

# GARDEN SILK MILLS LIMITED

Date: 12th August, 2020

The Corporate Relationship Department,  
Bombay Stock Exchange Ltd.,  
First Floor, New Trading Wing,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400001  
Scrip Code: 500155

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

Sub.: Outcome of Board Meeting on Audited Financial Results  
Ref.: Statement on Impact of Audit Qualifications

Dear Sir,

We refer to our earlier communication with respect to outcome of Board Meeting and forwarding therewith the audited financial results for the year ended 31st March, 2020 and the subsequent confirmation of publishing the results in the newspaper.

As annexure to the aforesaid disclosure, we are pleased to enclose herewith Statement of Impact of Audit Qualifications for the financial year ended 31st March, 2020 pursuant to Regulation 33 of the SEBI (LODR)(Amendment) Regulations, 2016, duly signed by the respective signatories in the prescribed proforma.

Kindly find the same in order and take the same on your record.

Thanking you,

Yours faithfully,

**For Garden Silk Mills Limited**



**Kamlesh B. Vyas**

**Company Secretary & Compliance Officer**



Encl.: As above.

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**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results**

**Statement on Impact of Audit Qualifications for the Financial Year ended 31st March, 2020  
[Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Crore)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Crore)
	1.	Turnover / Total Income	2880.64	2880.64
	2.	Total Expenditure	3088.24	3088.24
	3.	Net Profit/(Loss)	(207.60)	(207.60)
	4.	Earnings Per Share	(49.33)	(49.33)
	5.	Total Assets	1640.99	1640.99
	6.	Total Liabilities	1640.99	1640.99
	7.	Net Worth	(516.36)	(516.36)
	8.	Any other financial item(s)	0.00	0.00

**II Audit Qualification (each audit qualification separately):**

a. **Details of Audit Qualification:** As stated in Part No. 3 of Independent Auditors Report for the year ended 31st March, 2020

3. As at 31 March 2020 the Company's interim financial statements include:

- A. total bank balances of Rs.200.84 Crore, for which we have not received direct balance confirmation from respective banks; and
- B. total borrowings of Rs.1926.73 Crore, which have been transferred from various banks and other lenders to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") which are subject to reconciliation. In addition, no terms and conditions have been prescribed for amount due to Invent ARC. (refer note 6 to the Statement)

In light of the above, we are unable to quantify the consequential impact on Company's total bank balance and total borrowings as at 31 March 2020 and impact of interest and other changes accrued on the results for the quarter and year ended and as on that date.

b. **Type of Audit Qualification :** Qualified Opinion

c. **Frequency of qualification:**

**Qualification 3A i.e. with respect to direct bank confirmation** First time

**Qualification 3B i.e. with respect to unreconciled balance of borrowings** second time (i.e. 2018-19 and 2019-20)

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not quantified by the Auditor

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e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

**(i) Management's estimation on the impact of audit qualification:** Unable to quantify.

**(ii) If management is unable to estimate the impact, reasons for the same:**

**In respect of Point 3 A.**

Balance confirmation of Rs.200.84 Crore were obtained by the Company and forwarded to the auditors. However, since the banks did not directly confirm to the auditors, therefore as per ICAI guidelines they have put this qualification.

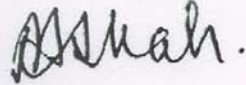
**In respect of Point 3 B.**

Pending availability of necessary information relating to loan repayment schedule along with the interest rates from the lender, we are unable to reconcile and identify the impact.

**(iii) Auditors' Comments on (i) or (ii) above:** Unable to quantify the impact due to reasons as mentioned in our basis for qualified opinion.

III Signatories:

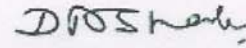
Praful A. Shah  
Managing Director



Alok P. Shah  
Executive Director and CFO



Deepak N. Shah  
Audit Committee Chairman / Member

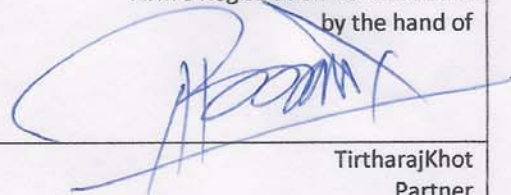


Kuresh Khambati  
Resolution Professional



Sharp and Tannan Associates -  
Statutory Auditors

For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration no. 109983W  
by the hand of



Tirtharaj Khot  
Partner  
Membership no.(F) 037457

Place: Surat  
Date: 31/07/2020

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