



GARDEN SILK MILLS LIMITED

Registered Office: Tulsi Krupa Arcade, 1st Floor, Near Aai Mata Chowk, Puna-Kumbharia Road, Dumbhal, Surat 395010

CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com; e-mail: shareddepartment@gardenvareli.com.

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

Designer of Yarns, Weaves and Prints

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020

(Rs. in Crore except per share data)

Sr. No.	Particulars	Quarter ended			Year ended
		30/06/2020 (Unaudited)	31/03/2020 (Audited)	30/06/2019 (Unaudited)	31/03/2020 (Audited)
1	Income				
	(a) Sales / Revenue from Operations	127.24	582.91	810.68	2864.98
	(b) Other Income	1.35	1.36	0.72	3.55
	Total Income	128.59	584.27	811.40	2868.53
2	Expenses				
	(a) Cost of Materials Consumed	64.80	470.61	567.99	2136.37
	(b) Purchases of Stock-in-Trade	0.43	11.50	1.72	18.22
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	35.79	(33.89)	65.01	52.10
	(d) Employee Benefits Expense	21.93	28.70	29.90	123.54
	(e) Finance Costs	51.01	52.87	49.36	202.14
	(f) Depreciation and Amortisation Expense	15.19	17.61	17.21	67.32
	(g) Other Expenses	26.20	109.72	115.97	476.44
	Total Expenses	215.35	657.12	847.16	3076.13
3	Profit / (Loss) Before Exceptional Item and Tax (1-2)	(86.76)	(72.85)	(35.76)	(207.60)
4	Exceptional Items	0.00	0.00	0.00	0.00
5	Profit / (Loss) Before Tax (3-4)	(86.76)	(72.85)	(35.76)	(207.60)
6	Tax Expense				
	(a) Current Tax	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	0.00	0.00	0.00
7	Profit / (Loss) for the Period (5-6)	(86.76)	(72.85)	(35.76)	(207.60)
8	Other Comprehensive Income/(Loss) (Net of Tax)				
	(a) Items that will not be reclassified to Profit or Loss	3.44	(3.15)	(1.31)	(5.74)
	(b) Income tax relating to items that will not be reclassified to Profit or Loss	0.00	0.00	0.00	0.00
	Total Other Comprehensive Income/(Loss) (Net of Tax)	3.44	(3.15)	(1.31)	(5.74)
9	Total Comprehensive Income / (Loss) for the Period (7+8)	(83.32)	(76.00)	(37.07)	(213.34)
10	Paid-up Equity Share Capital (Face Value Rs.10/-)	42.08	42.08	42.08	42.08
11	Other Equity excluding Revaluation Reserve	--	--	--	(558.44)
12	Earnings per equity share (Face Value Rs.10/-)				
	- Basic and Diluted	(20.62)	(17.31)	(8.50)	(49.33)
	(Not Annualised for the quarter)				

See accompanying notes to the Financial Results



Notes to the Financial Results:

- 1 The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards - Ind AS) Rules 2015 as amended and other recognised accounting practices and policies to the extent applicable.
- 2 A Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Company vide an order of the National Company Law Tribunal Ahmedabad Bench ('NCLT') in the matter CP(IB) 453 of 2018 on 24th June, 2020 under the provisions of the Insolvency and Bankruptcy Code, 2015 ('Code'). Pursuant to the order, the powers of the Board of Directors stand suspended and are exercisable by Mr. Kuresh Khambati, who was appointed as Interim Resolution Professional (IRP) by the NCLT and was consequently confirmed as Resolution Professional (RP) by the Committee of Creditors (COC).

Pursuant to Regulation 15(2B) of SEBI (LODR) Regulations, 2015 an exemption is granted to a listed entity which is undergoing CIRP under Insolvency Code with respect to provisions as specified in Regulation 18 on Audit Committee. Accordingly, these unaudited financial results have been prepared by the management of the Company and certified by the Executive Director and CFO of the Company. The RP has relied upon the certifications, representations and statements made by the officials of the Company in relation to these financial results and has not carried out any further independent verification for taking on record the unaudited financial for the quarter ended 30 June 2020, since the majority period during the same pertains to period prior to the commencement of CIRP. The RP has approved these financial results only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code. As authorised by the RP, Executive Director and CFO of the Company has signed the financial statements and the Resolution Professional (RP) has taken on record the said statement of financial results.

- 3 The Statutory Auditors have carried out a "Limited Review" of the above financial results for the quarter ended 30th June, 2020.
- 4 As per the Code, the RP has to receive, collate and admit all the claims submitted by the creditors of the Company. Such claims can be submitted to the RP during the CIRP, till the approval of a resolution plan by the COC. The RP is still in the process of collating and verifying such claims, as and when they are received, and shall subsequently admit such verified claims against the Company as per the Code. Pending admission of the claims received, the impact of such claims, if any, that may arise has not been considered in the preparation of the "interim financial results".
- 5 During the quarter, the company has incurred a net loss increasing its negative retained earnings as at 30th June, 2020, wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth. The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and submission of a viable resolution plan by the prospective investor. Upon the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the Company as a going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. In view of the aforesaid details and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis.
- 6 The Company had term loan, working capital and other financing arrangements from certain banks and other lenders. All these lenders had declared their arrangements with the Company as non-performing asset since the Company had defaulted in repayment of principal, interest and other penal dues. In February 2020 these lenders have assigned their debts to Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC"). In view of the various restrictions due to Covid-19 pandemic, there are difficulties in obtaining complete and correct information from Invent ARC. In light of the above, outstanding balances is subject to reconciliation/adjustments.



- 7 The Company's operations and financial results for the quarter ended 30th June, 2020 have been adversely impacted by the lockdown imposed to contain the spread of Covid-19. The manufacturing operations gradually resumed with requisite precautions during the quarter with limited availability of workforce and disrupted supply chain. The results for the quarter ended 30th June, 2020 are therefore not comparable with those for the previous/corresponding quarter.

The Company has taken into account potential impacts of COVID-19 in the preparation of the financial results. Based on the information currently available there is no material impact on carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets though we continue to monitor invest in future economic conditions. The impact of COVID-19 on the financial results may defer from that estimated as at the date of approval of these financial results. The Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with maintaining social distancing, sanitization of work spaces etc. The Company continues to monitor the economics effects of the pandemic while taking steps to improve its operations and financial performance.

- 8 Interest on Debt, included in the "Finance Costs" for the Quarter ended 30/06/2020 has been considered only upto CIRP cut-off date i.e. 24/06/2020.
- 9 The Company's business segment consists of a single segment of "Textiles" in accordance with Ind AS 108 - 'Operation Segments' notified pursuant to the Companies (Indian Accounting Standard) Rules, 2015. The Company is not relied on single major customers having transaction more than 10% of total revenue. Information with respect to geographical segment, to the extent applicable is as follows:

(Rs in Crore)

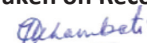
Particulars	Quarter ended			Year ended
	30/06/2020 (Unaudited)	31/03/2020 (Audited) (Refer Note 10)	30/06/2019 (Unaudited)	31/03/2020 (Audited)
Segment Revenue - Geographic Segment by Location of Customer				
Within India	82.58	530.78	644.85	2456.94
Outside India	44.66	52.13	165.83	408.04
Total	127.24	582.91	810.68	2864.98

- 10 The figures for the quarter ended 31st March, 2020 with respect to financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year-to-date figures upto nine months ended 31st December, 2019.
- 11 The figures for the corresponding previous periods have been regrouped / reclassified, wherever necessary, to make them comparable.



Alok P. Shah
Executive Director & CFO
DIN: 00218180

Taken on Record



Kuresh Khambati
(Resolution Professional)

Place: Surat

Date: 15/09/2020



Independent Auditor's Limited Review Report on standalone unaudited financial results of Garden Silk Mills Limited for the quarter ended 30 June 2020, pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Resolution Professional, the Directors and Key Managerial Personnel

Garden Silk Mills Limited

(CIN: L17111GJ1979PLC003463)

Surat 395 010

Introduction:

1. We have reviewed the accompanying statement of standalone unaudited financial results of **Garden Silk Mills Limited** ("the Company") for the quarter ended 30 June 2020, together with notes thereon ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. The Statement, which is the responsibility of the Company's Management i.e. the Directors and Key Managerial Personnel and approved by the Resolution Professional on 15 September 2020, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, as amended ("the Act"), read with relevant rules issued thereunder and other recognised accounting practices and policies generally accepted in India and Regulation 33 of the Listing Regulations in this regard. Our responsibility is to express a conclusion on the Statement based on our review.
3. In accordance with the applicable provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") the Corporate Insolvency Resolution Process ("CIRP") of Garden Silk Mills Limited (the "Corporate Debtor or Company") was initiated by the sole Financial Creditor (namely Invent Assets Securitisation & Reconstruction Pvt. Ltd. "Invent ARC") post assignment of debt of the Company via entering into an assignment agreement dated 4 February 2020. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the sole Financial Creditor (Invent ARC) in terms of Section 7 of the Code and the CIRP for the Company was initiated on 24 June, 2020. Mr. Kuresh Khambati has been appointed as Interim Resolution Professional to manage the affairs of the Company. Subsequently Mr. Khambati has been confirmed as the Resolution Professional ("RP") by the Committee of Creditors ("COC"). Upon appointment of the RP under the Code, the powers of the Board of Directors of the Company remain suspended and vest with the RP. Further the erstwhile management of the Company including the Directors and KMPs are responsible for the preparation of the Statement as the same pertains to the majority of the period prior to the commencement of CIRP.



....2

Scope of review:

4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries primarily with company personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion:

5. *As at 30 June 2020 the Company's interim financial statements include total borrowings of Rs.1979.99 Crore, which have been transferred from various banks and other lenders to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") which are subject to reconciliation. (Refer note 6 and 8 to the Statement).*

In light of the above, we are unable to quantify the consequential impact on Company's total borrowings as at 30 June 2020 and impact of interest and other changes accrued on the results for the quarter ended and as on that date.

Qualified conclusion:

6. *Except for the possible effects of the matter specified under "Basis for qualified conclusion", and based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 as prescribed under section 133 of the Act and other recognised accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations in this regard, including the manner in which it is to be disclosed, or that it contains any material misstatement.*

Material uncertainty related to going-concern

7. We draw attention to Note 5 to the Statement. During the quarter, the company has incurred a net loss of Rs.86.76 Crore resulting in to negative retained earnings, wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth. Further, under the CIRP process, the Resolution Professional ("RP") appointed and confirmed by the COC, have invited claims from different set of stakeholders including claims from Financial Creditors, Operational Creditors, Workmen and Employee and other creditors which is subject to verification and shall be admitted/rejected by the RP in due course. Accordingly, the Company's ability to continue as a going concern is dependent upon many factors including continued support from the Financial Creditors, Operational

Creditors and submission of a viable resolution plan by the Prospective Investor. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the Company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the Corporate Debtor and manage the operations of the Corporate Debtor as a going concern. In view of the aforesaid and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis."

Our conclusion is not modified in respect of this matter.

Emphasis of matter

8. We draw attention to Note 4 to the Statement, which describes that RP is in the process of admitting/ verifying claims by the Financial Creditors. Pending final outcome of the CIRP process no adjustments have been made in the books for the differential amount, if any, in the claims admitted. Hence, consequential impact, if any, on the financial results is not currently ascertainable.
9. We draw attention to Note 7 to the Statement, which describes the economic and social consequences the entity is facing as a result of Covid-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

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

Other matter

10. Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the review process was carried out based on the remote access and evidence shared digitally.

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

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's registration no. 109983W
Digitally Signed



Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN: 20037457AAAABY9709

Pune, 15 September 2020