

GARDEN SILK MILLS LIMITED

Date: 13th February, 2020

Listing Department,
National Stock Exchange of India Ltd.
"Exchange Plaza",
Fifth Floor, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai 400051
Trading Symbol: GARDENSILK(EQ)

Listing Department,
BSE Limited,
First Floor, New Trading Wing,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001
Scrip Code: 500155

Dear Sirs,

Sub.: Unaudited Financial Results for the Quarter / Nine months ended 31st December, 2019

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing the unaudited financial results for the quarter / nine months ended 31st December, 2019, duly reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company, at its meeting held today. The meeting of the Board of Directors of the Company, commenced at 12.30 p.m. and concluded at 04.15 p.m.

We enclose a copy of the Limited Review Report of the Auditors of the Company, as required under Regulation 33 of the Listing Regulations.

Please take the same on your record and kindly acknowledge receipt.

Thanking you,

Yours faithfully,

For Garden Silk Mills Limited

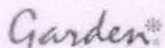


Kamlesh B. Vyas

Company Secretary & Compliance Officer



Encl.: As above.



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.

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Designer of Yarns, Weaves and Prints

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31ST DECEMBER, 2019

(Rs. in Crore except per share data)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31/12/2019 (Unaudited)	30/09/2019 (Unaudited)	31/12/2018 (Unaudited)	31/12/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Audited)
1	Income:						
	(a) Sales / Revenue from Operations	731.67	744.47	778.31	2290.22	2619.05	3488.50
	(b) Other Income	0.31	1.10	0.58	2.19	18.11	19.81
	Total Income	731.98	745.57	778.89	2292.41	2637.16	3508.31
2	Expenses:						
	(a) Cost of Materials Consumed	527.94	571.75	574.08	1668.26	1980.81	2598.74
	(b) Purchases of Stock-in-Trade	2.54	2.45	1.79	6.72	37.38	39.96
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	42.90	(21.92)	40.31	85.99	(22.76)	8.34
	(d) Employee Benefits Expense	30.96	33.98	30.17	94.84	96.78	126.28
	(e) Finance Costs	51.53	48.39	54.41	149.27	153.72	204.10
	(f) Depreciation and Amortisation Expense	16.52	15.98	16.35	49.71	50.24	66.15
	(g) Impairment losses	0.00	0.00	0.00	0.00	0.00	6.69
	(h) Other Expenses	118.67	134.85	116.38	372.37	417.97	544.36
	Total Expenses	791.06	785.48	833.49	2427.16	2714.14	3594.62
3	Profit / (Loss) Before Exceptional Item and Tax (1-2)	(59.08)	(39.91)	(54.60)	(134.75)	(76.98)	(86.31)
4	Exceptional Item	0.00	0.00	0.00	0.00	3.46	3.46
5	Profit / (Loss) Before Tax (3-4)	(59.08)	(39.91)	(54.60)	(134.75)	(80.44)	(89.77)
6	Tax Expense						
	(a) Current Tax	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit / (Loss) for the Period (5-6)	(59.08)	(39.91)	(54.60)	(134.75)	(80.44)	(89.77)
8	Other Comprehensive Income / (Loss)						
	(a) Items that will not be reclassified to Profit or (Loss)	(0.51)	(0.77)	1.28	(2.59)	(0.68)	(2.38)
	(b) Income tax relating to items that will not be reclassified to Profit or (Loss)	0.00	0.00	0.00	0.00	0.00	0.00
	Total Other Comprehensive Income (Loss) (Net of Tax)	(0.51)	(0.77)	1.28	(2.59)	(0.68)	(2.38)
9	Total Comprehensive Income / (Loss) for the Period (7+8)	(59.59)	(40.68)	(53.32)	(137.34)	(81.12)	(92.15)
10	Equity Share Capital (Face Value Rs.10/- Per Share)	42.08	42.08	42.08	42.08	42.08	42.08
11	Reserves Excluding Revaluation Reserve as shown in the Audited Balance Sheet	--	--	--	--	--	(345.10)
12	Earnings Per Share (EPS) *						
	- Basic and Diluted	(14.04)	(9.48)	(12.98)	(32.02)	(19.12)	(21.33)
	* Not annualised except year end EPS						



Notes to the Financial Results:

- 1 The above unaudited financial results were reviewed and recommended by the Audit Committee and thereafter approved and taken on record by the Board of Directors of the Company at their respective meetings held on 13th February, 2020. The figures for the quarter and nine months ended 31st December, 2019 have been subjected to Limited Review by the statutory auditors.
- 2 The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 and read together with the Companies (Indian Accounting Standards - Ind AS) Rules issued thereafter and other recognised accounting practices and policies to the extent applicable. These financial results are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended from time to time.
- 3 Sales / Revenue from operations includes Sale of Utilities.
- 4 The Company has evaluated the impact of Ind AS 116 "Leases" effective April 1, 2019, however, the effect of the same is not material on profit and earnings per share for the quarter.
- 5 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
	31/12/2019 (Unaudited)	30/09/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Audited)
Segment Revenue - Geographic Segment by Location of Customer				
Within India	675.94	605.38	458.72	2393.70
Outside India	55.73	139.09	319.59	1094.80
Total	731.67	744.47	778.31	3488.50

- 6 Exceptional items for the nine months ended 31st December, 2018 and year ended 31st March, 2019 represents fair value Loss on closing down of Subsidiary Company viz: GAIA International FZE.
- 7 One of the members of the company's consortium funding has filed an application with National Company Law Tribunal (NCLT) Ahmedabad Bench for initiation of Corporate Insolvency Resolution Process (CIRP) against the Company under section 7, seeking action under insolvency and Bankruptcy code, 2016. Further, all the consortium lender banks have signed an Inter Creditor Agreement (ICA) in the account of the Company. In view of the current situation, based on the availability of continued adequate financial support from certain lenders for working capital requirement and subject to effect of developments of case filed at NCLT and the efforts being taken by joint-lender forum for identifying potential buyer, the financial results are prepared on a going concern basis.
- 8 During the quarter under review, Bank of Baroda, the leader of consortium member banks had carried out an e-auction / bidding process through the designated agency namely BDO India LLP, as mandated by the consortium members and a Letter of Intent (LOI) was issued on 31st December, 2019 by BoB on behalf of lenders to the successful bidder - 'Invent Assets Securitisation & Reconstruction Private Limited (ARC)'. The total consortium debt of Rs.1679.87 Crore, as per LOI has been assigned in favour of ARC and a deed of assignment of debt was executed amongst the consortium lenders i.e. the assignor and ARC as assignee, describing the terms and conditions of assignment. The said deed has been registered on 4th February, 2020 with the appropriate authority.
- 9 The Company has term loan, working capital and other financing arrangements from certain banks and other lenders. All these lenders have declared their arrangements with the Company as non-performing asset since the Company has defaulted in repayment of principal, interest and other penal dues. In view of the ongoing proceedings under the insolvency and Bankruptcy code, 2016, there are difficulties in obtaining complete and correct information from all lenders towards breakup of debt outstanding. In light of the above, outstanding balances to these lenders are subject to reconciliation/adjustments.
- 10 Previous period's / year's figures are regrouped / reclassified, wherever necessary, to make them comparable with those of current period. The Company has exercised the option for disclosure of amount as Rupees in Crore with effect from 1st April, 2019.



For and on behalf of the Board of Directors of
Garden Silk Mills Limited

Praful A. Shah

Praful A. Shah
Chairman & Managing Director
DIN: 00218143

Place: Mumbai
Date: 13/02/2020

Sharp & Tannan Associates

Chartered Accountants

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Mumbai (Bombay) 400 021, INDIA.

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Independent Auditor's limited review report on standalone unaudited financial results of Garden Silk Mills Limited for the quarter and nine months period ended 31st December 2019 Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
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 and nine months period ended 31st December 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors on 13 February 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of review:

3. 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 of persons 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:

4. As at 31 December 2019 the Company's interim financial statements mention total borrowings including interest accrued of Rs.1 784.20 Lakhs from various banks and other lenders. We have obtained/verified bank statements/bank reconciliation statements, other relevant information (all, as provided by lenders and as available with the Company) and observed that balances as per company's books and with respective bank records are subject to reconciliation. According to information and explanation provided to us, with respect to outstanding principal amounts, interest calculations including overdue and penal interest, appropriation of amounts paid towards these outstanding balances between interest and principal loan repayments etc. as provided by lenders and as available with the Company is inadequate and, hence pending reconciliation. In light of the above, we are unable to quantify the consequential impact on Company's total borrowings as at 31 December 2019 and impact of interest and other changes accrued on the results for the quarter & nine months ended and as on that date. Also refer note 8 for subsequent development.

Qualified conclusion:

5. 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 Ind-AS as prescribed under section 133 of Companies Act, 2013 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 SEBI Regulation 2015, as amended, including the manner in which it is to be disclosed or that it contains any material misstatement.

Material Uncertainty Related to Going Concern

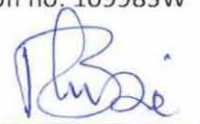
6. We draw attention to Note No.7 to the Statement. The Company's net-worth is negative as at 31 December 2019 mainly due to accumulated losses and continues to have significant pressure on its financial resources. An application is made by one of its lenders to the National Company Law Tribunal (NCLT) Ahmedabad Bench, seeking action under Insolvency and Bankruptcy Code, 2016. 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.

Our conclusion is not modified in respect of this matter.

Mumbai, 13 February 2020



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


Pramod Bhise,

Partner

Membership No.(F) 047751
UDIN: 20047751AAAAAQ1225