressures in the economy as logistics cost and the prices of key inputs for several industries go up.

The FY19 targeted fiscal deficit-GDP ratio was 3.2%. As per the revised estimates, using the second advance estimates of GDP, it has turned out to be 3.6%. In FY18, already there has been a slippage on the fiscal consolidation path. CAD as a percentage of GDP reached (-) 2.0% in 3QFY19 from (-) 1.2% in 2QFY19

After two muted years of GDP growth punctuated by demonetization in fiscal 2018 and introduction of GST in fiscal 2018, India seems to be on the recovery path and is expected to post a healthy 7.4-7.5% real GDP growth for FY 2018-19, emerging as the fastest growing large economy in the world.

The major growth factors are domestic in nature with any upturn in global growth providing tailwinds to the India growth story.

The asset quality issues plaguing the public-sector banks have reached such gargantuan proportions – with gross non-performing assets(GNPAs) touching in excess of 10.5% - that no meaningful and sustainable economic recovery is plausible without, at least, beginning of a resolution process. The transparent and time-bound process driven by National Company Law Tribunal (NCLT) offers hope andthe recent resolution of Bhushan Steel and Electrosteel is a start in the right direction. The government focus on demand and job creation through spending on rural and labour-intensive infrastructure space is likely to support growth next fiscal, and push demand in the consumer sectors. Key government reforms like GST as well as RERA or Ujwal Discom Assurance Yojana (UDAY) will have minimal impact in the short run but have a larger impact in the long term.

There are dark clouds looming on the horizon that may derail the growth engine, with high crude prices being the largest of them. Sustained crude prices in excess of $80-85 per barrel will push up inflation and lead to rate hikes by the Reserve Bank of India. The government may resort to tax cuts to keep fuel prices under control which may hurt government spending on infrastructure or welfare schemes and lower growth in FY 2018-19.

## India Capital Markets: FY18 Review and Outlook

The 2018 Union Budget proposed a tax of 10% on Long Term Capital Gains with exemption on gains up to January 31, 2018, thereby removing the exemption on capital gains for listed shares. This dampened investor sentiment and along with rising bond yields globally and higher crude oil prices, led to end of the multiple expansion story in small and mid-caps and sparked off a correction phase. The reclassification of fund schemes by SEBI also lent a hand. This sell-off along with lower liquidity in small caps led to several stocks ending the year more than 50-60% lower than their all-time highs within a short span of time.

The investors will be keeping an eye on various factors that will lend volatility in 2019-20 like

- International Crude Oil Prices
- State and General elections and the expectation of a stable and progressive government
- Monetary policy action by RBI to tackle rising global bond yields and any inflationary pressures
- Trade deficit
- Corporate earnings that are expected to be sober in 2019-20 as compared to 2018-19

With growth expected to taper off, we expect the focus in the investment management space to shift from growth investing to value investing.

## Company's Business Overview:

**Shares and Securities:**

With more than three decades of experience in the Indian capital markets, Garnet International (GIL) possess a long and successful heritage of investing in shares and securities and working with businesses to help them create value.

GIL specializes in exploring new businesses and identifying companies, with leadership positions in niche areas, having a long term competitive advantage and huge headroom to grow profitably. The objective is to seek long term appreciation by investing capital and expertise in high quality companies with robust management. The investment philosophy is sector agnostic.

During the year 2018-19, The company sold wholly owned subsidiary, Garnet Valorem Capital Ventures Pvt. Ltd. to Kamaai Capital Private Limited, as part of change in its business strategies.

**Textiles:**

Nestled in Ludhiana in the state of Punjab, the company's subsidiary, Sukartik Clothing marks the group's foray into the vibrant textiles & garments landscape of India. Over the past few years, it has established itself as one of India's key players in the manufacturing of seamless garments and knitted fabrics. The company manufactures seamless sportswear, lounge wear, inner wear & compression wear along with knitted fabrics. Today, the company has emerged as the partner of choice for some of India's leading retail brands like Raymond, Pantaloons, ColorPlus, Clovia, Rupa and Proline. Sukartik Clothing's modern manufacturing facility is vertically integrated with all key processes – seamless knitting, garment dyeing, stitching and boarding, all under one roof. The plant set up over 35,000 sq. ft. is fitted with best in class imported machines and is ISO certified 9001:2008 and 14001:2004.

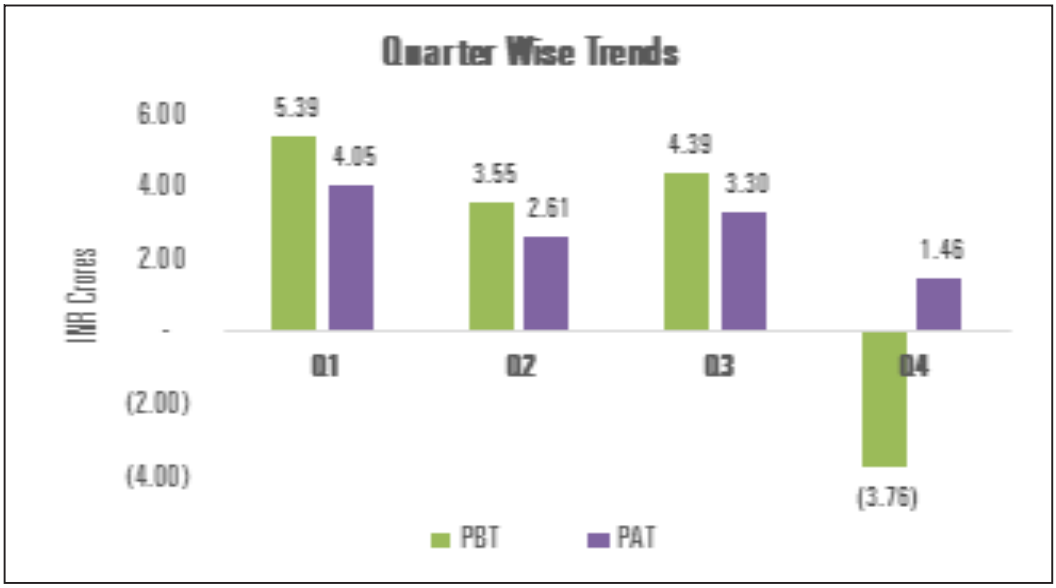
The company is poised to ride the wave of rapid growth in the seamless garments segment.

## Financial Performance of Garnet International Ltd

During the financial year 2018-19, the consolidated revenue from operations of Garnet International Limited down and company had suffered a loss of 38 crore, as compared to profit of last year.

The revenue of the Company was down by 81.1%, as compared to last year.

The company's operating performance was affected by the steep fall in the mid and small cap equities during Q4 FY 18.



The segment-wise performance for the year 2018-19 is as follows:

(Rs. in lakhs)

| | Shares & Securities | Textiles |
|---|---|---|
| Revenues | 6811.16 | 1453.56 |
| % Growth | (80.90) | 40.25 |
| EBIT | (3834.33) | (56.03) |
| % to Total | 99.78 | 0.22 |
| % Growth | 80.90 | 56.03 |

The profitability for the Shares and Securities business was affected by weak capital market performance in Jan-Mar'19. The textiles segment saw 21% de-growth in sales on account of low demand for the company's products in domestic and export markets. The operating profit of the textiles segment was also hit by higher depreciation (up 63%) on account of capital expenditure to improve production capacity and technology at the Ludhiana plant.

**Commentary on key financials:**

- Shareholders' Equity –There is no change in the shareholders equity during the year.
- Investments – The total book value of investments in shares and securities including shares and securities held as stock in trade as on March 31, 2019 was ₹ 23.28 crores, lower by ₹ 9.47 crores as compared to previous financial year. This decrease in investments was largely due to adverse market impact.
- Borrowings – The total long term and short-term borrowings of the company as on balance sheet date was ₹ 2.38 crores, down by ₹ 44.88 crores as on March 31, 2018.
- Taxes – The company has outstanding MAT credit of ₹ 6.21 crores because of erstwhile tax exemption on Long Term Capital Gains. The company recognized ₹ 1.94 crores of MAT Credit related to previous financial year during the current financial year, impacting PAT.

## Risk Management

The company's operations are subject to various risks – market risk, liquidity risk, interest rate risk and credit risk. However, risk management is an integral part of operations of Garnet International Ltd and cannot be separated from the main activities or other processes within the organisation.

Internal control systems and their adequacy

Our internal control procedures are adequate to ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth.

We have in place systems and processes commensurate with our size and nature of business and we maintain a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

## Human Resources

People are the single biggest competitive advantage accompany can have. The Company realizes this and is hence aiming to deliver higher performance from its employees by taking initiative to develop its talent pool. During the year under review, the Company has enjoyed cordial professional relations with employees at all levels.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company ensures compliance with all applicable regulations and it is aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organization. The Company consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive organization's performance as per its cherished values and commitments to every stakeholder.

A report on compliance with the principles of the Corporate Governance as on 31st March, 2019 as prescribed by the Securities and Exchange Board of India (SEBI) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below:

### BOARD OF DIRECTORS

#### A. Composition of the Board

As on 31st March, 2019, in compliance with Regulation 17 of the Listing Regulations, the Board comprised of 5(Five) Directors with an optimum combination of Executive, Non-Executive and Independent Directors including one Women Director which is as follows:

| Sr. No. | Category | No. of Directors |
|---|---|---|
| 1 | Independent Directors | 3* |
| 2 | Executive Director | 2 |

*Mrs. Manju Maheshwari has resigned from the board w.e.f 14th September, 2018.

*Mrs. Sandhya Lotlikar Appointed w.e.f 11th January, 2019.

This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

All Independent Directors of the Company have been appointed as per the applicable provisions of the Companies Act, 2013 ("the Act"), Regulation 16 (1) (b) and Regulation 25 of the Listing Regulations. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

The Board has constituted various Committees with an optimum representation of its members and had assigned them specific terms of reference in accordance with the Act and Listing Regulations. These Committees hold meetings at such frequency as is deemed necessary to effectively undertake and deliver upon the responsibilities and tasks assigned to them. The Company currently has 4 (Four) Committees of the Board viz., i) Audit Committee, ii) Stakeholders' Relationship Committee, iii) Nomination and Remuneration Committee, iv) Corporate Social Responsibility Committee.

None of the Directors on the Board is a member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees (Committees being Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the Listing Regulations) across all the Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors hold office as Director in more than 20 (Twenty) companies and in more than 10 (Ten) public companies.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The Nomination and Remuneration Committee has recommended the appointment Mrs. Sandhya Lotlikar w.e.f 11th January, 2019 and appointment of Mr. Vishnu Kanth Bhangadia w.e.f 29th May, 2019 as Non Executive Independent

Director of the Company. The Board Director has approved the said appointment in their meeting held on 11th January, 2019 and 29th May, 2019 respectively and same has been placed before the shareholders of the Company for their approval.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

| Sr. No. | Name of Director | Expertise in specific functional area |
|---|---|---|
| 1 | Suresh Gaggar | Entrepreneur, 35 years of business acumen in capital markets and financial services |
| 2 | Ramakant Gaggar | 23 years of rich experience in the capital markets and financial services. |
| 3 | Dr. Jaswantsingh Patil | 29 years experience in Allopath, 16 years of Homeopathy and 12 years of alternative therapies, expert in the Healthcare and Education industry, lecturer, guide and mentor at Indian and Global educational institutions |
| 4 | Mrs. Manju Maheshwari | Three decades experience of working in Banking Sector |
| 5 | Mr. Sharad Rathi | Chartered Accountant, expertise includes managing IPOs, private equity and debt assignments across industries such as healthcare, power, textiles, infrastructure, retail and entertainment, experience in Merchant Banking, Finance |
| 6 | Mrs. Sandhya Lotlikar | 25 years of rich experience in Investment compliance and organizational management |

**B. Board Procedure**

The notice of the Board/Committee meeting is sent to all the Directors along with detailed Agenda folder in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items (except unpublished price sensitive information) are backed by comprehensive background notes and other material information to enable the Board to take informed decisions which are circulated at least 7 (seven) days in advance to the Board meeting.

**C. Information placed before the Board**

Apart from the items that are required under the Act, to be placed before the Board for its approval, the following information is also placed before the Board periodically for its review in compliance with the Listing Regulations.

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit and other Committees of the Board of Directors.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.

11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets, which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Any other information which is relevant for decision making by the Board.

**D. Post - meeting follow - up systems**

The Governance system in the Company include an effective post - meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and its Committees. An Action Taken Report forms part of the Agenda item of the Board meetings.

**E. Board Support**

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committee on compliance and governance principles.

**F. Code of Conduct**

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Report.

**G. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2019. The Managing Director and the Chief Financial Officer have also given quarterly certification on financial results to the Board in terms of the Regulation 33 (2) of the Listing Regulations.

**H. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 12th February, 2019 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

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

**I. Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The familiarization programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link: http://garnetint.com/policies/#

**J. Board and its committee, Individual Director (including Independent Director) Evaluation and criteria for evaluation**

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Individual Directors (including independent director), as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Independent Directors. Further the criteria for evaluation of Board, its Committee and Individual Directors including Independent Directors are summarized in the below table:

| Evaluation of | Evaluation by | Criteria |
|---|---|---|
| Non-independent Director (Executive) | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, effectiveness of Board Process, Availability and attendance |
| Non-independent Director (Non-executive) | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, Integrity, Commitment |
| Independent Director | All the Board Members | Qualification, Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, Participation and Value addition |
| Chairman | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, effectiveness of Board Process |
| Committees | All the Board Members | Composition, Process and Dynamics |
| Board as a whole | Independent Directors | Composition, Process and Dynamics |

**K. Details of the Board Meetings held during the financial year**

During the financial year ended 31st March, 2019, 7 (Seven) meetings of the Board were held, as follows:

follows:

| No. | Date | Board Strength | No. of Directors present |
|---|---|---|---|
| 1. | 30th May, 2018 | 4 | 4 |
| 2. | 28th June, 2018 | 4 | 4 |
| 3. | 13th August, 2018 | 5 | 5 |
| 4. | 14th November, 2018 | 4 | 3 |
| 5. | 11th January, 2019 | 5 | 5 |
| 6 | 12th February, 2019 | 5 | 5 |
| 7 | 29th March, 2019 | 5 | 5 |

The maximum gap between two Board Meetings was not more than one hundred and twenty days.

**L. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other companies, no. of Committee positions held in other public companies**

As on 31st March, 2019, composition of the Board of Directors and attendance of the Directors at the Board Meetings as well as their Directorship in companies and membership in Committees of public companies is as follows:

Chairmanships/Memberships of Board Committees include only Audit and Stakeholders Relationship Committees of other public companies excluding private limited companies, foreign companies and companies under section 8 of the Act.

| Name of the Director | Category | Number of Board Meetings during the year 2018-19 | | Whether attended the last AGM held on 10.09.2018 | Number of Directorships in other Companies | *Number of Committee positions held in other public companies | |
|---|---|---|---|---|---|---|---|
| | | Held/eligible | Attended | | | Chairman | Member |
| Mr. Suresh Gaggar (Chairman) | Executive, Non- Independent | 7 | 7 | Yes | 2 | 2 | 2 |
| Mr. Manju Maheshwari (Resigned w.e.f 14.09.2018) | Non-Executive, Independent | 3 | 3 | Yes | 1 | 0 | 2 |
| Mr. Sharad Rathi | Non-Executive, Independent | 7 | 7 | Yes | 1 | 2 | 2 |
| Ms. Ramakant Gaggar (Managing Director) | Non-Executive, Non-Independent | 7 | 7 | Yes | 1 | 0 | 1 |
| Dr. Jaswantsingh Patil (Appointed w.e.f 28.06.2018) | Non-Executive, Independent | 6 | 6 | Yes | 1 | 2 | 2 |
| Mrs. Sandhya Lotlikar (Appointed w.e.f 11.01.2019) | Non-Executive, Independent | 3 | 3 | NA | 1 | 2 | 2 |

* This is total Number of Membership including the Committee in which he/she is a Chairperson. The Committee position of only Audit Committee and Stakeholder Relationship Committee is included.

* Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.

Mr. Ramakant Gaggar, Managing Director of the Company is brother of Mr. Suresh Gaggar, Non-Executive Chairman of the Company. None of the other directors are related to any other director on the Board.

**Declarations:**

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder.

Based on intimations/disclosures received from the Directors periodically, none of the Directors of the Company hold memberships/Chairmanships more than the prescribed limits.

**Details of the Directors being re – appointed/ Change in Director /Board during the Year:**

During the year under review, Dr. Jaswantsingh Patil has been appointed as Independent Director of the Company w.e.f 28th June, 2018. Further due to ill health Mrs. Manju Maheshwari has resigned from the Company w.e.f 14th September, 2018. Pursuant to recommendation of Nomination and remuneration Committee Mrs. Sandhya Lotlikar, was appointed as an Additional Director in the category of Independent on 11th January, 2019.

At the ensuing Annual General Meeting, in accordance with the provisions of the Act, Mr. Ramakant Gaggar, Director of the Company, retire by rotation. being eligible, has offered himself for re-appointment as a Director of the Company.

Detailed profile of Mr. Ramakant Gaggar in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting. Brief profiles of each of the above Directors are also available on the Company's website: www.garnetint.com.

## COMMITTEES OF THE BOARD

### A. AUDIT COMMITTEE

The Audit Committee acts as a link between Statutory and Internal Auditors and the Board of Directors.

The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:-

- Efficiency and effectiveness of operation;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

**Powers**

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference
- Seek any information it requires from any employee
- Obtain legal or other independent professional advice and
- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

**Terms of Reference**

The terms of reference of Audit Committee are in accordance with Section 177 of the Act and the guidelines set out in Regulation 18 of the Listing Regulations. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

  (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

  (b) changes, if any, in accounting policies and practices and reasons for the same;

  (c) major accounting entries involving estimates based on the exercise of judgment by management;

  (d) significant adjustments made in the financial statements arising out of audit findings;

  (e) compliance with listing and other legal requirements relating to financial statements;

  (f) disclosure of any related party transactions;

  (g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(22) Any other matter referred to by the Board of Directors.

**Review of Information**

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor;
- Statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

**Composition**

The Audit Committee of the Company as on 31st March, 2019 comprised of four members majority of whom were independent Directors.

The constitution of the Committee is as below which is in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

| Sr. No | Name of Members | Category | Chairman/Member |
|---|---|---|---|
| 1 | Mr. Sharad Rathi | Independent Director | Chairman |
| 2. | Mr. Jaswantsingh Patil | Independent Director | Member |
| 3. | Mr. Ramakant Gaggar | Managing Director | Member |
| 4. | Mrs. Sandhya Lotlikar | Independent Director | Member |

The Chief Financial Officer, Internal Auditors and the Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

**Meeting and attendance**

During the financial year ended 31st March, 2019, 5 (Five) meetings of the Audit Committee were held as follows:

| No. | Date | Committee Strength | No. of members present |
|---|---|---|---|
| 1. | 30th May, 2018 | 3 | 3 |
| 2. | 13th August, 2018 | 3 | 3 |
| 3. | 14th November, 2018 | 3 | 3 |
| 4. | 11th January, 2019 | 3 | 3 |
| 5. | 12th February, 2019 | 4 | 4 |

The maximum gap between two Audit Committee Meetings was not more than one hundred and twenty days.

Mr. Sharad Rathi, Chairman of the Audit Committee, was present at the last Annual General Meeting held on Monday, 10th September, 2018.

**B. NOMINATION AND REMUNERATION COMMITTEE**

**Terms of reference**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

**Composition**

The Nomination and Remuneration Committee as on 31st March, 2019, comprised of 3 (three) members:

| Sr. No | Name of Members | Category | Chairman/Member |
|---|---|---|---|
| 1 | Mr. Sharad Rathi | Independent Director | Chairman |
| 2. | Dr. Jaswantsingh Patil | Independent Director | Member |
| 3. | Mrs. Sandhya Lotlikar | Independent Director | Member |

The Company Secretary acts as the Secretary to the Committee.

**Meeting and attendance**

During the financial year ended 31st March, 2019, 2 (Two) meetings of the Nomination and Remuneration Committee were held as follows:

| No. | Date | Committee Strength | No. of members present |
|---|---|---|---|
| 1. | 28th June, 2018 | 3 | 3 |
| 2. | 11th June, 2019 | 3 | 3 |

**Nomination and Remuneration Policy**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policies are as under:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel to give quality efforts to run the Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

**Remuneration for Independent Directors and Non-independent Non-executive Directors**

- Independent Directors and Non-independent Non-executive Directors may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.
- The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the Nomination and Remuneration Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

**Remuneration for Managing Director/ Executive Directors / Key Managerial Personnel/ rest of the Employees**

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides to employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company also provides to employees with a social security net thru Group Personal Accidental Insurance policy, ESIC Scheme and Workmen Compensation Insurance Policy, as may be applicable. The Company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides Managing Director/ Executive Directors such remuneration by way of commission, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the Managing Director/ Executive Directors would be based on performance as evaluated by the Nomination and Remuneration Committee and approved by the Board.

**Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31st March, 2019 and their relationship with other Directors of the Company

**Executive Director**

(Amount in Rs.)

| Name | Relationship with other Directors | Salary (Rs.) | Stock Option (Rs.) | Benefits, perks and allowances (Rs.) | Commission (Rs.) | Contribution to Provident Fund (Rs.) | Stock Option granted upto 31st March, 2019 |
|---|---|---|---|---|---|---|---|
| Mr. Ramakant Gaggar | Brother | 150,000 Per Month | - | - | - | - | - |
| Mr. Suresh Gaggar | Brother | - | - | - | - | - | - |

**Non-Executive Directors**

(Amount in Rs.)

| Name | Relationship with other Directors | Sitting fees (Rs.) | Commission (Rs.) | Total (Rs.) |
|---|---|---|---|---|
| Mr. Sharad Rathi | None | - | - | - |
| Mrs. Manju Maheshwari (resigned w.e.f 14.09.2018) | None | - | - | - |
| Dr. Jaswantsingh Patil (appointed w.e.f. 28.06.2018) | None | - | - | - |
| Mrs. Sandhya Lotlikar (appointed w.e.f. 11.01.2019) | None | - | - | - |

During the financial year ended 31st March, 2019, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

**Shareholding of Non-executive Directors**

The Individual shareholding of Non-executive and executive Directors (including shareholding as joint holder) as on 31st March, 2019 is given below:

| Names | No. of shares held |
|---|---|
| Mr. Suresh Gaggar | 29,16,821 |
| *Mr. Ramakant Gaggar | 37,57,670 |

*216075 Equity shares are held jointly by Mr. Ramakant Gaggar and Mr. Suresh Gaggar

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Terms of reference**

The constitution and terms of reference of Stakeholders Relationship Committee are in compliance with provisions of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations;

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**Composition**

The Stakeholders Relationship Committee as on 31st March, 2019 comprised of 3 (three) members:

| Sr. No | Name of Members | Category | Chairman/Member |
|---|---|---|---|
| 1 | Mr. Sharad Rathi | Independent Director | Chairman |
| 2. | Mr. Ramakant Gaggar | Executive Director | Member |
| 3. | Mrs. Sandhya Lotlikar | Independent Director | Member |

Mr. Sharad Rathi, acts as a Chairman of Committee and Mrs. Deepika Company act as secretary to the Committee.

**Meeting and attendance**

During the financial year ended 31st March, 2019, 5 (Five) meetings of the Stakeholders Relationship Committee were held, as follows:

| No. | Date | Committee Strength | No. of members present |
|---|---|---|---|
| 1. | 28th May, 2018 | 3 | 3 |
| 2. | 25th July, 2018 | 3 | 3 |
| 3. | 07th September, 2018 | 3 | 3 |
| 4. | 28th November, 2018 | 3 | 3 |
| 5. | 11th February, 2019 | 3 | 3 |

**Compliance officer**

As on the date of this report, Ms. Deepika Pandey, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations. During the year no complaints were received from the shareholders. All the Complaints are redressed to the satisfaction of the shareholder. As on 31st March, 2019 no complaints were pending for redressal.

**Listing fees:**

The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31st March, 2019.

**DETAILS OF ANNUAL GENERAL MEETINGS:**

Location, date and time of Annual General Meetings held during the last 3 years:

| Year | Location | Date | Day | Time | No. of Special Resolutions |
|---|---|---|---|---|---|
| 2015- 16 | Raheja Chambers, Nariman Point Mumbai – 400 021 | 30th September, 2016 | Friday | 11.00 a.m. | 0 |
| 2016-17 | The Westin Mumbai Garden City, International Business Park, | 27th September, 2017 | Wednesday | 1.00 p.m. | 1 |
| 2017-18 | Oberoi Garden City, Goregaon (East), Mumbai – 400 063<br>The Westin Mumbai Garden City, International Business Park, Oberoi Garden City, Goregaon (East), Mumbai – 400 063 | 10th September, 2018 | Monday | 11.00 a.m. | 1 |

During the Financial Year 2018-19, no Resolution was approved by the Shareholders of the Company through postal ballot process. At present there is no proposal to pass any resolution by Postal Ballot.

**Disclosures**

a) During the financial year 2018-2019 there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

During the year under review, there were no transactions which were required to be entered in the Register of Contracts. As per Accounting Standard 18, transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

b) During the year under review, the Company has received SOP notice from BSE Limited, for non appointment of women Director on the Board within the stipulated period of time. The Company has paid a penalty of Rs. 1,00,300/ - for improper constitution of the Board and failure to appoint Women Director on the Board.

c) The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and Business Associates to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/ Employees and Business Associates who avail of the mechanism.

The Employees/Directors and Business Associates may, in exceptional cases, approach directly the Chairperson of the Audit Committee of the Board of Directors of the Company for registering complaints. During the year under review, the Policy was suitably amended to include reporting of instances relating to leak of Unpublished Price Sensitive Information (UPSI). No personnel were denied access to the Audit Committee of the Company with regards to the above

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

d) The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance. As far as Non-mandatory requirements are concerned, the Company has separate individuals occupying the position of Chairman and that of Managing Director. The Internal Auditors directly reports to the Audit Committee.

e) The Policy for determining 'material' subsidiaries is disclosed on website of the Company and the same may be accessed at the link: https://garnetint.com/mdocs-posts/policy-for-determining-material-subsidiary/

f) The Policy on dealing with related party transactions is disclosed on website of the Company and the same may be accessed at the link : https://garnetint.com/mdocs-posts/related-party-transactions-policy/

h) During the year Company has raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

i) A certificate from M/s Siddharth Sharma & Associates, a company secretary in practice has been obtained stating that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

j) There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

k) Total fees of Rs. 3,48,100 (Rupees Three Lakh Forty Eight Thousand one Hundred ) for financial year 2018-19, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor.

l) The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

a. Number of complaints filed during the financial year: NIL

b. Number of complaints disposed of during the financial year: NIL

c. Number of complaints pending as on end of the financial year: NIL

m) The Company has adopted a Code of Conduct for all employees including the members of the Board and Senior Management Personnel. All members of the Board and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the financial year 2018- 19. The declaration to this effect signed by Mr. Ramakant Gaggar, Managing Director of the Company forms part of this Report.

**n) Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:**

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, inter alia, required to amend/formulate the following:

(a) Code of Conduct to Regulate, Monitor and Report trading by Designated Persons

(b) Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'

(c) Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)

(d) Whistle Blower Policy to enable reporting in case of leak of UPSI

The Board of Director at their meeting held on 29th March, 2019, approved formulation/amendments to the aforesaid. The declarations and disclosures to be received from the designated persons (except Directors, Promoter(s) and Promoter(s) group) are automated. The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations w.r.t. action taken against such defaulters. The said non – compliances are promptly intimated to SEBI. The Code of Conduct to Regulate, Monitor and Report trading by Designated Persons, Code of Fair Disclosure & Conduct and Whistle Blower Policy have been uploaded on website of the Company and can be accessed through the following link:

https://garnetint.com/mdocs-posts/code-to-regulate-monitor-and-report-for-trading-by-insider/

o) Reminders are sent to shareholders for registering their email ids, claiming returned undelivered share certificates, unclaimed dividend and transfer of shares thereto

**MEANS OF COMMUNICATION**

**Financial Results**

Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in following newspapers:

- Financial Express (English)
- Mumbai Lakshadweep (Marathi)

The financial results are displayed on Company's website at www.garnetint.com. The Management Discussion & Analysis Report forms part of this Annual Report.

During the year no press releases or presentations were made to the institutional investors or to the analysts.

**GENERAL SHAREHOLDER INFORMATION**

**Annual General Meeting:**

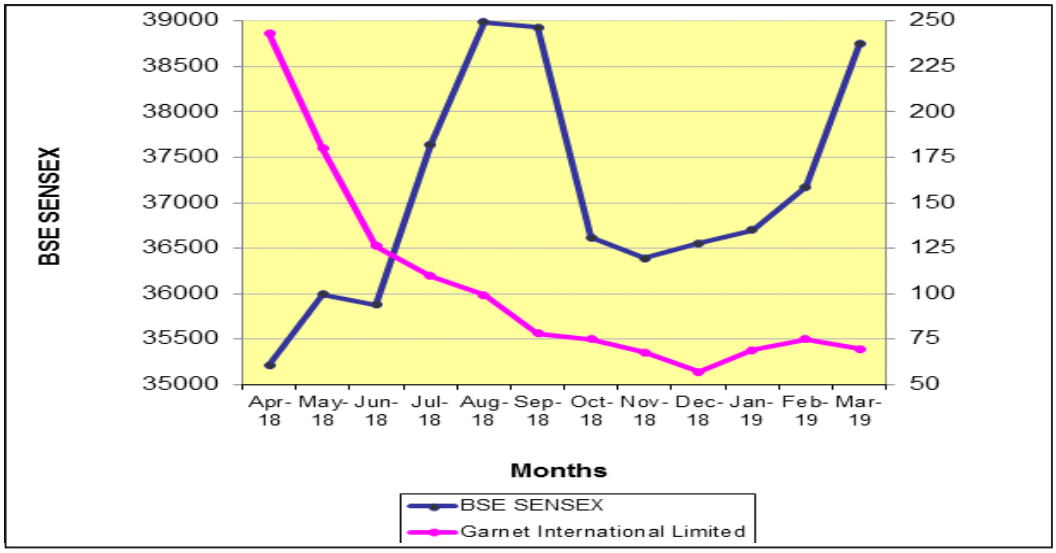
| | |
|---|---|
| Date and Time | Monday, 30th September, , 2019, at 04.00 p.m |
| Venue | 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai 400021 |
| As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 30th September, 2019 | |

| | |
|---|---|
| **Financial Year** | 1st April to 31st March. |
| **Dates of Book Closure** | From 24th Day of September, 2019 To 30th Day of September, 2019 |
| **Dividend payment date** | NA |
| **Dividend History** | See table below |
| **Stock Exchange where Company's Shares are listed** | BSE Limited<br>Phiroz Jeejeebhoy Towers, Dalal Street,<br>Mumbai 400 001, Maharashtra.<br>Scrip Code : 512493 |
| **Listing fees** | The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31st March, 2019 |

| Sr.no. | Financial Year | Dividend Per Equity Share (in Rs.) | Date of Declaration |
|---|---|---|---|
| 1 | 2017-18 | Rs. 0.50 | 10th September, 2018 |
| 2 | 2016-17 | Rs. 1.20 | 27th September, 2017 |
| 3 | 2015-16 | Re. 0.70 | 30th September, 2016 |

Stock Market Price data: High /Low during each month for the financial year ended 31st March, 2019

| Months | BSE Limited | |
|---|---|---|
| | High (Rs.) | Low (Rs.) |
| April 2018 | 243.00 | 188.00 |
| May 2018 | 179.85 | 105.05 |
| June 2018 | 126.30 | 105.35 |
| July 2018 | 109.70 | 72.70 |
| August 2018 | 99.20 | 67.70 |
| September 2018 | 78.00 | 62.95 |
| October 2018 | 75.00 | 47.20 |
| November 2018 | 67.70 | 48.50 |
| December 2018 | 56.95 | 38.25 |
| January 2019 | 69.15 | 50.00 |
| February 2019 | 75.00 | 52.10 |
| March 2019 | 69.70 | 50.00 |




**Share Transfer Agents**

Link Intime India Pvt Ltd. C-101, 247 Park,
LBS Marg, Vikhroli (W), Mumbai–400083
Fax: 022 – 22 49186060
Tele: 022 – 49186270

**Share Transfer Process**

M/s. Link Intime India Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for carrying out share related activities like transfer of shares, transmission of shares, transposition of shares, name deletion, change of address, amongst others.

The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares, requests for deletion of name of the shareholder etc. to the designated Officials of the Company. However, the Transaction in respect to issuance of duplicate share certificates, split, rematerialization, consolidation and renewal of share certificates are approved by the Stakeholders Relationship Committee of the Board of Directors of the Company.

A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the Listing Regulations.

**Transfer to Investor Education and Protection Fund**

Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years from the date of transfer to Unclaimed Dividend Account on the Company. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect to which there is specific order of Court, Tribunal or Statutory Authority, restraining transfer of the shares.

During the year under review, the Company had sent individual notices and also advertised in the newspapers seeking action from the shareholders who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred to IEPF following unpaid and unclaimed dividends during the financial year 2018-19:

| Particulars | Amount of Dividend |
|---|---|
| Final Dividend for the year 2010-11 | Rs. 64,771/- |

Shareholders/claimants whose shares, unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on http:// www.iepf.gov.in) from time to time. The Shareholders/claimant can file only one consolidated claim in a Financial Year as per the Rules.

During the Financial Year 2019-20, the Company would be transferring unclaimed Final Dividend amount for the financial year ended 31st March, 2012 on or before 04th December, 2019 to IEPF.

Details of shares/shareholders in respect of which dividend has not been claimed, are provided on the website, at link: http://garnetint.com/iepf/?mdocs-cat=mdocs-cat-40&mdocs-att=Investor%20Education%20and%20Protection%20Fund

The shareholders are requested to verify their records and claim their unclaimed dividends for the past years, if not claimed.

**Distribution of Equity Shareholding according to Numbers as at 31st March, 2019**

| Category | No. of Shareholders | % to total number of shareholders | No. of shares held in that slab | % to total number of shares |
|---|---|---|---|---|
| 1 to 5000 | 1456 | 77.2004 | 139029 | 0.7119 |
| 5001 to 10000 | 121 | 6.4157 | 88582 | 0.4536 |
| 10001 to 20000 | 87 | 4.6129 | 130536 | 0.6684 |
| 20001 to 30000 | 46 | 2.439 | 117851 | 0.6035 |
| 30001 to 40000 | 26 | 1.3786 | 91809 | 0.4701 |
| 40001 to 50000 | 22 | 1.1665 | 97782 | 0.5007 |
| 50001 to 100000 | 37 | 1.9618 | 266131 | 1.3628 |
| 100001 & above | 91 | 4.825 | 185969360 | 95.229 |
| **TOTAL** | **1886** | **100** | **19528656** | **100** |

**Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2019**

| Sr. No. | Category of Shareholder | Number of Shares | % of Shareholding |
|---|---|---|---|
| (A) | Shareholding of Promoter and Promoter Group | 11036400 | 56.51 |
| (B) | Public shareholding | | |
| 1 | Institutions | | |
| | (a) Mutual Funds/ UTI | 0 | 0.00 |
| | (b) Financial Institutions / Banks | 0 | 0.00 |
| | (c) Insurance Companies | 0 | 0.00 |
| | (d) Foreign Institutional Investors/Foreign Portfolio Investor | 0 | 0.00 |
| | (e) HUF | 310985 | 1.59 |
| 2 | Non-Institutions | | |
| | (a) Bodies Corporate | 3189998 | 16.34 |
| | (b) Individuals | | |
| (i) | holding nominal share capital up to Rs. 1 Lacs | 766596 | 3.93 |
| (ii) | holding nominal share capital in excess of Rs. 1 Lacs | 2511387 | 12.86 |
| (c) | Any Other (specify) | | |
| (i) | NRIs | 1601835 | 8.20 |
| (ii) | Clearing Member | 99902 | 0.51 |
| (iii) | IEPF | 7074 | 0.04 |
| (iv) | NBFC's Registered with RBI | 4479 | 0.02 |
| **Total Public Shareholding (B)** | | **8492256** | **43.49** |
| **TOTAL (A) + (B)** | | **19528656** | **100.00** |

**Dematerializations of shares and liquidity**

As on 31st March, 2019, 1,95,15,071 Equity Shares (99.93% of the total number of shares) are in demat form as compared to 99.86 % of the total number of shares as on 31st March, 2018.

**Outstanding GDRs/ ADRs / Warrants or any convertible instruments**

During the year under review, Company has not issued any GDRs/ ADRs / Warrants or any convertible instruments.

**Plant Location:** The Company does not have any manufacturing activities

**Investor Correspondence**

Shareholders can contact the following official for secretarial matters of the Company.

| Name | Address | Telephone No. / Fax No. | Email id |
|---|---|---|---|
| Ms. Deepika Pandey<br>Company Secretary &<br>Compliance Officer | 901, Raheja Chambers,<br>Free Press Journal Marg,<br>Nariman Point, Mumbai – 400 021 | (022) 22820714/15 | secretarial@garnetint.com |

**Affirmation and Disclosure**

The Company has complied with all requirements specified in Regulation 17 to 27 of the Listing Regulations and also Clauses (b) to (i) of Regulation 46(2) relating to dissemination of information on the website of the Company. Following are the disclosure made on the website of the Company i.e. www.garnetint.com :

1. Details of the business of the Company;
2. Terms and conditions of appointment of Independent Directors;
3. Composition of various Committees of Board of Directors;
4. Code of Conduct for Board of Directors and Senior Management Personnel;
5. Details of establishment of vigil mechanism/Whistle Blower policy;
6. Criteria of making payments to Non-Executive Directors;
7. Policy on dealing with Related Party Transactions;
8. Policy for determining material subsidiaries and
9. Details of familiarization programmes imparted to Independent Directors.

**Compliance with the Discretionary Requirements under Listing Regulations**

The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations is as under:

(a) The quarterly, half yearly and yearly Financial results are uploaded on the website of the Company under the weblink i.e. www.garnetint.com.

(b) The Chairman of the Board is a Executive Director and his position is separate from that of the Managing Director.

(c) The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

**DECLARATION**

**Compliance with the Code of Business Conduct and Ethics**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2019.

For Garnet International Limited

**Ramakant Gaggar**
Managing Director
DIN:01019838

Mumbai, 29th May, 2019

# CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
**Garnet International Limited**
901, Raheja Chambers,
Free Press Journal Marg,
Nariman Point, Mumbai – 400 021

We have examined the compliance of conditions of corporate governance by **Garnet International Limited** ('the Company') for the year ended March 31, 2019, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C , D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For MVK Associates Chartered Accountants**
Registration No. 120222W

Sd/-
**CA Vishnu Garg**
Partner
Membership No.: 045560

# CEO/CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Garnet International Limited ("the Company") to the best of our knowledge and belief certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief, we state that:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violation of the Company's code of conduct.

c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

   i. significant changes, if any, in internal control over financial reporting during the year;

   ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

**For Garnet International Limited**

| | |
|---|---|
| Sd/- | Sd/- |
| **Ramakant Gaggar** | **Sanjay Raut** |
| Managing Director | Chief Financial Officer |
| DIN: 01019838 | |

Place: Mumbai
Date: 29th May, 2019

# INDEPENDENT AUDITORS' REPORT

To
**The Members of Garnet International Limited**

**Report on the audit of the standalone financial statements**

**Opinion**

We have audited the accompanying standalone financial statements of **Garnet International Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss and cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Management's responsibility for the standalone financial statements**

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

a. The Company has disclosed impact of any pending litigations which would impact its financial position in its standalone financial statements if any;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For MVK Associates**
Chartered Accountants
Firm Registration No.120222W

**CA Mittal Vora**
Partner
Membership No. 140786

Place: Mumbai
Date: 29.05.2019

**Annexure A referred to in Paragraph 10 of our Report of even date to the members of Garnet International Limited on the accounts of the Company for the year ended March 31, 2019**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

b) As explained to us, these fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;

c) The title deeds of immovable properties are held in the name of the Company.

ii. The inventory of the company i.e. shares has been kept in dematerialized form. Hence, the question of physical verification by management would not arise.

iii. The Company has granted unsecured loan to one (1) subsidiary company covered in the register maintained under section 189 of the Companies Act during the year.

a) In our opinion the terms and conditions on which loans have been granted are not prejudicial to the interest of the Company.

b) The loan is repayable on demand.

c) There is no overdue amount of loans so granted to the parties.

iv. In our opinion and according to information and explanations given to us, the Company has not given any loan, guarantee or security in respect of loans and investments, as per the provisions of section 185 and 186 of the Companies Act, 2013.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

vi. According to the information and explanations provided by the management, the Company is not engaged in production of any such goods or provision of any such services for which the Central Government has prescribed maintenance of cost records under section 148(1) of Companies Act, 2013. Accordingly, provisions of Clause 3(vi) of the Order are not applicable to the Company.

vii. a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, 'Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2019 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

viii. According to the records of the Company, the Company has not borrowed from financial institutions or banks or Government or has not issued any debentures till March 31, 2019. Accordingly, provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have

neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approval mandated by provisions of Section 197 read with Schedule V of the Companies Act, 2013

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly the provisions of Clause 3(xii) of the Order are not applicable.

xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the company.

xv. According to the records of the Company examined by us and the information and explanations given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For MVK Associates**
Chartered Accountants
Firm Registration No. 120222W

**CA. Mittal Vora**
Partner
M. No. 140786

Place: Mumbai
Date: 29th May, 2019

## Annexure B to the Independent Auditor's Report

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Garnet International Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For MVK Associates,**
Chartered Accountants
Firm Registration No.-120222W

**C.A. Mittal Vora**
Partner
Membership No.-140786

Place: Mumbai
Date: 29th May, 2019

## Standalone Balance Sheet as at 31st March 2019

(Amount in Rs.)

| Particulars | Note No. | As at 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' funds** | | | | | |
| Share Capital | 2 | 195,286,560 | | 195,286,560 | |
| Reserves and Surplus | 3 | 257,614,522 | | 655,214,810 | |
| Money Received against Share Warrants | 4 | 7,267,360 | | 7,267,360 | |
| | | | 460,168,442 | | 857,768,730 |
| **Share Application Money Pending Allotment** | | | - | | - |
| **Non-Current Liabilities** | | | | | |
| Long Term Borrowing | | - | | - | |
| Deferred Tax Liabilities (Net) | | - | | - | |
| Other Non Current Assets | | - | | - | |
| Long Term Provision | | 269,252 | 269,252 | - | - |
| **Current Liabililties** | | | | | |
| Short Term Borrowings | 6 | 23,880,904 | | 472,957,168 | |
| Trade Payables | 7 | | | | |
| -Due to MSME | | - | | - | |
| -Due to Others | | 22,094,791 | | 1,163,113 | |
| Other Current Liabililties | 8 | 317,911 | | 1,333,946 | |
| Short Term Provisions | 9 | 8,049 | | 13,513,629 | |
| | | | 46,301,655 | | 488,967,856 |
| **TOTAL** | | | **506,739,349** | | **1,346,736,586** |
| **ASSETS** | | | | | |
| **Non Current Assets** | | | | | |
| Property,Plant & Equipment | | | | | |
| Tangible Assets | 10 | 377,827 | | 522,037 | |
| Intangible Assets | | - | | - | |
| Capital Work in Progress | | - | | - | |
| Intangible Assets Under Development | | - | | - | |
| | | 377,827 | | 522,037 | |
| Non Current Investments | 11 | 312,321,881 | | 407,073,051 | |
| Deferred Tax Assets (Net) | 5 | 386,868 | | 442,078 | |
| Long Term Loans and Advances | 12 | 38,178,463 | | 35,553,169 | |
| Other Non-Current Assets | 13 | 61,337,348 | | 62,161,588 | |
| | | | 412,602,387 | | 505,751,923 |
| **Current Assets** | | | | | |
| Current Investment | | - | | - | |
| Inventories | 14 | 21,123,681 | | 809,876,869 | |
| Trade Receivables | 15 | 52,600,736 | | - | |
| Cash and Cash Equivalents | 16 | 5,363,827 | | 17,216,018 | |
| Short-Term Loans and Advances | 17 | 14,053,592 | | 13,525,055 | |
| Other Current Assets | 18 | 995,126 | | 366,721 | |
| | | | 94,136,962 | | 840,984,663 |
| **TOTAL** | | | **506,739,349** | | **1,346,736,586** |
| Significant accounting policies | 1 | | | | |
| See accompanying notes to financial statements | 2-32 | | | | |

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm Registration No. : 120222W

**CA. Mittal Vora**
Partner
Membership No. 140786

Place : Mumbai
Date : 29/05/2019

**For and on behalf of the board**

| | | |
|---|---|---|
| **Suresh Gaggar** | **Ramakant Gaggar** | **Sharad Rathi** |
| Director | Managing Director | Director |
| **DIN : 00599561** | **DIN : 01019838** | **DIN: 00437174** |
| **Sanjay Raut** | **Deepika Pandey** | |
| Chief Financial Officer | Company Secretary | |

## Statement of Profit and Loss for the year ended 31st March 2019

(Amount in Rs.)

| Particulars | Note No. | For the year ended 31st March 2019 | | For the year ended 31st March 2018 | |
|---|---|---|---|---|---|
| Revenue from Operations | 19 | 681,160,721 | | 3,567,600,922 | |
| Other Income | 20 | 7,328,822 | | 85,232,337 | |
| **Total Revenue** | | | **688,489,543** | | **3,652,833,259** |
| **Expenses:** | | | | | |
| Purchases of Stock-in-Trade | 21 | 139,419,746 | | 4,095,900,432 | |
| Changes in inventories | 22 | 788,753,188 | | (806,028,732) | |
| Employee benefit expenses | 23 | 6,526,462 | | 1,859,036 | |
| Finance cost | 24 | 185,108 | | 8,932,188 | |
| Depreciation and Amortisation expenses | 10 | 284,470 | | 658,800 | |
| Other expenses | 25 | 136,754,118 | | 253,532,202 | |
| **Total Expenses** | | | **1,071,923,092** | | **3,554,853,927** |
| Profit / (Loss) before Exceptional and Extraordinary items and tax | | | (383,433,549) | | 97,979,332 |
| Exceptional items | | | - | | - |
| **Profit / (Loss) before Extraordinary items and tax** | | | **(383,433,549)** | | **97,979,332** |
| Extraordinary Items | | | - | | - |
| **Profit / (Loss) before Tax** | | | **(383,433,549)** | | **97,979,332** |
| Current tax | | - | | 21,389,290 | |
| Deferred tax | | 55,210 | | (117,269) | |
| Tax adjustment for earlier years | | 1,515,541 | | 4,972,868 | |
| MAT credit entitlement | | 824,240 | | (44,892,839) | |
| | | | 2,394,991 | | (18,647,950) |
| **Profit / (Loss) after tax for the period from continuing operations** | | | **(385,828,540)** | | **116,627,282** |
| Profit / (Loss) for the period from discontinuing operations | | | **-** | | **-** |
| Tax expense of discontinuing operations | | | **-** | | **-** |
| Profit / (Loss) after tax for the period from discontinuing operations | | | - | | - |
| **Profit / (Loss) after tax for the period** | | | **(385,828,540)** | | **116,627,282** |
| Earning per Equity Share | | | | | |
| Basic and Diluted | 26 | | (19.76) | | 6.22 |
| Significant accounting policies | 1 | | | | |
| See accompanying notes to financial statements | 2-32 | | | | |

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm Registration No. : 120222W

**CA. Mittal Vora**
Partner
Membership No. 140786

Place : Mumbai
Date : 29/05/2019

**For and on behalf of the board**

| | | |
|---|---|---|
| **Suresh Gaggar** | **Ramakant Gaggar** | **Sharad Rathi** |
| Director | Managing Director | Director |
| **DIN : 00599561** | **DIN : 01019838** | **DIN: 00437174** |
| **Sanjay Raut** | **Deepika Pandey** | |
| Chief Financial Officer | Company Secretary | |

## Cash Flow Statement for the year ended 31st March, 2019

(Amount in Rs.)

| Particulars | For the Year Ended 31st March 2019 | | For the Year Ended 31st March 2018 | |
|---|---|---|---|---|
| **(A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net profit before tax** | **(383,433,549)** | | **97,979,332** | |
| **Adjustment for:** | | | | |
| Depreciation | 284,470 | | 658,800 | |
| Provision for standard assets | 209,371 | | - | |
| Loss / (Profit) on sale of Investments | 41,019,692 | | (76,727,882) | |
| Interest Income | (4,222,304) | | (6,568,265) | |
| Dividend Income | (2,256,518) | | (1,936,190) | |
| Interest Expense | 185,108 | | 8,924,739 | |
| **Operating Profit before Working Capital changes** | **(348,213,730)** | | **22,330,534** | |
| **Adjutment for:** | | | | |
| - Trade and other Receivables | (52,600,736) | | - | |
| - Inventories | 788,753,188 | | (806,028,732) | |
| - Loans & Advances & Other Current Assets | (1,213,307) | | (3,878,312) | |
| - Trade Payables | 20,931,678 | | 809,950 | |
| - Other Current Liabilities & Short Term Provisions | (14,215,164) | | 8,197,332 | |
| **Cash generated from operations** | 393,441,929 | | (778,569,228) | |
| Direct Taxes | (1,515,541) | | (41,403,385) | |
| **Cash flow before extraordinary Items** | 391,926,388 | | (819,972,613) | |
| Extraordinary Items | - | | - | |
| **NET CASH FROM OPERATING ACTIVITIES** | | **391,926,388** | | **(819,972,613)** |
| **(B) CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Sale/(Purchase) of Investments (Net) | 94,751,170 | | 64,832,540 | |
| Loan (Given)/Refund | (2,778,300) | | (35,473,169) | |
| Purchase of Fixed Assets | (140,260) | | (321,646) | |
| Interest income | 4,222,304 | | 6,568,265 | |
| Profit / (Loss) on sale of Investments | (41,019,692) | | 76,727,882 | |
| Dividend received | 2,256,518 | | 1,936,190 | |
| Proceeds from / Payment for Deposits | - | | - | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **57,291,740** | | **114,270,062** |

(Amount in Rs.)

| Particulars | For the Year Ended 31st March 2019 | | For the Year Ended 31st March 2018 | |
|---|---|---|---|---|
| **(C) CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Share Application Money Received | - | | 7,267,360 | |
| Shares Issued | - | | 133,036,560 | |
| Share Premium Received | - | | 100,296,080 | |
| Short Term Borrowings | (449,076,264) | | 465,665,495 | |
| Interest Expenses | (185,108) | | (8,924,739) | |
| Dividend & DDT paid | (11,808,947) | | (9,022,115) | |
| **NET CASH FROM FINANCING ACTIVITIES** | | **(461,070,319)** | | **688,318,641** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **(11,852,191)** | | **(17,383,910)** |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | | 17,216,018 | | 34,599,928 |
| **CLOSING BALANCE OF CASH AND CASH EQUIVALENTS** | (Note No. 15) | **5,363,827** | | **17,216,018** |

**Notes to Cash Flow Statement :**

1. All figures in brackets are outflow.
2. Previous year's figures have been regrouped, rearranged or reclassified, wherever necessary.

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm Registration No. : 120222W

**CA. Mittal Vora**
Partner
Membership No. 140786

Place : Mumbai
Date : 29/05/2019

**For and on behalf of the board**

| | | |
|---|---|---|
| **Suresh Gaggar** | **Ramakant Gaggar** | **Sharad Rathi** |
| Director | Managing Director | Director |
| **DIN : 00599561** | **DIN : 01019838** | **DIN: 00437174** |
| **Sanjay Raut** | **Deepika Pandey** | |
| Chief Financial Officer | Company Secretary | |

**Note 1 : SIGNIFICANT ACCOUNTING POLICIES**

**1. SYSTEM OF ACCOUNTING**

i) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 2013 following the mercantile system of accounting and recognising income and expenditure on accrual basis.

ii) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

**2. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS**

i) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified as per the Companies Act, 2013 and the relevant provisions thereof.

ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule III to the Companies Act, 2013.

iii) Based on the nature of activity and the time between acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**3. TANGIBLE AND INTANGIBLE ASSET**

i) Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

ii) Intangible fixed asset comprising software licenses are stated at cost of acquisition including any cost attributable bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

**4. INVESTMENTS**

i) Investments are classified into Non Current and Current Investments.

ii) Non Current investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.

iii) Current investments are being valued at cost or market value whichever is lower.

**5. DEPRECIATION**

i) No depreciation is provided for leasehold land and freehold land.

ii) Depreciation on fixed assets is being provided on "Straight Line Method" basis at the rates specified in Scheduled II to the Companies Act, 2013.

iii) Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed.

iv) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.

**6. VALUATION OF INVENTORIES**

i) Valuation of inventories is exclusive of taxes or duties incurred and on FIFO basis except otherwise stated.

ii) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.

iii) Stores, spares and tools are being valued at weighted average cost.

iv) Goods in transit, if any, are stated at actual cost up to the date of the Balance Sheet.

v) Finished stocks are being valued at direct cost or net realisable values whichever is lower.

**7. REVENUE RECOGNITION**

i) Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is on the dispatch of goods.

ii) Sales are stated net of discount, claims, and shortage. Commission, brokerage and incentives on sales, wherever applicable, have been separately recognized as an expense.

iii) Incomes from job charges are recognized as and when the services are rendered.

iv) Interest income is accounted on accrual basis.

v) Incomes from investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

**8. MISCELLANEOUS EXPENDITURE**

Miscellaneous expenditure, such as preliminary expenditure and share issue expenditure is amortized over a period of 5 years, as the case may be, from the financial year in which it is incurred.

**9. PRIOR PERIOD EXPENSES/INCOME**

The company follows the practice of making adjustments through “prior period items” in respect of all material transaction pertaining to the period prior to current accounting period/year.

**10. TAXES ON INCOME:**

Income tax expense comprises of Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the assessable income at the rate applicable for the relevant assessment year.

Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and capable of reversal in one or more subsequent years. Deferred tax, arising mainly on account of unabsorbed depreciation and losses under tax laws, is recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax on account of other timing differences is recognized, only to the extent there is a reasonable certainty of its realization. At each balance sheet the carrying amount of deferred tax assets are reviewed to reassure realization.

**11. CAPITAL WORK IN PROGRESS**

The cost incurred for fixed assets, the construction of which is not completed, are included under “capital work-in-progress” and the same are classified and added to the respective assets on the completion.

**12. BORROWING COSTS**

The company capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the group uses the interest rates applicable to that specific borrowing as the capitalization rate. Capitalization of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit and Loss Account.

**13. RETIREMENT AND OTHER BENEFITS TO EMPLOYEES**

i) Employees’ benefit under defined contribution plan such as contribution to provident fund and employees’ benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.

ii) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which such payments are made to the employees.

**14. CONTINGENT LIABILITIES**

Contingent liabilities are disclosed by way of notes to accounts. Disputed demand in respect of central excise, customs, income tax and other proceeding etc. are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as advance till the final disposal of the matters.

**15. EXCISE DUTY**

i) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.

ii) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.

iii) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

**16. TRANSACTION IN FOREIGN CURRENCIES**

i) Initial Reorganisation: Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.

ii) Conversion: Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.

iii) Exchange Difference: The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

In case the monetary items are covered by the forward exchange contracts, the difference between the yearend exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

**17. IMPAIRMENT LOSS**

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

## Notes on Financial Statements as at 31st March 2019

(Amount in Rs.)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|

**Note 2 : Share Capital**

| Particulars | Numbers | Amount | Numbers | Amount |
|---|---|---|---|---|
| **Authorised :** | | | | |
| Equity Shares of Rs. 10/- each | 30,000,000 | 300,000,000 | 30,000,000 | 300,000,000 |
| **Total** | **30,000,000** | **300,000,000** | **30,000,000** | **300,000,000** |
| **Issued, Subscribed and Paid-Up :** | | | | |
| Equity Shares of Rs. 10/- each fully paid | 19,528,656 | 195,286,560 | 19,528,656 | 195,286,560 |
| **Total** | **19,528,656** | **195,286,560** | **19,528,656** | **195,286,560** |

**2 (a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :-**

| Particulars | Numbers | Amount | Numbers | Amount |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 19,528,656 | 195,286,560 | 6,225,000 | 62,250,000 |
| Issued / Converted during the year | - | - | 284,552 | 2,845,520 |
| Allotted as fully paid by way of Bonus Shares on 24th January 2018 | - | - | 13,019,104 | 130,191,040 |
| Bought back during the year | - | - | - | - |
| **Outstanding at the end of the year** | **19,528,656** | **195,286,560** | **19,528,656** | **195,286,560** |

During the previous year (2017-18) 1,30,19,104 fully paid equity shares of Rs.10 each were issued as bonus share on 24th January 2018. The existing permissible reserves of the Company was capitalised for issue of bonus shares in the proportion of one equity share for every one equity share held by the equity shareholders of the company.

**2 (b) Detailed note on the terms of the rights, preferences and restrictions relating to each class of shares including restrictions on the distribution of dividends and repayment of capital.**

i. The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity Share is entitled to one vote per share.

ii. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

**2 (c) Shareholders holding more than 5% of the share capital at the end of the year :**

| Name of shareholders | Numbers | % of Holding | Numbers | % of Holding |
|---|---|---|---|---|
| Shri Ramakant Gaggar | 3,757,670 | 19.24% | 3,536,514 | 18.11% |
| Mangal Savitri Bizcon Pvt. Ltd. | 1,652,716 | 8.46% | 2,580,845 | 13.22% |
| Smt. Indra Gaggar | 888,032 | 4.55% | 888,032 | 4.55% |
| Shri Suresh Gaggar | 3,260,021 | 16.69% | 2,150,010 | 11.01% |
| Navratan Gaggar | 915,075 | 4.69% | 915,075 | 4.69% |

**2 (d) Detailed note on Shares reserved to be issued under option and contracts / commitments for the sale of shares / divestments including the terms and conditions.**

The company does not have any such contracts / commitment as on reporting date.

2 (e) **Detailed terms of any securities convertible into shares, e.g. in the case of convertible warrants, debentures, bonds etc.**

- During the previous year the company had proposed to issue 3,20,000 Convertible Warrants at Rs.820/- out of which company has issued 2,84,552 fully convertible warrants to Anita Chennari at Rs. 820/- per warrant. The warrants issued are convertible into equal number of equity shares having face value of Rs. 10/- with premium of Rs. 810/- per share having face value of Rs. 10/- with premium of Rs. 810/- per share. 284,552 Warrants were converted into equal number of equity shares during the previous year. Rs.72,67,360/- has been received during the previous year for remaining 35,448 warrants.

- Conversion can happen anytime from the date of allotment but before the expiry of 18 months from the date of allotment. Convertible warrants are subject to lock-in-period of three years from date of allotment of the equity shares or such reduced period as may be permitted under the SEBI Issue of Capital & Disclosure Requirements (ICDR) Regulations, 2009 as amended time to time.

(Amount in Rs.)

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|
| **Note 3 : Reserves and Surplus** | | | | |
| **Securities Premium** | | | | |
| Balance at the beginning of the year | 426,645,269 | | 326,349,189 | |
| Add: Received during the year | - | | 230,487,120 | |
| | 426,645,269 | | 556,836,309 | |
| Less : Bonus Shares Issued | - | | 130,191,040 | |
| | | 426,645,269 | | 426,645,269 |
| **Surplus in Statement of Profit and Loss :** | | | | |
| Balance at the beginning of the year | 228,569,541 | | 111,942,259 | |
| Add / (Less): Profit (Loss) after tax for the year | (385,828,540) | | 116,627,282 | |
| | | (157,258,999) | | 228,569,541 |
| Less : Appropriations | | | | |
| Proposed Dividend | 9,764,328 | | - | |
| Tax on Proposed Dividend | 2,007,420 | | - | |
| | | 11,771,748 | | - |
| **Total** | | **257,614,522** | | **655,214,810** |

Note : Board of Directors have Proposed Dividend of 5% of Face Value i.e. Rs.0.5 per share for F.Y. 2017-18 to be approved by Members at Annual General Meeting and paid during the year

| **Note 4 : Money Received against Share Warrants** | | |
|---|---|---|
| Opening balance | 7,267,360 | - |
| Application Money Received during the year | - | 240,600,000 |
| Issue of Share at Premium | - | (233,332,640) |
| **Total** | **7,267,360** | **7,267,360** |

- Refer Note No. 2(e)

(Amount in Rs.)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Note 5 : Deferred Tax Liabilities / (Assets) (Net)** | | |
| Depreciation | (314,770) | (378,060) |
| Business Losses * | - | - |
| Gratuity | (72,098) | (64,018) |
| **Total** | **(386,868)** | **(442,078)** |

* Deferred tax assets arising on losses has not been recognized in view of uncertainty in generating the profit in the future.

| | | |
|---|---|---|
| **Note 6 : Short Term Borrowings** | | |
| Unsecured Loans: * | | |
| Loans repayable on demand | | |
| - From Related Party | - | - |
| - From Others | 23,880,904 | 472,957,168 |
| **Total** | **23,880,904** | **472,957,168** |

* All the above loans are repayable on demand.

| | | |
|---|---|---|
| **Note 7 : Trade Payables** | | |
| Micro and small enterprises* | - | - |
| Others | 22,094,791 | 1,163,113 |
| **Total** | **22,094,791** | **1,163,113** |

* As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2019.

| | | |
|---|---|---|
| **Note 8 : Other Current Liabilities** | | |
| Unpaid Dividends* | 222,274 | 259,473 |
| Statutory Liabilities | 85,485 | 1,065,036 |
| Accrued Expenses | 10,152 | 9,437 |
| **Total** | **317,911** | **1,333,946** |

* There is no outstanding dues to be paid to Investor Education and Protection Fund.

| | | |
|---|---|---|
| **Note 9 : Short Term Provisions** | | |
| Provision for employees benefits (Gratuity) (refer note 28) | 8,049 | 207,179 |
| Provision for taxation 2017-18 (net of taxes paid) | - | 13,306,450 |
| **Total** | **8,049** | **13,513,629** |

## Notes on Financial Statements as at 31st March 2019

### Note 10 : Fixed Assets

(Amount in Rs.)

| PARTICULARS | GROSS BLOCK (At Cost) | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions during the year | Sold / Transfer during the Year | Total As at 31.03.2019 | Provided upto 01.04.2018 | Provided for the Year | Adjustments during the Year | Written Back during the Year | Total upto 31.03.2019 | Total as at 31.03.2019 | Total as at 01.04.2018 |
| **Tangible Assets** | | | | | | | | | | | |
| Land | 78,090 | - | - | 78,090 | - | - | - | - | - | 78,090 | 78,090 |
| Vehicle | 5,160,200 | - | - | 5,160,200 | 5,002,355 | 157,845 | - | - | 5,160,200 | - | 157,845 |
| Office Equipments | 1,362,298 | 66,670 | - | 1,428,968 | 1,224,158 | 43,632 | - | - | 1,267,790 | 161,178 | 138,140 |
| Computers | 764,083 | 73,590 | - | 837,673 | 616,121 | 82,993 | - | - | 699,114 | 138,559 | 147,962 |
| Electric Equiptment | 192,500 | - | - | 192,500 | 192,500 | - | - | - | 192,500 | - | - |
| Total | 7,557,171 | 140,260 | - | 7,697,431 | 7,035,135 | 284,470 | - | - | 7,319,605 | 377,827 | 522,037 |
| **Intangible Asset** | | | | | | | | | | | |
| Computer Software | 3,481,275 | - | - | 3,481,275 | 3,481,275 | - | - | - | 3,481,275 | - | - |
| Total | 3,481,275 | - | - | 3,481,275 | 3,481,275 | - | - | - | 3,481,275 | - | - |
| Total as at 31.03.2019 | 11,038,446 | 140,260 | - | 11,178,706 | 10,516,410 | 284,470 | - | - | 10,800,880 | 377,827 | 522,037 |
| Total as at 31.03.2018 | 10,716,800 | 321,646 | - | 11,038,446 | 9,857,609 | 658,800 | - | - | 10,516,409 | 522,037 | 859,191 |

(Amount in Rs.)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|

**Note 11 : Non-Current Investments**

| Other than trade (at cost): | Numbers | Amount | Numbers | Amount |
|---|---|---|---|---|
| **Quoted: Investments in fully paid equity instruments:** | | | | |
| Arambhan Hospitality Ser. Ltd. | 875,000 | 30,994,400 | 845,000 | 30,683,000 |
| Agarwal Industrial Corporation Ltd | 1,161,022 | 226,699,698 | 1,383,540 | 308,724,778 |
| **Unquoted: Investments in fully paid equity instruments:** | | | | |
| **a) Investment in a Subsidiary Company:** | | | | |
| Garnet Valoram Capital Venture Pvt. Ltd. (Face value Rs. 10) | - | - | 9,999 | 99,990 |
| Sukartik Clothing Pvt. Ltd (Face value Rs. 10) | 211,000 | 54,200,000 | 211,000 | 54,200,000 |
| **b) Investment in Shares of Other Companies:** | | | | |
| A&G Accelerators Pvt. Ltd. (Face value Rs. 10) | 10,000 | 100,000 | 10,000 | 100,000 |
| **Share Warrant** | | | | |
| Agarwal Industrial Corporation Ltd | | - | | 12,937,500 |
| **Investments in Government securities** | | | | |
| National Saving Certficates* | | 23,000 | | 23,000 |
| **Other non-current investment** | | | | |
| Silver bar | 16.445 Kg | 304,783 | 16.445 Kg | 304,783 |
| **Total** | | **312,321,881** | | **407,073,051** |

| Particulars | Book value | Market Value** | Book value | Market Value** |
|---|---|---|---|---|
| Aggregate value of: | | | | |
| Quoted investments | 257,694,098 | 194,143,197 | 339,407,778 | 497,776,363 |
| Unquoted investments | 54,300,000 | N.A. | 54,399,990 | N.A. |

(*) stands in the name of one of the directors

(**) The market value of quoted investments is based on the Bombay Stock Exchange quotations as on 31.03.2019 or nearest traded date, wherever available. The market value of shares, for which the quotations of the Bombay Stock Exchange were not available, has been considered as nil.

**Note 12 : Long Term Loans and Advances**

| | | |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposit | 80,000 | 80,000 |
| Intercorporate Loans | - | - |
| Unserured loan to Subsidiary Company | 38,251,469 | 35,473,169 |
| Less :Provision for Standard Assets | (153,006) | - |
| **Total** | **38,178,463** | **35,553,169** |

**Note 13 : Other-Non Current Assets**

| | | |
|---|---|---|
| Minimum Alternate Tax Credit Entitlement | 61,337,348 | 62,161,588 |
| **Total** | **61,337,348** | **62,161,588** |

(Amount in Rs.)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Note 14 : Inventories** | | |
| Stock-in-Trade - Shares* | 21,123,681 | 809,876,869 |
| **Total** | **21,123,681** | **809,876,869** |
| * Details of Stock-in-trade - Shares (Face value of Rs. 10/- each): | | |
| 1,47,076 (P.Y. 1,47,076) Equity shares of Pankaj Polymers Limited | 970,701 | 1,213,721 |
| 1,05,000 (P.Y. 23,52,837) Equity shares of Vakrangee Limited | 4,393,669 | 520,329,903 |
| NIL (P.Y. 9,00,000) Equity shares of Parshvnath Devlopers Limited | - | 13,500,000 |
| 1,66,383 (P.Y. 3,16,162) Equity shares of Atishay Limited | 11,813,193 | 27,268,973 |
| 1,500 (P.Y. 2,40,383) Equity shares of Lactos India Limited | 51,300 | 24,422,913 |
| NIL (P.Y. 25,21,514) Equity shares of Websol Energy System Ltd. | - | 223,141,361 |
| 65,022 (P.Y. NIL) Equity shares of Gini Silk Mills Ltd. | 3,894,818 | - |
| 1(P.Y. NIL) Equity share of Reliance ETF-bonus share | - | - |
| | **21,123,681** | **809,876,871** |
| **Note 15 : Trade receivable** | | |
| Sundry debtors considered good | 52,600,736 | - |
| | **52,600,736** | **-** |
| **Note 16 : Cash and Cash Equivalents** | | |
| Cash and Bank Balances | | |
| Balances with banks | | |
| In a Current account | 1,898,107 | 16,095,363 |
| In a Unpaid dividend account* | 222,274 | 259,473 |
| Cash in hand | 78,713 | 109,526 |
| Other bank balances | | |
| Fixed deposits with banks with maturity period more than 3 months but upto 12 months. | 3,164,733 | 751,656 |
| **Total** | **5,363,827** | **17,216,018** |

* Earmarked against the corresponding provision.

(Amount in Rs.)

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|
| **Note 17 : Short Term Loans and Advances** | | | | |
| **Unsecured, considered good** | | | | |
| **Others** | | | | |
| **Intercorporate loans** | | | | |
| To the companies in which director(s) is(are) member(s) and director(s) | - | | 188,383 | |
| Others | 14,091,303 | | 13,313,162 | |
| Less:Provision for Standard assets | (56,365) | | - | |
| | | 14,034,938 | | 13,501,545 |
| Advance from Creditors | | - | | 2,182 |
| Receivable from others | | 4,720 | | - |
| Prepaid expenses | | 13,934 | | 21,328 |
| **Total** | | **14,053,592** | | **13,525,055** |
| **Note 18 : Other Current Assets** | | | | |
| Interest Accrued on deposits | | 127,356 | | 25,111 |
| Balance with revenue authority(F.Y.17-18) | | 2,037 | | - |
| Balance with revenue authority(F.Y.18-19) | | 347,943 | | - |
| Misc. Expenses | | 517,790 | | 341,610 |
| **Total** | | **995,126** | | **366,721** |

**Notes on Financial Statements for the year ended as on 31st March 2019**

(Amount in Rs.)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|
| **Note 19 : Revenue from Operations** | | |
| Sale of Shares | 681,160,721 | 3,412,262,756 |
| Profit/(Loss) on sale of Shares transaction - Intra-day | - | 155,338,166 |
| Profit/(Loss) on Shares transactions - F & O | - | - |
| **Total** | **681,160,721** | **3,567,600,922** |
| **Note 20 : Other Income** | | |
| **Interest on :** | | |
| Fixed Deposits | 349,944 | 1,629,940 |
| National Saving Certificate | 2,969 | 2,228 |
| Loans | 3,869,391 | 4,936,097 |
| Profit on Sale of Investment | - | 76,727,882 |
| Dividend | 2,256,518 | 1,936,190 |
| Other income | 850,000 | - |
| **Total** | **7,328,822** | **85,232,337** |
| **Note 21 : Purchases of Stock-in-trade** | | |
| Shares & Securities | 139,419,746 | 4,095,900,432 |
| **Total** | **139,419,746** | **4,095,900,432** |
| **Note 22 : Changes in Inventories** | | |
| Stock in Trade - Shares | | |
| Opening stocks | 809,876,869 | 3,848,137 |
| Less: Closing stocks | 21,123,681 | 809,876,869 |
| **Total** | **788,753,188** | **(806,028,732)** |
| **Note 23 : Employee Benefit Expenses** | | |
| Salaries and Wages | 4,881,629 | 1,736,987 |
| Director Remuneration | 1,350,000 | - |
| Contribution to Provident Fund and other funds | 244,292 | 74,563 |
| Staff Welfare Expenses | 50,541 | 47,486 |
| **Total** | **6,526,462** | **1,859,036** |
| **Note 24 : Finance Cost** | | |
| Interest Paid On Loan | 185,108 | 8,932,188 |
| **Total** | **185,108** | **8,932,188** |

(Amount in Rs.)

| Particulars | | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|---|
| **Note 25 : Other Expenses** | | | |
| Advertisement and Publicity | | 63,597 | 70,701 |
| AGM Expenses | | 194,864 | 213,161 |
| Auditors remuneration (refer note 27) | | 348,100 | 477,400 |
| Bonus Issue Expenses | | 200,000 | 286,328 |
| Share warrant forfeiture | | 12,937,500 | (1,310) |
| Communication expenses | | 43,385 | 98,473 |
| Demat charges | | 238,566 | 396,355 |
| GST Expenses | | 1,698,022 | 5,745,541 |
| General expenses | | 1,930,956 | 75,739 |
| Insurance | | 19,401 | 19,018 |
| Legal and professional charges | | 520,124 | 4,743,480 |
| Loss on sale of shares-F&O | | 65,867,375 | 209,212,125 |
| Loss on sale of shares-Intra Day | | 4,329,610 | - |
| Loss on sale of investment | | 41,019,692 | - |
| Penalty Charges | | 100,300 | 590 |
| Printing & Stationery | | 43,326 | 75,218 |
| Provision for Standard assets | | 209,371 | - |
| Rates and Taxes | | 429,603 | 2,531,182 |
| Repairs and maintenance | | - | 11,667 |
| Securities Transaction Tax | | 1,420,868 | 12,094,573 |
| Share Trading Expenses | | 4,576,710 | 16,893,189 |
| Travelling and Conveyance | | 512,021 | 588,772 |
| Vehicle expenses | | 50,727 | - |
| **Total** | | **136,754,118** | **253,532,202** |
| **Note 26 : Earning per equity share** | | | |
| | UNIT | | |
| Net Profit / (Loss) after tax | Rs. | (385,828,540) | 116,627,282 |
| Weighted average number of shares used in computing basic earnings per share | Numbers | 19,528,656 | 18,750,130 |
| Face value of equity shares | Rs. | 10 | 10 |
| Basic earnings per share | Rs. | (19.76) | 6.22 |
| Diluted earnings per share | Rs. | (19.76) | 6.22 |
| **Note 27 : Payment to Auditors (Including Goods & Service Tax)** | | | |
| Statutory audit under the Companies Act, 2013 | | 206,500 | 215,350 |
| Tax Audit under the Income Tax Act 1961 | | 35,400 | 34,500 |
| Taxation matters | | 35,400 | 34,500 |
| Certifications | | 70,800 | 131,690 |
| Others | | - | 29,500 |
| | | **348,100** | **445,540** |

**Note 28 : Disclosure as required by Accounting Standard 15**

The disclosures required under Accounting Standard 15 related to "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

**Defined Benefit Scheme**

The employee's gratuity scheme is a defined benefit plan.The present value of obligations are determined based on acturial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit seperately to build up the obligation.The obligation for Leave Encashment is recognised in the same manner as gratuity.

| | Particulars | Current Year Gratuity Unfunded | Previous year Gratuity Unfunded |
|---|---|---|---|
| **I** | **Change in the present value of the defined benefit obligation representing reconcilliation of opening and closing balances thereof are as follows :** | | |
| 1 | Liability at the beginning of the year | 207,179 | 182,293 |
| 2 | Interest Cost | 15,849 | 13,285 |
| 3 | Current Service Cost | 25,060 | 23,279 |
| 4 | Actuarial (Gains) / Loss on obligations | 29,213 | (11,678) |
| 5 | Benefits paid | - | - |
| 6 | Net Acquisitions | - | - |
| 7 | Liability at the end of the year | 277,301 | 207,179 |
| **II** | **Amount Recognised in Balance Sheet** | | |
| 1 | Liability at the end of the year | 277,301 | 207,179 |
| 2 | Fair value of Plan Assets at the end of the year | - | - |
| 3 | Amount recognised in the Balance Sheet | 277,301 | 207,179 |
| **III** | **Expenses Recognised in the Income Statement** | | |
| 1 | Current Service Cost | 25,060 | 23,279 |
| 2 | Interest Cost | 15,849 | 13,285 |
| 3 | Expected Return on Plan Assets | - | - |
| 4 | Net Actuarial (gain) /loss to be Recognised | 29,213 | (11,678) |
| 5 | Expenses Recognised in Profit & Loss Account | 70,122 | 24,886 |
| **IV** | **Balance Sheet Reconciliation** | | |
| 1 | Opening Net Liability | 207,179 | 182,293 |
| 2 | Expenses as above | 70,122 | 24,886 |
| 3 | Employers Contribution | - | - |
| 4 | Net Acquisitions | - | - |
| 5 | **Amount Recognised in Balance Sheet** | 277,301 | 207,179 |
| **V** | **Actuarial Assumptions** | | |
| 1 | Discount Rate ( % ) | 7.70% | 7.65% |
| 2 | Expected Return on Plan Assets ( % ) | N.A | N.A |

**Note 29 : Related Party Disclosures**

Related party disclosures as required by Accounting Standard (AS) -18 "Related Party Disclosures", notified by Companies (Accounting Standards) Rules, 2006 (as amended) are given below:

**I) Names of related parties and description of relationships**

**a) Key Managerial Personnel (KMP)**

| | |
|---|---|
| Suresh Gaggar | Director |
| Ramakant Gaggar | Managing Director |
| Rathi Ramprakesh Sharad | Director |
| Manju Bhagchand Maheshwari | Director (Resigned on 14/09/2018) |
| Sandhya Lotlikar | Director (Appointed on 11/01/2019) |
| Jaswantpatil Dilipsingh Patil | Director (Appointed on 28/06/2018) |
| Koshal Gupta | Company Secretary (Resigned on 28/5/2018) |
| Deepika Pandey | Company Secretary (Appointed on 28/6/18) |
| Sanjay Ravindra Raut | CFO |

**b) Relatives of KMP & Entities over which KMP exercises significant influence**

| | |
|---|---|
| Indra Gaggar | Relative of Director |
| Kartik Gaggar | Relative of Director |
| Swati Gaggar | Relative of Director |
| Preeti Gaggar | Relative of Director |
| Kirti Gaggar | Relative of Director |
| Prakash Gaggar | Relative of Director |
| Subhash Gaggar | Relative of Director |
| Navratan Gaggar | Relative of Director |
| Prabbha Bihani | Relative of Director |
| Saroj Jaju | Relative of Director |
| Suman Jhanwar | Relative of Director |
| Madhu Bang | Relative of Director |
| Kanchan Soni | Relative of Director |
| Suresh Gaggar HUF | Entity controlled by Director |
| GVS Chemical Private Limited | Entity controlled by Director |
| Alaukik Mines & Power Private Limited | Entity controlled by Director |
| Bhuta Investment Private Limited | Entity controlled by Director |
| Mangal Savitri Bizcon Private Limited | Entity controlled by Director |
| Gini Silk Mills Limited | Entity controlled by Director |
| Maxwell Management Services Pvt. Ltd. | Entity controlled by Director |
| Minex Explore Pvt. Ltd. | Entity controlled by Director |
| Blue Square Corporate Services Limited | Entity controlled by Director |
| Deepganga Total Health Solutions Private Limited | Entity controlled by Director |
| Deep Ganga Foundation | Entity controlled by Director |
| Kamai Capital Private Limited | Entity controlled by Director |
| Harco Silk Mills Private Limited | Entity controlled by Director |
| Canova Trading Pvt Ltd | Entity controlled by Director |
| Honour Sales Agencies Pvt Ltd | Entity controlled by Director |
| Azure Exim Services Limited | Entity controlled by Director |
| Anandmangal Fintrade Limited | Entity controlled by Director's relative |

**c) Holding / Subsidiary Company**

| | |
|---|---|
| Garnet Valorem Capital Venture Pvt. Ltd. | Subsidiary Company upto January 2019 |
| Sukartik Clothing Private Limited | Subsidiary Company |

II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

| Particulars | Volume of Transactions | | Balances as on | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **Current liabililties** | | | | |
| Short term borrowings | | | | |
| Unsecured Loans: | | | | |
| Ramakant Gaggar | - | - | - | - |
| **Non current assets** | | | | |
| Non-current investments | | | | |
| Unquoted: Investments in fully paid equity instruments: | | | | |
| Garnet Valorem Capital Venture Pvt. Ltd. | (99,990.0) | 99,990 | - | 99,990 |
| Sukartik Clothing Private Limited | - | - | 54,200,000 | 54,200,000 |
| **Current assets** | | | | |
| Intercorporate Loans | | | | |
| GVS Chemical Private Limited | - | 145,209,315 | - | 188,383 |
| Sukartik Clothing Private Limited | 3,087,000 | 35,603,521 | 38,251,469 | 35,473,169 |
| **Sales** | | | | |
| Ramakant Gaggar | - | - | - | - |
| **Remuneration** | | | | |
| Salary to Director | 1,350,000 | - | - | - |
| Salary to CFO | 455,392 | 410,810 | - | - |
| Salary to Company secretary | 463,144 | - | - | - |

**Sub Note:**Related party relationship is identified by the Company and relied upon by the auditors.

**Note 30 :**The company has provided gratuity payable to its employees at full value without ascertaining the present value of future payment of gratuity as the Payment of Gratuity Act, 1972 is, in view of number of employees, not applicable to the company. The company has recognised as an expense, the short term benefits to its employees such as bonus, leave encashment etc.

**Note 31 :**The Company has disclosed the segment information in the consolidated financial statements, in accordance with Accounting Standard 17, Segment reporting.

**Note 32 :**The Company has reclassified, regrouped and rearranged previous year figures, wherever necessary, to conform to this year's classification.

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm Registration No. : 120222W

**CA. Mittal Vora**
Partner
Membership No. 140786

Place : Mumbai
Date : 29/05/2019

**For and on behalf of the board**

| **Suresh Gaggar** | **Ramakant Gaggar** | **Sharad Rathi** |
|---|---|---|
| Director | Managing Director | Director |
| **DIN : 00599561** | **DIN : 01019838** | **DIN: 00437174** |

| **Sanjay Raut** | **Deepika Pandey** |
|---|---|
| Chief Financial Officer | Company Secretary |

## INDEPENDENT AUDITORS' REPORT

**To**
**The Members of Garnet International Limited**

**Report on the audit of the consolidated financial statements**

**Opinion**

We have audited the accompanying consolidated financial statements of **Garnet International Limited**, the parent ("the Holding Company"), and its subsidiary company (collectively referred to as "the Group") which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its consolidated loss and cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Management's responsibility for the consolidated financial statements**

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

As stated in Note 30 to the consolidated financial statements, the subsidiary company has not made provisions for gratuity as per Accounting Standard 15 "Employee Benefits", the financial impact of the same as given in the said note, is not ascertainable and therefore cannot be commented upon.

Our opinion on the consolidated financial statements, and our report on the Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements/ financial information certified by the management.

**Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, a statement on the matters specified in paragraphs 3 and 4 of the Order is not applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 except as mentioned in other matters paragraph above;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

   a. The Company has disclosed impact of any pending litigations which would impact its financial position in its consolidated financial statements if any;

   b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   c. There has been no delay in transferring amounts by the holding company, required to be transferred, to the Investor Education and Protection Fund and there were no amounts required to be transferred by the subsidiary company.

**For MVK Associates**
Chartered Accountants
Firm Registration No.120222W

**C.A. Mittal Vora**
Partner
Membership No. 140786

Place: Mumbai
Date: 29.05.2019

## Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Garnet International Limited ("the Holding Company") and its subsidiary company as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective board of directors of holding company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For MVK Associates,**
Chartered Accountants
Firm Registration No.-120222W

**C.A. Mittal Vora**
Partner
Membership No.-140786

Place: Mumbai
Date: 29.05.2019

## Consolidated Balance Sheet as at 31st March 2019

Rs. In Lakhs

| Particulars | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' funds** | | | | | |
| Share capital | 2 | 195,286,560 | | 195,286,560 | |
| Reserves and surplus | 3 | 280,406,601 | | 678,623,559 | |
| Money Received against Share Warrants | 4 | 7,267,360 | | 7,267,360 | |
| | | | 482,960,521 | | 881,177,479 |
| **Minority Interest** | | | 27,641,207 | | 27,980,130 |
| **Non-current liabilities** | | | | | |
| Long Term Borrowing | 5 | 824,420 | | 1,275,963 | |
| Long term provision | | 269,252 | | - | |
| Deferred tax liabilities (net) | 6 | 5,030,472 | | 4,827,462 | |
| | | | 6,124,144 | | 6,103,425 |
| **Current liabililties** | | | | | |
| Short term borrowings | 7 | 23,880,904 | | 472,983,158 | |
| Trade payables | 8 | | | | |
| Micro and small enterprises* | | - | | - | |
| Others | | 63,827,214 | | 45,576,526 | |
| Other current liabililties | 9 | 16,428,480 | | 5,054,291 | |
| Short term provisions | 10 | 8,049 | | 13,513,629 | |
| | | | 104,144,647 | | 537,127,604 |
| **TOTAL** | | | **620,870,519** | | **1,452,388,638** |
| **ASSETS** | | | | | |
| **Non current assets** | | | | | |
| Fixed assets | | | | | |
| Tangible assets | 11 | 103,753,614 | | 105,812,589 | |
| Intangible assets | 11 | 16,746,246 | | 16,746,246 | |
| | | 120,499,860 | | 122,558,835 | |
| Non-current investments | 12 | 258,121,881 | | 352,773,061 | |
| Deffered Tax Assets (Net) | 6 | - | | - | |
| Long term loans and advances | 13 | 1,240,588 | | 983,183 | |
| Other non current assets | 14 | 62,467,348 | | 63,291,588 | |
| | | | 442,329,677 | | 539,606,667 |
| **Current assets** | | | | | |
| Inventories | 15 | 40,928,416 | | 826,188,542 | |
| Trade receivables | 16 | 110,325,540 | | 45,800,803 | |
| Cash and bank balances | 17 | 6,113,248 | | 20,940,437 | |
| Short term loans and advances | 18 | 20,176,877 | | 19,478,791 | |
| Other current assets | 19 | 996,761 | | 373,398 | |
| | | | 178,540,842 | | 912,781,971 |
| **TOTAL** | | | **620,870,519** | | **1,452,388,638** |
| Contingent Liabilities and Commitments (To the extent not provided for) | 28 | | **-** - | | **-** |
| Significant accounting policies | 1 | | | | |
| See accompanying notes to financial statements | 2-35 | | | | |

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm registration No. 120222W

**C.A. Mittal Vora**
Partner
Membership no. 140786

Place : Mumbai
Dated : 29/05/2019

**For and on behalf of the board**

**Suresh Gaggar**
Director
DIN: 00599561

**Ramakant Gaggar**
Managing Director
DIN: 01019838

**Sharad Rathi**
Director
DIN: 00437174

**Sanjay Raut**
Chief Financial Officer

**Deepika Pandey**
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March 2019

(Amount in Rs.)

| Particulars | Note No. | For the year ended 31.03.2019 | | For the year ended 31.03.2018 | |
|---|---|---|---|---|---|
| Gross revenue from operations | 20 | 826,517,057 | | 3,680,924,825 | |
| Less: Excise Duty | | - | | - | |
| Net revenue from operations | | | 826,517,057 | | 3,680,924,825 |
| Other income | 21 | | 4,460,124 | | 84,002,902 |
| **Total Revenue** | | | **830,977,181** | | **3,764,927,727** |
| **Expenses:** | | | | | |
| Cost of materials consumed | 22 | 59,995,071 | | 39,934,779 | |
| Purchases of stock-in-Trade | 23 | 145,021,096 | | 4,101,576,888 | |
| Changes in inventories | 24 | 784,132,415 | | (807,656,658) | |
| Employee benefit expenses | 25 | 11,841,099 | | 7,803,400 | |
| Finance cost | 26 | 920,891 | | 9,184,688 | |
| Depreciation and amortisation expenses | 11 | 8,304,866 | | 8,236,428 | |
| Other expenses | 27 | 205,027,960 | | 310,135,617 | |
| **Total expenses** | | | 1,215,243,398 | | 3,669,215,142 |
| **Profit before Tax** | | | **(384,266,217)** | | **95,712,585** |
| Tax expenses | | | | | |
| Current tax | | - | | 21,389,290 | |
| Deferred tax | | 203,010 | | 978,301 | |
| Tax adjustment for earlier years | | 1,515,541 | | 4,972,868 | |
| MAT credit entitlement | | 824,240 | | (44,892,839) | |
| | | | 2,542,791 | | (17,552,380) |
| **Profit after tax before share of result of Associates and minority interest** | | | **(386,809,008)** | | **113,264,965** |
| Add/(Less): Minority Interest | | 338,913 | | 997,906 | |
| Add/(Less): Share in Profit / (Loss) of an Associate | | - | | - | |
| | | | 338,913 | | 997,906 |
| **Profit after tax for the year** | | | **(386,470,095)** | | **114,262,871** |
| Earning per equity share | 28 | | | | |
| Basic | | | (19.79) | | 6.09 |
| Diluted | | | (19.79) | | 6.09 |
| Significant accounting policies | 1 | | | | |
| See accompanying notes to financial statements | | | | | |

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm registration No. 120222W

**C.A. Mittal Vora**
Partner
Membership no. 140786

Place : Mumbai
Dated : 29/05/2019

**For and on behalf of the board**

**Suresh Gaggar**
Director
DIN: 00599561

**Ramakant Gaggar**
Managing Director
DIN: 01019838

**Sharad Rathi**
Director
DIN: 00437174

**Sanjay Raut**
Chief Financial Officer

**Deepika Pandey**
Company Secretary

## Consolidated Cash Flow Statement For The Year Ended 31st March, 2019

(Amount in Rs.)

| Particulars | For the year ended 31.03.2019 | | For the year ended 31.03.2018 | |
|---|---|---|---|---|
| **(A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net Profit before Tax and Extraordinary Items | (384,266,217) | | 95,712,585 | |
| Adjustment for | | | | |
| Depreciation | 8,304,866 | | 8,236,428 | |
| Provision | | | | |
| Loss / (Profit) on sale of Fixed Assets | - | | - | |
| Loss / (Profit) on sale of Investments | 41,019,692 | | (76,727,882) | |
| Investment Income | - | | | |
| - Interest | (1,227,564) | | (5,338,823) | |
| - Dividend | (2,256,518) | | (1,936,190) | |
| Interest Expenses | 920,891 | | 9,161,517 | |
| Operating Profit before Working Capital changes | (337,504,850) | | 29,107,635 | |
| Adjutment for | | | | |
| - Trade and other Receivables | (64,524,737) | | (9,586,632) | |
| - Inventories | 785,260,126 | | (813,667,277) | |
| - Loans & Advances & Other Current Assets | (1,578,854) | | (6,873,768) | |
| - Trade Payables | 18,250,687 | | 9,288,414 | |
| - Other Current Liabilities & Short Term Provisions | (1,900,055) | | 6,483,580 | |
| Cash generated from operations | 398,002,318 | | (785,248,048) | |
| Direct taxes paid | (1,515,541) | | (43,616,894) | |
| Cash flow before Extraordinary Items | 396,486,777 | | (828,864,942) | |
| Extraordinary Items | - | | - | |
| **NET CASH FROM OPERATING ACTIVITIES** | | **396,486,777** | | **(828,864,942)** |
| **(B) CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Sale/(Purchase) of Investments (Net) | 94,651,180 | | 64,932,530 | |
| Sale/(Purchase) of Fixed Assets (Net) | (6,245,890) | | (25,692,225) | |
| Interest / Other income | **1,227,564** | | 5,338,823 | |
| Sale of subsidiary | 99,990 | | | |
| Profit / (Loss) on sale of Investments | (41,019,692) | | 76,727,882 | |
| Dividend received | **2,256,518** | | 1,936,190 | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **50,969,670** | | **123,243,200** |

(Amount in Rs.)

| Particulars | For the year ended 31.03.2019 | | For the year ended 31.03.2018 | |
|---|---|---|---|---|
| **(C) CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Share Application Money Received | - | | 7,267,360 | |
| Repayment of Long Term Borrowings | (451,543) | | (561,956) | |
| Shares Issued | - | | 133,036,560 | |
| Share Premium Received | - | | 100,296,080 | |
| Increase (decrease) in unsecured loans | - | | - | |
| Proceeds from Short Term Borrowings | - | | 465,691,485 | |
| Repayment of Short Term Borrowings | (449,102,254) | | - | |
| Interest Paid | (920,891) | | (9,161,517) | |
| Dividend paid | (11,808,947) | | (9,022,115) | |
| **NET CASH FROM FINANCING ACTIVITIES** | | **(462,283,635)** | | **687,545,896** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **(14,827,188)** | | **(18,075,845)** |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | | 20,940,437 | | 39,016,282 |
| **CLOSING BALANCE OF CASH AND CASH EQUIVALENTS** | | **6,113,249** | | **20,940,437** |

Notes to cash flow statement:

1. All figures in brackets are outflow.
2. Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm registration No. 120222W

**C.A. Mittal Vora**
Partner
Membership no. 140786

Place : Mumbai
Dated : 29/05/2019

**For and on behalf of the board**

**Suresh Gaggar**
Director
DIN: 00599561

**Ramakant Gaggar**
Managing Director
DIN: 01019838

**Sharad Rathi**
Director
DIN: 00437174

**Sanjay Raut**
Chief Financial Officer

**Deepika Pandey**
Company Secretary

## Notes to the consolidated financial statements

**Note 1 -Principles of Consolidation:**

The consolidated financial statements relate to Garnet International Limited (the Company), and its Subsidiary. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 (AS-21) "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis;

1. The Financial Statements of the Company and its subsidiary company (the Group) have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances, intra group transactions and unrealized profits or losses have been fully eliminated.
2. The difference between the costs of investments in subsidiary over the book value of the subsidiary's net assets on the date of acquisition is recognised in the consolidated financial statements as goodwill where the difference is positive and as capital reserve where the difference is negative.
3. The Financial Statements of the subsidiaries are drawn up to March 31, 2019.

| Name of the Company | Country of Incorporation | Nature of Relation | % of ownership interest and voting power |
|---|---|---|---|
| Sukartik Clothing Pvt. Ltd. | India | Subsidiary | 70.10% |

Above Subsidiary Companies has been considered in the presentation of these consolidated statements.

4. Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures.
5. The accounting policies of the parent are best viewed in its independent financial statements under Note 1 of parent company's financial statements. Differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

## Notes on Consolidated Financial Statements as at 31st March 2019

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| **Note 2 : Share capital** | **Numbers** | **Amount(Rs.)** | **Numbers** | **Amount(Rs.)** |
| **Authorised:** | | | | |
| Equity Shares of Rs.10/- each | 30,000,000 | 300,000,000 | 30,000,000 | 300,000,000 |
| **Total** | | **300,000,000** | | **300,000,000** |
| **Issued, subscribed and paid-up :** | | | | |
| Equity Shares of Rs.10/- each fully paid | 19,528,656 | 195,286,560 | 19,528,656 | 195,286,560 |
| **Total** | | **195,286,560** | | **195,286,560** |

**2. a Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :-**

| Particulars | Numbers | Amount (Rs.) | Numbers | Amount (Rs.) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 19,528,656 | 195,286,560 | 6,225,000 | 62,250,000 |
| Issued / Converted during the year | - | - | 284,552 | 2,845,520 |
| Allotted as fully paid by way of Bonus Shares on 24th January 2018 | - | - | 13,019,104 | 130,191,040 |
| Bought back during the year | - | - | - | - |
| **Outstanding at the end of the year** | **19,528,656** | **195,286,560** | **19,528,656** | **195,286,560** |

During the previous year 2017-18 year 1,30,19,104 fully paid equity shares of Rs.10 each were issued as bonus share on 24th January 2018. The existing permissible reserves of the Company was capitalised for issue of bonus shares in the proportion of one equity share for every one equity share held by the equity shareholders of the company.

**2. b The equity shares of the Company have rights and restrictions as prescribed under law, in particular the Companies Act, 1956.**

**2. c Shareholders holding more than 5% of the share capital at the end of the year:**

| Name of shareholders | Numbers | % of Holding | Numbers | % of Holding |
|---|---|---|---|---|
| Shri Ramakant Gaggar | 3,757,670 | 19.24% | 3,536,514 | 18.11% |
| Mangal Savitri Bizcon Pvt. Ltd. | 1,652,716 | 8.46% | 2,580,845 | 13.22% |
| Smt. Indra Gaggar | 888,032 | 4.55% | 888,032 | 4.55% |
| Shri Suresh Gaggar | 3,260,021 | 16.69% | 2,150,010 | 11.01% |
| Navratan Gaggar | 915,075 | 4.69% | 915,075 | 4.69% |

**2. d Detailed note on Shares reserved to be issued under option and contracts / commitments for the sale of shares / divestments including the terms and conditions.**

The company does not have any such contracts / commitment as on reporting date.

**2. e Detailed terms of any securities convertible into shares, e.g. in the case of convertible warrants, debentures, bonds etc.**

- During the previous year the company had proposed to issue 3,20,000 Convertible Warrants at Rs.820/- out of which company has issued 2,84,552 fully convertible warrants to Anita Chennari at Rs. 820/- per warrant. The warrants issued are convertible into equal number of equity shares having face value of Rs. 10/- with premium of Rs. 810/- per share having face value of Rs. 10/- with premium of Rs. 810/- per share. 284,552 Warrants were converted into equal number of equity shares during the previous year. Rs.72,67,360/- has been received during the previous year for remaining 35,448 warrants.

- Conversion can happen anytime from the date of allotment but before the expiry of 18 months from the date of allotment. Convertible warrants are subject to lock-in-period of three years from date of allotment of the equity shares or such reduced period as may be permitted under the SEBI Issue of Capital & Disclosure Requirements (ICDR) Regulations, 2009 as amended time to time.

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| **Note 3 : Reserves and surplus** | | | | |
| **Securities premium** | | | | |
| Balance at the beginning of the year | 426,645,269 | | 326,349,189 | |
| Add: Received during the year | - | | 230,487,120 | |
| | 426,645,269 | | 556,836,309 | |
| Less : Bonus Shares Issued | - | 426,645,269 | 130,191,040 | 426,645,269 |
| Capital Reserve on consolidation | | 4,948,063 | | 4,948,063 |
| Surplus in Statement of Profit and loss : | | | | |
| Balance at the beginning of the year | 247,030,226 | | 132,767,355 | |
| Add (less): Profit (loss) after tax for the year | (386,470,095) | | 114,262,871 | |
| Less: Appropriations | | | | |
| Proposed Dividend | 9,764,328 | | - | |
| Tax on Proposed Dividend | 2,007,420 | | - | |
| Profit /loss on Sale of Subsidary | (24,885) | | - | |
| | | (151,186,732) | | 247,030,226 |
| **Total** | | **280,406,601** | | **678,623,559** |
| **Note 4 : Money Received against Share Warrants** | | | | |
| Opening balance | | 7,267,360 | | - |
| Application Money Received during the year | | - | | 240,600,000 |
| Issue of Share at Premium | | - | | (233,332,640) |
| **Total** | | **7,267,360** | | **7,267,360** |
| - Refer Note No.2.e | | | | |
| **Note 5 : Long term borrowings** | | | | |
| Secured Loan | | | | |
| Vehicle loan from HDFC bank | | 289,158 | | - |
| Vehicle loan from State Bank Of Patiala | | 535,262 | | 1,275,963 |
| **Total** | | **824,420** | | **1,275,963** |

(a) Nature of security : Hypothecation of the vehicle financed by the bank.
(b) Terms of Repayment : 60 EMIs commencing from October 2014 of Rs. 13,250/- each.
(c) Current maturities of EMIs has been grouped under “Other Curent Laibilities” refer note 9.

| | | | | |
|---|---|---|---|---|
| **Note 6 : Deferred tax liabilities (Net)** | | | | |
| Deferred Tax Liabilities on account of : | | | | |
| Depreciation | | 5,102,570 | | 4,891,480 |
| Deferred Tax Assets on account of : | | | | |
| Business Losses * | | - | | - |
| Gratuity | | (72,098) | | (64,018) |
| **Total** | | **5,030,472** | | **4,827,462** |

* Deferred tax assets arising on losses has not been recognized in view of uncertainty in generating the profit in the future.

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| **Note 7 : Short term borrowings** | | | | |
| **Unsecured Loans:** | | | | |
| Loans repayable on demand from: | | | | |
| Others Companies | 23,880,904 | | 472,957,168 | |
| Related parties | - | | 25,990 | |
| | | 23,880,904 | | 472,983,158 |
| **Total** | | **23,880,904** | | **472,983,158** |
| **Note 8 : Trade payables** | | | | |
| Micro and small enterprises* | | - | | - |
| Others | | 63,827,214 | | 45,576,526 |
| **Total** | | **63,827,214** | | **45,576,526** |

* As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2019.

| | | |
|---|---|---|
| **Note 9 : Other current liabilities** | | |
| Current maturities of a long-term debt | 724,772 | 567,271 |
| Unpaid dividends* | 222,274 | 259,473 |
| Overdrawn Bank balance | 1,680,328 | 1,196,588 |
| Balance in cash credit account | 11,049,500 | - |
| Auditor remuneration payable | 100,000 | - |
| Advance from Customers | 51,626 | 43,330 |
| Statutory liabilities | 588,194 | 1,513,674 |
| Accrued expenses | 860,508 | 758,593 |
| Other payables | 322,212 | 355,371 |
| Salary payable to Directors and their relatives | 829,067 | 359,990 |
| **Total** | **16,428,480** | **5,054,291** |

* There is no outstanding dues to be paid to Investor Education and Protection Fund.

| | | |
|---|---|---|
| **Note 10 : Short term provisions** | | |
| Provision for employees benefits (Gratuity) (refer note 30) | 8,049 | 207,179 |
| Provision for taxation (net of taxes paid) | - | 13,306,450 |
| **Total** | **8,049** | **13,513,629** |

## Notes on Financial Statements as at 31st March 2019

### Note 11 : Fixed Assets

(Amount in Rs.)

| PARTICULARS | GROSS BLOCK (At Cost) | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2018 | Addition during the year | Sold /Transfer /Adjusted during the year * | As at 31.03.2019 | Total up to 31.03.2018 | Provided for the year | Adjusments During the Year | Written back duing the year | Total up to 31.03.2019 | Total as at 31.03.2019 | Total as at 31.03.2018 |
| **Tangible assets** | | | | | | | | | | | |
| Land | 17,333,270 | - | - | 17,333,270 | - | - | - | - | - | 17,333,270 | 17,333,270 |
| Office Premises | 1,042,601 | - | - | 1,042,601 | 296,482 | 35,529 | | - | 332,011 | 710,590 | 746,119 |
| Office Equipments | 5,717,525 | 236,642 | - | 5,954,167 | 3,190,877 | 739,361 | - | - | 3,930,238 | 2,023,929 | 2,526,648 |
| Factory Building | 19,503,432 | 2,989,186 | - | 22,492,618 | 2,676,236 | 675,329 | | - | 3,351,565 | 19,141,053 | 16,827,196 |
| Plant And Machinery | 87,699,604 | 2,561,934 | 1,724,125 | 88,537,413 | 24,722,374 | 5,620,411 | | 997,434 | 29,345,351 | 59,192,062 | 62,977,230 |
| Furniture And Fixtures | 3,071,281 | 732,968 | - | 3,804,249 | 827,213 | 357,250 | | - | 1,184,463 | 2,619,786 | 2,244,068 |
| Electric Equiptment | 192,500 | - | - | 192,500 | 192,500 | - | - | - | 192,500 | - | - |
| Computers | 1,381,025 | 125,962 | - | 1,506,987 | 1,102,108 | 176,944 | - | - | 1,279,052 | 227,935 | 278,917 |
| Vehicles | 10,551,492 | 333,999 | 333,782 | 10,551,709 | 7,672,350 | 700,041 | | 325,672 | 8,046,719 | 2,504,990 | 2,879,142 |
| **Intangible assets** | | | | | | | | | | | |
| Computer Software | 3,531,275 | - | - | 3,531,275 | 3,531,275 | - | - | - | 3,531,275 | - | - |
| Goodwill arise on consolidation | 16,746,246 | - | - | 16,746,246 | - | - | - | - | - | 16,746,246 | 16,746,246 |
| **Total as at 31.03.2019** | **166,770,251** | **6,980,691** | **2,057,907** | **171,693,035** | **44,211,416** | **8,304,866** | **-** | **1,323,106** | **51,193,175** | **120,499,860** | **122,558,835** |
| Total as at 31.03.2018 | 141,078,026 | 25,692,225 | - | 166,770,252 | 35,974,987 | 8,236,428 | - | - | 44,211,416 | | |

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| **Note 12 : Non-current investments** | | | | |
| **Other than trade (at cost):** | **Numbers** | **Amount(Rs.)** | **Numbers** | **Amount(Rs.)** |
| **Quoted: Investments in fully paid equity instruments:** | | | | |
| Arambhan Hospitality Ser. Ltd. | 875,000 | 30,994,400 | 845,000 | 30,683,000 |
| Agarwal Industrial Corporation Ltd | 1,161,022 | 226,699,698 | 1,383,540 | 308,724,778 |
| Religare Enterprise Ltd | - | - | - | - |
| Gini Silk Mills | - | - | - | - |
| Unquoted: Investments in fully paid equity instruments: | | | | |
| a) Investment in other Companies: | | | | |
| Shree Narayan Silk House Pvt. Ltd. | - | - | - | - |
| A&G Accelerators Pvt. Ltd. (Face value Rs. 10) | 10,000 | 100,000 | 10,000 | 100,000 |
| Share Application money | | | | |
| Shree Narayan Silk House Pvt. Ltd. | | - | | - |
| Share Warrant | | | | |
| Agarwal Industrial Corporation Ltd | | - | | 12,937,500 |
| Investments in Government securities | | | | |
| National Saving Certficates* | | 23,000 | | 23,000 |
| Other non-current investment | | | | |
| Investment in Silver bar | 16.445Kg | 304,783 | 16.445Kg | 304,783 |
| **Total** | | **258,121,881** | | **352,773,061** |

| **Particulars** | **Book Value (Rs.)** | **Market Value (Rs)**** | **Book value (Rs.)** | **Market value (Rs.)**** |
|---|---|---|---|---|
| Aggregate value of: | | | | |
| Quoted investments | 257,694,098 | 194,143,197 | 339,407,778 | 497,776,363 |
| Unquoted investments | 100,000 | N.A. | 100,000 | N.A. |

(*) stands in the name of one of the directors

** The market value of quoted investments is based on the Bombay Stock Exchange quotations as on 31.03.2019 or nearest traded date, wherever available. The market value of shares, for which the quotations of the Bombay Stock Exchange were not available, has been considered as NIL.

| **Note 13 : Long term loans and advances** | | |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits | 1,240,588 | 983,183 |
| Intercorporate Loans | - | - |
| **Total** | **1,240,588** | **983,183** |

| **Note 14 : Other non current assets** | | |
|---|---|---|
| Deposits / Investment for various projects | | |
| 20,000 shares of Punjab dyers association | - | - |
| Investment in CETP Project | 1,130,000 | 1,130,000 |
| Minimum alternate tax credit entitlement | 61,337,348 | 62,161,588 |
| **Total** | **62,467,348** | **63,291,588** |

| Particulars | | As at 31.03.2019 | | As at 31.03.2018 |
|---|---|---|---|---|
| **Note 15 : Inventories** | | | | |
| Raw Materials | | 10,179,685 | | 12,120,128 |
| Work in progress | | - | | - |
| Finished goods | | 7,052,982 | | 2,792,722 |
| Stock-in trade: | | - | | - |
| Shares and securities | 21,123,681 | | 809,876,869 | |
| Fabrics | 1,189,316 | | 828,803 | |
| | | 22,312,997 | | 810,705,672 |
| Consumables | | 1,382,752 | | 570,020 |
| **Total** | | **40,928,416** | | **826,188,542** |
| Details of Raw Materials: | | | | |
| Yarn | | 6,058,795.00 | | 7,084,084 |
| Dyes & Cemicals | | 4,120,890.00 | | 5,036,044 |
| | | 10,179,685.00 | | 12,120,128 |
| Details of Finished goods: | | | | |
| Garments | | 7,052,982 | | 2,792,722 |
| Details of Stock-in trade: | | | | |
| Shares and securities ( Face value of Rs. 10/- each): | | | | |
| 1,47,076 (P.Y. 1,47,076) Equity shares of Pankaj Polymers Limited | | 970,701 | | 1,213,721 |
| 1,05,000 (P.Y. 23,52,837) Equity shares of Vakrangee Limited | | 4,393,669 | | 520,329,903 |
| NIL (P.Y. 9,00,000) Equity shares of Parshvnath Devlopers Limited | | - | | 13,500,000 |
| 1,66,383 (P.Y. 3,16,162) Equity shares of Atishay Limited | | 11,813,193 | | 27,268,973 |
| 1,500 (P.Y. 2,40,383) Equity shares of Lactos India Limited | | 51,300 | | 24,422,913 |
| NIL (P.Y. 25,21,514) Equity shares of Websol Energy System Ltd. | | - | | 223,141,361 |
| 65,022 (P.Y. NIL) Equity shares of Gini Silk Mills Ltd. | | 3,894,818 | | - |
| 1(P.Y. NIL) Equity share of Reliance ETF-bonus share | | - | | - |
| | | 21,123,681 | | **809,876,871** |
| Fabric | | 1,189,316 | | 828,803 |

| Particulars | | As at 31.03.2019 | | As at 31.03.2018 |
|---|---|---|---|---|
| **Note 16 : Trade receivables** | | | | |
| **Unsecured, considered good** | | | | |
| Debts outstanding for a period exceeding six months from the date they are due for payments | | 4,856,486 | | 1,980,332 |
| Others | | 105,469,055 | | 43,820,471 |
| Other debts | | | | |
| Due from a director | - | | - | |
| Others | - | | - | |
| | | - | | - |
| **Total** | | **110,325,540** | | **45,800,803** |
| **Note 17 : Cash and bank balances** | | | | |
| Cash and cash equivalents: | | | | |
| Balances with banks | | | | |
| In Current accounts | | 2,014,042 | | 19,036,611 |
| Unpaid dividends* | | 334,380 | | 350,803 |
| Cash in hand | | 78,713 | | 109,526 |
| Other bank balances: | | | | |
| Fixed deposits with banks with maturity period more than 3 months but upto 12 months. | | - | | - |
| Fixed deposits with banks with maturity period more than 12 months. (FDR of Rs.6,00,000 under Lien for Bank Guarantees) | | 3,686,113 | | 1,443,497 |
| **Total** | | **6,113,248** | | **20,940,437** |
| **Note 18 : Short term loans and advances** | | | | |
| **Unsecured, considered good** | | | | |
| Intercorporate loans | | | | |
| To related parties | - | | | |
| Others | 501 | | 188,884 | |
| Other Non corporate parties | 14,091,303 | | 13,313,162 | |
| Less:Provision for standard assets | (56,365) | | - | |
| | | 14,035,439 | | 13,502,046 |
| Advance for Purchase of Land | | | | - |
| Advance to suppliers | | 210,852 | | 286,432 |
| Advance to employees | | 168,936 | | 105,936 |
| Balances with Statutory Authorities | | 4,230,684 | | 5,279,028 |
| Prepaid expenses | | 538,931 | | 304,240 |
| Other receivables | | 22,933 | | 1,109 |
| TDS receivable | | 803,461 | | - |
| Margin money | | 165,642 | | - |
| **Total** | | **20,176,877** | | **19,478,791** |
| **Note 19 : Other current assets** | | | | |
| Interest Accrued on fixed deposits | | 128,990 | | 28,715 |
| Interest Accrued on security deposit | | - | | 3,073 |
| Balance with revenue authority(F.Y.17-18) | | 2,037 | | - |
| Balance with revenue authority(F.Y.18-19) | | 347,944 | | - |
| Misc. Expenses | | 517,790 | | 341,610 |
| | | 996,761 | | 373,398 |

## Notes on Consolidated Financial Statements for year ended 31st March 2019

(Amount in Rs.)

| Particulars | For the year ended 31.03.2019 | | For the year ended 31.03.2018 | |
|---|---|---|---|---|
| **Note 20 : Revenue from operations** | | | | |
| **Sales :** | | | | |
| Shares and securities | | 681,160,721 | | 3,412,262,756 |
| Garments | | | | |
| Local | 145,356,336 | | 103,633,603 | |
| Export | - | 145,356,336 | - | 103,633,603 |
| Dyes & Chemicals | | - | | - |
| Profit (loss) on sale of Shares transaction - intra-day | | - | | 155,338,166 |
| Profit (loss) on Shares transactions- F & O | | - | | - |
| **Services:** | | | | |
| Job work charges | | - | | 9,690,300 |
| **Total** | | **826,517,057** | | **3,680,924,825** |
| **Note 21 : Other income** | | | | |
| **Interest** | | | | |
| on fixed deposits | 394,639 | | 1,657,623 | |
| on National saving certificate | 2,969 | | 2,228 | |
| on Loans | 782,391 | | 3,632,576 | |
| on security deposits | - | | 46,396 | |
| on electricity deposits | 47,565 | | - | |
| on profit on sale of investment | - | | 76,727,882 | |
| on Income tax refund | - | | - | |
| | | 1,227,564 | | 82,066,705 |
| Dividend | | 2,256,518 | | 1,936,190 |
| Profit on sale of fixed asset | | 92,699 | | - |
| Miscellaneous income | | 883,343 | | 7 |
| **Total** | | **4,460,124** | | **84,002,902** |
| **Note 22 : Cost of materials consumed** | | | | |
| Opening stocks: | | | | |
| Raw material | | | | |
| Yarn | 7,084,084 | | 3,422,943 | |
| Dyes & Cemicals | 5,036,044 | | 2,947,009 | |
| | | 12,120,128 | | 6,369,952 |
| Add : Cost of purchases | | | | |
| Raw materials | | | | |
| Yarn | 22,562,268 | | 17,960,622 | |
| Dyes & Cemicals | 35,492,360 | | 27,724,333 | |
| | | 58,054,628 | | 45,684,955 |

(Amount in Rs.)

| Particulars | | For the year ended 31.03.2019 | | For the year ended 31.03.2018 |
|---|---|---|---|---|
| **Note 22 : Cost of materials consumed (Contd.)** | | | | |
| Less: Closing stock | | | | |
| Raw material | | | | |
| Yarn | 6,058,795 | | 7,084,084 | |
| Dyes & Cemicals | 4,120,890 | | 5,036,044 | |
| | | 10,179,685 | | 12,120,128 |
| **Total** | | **59,995,071** | | **39,934,779** |

| | Comsumption in Rs. | % of total consumption | Comsumption in Rs. | % of total consumption |
|---|---|---|---|---|
| Imported and Indigenous Raw materials consumed: | | | | |
| Imported | - | - | - | - |
| Indigenous | 59,995,071 | 100% | 39,934,779 | 100% |
| | **59,995,071** | **100%** | **39,934,779** | **100%** |

| | | | |
|---|---|---|---|
| **Note 23 : Purchases of stock-in-Trade** | | | |
| Fabric | 5,601,350 | | 5,676,456 |
| Shares and securities | 139,419,746 | | 4,095,900,432 |
| | **145,021,096** | | **4,101,576,888** |
| **Note 24 : Changes in inventories** | | | |
| Opening stocks: | | | |
| Finished goods | 2,792,722 | | 376,792 |
| Stock in Trade : | | | |
| Shares and Securities | 809,876,869 | 3,848,137 | |
| Fabrics | 828,803 | 1,616,807 | |
| | 810,705,672 | | 5,464,944 |
| Less:Closing stocks: | | | |
| Finished goods | 7,052,982 | | 2,792,722 |
| Stock Converted to Investment | - | | - |
| Stock in Trade : | | | |
| Shares and Securities | 21,123,681 | | 809,876,869 |
| Fabrics | 1,189,316 | | 828,803 |
| Work in progress | - | | - |
| Add/(Less): Variation in excise duty on opening and closing stock of finished goods | - | | - |
| **Total** | **784,132,415** | | **(807,656,658)** |

(Amount in Rs.)

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Note 25 : Employee benefit expenses** | | |
| Salaries and Wages | 8,529,717 | 6,346,296 |
| Salaries and Wages to director relative | 420,000 | - |
| Director remuneration | 1,350,000 | - |
| Contribution to Provident Fund and other funds | 930,442 | 1,046,205 |
| Staff Welfare Expenses | 610,940 | 410,899 |
| **Total** | **11,841,099** | **7,803,400** |
| **Note 26 : Finance cost** | | |
| Interest on loan | 320,031 | 9,149,089 |
| Bill Discounting Interest | 171,045 | 11,057 |
| Interest on late payment of taxes | 4,372 | 1,371 |
| Interest on CC A/c | 366,005 | - |
| Bank Commission / Charges | 59,438 | 23,171 |
| **Total** | **920,891** | **9,184,688** |

**Note 27 : Other expenses**

| | | | | |
|---|---|---|---|---|
| **Manufacturing Expenses** | | | | |
| Job Charges | 26,475,924 | | 22,392,012 | |
| Power and Fuel | 13,321,002 | | 11,784,542 | |
| Freight Inward | 138,946 | | 352,180 | |
| Dyeing Charges | 44,970 | | 48,413 | |
| Packing Expenses | - | | 9,345 | |
| Fabrication Charges | - | | 89,236 | |
| Husk and Ash Lifting Charges | 17,250 | | 95,760 | |
| Stores and Spares Consumed* | 19,436,934 | | 14,404,812 | |
| Insurance | 307,813 | | 360,753 | |
| Import expenes | 33,540 | | - | |
| Stitching expenses | 49,059 | | - | |
| Repairs & Maintenance(Machinery) | 3,429,698 | | 2,382,589 | |
| | | 63,255,136 | | 51,919,642 |
| **Administration and other expenses** | | | | |
| Brokerage and Commission | - | | 26,688 | |
| Communication Expenses | 436,428 | | 533,367 | |
| Compliance Expenses | 106,178 | | 43,500 | |
| Demat charges | 238,566 | | 396,355 | |
| Advertisement and publicity | 63,597 | | 121,461 | |

(Amount in Rs.)

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Note 27 : Other expenses (Contd.)** | | |
| Compaction charges | 18,139 | - |
| Insurance | 19,401 | 19,018 |
| Limit processing fee | 316,027 | - |
| General expenses | 1,930,956 | 75,739 |
| Consultancy expenses | 19,400 | - |
| Export Expenses | 17,460 | - |
| Membership and Subscription | 241,954 | 111,091 |
| Share warrant forfeiture | - | (1,310) |
| Share warrant forfeiture | 12,937,500 | - |
| Bonus Issue Expenses | 200,000 | 286,328 |
| Indirect Taxes Expenditure | - | 5,879,570 |
| Miscellaneous Expenses | 596,005 | 664,654 |
| Provision for standard assets | 56,365 | - |
| Printing and Stationery | 259,507 | 264,043 |
| Rates and taxes | 429,603 | 2,531,182 |
| Repairs & Maintenance | 308,828 | 307,864 |
| Vehical Expenses | 50,727 | - |
| Travelling and Conveyance | 1,824,353 | 2,103,756 |
| GST expenses | 1,895,890 | - |
| Housekeeping expenses | 40,377 | - |
| Skill Development expenses | 35,000 | - |
| Sales Promotion Expenses | 11,676 | - |
| Festival Expenses | 229,120 | 209,775 |
| Directors Remuneration | 840,000 | 840,000 |
| Loss on sale of shares-F&O | 65,867,375 | 209,212,125 |
| Loss on sale of shares-Intra Day | 4,329,610 | - |
| Loss on sale of investment | 41,019,692 | - |
| VAT assessment expenditure | 147,776 | - |
| | 141,759,176 | 258,215,391 |
| **Net foreign exchange loss(gain)** | 13,648 | 584 |
| **Total** | **205,027,960** | **310,135,617** |

* All stores and spares consumed are indigenous in nature.

**Notes on Consolidated Financial Statements for year ended 31st March 2019**

| Particulars | | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| **Note 28 : Earning per equity share** | | | |
| Net Profit / (Loss) after tax | Rs. | (386,470,095) | 114,262,871 |
| Weighted average number of shares used in computing basic earnings per share | Numbers | 19,528,656 | 18,750,130 |
| Face value of equity shares | Rs. | 10 | 10 |
| Basic Earnings per share | Rs. | (19.79) | 6.09 |
| Diluted Earnings per share | Rs. | (19.79) | 6.09 |
| **Note 29 : Payment to Auditors (Including Goods & Service Tax)** | | | |
| Statutory audit under the Companies Act, 2013 | | 256,500 | 265,350 |
| Tax Audit under the Income Tax Act, 1961 | | 65,400 | 64,500 |
| Taxation matters | | 55,400 | 54,500 |
| Certifications | | 70,800 | 131,690 |
| Others | | - | 29,500 |
| Last Year Difference | | - | 15,000 |
| | | **448,100** | **560,540** |

**Note 30 : Disclosure as required by Accounting Standard 15**

The disclosures required under Accounting Standard 15 related to "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

**Defined Benefit Scheme**

The employee's gratuity scheme is a defined benefit plan.The present value of obligations are determined based on acturial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit seperately to build up the obligation.The obligation for Leave Encashment is recognised in the same manner as gratuity.

| | Particulars | Current Year Gratuity Unfunded | Previous year Gratuity Unfunded |
|---|---|---|---|
| **I** | **Change in the present value of the defined benefit obligation representing reconcilliation of opening and closing balances thereof are as follows :** | | |
| 1 | Liability at the beginning of the year | 207,179 | 182,293 |
| 2 | Interest Cost | 15,849 | 13,285 |
| 3 | Current Service Cost | 25,060 | 23,279 |
| 4 | Actuarial (Gains) / Loss on obligations | 29,213 | (11,678) |
| 5 | Benefits paid | - | - |
| 6 | Net Acquisitions | - | - |
| 7 | Liability at the end of the year | 277,301 | 207,179 |

| | Particulars | Current Year Gratuity Unfunded | Previous year Gratuity Unfunded |
|---|---|---|---|
| **II** | **Amount Recognised in Balance Sheet** | | |
| 1 | Liability at the end of the year | 277,301 | 207,179 |
| 2 | Fair value of Plan Assets at the end of the year | - | - |
| 3 | Amount recognised in the Balance Sheet | 277,301 | 207,179 |
| **III** | **Expenses Recognised in the Income Statement** | | |
| 1 | Current Service Cost | 25,060 | 23,279 |
| 2 | Interest Cost | 15,849 | 13,285 |
| 3 | Expected Return on Plan Assets | - | - |
| 4 | Net Actuarial (gain) /loss to be Recognised | 29,213 | (11,678) |
| 5 | Expenses Recognised in Profit & Loss Account | 70,122 | 24,886 |
| **IV** | **Balance Sheet Reconciliation** | | |
| 1 | Opening Net Liability | 207,179 | 182,293 |
| 2 | Expenses as above | 70,122 | 24,886 |
| 3 | Employers Contribution | - | - |
| 4 | Net Acquisitions | - | - |
| 4 | **Amount Recognised in Balance Sheet** | 277,301 | 207,179 |
| **V** | **Actuarial Assumptions** | | |
| 1 | Discount Rate ( % ) | 7.70% | 7.65% |
| 2 | Expected Return on Plan Assets ( % ) | N.A | N.A |

Sub Note : No provision has been made for accrued liability in respect of gratuity payable to employees by the Subsidiary Company “Sukartik Clothing Pvt. Ltd.

**Note 31 : Related Party Disclosures**

Related party disclosures as required by Accounting Standard (AS) -18 “Related Party Disclosures”, notified by Companies (Accounting Standards) Rules, 2006 (as amended) are given below:

I) Names of related parties and description of relationships

a) Key Managerial Personnel (KMP)

| | |
|---|---|
| Suresh Gaggar | Director |
| Ramakant Gaggar | Managing Director |
| Rathi Ramprakesh Sharad | Director |
| Manju Bhagchand Maheshwari | Director (Resigned on 14/09/2018) |
| Sandhya Lotlikar | Director (Appointed on 11/01/2019) |
| Jaswantpatil Dilipsingh Patil | Director (Appointed on 28/06/2018) |
| Koshal Gupta | Company Secretary (Resigned on 28/5/2018) |
| Deepika Pandey | Company Secretary (Appointed on 28/6/2018) |
| Sanjay Ravindra Raut | CFO |

b) Relatives of KMP & Entities over which KMP exercises significant influence (with whom company has transactions during the year)

| | |
|---|---|
| Indra Gaggar | Relative of Director |
| Sangeeta Gaggar | Relative of Director |
| Kartik Gaggar | Relative of Director |
| Swati Gaggar | Relative of Director |
| Preeti Gaggar | Relative of Director |
| Kirti Gaggar | Relative of Director |
| Prakash Gaggar | Relative of Director |
| Subhash Gaggar | Relative of Director |
| Navratan Gaggar | Relative of Director |
| Prabbha Bihani | Relative of Director |
| Saroj Jaju | Relative of Director |
| Suman Jhanwar | Relative of Director |
| Madhu Bang | Relative of Director |
| Kanchan Soni | Relative of Director |
| Suresh Gaggar HUF | Entity controlled by Director |
| GVS Chemical Private Limited | Entity controlled by Director |
| Alaukik Mines & Power Private Limited | Entity controlled by Director |
| Bhuta Investment Private Limited | Entity controlled by Director |
| Mangal Savitri Bizcon Private Limited | Entity controlled by Director |
| Gini Silk Mills Limited | Entity controlled by Director |
| Maxwell Management Services Pvt. Ltd. | Entity controlled by Director |
| Minex Explore Pvt. Ltd. | Entity controlled by Director |
| Blue Square Corporate Services Limited | Entity controlled by Director |
| Deepganga Total Health Solutions Private Limited | Entity controlled by Director |
| Deep Ganga Foundation | Entity controlled by Director |
| Kamai Capital Private Limited | Entity controlled by Director |
| Harco Silk Mills Private Limited | Entity controlled by Director |
| Canova Trading Pvt Ltd | Entity controlled by Director |
| Honour Sales Agencies Pvt Ltd | Entity controlled by Director |
| Azure Exim Services Limited | Entity controlled by Director |
| Anandmangal Fintrade Limited | Entity controlled by Director's relative |

**II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:**

| Particulars | Volume of Transactions | | Balances as on | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **Current liabililties** | | | | |
| Short term borrowings | | | | |
| Unsecured Loans: | | | | |
| Ramakant Gaggar | - | - | - | - |
| Short term Loans & Advances | | | | |
| Alaukik Mines & Power Private Limited | - | - | - | - |
| **Non current assets** | | | | |
| Non-current investments | | | | |
| Unquoted: Investments in fully paid equity instruments: | | | | |
| Alaukik Mines & Power Private Limited | - | - | - | - |
| Bhuta Investment Private Limited | - | - | - | - |
| **Current assets** | | | | |
| Intercorporate Loans | | | | |
| Bhuta Investment Private Limited | - | - | - | - |
| Alaukik Mines & Power Private Limited | - | - | - | - |
| GVS Chemical Private Limited | - | 145,209,315 | - | 188,383 |
| **Sales** | | | | |
| Ramakant Gaggar | - | - | N.A. | N.A. |
| **Remuneration** | | | | |
| Salary to CFO | 455,392 | 410,810 | - | - |
| Salary to Related parties | 420,000 | 420,000 | - | - |
| Remuneration to Directors | 2,190,000 | 840,000 | - | - |
| Remuneration to Company Secretary | 463,144 | - | | |

Sub Note : Related party relationship is identified by the Company and relied upon by the auditors.

**Note 32 : Contingent liabilities (to the extent not provided for)**

| | | |
|---|---|---|
| Undertakings given by the company under EPCG Scheme, pending fulfillment of export obligation | 1,143,839 | 1,143,839 |

**Note 33 : C. I. F. value of imports:**

| | | |
|---|---|---|
| Purchase imports | 8,281,846 | - |

**Note 34 : Earnings in Foreign Exchange:**

| | | |
|---|---|---|
| FOB value of Exports | 1,768,605 | - |
| Tour Expense | 307,543 | 142,570 |

**Note 35 : Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary.**

As per our attached report of even date
**For MVK Associates**
Chartered Accountants
Firm registration No. 120222W

**C.A. Mittal Vora**
Partner
Membership no. 140786

Place : Mumbai
Dated : 29/05/2019

**For and on behalf of the board**

**Suresh Gaggar**
Director
DIN: 00599561

**Ramakant Gaggar**
Managing Director
DIN: 01019838

**Sharad Rathi**
Director
DIN: 00437174

**Sanjay Raut**
Chief Financial Officer

**Deepika Pandey**
Company Secretary

## NOTE

# GARNET INTERNATIONAL LIMITED

**Regd. Office:** 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400021

Tel: (91) (22) 22820714, **Email: secretarial@garnetint.com**,

**Website: www.garnetint.com**

(CIN: L74110MH1995PLC093448)

37th Annual General Meeting to be held on Monday, 30th day of September, 2019 at 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai - 400021

## Attendance slip

| | | | |
|---|---|---|---|
| DP ID* | | Register Folio No. | |
| Client ID* | | No. of Share(s) | |

Name & Address of Shareholder: _____

I/We hereby record my / our presence at the 37th Annual General Meeting at 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai - 400021 on Monday, 30th September, 2019 at 04:00 P.M.

Signature of Shareholder / Proxy

* Applicable for investors holdings shares in electronic form.

# GARNET INTERNATIONAL LIMITED

**Regd. Office:** 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400021 Tel: (91) (22) 22820714,
Email: **secretarial@garnetint.com**, **Website: www.garnetint.com**

(CIN: L74110MH1995PLC093448)

## PROXY FORM

**(Form No. MGT - 11)**

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

| | | | |
|---|---|---|---|
| Name of the Member(s) : | | | |
| Registered address : | | | |
| | | | |
| Email-ID | | | |
| Folio No./Client ID | | DP ID: | |

I / We, being the member(s) of ..... shares of Garnet International Limited, hereby appoint

1. Name:.....EmailId: .....

Address:.....

..... Signature: .....

or failing him/her

2. Name:.....Email Id:.....

Address:.....

.....Signature: .....

or failing him/her

3. Name:..... Email Id: .....

Address:.....

..... Signature: .....

as my/our Proxy to attend and vote (on a poll) for me /us and on my / our behalf at the 37th Annual General Meeting of the Company, to be held on Monday, 30th September, 2019 at 04.00 p.m at 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai - 400021 and at any adjournment thereof in respect of such resolution as are indicated overleaf.

| Res. No. | Particulars | For | Against |
|---|---|---|---|
| | **Ordinary Business:** | | |
| 1 | To approve and adopt | | |
| a. | Audited Standalone Financial Statement for the year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon | | |
| b. | Audited Consolidated Financial Statement for the year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon | | |
| 2 | Re-appointment of Mr. Ramakant Gaggar, who retires by rotation. | | |
| | **Special Business** | | |
| 3 | Appointment of Statutory Auditor to fill casual vacancy | | |
| 4 | Appointment of Statutory Auditor | | |
| 5 | To Appoint Mrs. Sandhya Lotlikar, as an Independent Director of the Company | | |
| 6 | To Appoint Mr. Vishnu Kanth Bhangadia, as an Independent Director of the Company | | |
| 7 | To Change the designation of Mr. Sharad Rathi, from Non-Executive-Independent Director to Non-Executive-Non-Independent Director of the Company | | |
| 8 | Approval to grant loan pursuant to Section 185 of the Companies Act, 2013 | | |

Signed this .....day of .....2019

Affix Revenue Stamp

Signature of shareholder across Revenue Stamp

Signature of first proxy holder | Signature of second proxy holder | Signature of third proxy holder

**Notes:**

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference, if you leave the for, against or abstained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
3. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting right, than such proxy shall not act as a proxy for any other person or Member.
4. A Proxy need not be a member of the Company.

## ROUTE MAP TO THE 37TH ANNUAL GENERAL MEETING VENUE

**Venue –** 901, Raheja Chambers, Nariman Point, Free Press Journal Marg, Mumbai - 400021

**Nearby Land Mark –** Free Press Journal Marg

**Distance from CSMT Station - 2**.9 kms (approx)

**Distance from Churchgate Station** - 2.5 kms (Approx)

GARNET
INTERNATIONAL